



of penalties and interest against taxpayers for late payment.

HB 136 GA would amend only those portions of KRS 91A.070 that apply to cities which collect their own taxes, and would allow those cities to:

1. specify the date the taxes are due (except for those taxes on motor vehicles and motorboats, which are paid under a different statute),
2. specify the manner of payment, including allowing payment in installments,
3. specify “Any” penalties and interest for late payment or nonpayment - adding “Any” arguably amends existing language to make it optional whether a city will establish penalties and interest for nonpayment of taxes,
4. specify other necessary procedures so long as not in conflict with state law, and
5. provide an amnesty program for forgiveness of accumulated penalties and interest for late payment or nonpayment of taxes.

### **Part III: Fiscal Explanation, Bill Provisions, and Estimated Cost**

**HB 136 GA would produce additional revenue for cities that collect their own ad valorem taxes if the provisions implemented result in a net increase in taxes paid. Additionally, cities could offset some costs by imposing a fee on installment payments. Cities would reduce their expenses if the costs to collect installment tax payments and administer a tax amnesty program are at least partially offset or are otherwise less than current collection costs, including costs of lawsuits to enforce property liens.**

HB 136 GA would apply only to cities that collect their own taxes. Those cities that wanted to implement its provisions would have to amend their ordinances to specify the date the taxes are due and to specify the manner of payment. Whether a city would choose to allow payment of the taxes in installments, assess penalties and interest for late payment or nonpayment, provide a tax amnesty program, or specify other necessary procedures related to ad valorem taxes, is optional and would also require changes in city ordinances. Cities would incur minor administrative expenses to amend their ordinances.

KLC believes that allowing installment payments and/or implementing a tax amnesty program would make it easier for residents to pay taxes so would increase tax revenues. Cities could also defray some costs by imposing a processing fee on installment tax payments. In addition, successful tax collection without having to resort to a lawsuit to enforce a lien in court could result in a financial savings to cities.

**Data Source(s):** LRC staff; Kentucky League of Cities

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