

1 AN ACT relating to the Kentucky Claims Commission.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔SECTION 1. KRS CHAPTER 49 IS ESTABLISHED AND A NEW SECTION  
4 THEREOF IS CREATED TO READ AS FOLLOWS:

5 *(1) The Kentucky Claims Commission is created and established within the Public*  
6 *Protection Cabinet. As used in this chapter, "commission" means the Kentucky*  
7 *Claims Commission.*

8 *(2) The commission shall consist of three (3) members appointed by the Governor*  
9 *with the consent of the Senate. At least one (1) member shall be an attorney*  
10 *licensed to practice in the Commonwealth, at least one (1) member shall have a*  
11 *taxation background, and at least one (1) member shall be:*

12 *(a) A victim as defined in KRS 421.500(1);*

13 *(b) The parent, spouse, sibling, or child of a victim as defined in KRS*  
14 *421.500(1), whether or not the victim is deceased; or*

15 *(c) A victim advocate as defined in KRS 421.570(1).*

16 *(3) Except for the appointment of the commission's first members, all appointments*  
17 *shall be for a three (3) year term. Vacancies for unexpired terms shall be filled in*  
18 *the same manner as regular appointments, but an appointee for a vacancy shall*  
19 *hold office only to the end of the unexpired term of that vacated member.*

20 *(4) The Governor shall designate one (1) member of the commission to serve as*  
21 *chairperson, and the commission shall annually elect one (1) of its members to*  
22 *serve as vice chairperson with the authority to act in the absence of the*  
23 *chairperson.*

24 *(5) The Governor shall set a salary for members of the commission. In addition,*  
25 *members shall be reimbursed for all expenses paid or incurred in the discharge*  
26 *of official business at existing state rates.*

27 *(6) The commission shall meet as often as necessary to perform its statutory*

1 responsibilities as outlined in this chapter. A majority of the members of the  
2 commission shall constitute a quorum for the transaction of business.

3 (7) The chairperson shall conduct an annual training session for all members of the  
4 commission on new legislation, relevant court decisions, and commission policies  
5 and procedures.

6 (8) The commission shall be headed by an executive director appointed by the  
7 commission. The executive director shall:

8 (a) Carry out the policy and program directives of the commission;

9 (b) Be responsible for the day-to-day operations of the commission;

10 (c) Establish appropriate organizational structures and personnel policies;

11 (d) Serve as the appointing authority for all personnel;

12 (e) Prepare annual reports on the commission's activities;

13 (f) Prepare budgets; and

14 (g) Perform all other duties as directed by the commission or assigned by law.

15 (9) The Governor shall appoint the necessary number of hearing officers to serve at  
16 the direction of the commission. A commission member or employee may serve as  
17 a hearing officer for the commission. Any commission member or employee who  
18 serves as a hearing officer shall not receive additional compensation but shall be  
19 reimbursed at state rates for expenses paid or incurred as a result of serving as a  
20 hearing officer. A commission member or employee who is an attorney licensed  
21 to practice in the Commonwealth shall be exempt from KRS 13B.030(4).

22 (10) With the approval of the commission, the executive director and commission  
23 employees may enter into agreements with any state agency, political subdivision  
24 of the state, postsecondary education institution, or other person or entity to enlist  
25 assistance to implement the duties and responsibilities of the commission.

26 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 49 IS CREATED TO  
27 READ AS FOLLOWS:

1 The Kentucky Claims Commission created by Section 1 of this Act shall have the  
2 following powers and authority:

3 (1) To investigate, hear proof, and compensate persons for damages sustained to  
4 either person or property as a proximate result of negligence on the part of the  
5 Commonwealth, any of its cabinets, departments, bureaus, or agencies, or any of  
6 its officers, agents, or employees while acting within the scope of their  
7 employment by the Commonwealth or any of its cabinets, departments, bureaus,  
8 or agencies; except, however, regardless of any provision of law to the contrary,  
9 the Commonwealth, its cabinets, departments, bureaus, and agencies, and its  
10 officers, agents, and employees, while acting within the scope of their  
11 employment by the Commonwealth or any of its cabinets, departments, bureaus,  
12 or agencies, shall not be liable for collateral or dependent claims which are  
13 dependent on loss to another and not the claimant, damages for mental distress  
14 or pain or suffering, and compensation shall not be allowed, awarded, or paid for  
15 such claims for damages. Furthermore, any damage claim awarded shall be  
16 reduced by the amount of payments received or the right to receive payment from  
17 workers' compensation insurance, Social Security programs, unemployment  
18 insurance programs, medical, disability, or life insurance programs, or other  
19 federal or state or private program designed to supplement income or pay  
20 claimant's expenses or damages incurred. Any claim against the Commonwealth,  
21 its departments, agencies, officers, agents, or employees, or a school district  
22 board of education, its members, officers, agents, or employees for damages  
23 sustained as the result of exposure to asbestos before, during, or after its removal  
24 from a facility owned, leased, occupied, or operated by the Commonwealth or a  
25 school district board of education shall be brought before the commission;

26 (2) To hear and determine appeals from final rulings, orders, and determinations of  
27 any agency of state or county government affecting revenue and taxation;

- 1 (3) To hear and determine all matters relating to a claim by a crime victim or a  
 2 person authorized by law to act on behalf of a crime victim for compensation;  
 3 (4) To establish and maintain necessary offices within this state, appoint employees  
 4 and agents as necessary, and prescribe their duties and compensation;  
 5 (5) To promulgate, amend, and repeal suitable administrative regulations to carry  
 6 out the provisions and purposes of the commission's statutory authority;  
 7 (6) To issue subpoenas and discovery orders and to petition a court of competent  
 8 jurisdiction for any order necessary to carry out the commission's powers and  
 9 duties;  
 10 (7) To take or cause to be taken affidavits or depositions within or without the state;  
 11 (8) To administer or cause to be administered oaths;  
 12 (9) Except for the power to issue final decisions on the merits of a claim or appeal, to  
 13 delegate any of its power or authority to commission employees; and  
 14 (10) To publicize widely the functions and purposes of the commission.

15 ➔SECTION 3. A NEW SECTION OF KRS CHAPTER 49 IS CREATED TO  
 16 READ AS FOLLOWS:

17 Sections 4 to 18 of this Act shall apply to the Kentucky Claims Commission's power  
 18 and authority outlined in subsection (1) of Section 2 of this Act.

19 ➔Section 4. KRS 44.070 is repealed, reenacted as a new section of KRS Chapter  
 20 49, and amended to read as follows:

- 21 (1) ~~{A Board of Claims, composed of the members of the Crime Victims Compensation~~  
 22 ~~Board as hereinafter provided, is created and vested with full power and authority to~~  
 23 ~~investigate, hear proof, and to compensate persons for damages sustained to either~~  
 24 ~~person or property as a proximate result of negligence on the part of the~~  
 25 ~~Commonwealth, any of its cabinets, departments, bureaus, or agencies, or any of its~~  
 26 ~~officers, agents, or employees while acting within the scope of their employment by~~  
 27 ~~the Commonwealth or any of its cabinets, departments, bureaus, or agencies;~~

1 provided, however, regardless of any provision of law to the contrary, the  
2 Commonwealth, its cabinets, departments, bureaus, and agencies, and its officers,  
3 agents, and employees, while acting within the scope of their employment by the  
4 Commonwealth or any of its cabinets, departments, bureaus, or agencies, shall not  
5 be liable for collateral or dependent claims which are dependent on loss to another  
6 and not the claimant, damages for mental distress or pain or suffering, and  
7 compensation shall not be allowed, awarded, or paid for said claims for damages.  
8 Furthermore, any damage claim awarded shall be reduced by the amount of  
9 payments received or right to receive payment from workers' compensation  
10 insurance, social security programs, unemployment insurance programs, medical,  
11 disability or life insurance programs, or other federal or state or private program  
12 designed to supplement income or pay claimant's expenses or damages incurred.  
13 Any claim against the Commonwealth, its departments, agencies, officers, agents,  
14 or employees, or a school district board of education, its members, officers, agents,  
15 or employees for damages sustained as the result of exposure to asbestos before,  
16 during or after its removal from a facility owned, leased, occupied, or operated by  
17 the Commonwealth or a school district board of education shall be brought before  
18 the Board of Claims. Except as herein provided, the board shall be independent of  
19 all agencies, cabinets, and departments of the Commonwealth except as provided in  
20 KRS 44.070 to 44.160.

21 ~~(2) The board shall be composed of the members of the Crime Victims Compensation~~  
22 ~~Board. The members shall not be entitled to additional compensation for their~~  
23 ~~services on the Board of Claims.~~

24 ~~(3) The Governor shall designate a member of the board to serve as chairman for a term~~  
25 ~~of four (4) years. Any vacancy in the chairmanship shall be filled by the Governor.~~  
26 ~~No member shall, at the same time, serve as chairman of the Crime Victims~~  
27 ~~Compensation Board and as chairman of the Board of Claims.~~

- 1 ~~(4) The employees of the Crime Victims Compensation Board, without additional~~  
 2 ~~compensation, shall be ex officio employees of the Board of Claims.~~
- 3 ~~(5)~~ Regardless of any provision of law to the contrary, the jurisdiction of the  
 4 commission~~board~~ is exclusive, and a single claim for the recovery of money or a  
 5 single award of money shall not exceed two hundred fifty thousand dollars  
 6 (\$250,000)~~(\$200,000)~~, exclusive of interest and costs. However, if a single act of  
 7 negligence results in multiple claims, the total award may not exceed four~~three~~  
 8 hundred ~~fifty~~ thousand dollars (\$400,000)~~(\$350,000)~~, to be equitably divided  
 9 among the claimants, but in no case may any claimant individually receive more  
 10 than two hundred fifty thousand dollars (\$250,000)~~(\$200,000)~~.
- 11 ~~(2)~~~~(6)~~ Hearing~~The Governor shall appoint the necessary number of hearing~~  
 12 ~~officers, each of whom shall be an attorney admitted to practice law in Kentucky~~  
 13 ~~and shall have practiced law for at least three (3) years. These~~ officers, upon the  
 14 direction of the chairperson~~chairman~~, ~~for~~ the commission~~board~~, or the  
 15 commission's executive director, shall conduct hearings~~,~~ and otherwise supervise  
 16 the presentation of evidence and perform any other duties assigned to them by the  
 17 chairperson~~chairman~~, ~~for~~ the commission~~board~~, or the commission's  
 18 executive director, except that such hearing officers shall not render final decisions,  
 19 orders, or awards. However, such hearing officers may, in receiving evidence on  
 20 behalf of the commission~~board~~, make such rulings affecting the competency,  
 21 relevancy, and materiality of the evidence about to be presented and upon motions  
 22 presented during the taking of evidence as will expedite the preparation of the case.
- 23 ~~(3)~~~~(7)~~ ~~The board may at any time recommend the removal of any hearing officer~~  
 24 ~~upon filing with the Governor a full written statement of its reasons for such~~  
 25 ~~removal.~~
- 26 ~~(8)~~ Upon recommendation to the commission~~board~~ by the attorney for the  
 27 Commonwealth, its cabinet, department, bureau, agency, or employee thereof, that a

1 settlement has been reached between the parties to the claim, and upon approval by  
 2 the commission~~[board]~~ that the settlement is reasonable for all parties concerned,  
 3 an~~[the]~~ agreed judgment or dismissal may be entered accordingly, even without a  
 4 party's admission to liability.

5 ➔Section 5. KRS 44.071 is repealed, reenacted as a new section of KRS Chapter  
 6 49, and amended to read as follows:

7 (1) The commission~~[Board of Claims]~~, created by Section 1 of this Act~~[KRS 44.070]~~,  
 8 is hereby vested with full power, authority, and jurisdiction to investigate, hear  
 9 proof, and compensate persons for damages sustained to either person or property as  
 10 a proximate~~[approximate]~~ result of negligence on the part of any municipality, or  
 11 any of its officers, agents, or employees while acting within the scope of their  
 12 employment by the municipality, or any agency thereof, relating to the maintenance  
 13 by the municipality of state-owned traffic control devices pursuant to a contract  
 14 with the Commonwealth.

15 (2) Claims for personal injury or property damage against any municipality, or any of  
 16 its officers, agents, or employees while acting within the scope of their employment  
 17 of the municipality, arising out of negligence in the maintenance of state-owned  
 18 traffic control devices pursuant to a contract with the Commonwealth, shall be  
 19 limited and reduced in the same manner as described in Section 4 of this Act~~[KRS~~  
 20 ~~44.070]~~ with respect to claims against the Commonwealth.

21 (3) It is the intention of subsections (1) and (2) of this section to provide every  
 22 municipality and agency thereof, and their respective officers, agents, or employees  
 23 with the same liability protection, restrictions, and reductions when such  
 24 municipalities and agencies are performing maintenance on state-owned traffic  
 25 control devices pursuant to a contract with the Commonwealth as the  
 26 Commonwealth and its agencies, officers, and employees would enjoy if performing  
 27 the work itself.

1           ➔Section 6. KRS 44.072 is repealed, reenacted as a new section of KRS Chapter  
2 49, and amended to read as follows:

3 It is the intention of the General Assembly to provide the means to enable a person  
4 negligently injured by the Commonwealth, any of its cabinets, departments, bureaus, or  
5 agencies, or any of its officers, agents or employees while acting within the scope of their  
6 employment by the Commonwealth or any of its cabinets, departments, bureaus or  
7 agencies to be able to assert their just claims as herein provided. The Commonwealth  
8 thereby waives the sovereign immunity defense only in the limited situations as herein set  
9 forth. It is further the intention of the General Assembly to otherwise expressly preserve  
10 the sovereign immunity of the Commonwealth, ~~[any of ]its cabinets, departments,~~  
11 ~~bureaus, and[ or] agencies and[or any of] its officers, agents, and[ or] employees while~~  
12 ~~acting in the scope of their employment[ by the Commonwealth or any of its cabinets,~~  
13 ~~departments, bureaus or agencies]~~ in all other situations except where sovereign  
14 immunity is specifically and expressly waived as set forth by statute. The  
15 commission~~[Board of Claims]~~ shall have exclusive jurisdiction to hear claims for  
16 damages, except as otherwise specifically set forth by statute, against the Commonwealth,  
17 its cabinets, departments, bureaus, agencies, or any of its officers, agents or employees  
18 while acting within the scope of their employment~~[ by the Commonwealth, its cabinets,~~  
19 ~~departments, bureaus or agencies].~~

20           ➔Section 7. KRS 44.073 is repealed, reenacted as a new section of KRS Chapter  
21 49, and amended to read as follows:

- 22 (1) For purposes of Section 6 of this Act~~[KRS 44.072]~~, state institutions of higher  
23 education under KRS Chapter 164 are agencies of the state.
- 24 (2) The commission~~[Board of Claims]~~ shall have primary and exclusive jurisdiction  
25 over all negligence claims for the negligent performance of ministerial acts against  
26 the Commonwealth, any of its cabinets, departments, bureaus, or agencies, or any  
27 officers, agents, or employees thereof while acting within the scope of their



1 employment~~[by the Commonwealth or any of its cabinets, departments, bureaus, or~~  
2 ~~agencies]~~.

3 (3) The commission~~[Board of Claims]~~ shall have primary and exclusive jurisdiction to  
4 make findings of fact, conclusions of law, and legal determinations with regard to  
5 whether the alleged negligent act was on the part of the Commonwealth or any of its  
6 cabinets, departments, bureaus, or agencies or any officers, agents, or employees  
7 thereof.

8 (4) The commission~~[Board of Claims]~~ shall have primary and exclusive jurisdiction to  
9 make findings of fact, conclusions of law, and legal determinations with regard to  
10 whether the alleged negligent act was on the part of the Commonwealth or any of its  
11 cabinets, departments, bureaus, or agencies, or any of its officers, agents, or  
12 employees while acting within the scope of their employment by the  
13 Commonwealth or any of its cabinets, departments, bureaus, or agencies.

14 (5) No action for negligence against the Commonwealth, any of its cabinets,  
15 departments, bureaus, or agencies, or any officers, agents, or employees thereof may  
16 be brought~~[initially]~~ in any other court or forum in the Commonwealth except the  
17 commission~~[Board of Claims]~~ unless~~[until]~~ the commission~~[Board of Claims]~~  
18 makes a final determination~~[,]~~ that it~~[has become final, that the Board of Claims~~  
19 ~~has or]~~ does not have primary and exclusive jurisdiction over the claim.

20 (6) The determination by the commission~~[Board of Claims]~~ becomes final only after all  
21 appellate rights have been finalized or waived.

22 (7) Any applicable statute of limitations for bringing negligence actions in any court or  
23 forum other than the commission~~[Board of Claims]~~ shall be tolled pending the final  
24 determination that the commission~~[Board of Claims]~~ does not have primary and  
25 exclusive jurisdiction of the negligence claim.

26 (8) No action for negligence may be brought in any court or forum other than the  
27 commission~~[Board of Claims]~~ against the Commonwealth, any of its cabinets,

- 1 departments, bureaus, or agencies or any of its officers, agents, or employees while  
2 acting within the scope of their employment by the Commonwealth or any of its  
3 cabinets, departments, bureaus, or agencies.
- 4 (9) Negligence as used herein includes negligence, gross negligence, or wanton  
5 negligence.
- 6 (10) The defense of contributory negligence is not a complete bar to recovery of a  
7 plaintiff's claim in the commission~~[Board of Claims]~~, and the doctrine of  
8 comparative negligence shall be utilized by the commission~~[board]~~.
- 9 (11) Except as otherwise provided by Sections 4 to 18 of this Act~~[this chapter]~~, nothing  
10 contained herein shall be construed to be a waiver of sovereign immunity or any  
11 other immunity or privilege maintained by the Commonwealth, its cabinets,  
12 departments, bureaus, and agencies and its officers, agents, and employees.
- 13 (12) Except as otherwise specifically set forth by statute and in reference to subsection  
14 (11) of this section, no action for damages may be maintained in any court or forum  
15 against the Commonwealth, any of its cabinets, departments, bureaus, or agencies or  
16 any of its officers, agents, or employees while acting within their official capacity  
17 and scope of their employment by the Commonwealth or any of its cabinets,  
18 departments, bureaus, or agencies.
- 19 (13) The preservation of sovereign immunity referred to in subsections (11) and (12) of  
20 this section includes, but is not limited to, the following:
- 21 (a) Discretionary acts or decisions;
- 22 (b) Executive decisions;
- 23 (c) Ministerial acts;
- 24 (d) Actions in the performance of obligations running to the public as a whole;
- 25 (e) Governmental performance of a self-imposed protective function to the public  
26 or citizens; and
- 27 (f) Administrative acts.

1 (14) The filing of an action in court or any other forum or the purchase of liability  
2 insurance or the establishment of a fund for self-insurance by the Commonwealth,  
3 its cabinets, departments, bureaus, or agencies or its agents, officers, or employees  
4 thereof for a government-related purpose or duty shall not be construed as a waiver  
5 of sovereign immunity or any other immunity or privilege thereby held. Except as  
6 specifically set forth by statute, no counterclaim, set-off, recoupment, cross-claim,  
7 or other form of avoidance of the claim for damages may be asserted by any person  
8 when suit is brought against said person by the Commonwealth or any of its  
9 cabinets, departments, bureaus, or agencies thereof.

10 (15) Neither the Commonwealth nor any of its cabinets, departments, bureaus, or  
11 agencies or any officers, agents, or employees thereof shall be liable under a  
12 respondeat superior theory or any other similar theory for the acts of independent  
13 contractors, contractors, or subcontractors thereof or anyone else doing work or  
14 providing services for the state on a volunteer basis or pursuant to a contract  
15 therewith.

16 ➔Section 8. KRS 44.084 is repealed, reenacted as a new section of KRS Chapter  
17 49, and amended to read as follows:

18 Hearings involving claimants who are residents of the Commonwealth shall be conducted  
19 in the county wherein the claim accrues, provided, however, that the parties may, with the  
20 approval of the commission~~board~~, agree upon a place not within such county for the  
21 conduct of hearings. Hearings involving claimants who are nonresidents shall be  
22 conducted in the county wherein the claim accrues, provided, however, that a hearing,  
23 with the approval of the commission~~board~~, may be conducted in Franklin County.

24 ➔Section 9. KRS 44.086 is repealed, reenacted as a new section of KRS Chapter  
25 49, and amended to read as follows:

26 (1) The commission~~board~~ may require affected state agencies to investigate claims  
27 and the incidents on which they are based and to furnish to the commission~~board~~

1 and the claimant in writing the facts learned by investigation. Such response shall  
2 be sufficiently specific to support a decision by the commission~~[board]~~ to pay or  
3 deny the claim. If the agency believes the state should refute a claim, the agency  
4 shall cite the facts about the incident that support its belief.

5 (2) If the claim is under two~~[one]~~ thousand five hundred dollars (\$2,500)~~[((\$1,000)]~~ it  
6 may~~[will]~~ be investigated by the commission~~[board]~~ in-house and if the  
7 commission~~[board]~~ believes it needs additional facts before deciding the claim, the  
8 parties may provide the needed information by letter or as directed by the  
9 commission~~[board]~~.

10 (3) The commission~~[board]~~ shall hold hearings on contested claims whose value is  
11 two~~[one]~~ thousand five hundred dollars (\$2,500)~~[((\$1,000)]~~ or greater but may  
12 decide claims under two~~[one]~~ thousand five hundred dollars (\$2,500)~~[((\$1,000)]~~  
13 without a hearing.

14 (4) At its hearings, the commission~~[board]~~, or any of its members, or any of its hearing  
15 officers shall hear the parties at issue and their representatives and witnesses.

16 (5) The award or order shall be made by the commission~~[board]~~ or by a member  
17 assigned by the chairperson~~[chairman]~~ within thirty (30) days after final  
18 submission, except in cases involving large or complicated records or unusual  
19 questions of law, and shall be made within ninety (90) days after final submission in  
20 any event. The order or award, together with a statement of the findings of fact,  
21 rulings of law, and other matters pertinent to the question at issue shall be filed with  
22 the record of the claim and a copy of the order or award shall immediately be sent to  
23 the parties in dispute.

24 (6) If an application for review is made to the commission~~[board]~~ within fourteen (14)  
25 days from the date of the order or award, the full commission~~[board]~~, if the first  
26 decision was not made by the full commission~~[board]~~, shall, as soon as practicable,  
27 review the evidence, or, if deemed advisable, hear the parties at issue, their

1 representatives and witnesses, and shall make an order or award and file it as  
2 specified in subsection (5) above.

3 ➔Section 10. KRS 44.090 is repealed, reenacted as a new section of KRS Chapter  
4 49, and amended to read as follows:

5 The attorneys appointed by the Governor to represent the Commonwealth's cabinets,  
6 departments, bureaus, agencies, or officers, agents, or employees thereof may present any  
7 opposition the Commonwealth or any of its cabinets, departments, bureaus, agencies, or  
8 officers, agents, or employees thereof may have to the allowance of any claim filed with  
9 the commission~~board~~. If such ~~cabinet~~ attorney is unavailable to represent his  
10 respective cabinet, department, bureau, agency, or employee thereof, then the Attorney  
11 General, either by regular or special assignment, shall designate one (1) of his assistants  
12 to present any opposition the Commonwealth or any of its cabinets, departments, bureaus,  
13 agencies, or officers, agents, or employees thereof may have to the allowance of any  
14 claim filed with the commission~~board~~.

15 ➔Section 11. KRS 44.100 is repealed, reenacted as a new section of KRS Chapter  
16 49, and amended to read as follows:

17 The assistant attorneys general or attorneys~~;~~ appointed by the Governor to represent the  
18 Commonwealth's cabinets, departments, agencies or employees, agents, or officers  
19 thereof, assigned to defend claims filed with the commission~~board~~ shall receive no  
20 additional compensation for the performance of their duties before the  
21 commission~~board~~; provided, however, members of the commission~~board~~, assistant  
22 attorneys general, and all employees acting for the commission~~board~~ shall be  
23 recompensed for all necessary and actual expenses they may incur incident to their duties  
24 for or before the commission~~board~~. All awards and cost of operation assessed by the  
25 commission~~board~~ against the Department of Highways shall be paid out of the state  
26 road fund~~;~~ upon warrants drawn by the secretary of the Finance and Administration  
27 Cabinet upon the State Treasurer. All awards and costs~~cost~~ of operation assessed by the

1 commission~~[board]~~ against other cabinets or agencies of the state, which are not  
 2 maintained by appropriations out of the general fund, shall be paid out of the funds  
 3 created or collected for the maintenance and operation of such cabinets or agencies  
 4 respectively, upon warrants drawn by the secretary of the Finance and Administration  
 5 Cabinet upon the State Treasurer. All amounts necessary to pay awards and costs~~[cost]~~ of  
 6 operation assessed by the commission~~[board]~~ against all other cabinets or agencies of the  
 7 Commonwealth shall be paid out of the general fund of the Commonwealth, upon  
 8 warrants drawn by the secretary of the Finance and Administration Cabinet upon the State  
 9 Treasurer. The executive secretary of the commission~~[board]~~ shall maintain accurate  
 10 records reflecting the costs incident to the operation of the commission~~[board]~~. At the  
 11 close of each quarter-year period he shall summarize the cost and shall bill each cabinet,  
 12 commission, board, or agency which has had cases before the commission~~[board]~~ for a  
 13 pro rata share of the cost of operation for the appropriate calendar quarter computed in a  
 14 manner deemed just and equitable by the commission~~[board]~~. Each cabinet, commission,  
 15 board, or agency shall remit quarterly their share of the cost of operation to the  
 16 commission~~[board]~~ in the manner provided by law. The commission~~[Board of Claims]~~  
 17 shall have the power and authority to determine the right of any successful party to an  
 18 action before it to recover from the opposing party the costs incurred by him or it in such  
 19 action; and such decision shall not be subject to appeal. Costs shall not include attorneys'  
 20 fees.

21 ➔Section 12. KRS 44.110 is repealed, reenacted as a new section of KRS Chapter  
 22 49, and amended to read as follows:

- 23 (1) All claims must be filed with the commission~~[Board of Claims]~~ within one (1) year  
 24 from the time the claim for relief accrued.
- 25 (2) The claim for relief shall be deemed to accrue at the time of the negligent act with  
 26 regard to property damage.
- 27 (3) The claim for relief for personal injury shall be deemed to accrue at the time the

1 personal injury is first discovered by the claimant or in the exercise of reasonable  
2 care should have been discovered; however, no action for personal injury shall be  
3 commenced beyond two (2) years from the date on which the alleged negligent act  
4 or omission actually occurred.

5 (4) Notwithstanding subsection (3) of this section, the claim for relief for medical  
6 malpractice shall be deemed to accrue at the time the personal injury is first  
7 discovered by the claimant or in the exercise of reasonable care should have been  
8 discovered; however, no action for personal injury as a result of medical  
9 malpractice shall be commenced beyond three (3) years from the date on which the  
10 alleged negligent act or omission of malpractice actually occurred.

11 (5) If at the time the alleged negligent act or omission occurred or if at the time the  
12 claim for relief accrued or thereafter, the claimant is an infant or of unsound mind  
13 or under any other legal disability to file suit, a guardian or next friend or committee  
14 or other qualified representative shall bring such action in the commission~~[Board of~~  
15 ~~Claims]~~ on behalf of such person within the same time limitation set forth herein or  
16 the claim is barred, notwithstanding KRS 413.170 and 413.280. If there is no  
17 guardian or committee or he is unwilling or unable to act or is himself a claimant,  
18 the commission~~[Board of Claims]~~ shall appoint a guardian ad litem to represent the  
19 interests of the claimant under legal disability. The commission~~[Board of Claims]~~  
20 shall allow the guardian ad litem a reasonable fee for his services, to be taxed as  
21 costs.

22 ➔Section 13. KRS 44.120 is repealed, reenacted as a new section of KRS Chapter  
23 49, and amended to read as follows:

24 An award shall be made only after consideration of the facts surrounding the matter in  
25 controversy, and no award shall be made unless the commission~~[board]~~ is of the opinion  
26 that the damage claimed was caused by such negligence on the part of the  
27 Commonwealth or its agents as would entitle claimant to a judgment in an action at law if

1 the state were amenable to such action.

2 →Section 14. KRS 44.130 is repealed, reenacted as a new section of KRS Chapter  
3 49, and amended to read as follows:

4 Orders, awards, and judgments of the commission~~[board]~~ may be enforced by filing in  
5 the office of the clerk of the Franklin Circuit Court an authenticated copy of the order,  
6 award, or judgment, which, when ordered entered by the judge of the court, shall be  
7 entered on the order book and become to all effects and purposes an order, award, or  
8 judgment of the court, and be enforceable in a like manner.

9 →Section 15. KRS 44.140 is repealed, reenacted as a new section of KRS Chapter  
10 49, and amended to read as follows:

11 (1) Appeals may be taken by a state agency from all awards of the commission~~[board]~~  
12 where the amount in controversy, exclusive of interest and costs, is more than  
13 two~~[one]~~ thousand five hundred dollars (\$2,500)~~(\$1,000)~~. Appeals shall be taken  
14 to the Circuit Court of the county wherein the hearing was conducted, provided,  
15 however, that an appeal involving a nonresident claimant may be taken by a state  
16 agency to the Franklin Circuit Court~~[ with the approval of the board. No state~~  
17 ~~agency can appeal any decision of the board without securing the prior approval of~~  
18 ~~the Attorney General]~~. Appeals shall be taken within thirty (30)~~[forty five (45)]~~  
19 days from the rendition of the award, and the method of appeals shall follow as  
20 nearly as may be the rules of civil procedure, except the Commonwealth shall not  
21 be required to execute bond.

22 (2) Any claimant whose claim is two~~[one]~~ thousand five hundred dollars  
23 (\$2,500)~~(\$1,000)~~ or greater may within thirty (30)~~[forty five (45)]~~ days after  
24 receipt of the copy of the report containing the final decision of the  
25 commission~~[board]~~, file a proceeding in the Circuit Court of the county wherein the  
26 hearing was conducted to review the decision of the commission~~[board]~~. A copy of  
27 the filing and complaint shall be served on the Attorney General in the manner



1 provided by the rules of civil procedure.

2 (3) The commission~~[board]~~, the state agency, and the claimant shall be necessary  
3 parties to such appeals. It shall not be necessary for the commission~~[board]~~ to file  
4 responsive pleadings unless it so desires.

5 (4) The executive director of the commission~~[board]~~ shall within thirty (30) days after  
6 service of the summons file the entire original record properly bound, with the clerk  
7 of the Circuit Court, after certifying that such record is the commission's~~[board's]~~  
8 entire original record and such record shall be considered by the Circuit Court in its  
9 review. If either party requests a transcript of the evidence in writing, the requesting  
10 party shall bear the cost of the original copy of the transcript and it shall be  
11 furnished within ninety (90) days from the date of the written request.

12 (5) On appeal no new evidence may be introduced, except as to fraud or misconduct of  
13 some person engaged in the hearing before the commission~~[board]~~. The court  
14 sitting without a jury shall hear the cause upon the record before it, and dispose of  
15 the appeal in a summary manner, being limited to determining: Whether or not the  
16 commission~~[board]~~ acted without or in excess of its powers; the award was  
17 procured by fraud; the award is not in conformity to the provisions of Sections 4 to  
18 18 of this Act~~[KRS 44.070 to 44.160]~~; and whether the findings of fact support the  
19 award. The court shall enter its findings on the order book as a judgment of the  
20 court, and such judgment shall have the same effect and be enforceable as any other  
21 judgment of the court in civil causes.

22 ➔Section 16. KRS 44.150 is repealed, reenacted as a new section of KRS Chapter  
23 49, and amended to read as follows:

24 Appeals may be taken to the Court of Appeals under the same conditions and under the  
25 same practice as appeals are taken from judgments in civil causes rendered by the Circuit  
26 Court, but no motion for a new trial or bill of exceptions shall be necessary. The Court of  
27 Appeals shall review only the matters subject to review by the Circuit Court and also

1 errors of law arising in the Circuit Court and made reviewable by the Rules of Civil  
2 Procedure, where not in conflict with Sections 4 to 18 of this Act~~[KRS 44.070 to 44.160]~~.

3 ➔Section 17. KRS 44.160 is repealed, reenacted as a new section of KRS Chapter  
4 49, and amended to read as follows:

5 (1) Any action prosecuted to award, judgment, or final decision, including dismissal,  
6 under the provisions of Sections 4 to 18 of this Act~~[KRS 44.070 to 44.160]~~ shall  
7 preclude the right of a claimant to sue the Commonwealth, its cabinets,  
8 departments, bureaus, and~~[or]~~ agencies, and~~[or]~~ its officers, agents, or employees  
9 in the commission~~[Board of Claims]~~ or any other forum, except as provided in  
10 subsection (5) of Section 7 of this Act~~[KRS 44.073(5)]~~ when the  
11 commission~~[board]~~ determines that it has no jurisdiction over the claim.

12 (2) The final determination of the commission~~[board]~~ shall be given the same res  
13 judicata and collateral estoppel effect as any other judicial determination; and, if  
14 entered as provided in Section 14 of this Act~~[KRS 44.130]~~, it shall be granted the  
15 full faith and credit given to judgments from the Commonwealth's courts in this  
16 state and the courts of the United States.

17 ➔Section 18. KRS 44.165 is repealed, reenacted as a new section of KRS Chapter  
18 49, and amended to read as follows:

19 No claim shall be brought before the commission~~[board]~~ unless the value of the total  
20 amount of damages claimed therein is two~~[one]~~ hundred fifty dollars (\$250)~~(\$100)~~ or  
21 greater.

22 ➔SECTION 19. A NEW SECTION OF KRS CHAPTER 49 IS CREATED TO  
23 READ AS FOLLOWS:

24 Sections 20 to 25 of this Act shall apply to the Kentucky Claims Commission's power  
25 and authority outlined in subsection (2) of Section 2 of this Act.

26 ➔Section 20. KRS 131.325 is repealed, reenacted as a new section of KRS  
27 Chapter 49, and amended to read as follows:

1 The commission~~[Kentucky Board of Tax Appeals]~~ shall maintain the following records:

2 (1) A register wherein the commission~~[board]~~ shall enter by its title any proceedings  
3 appealed to it according to the date of its commencement. Thereafter, until after  
4 entry of the commission's~~[board's]~~ opinion and final order, there shall be noted  
5 therein according to the date, the filing or return of any paper or process or the  
6 making of any order, ruling, or other directive in or concerning such proceeding,  
7 and any other steps therein.

8 (2) The files of the commission~~[board]~~ consisting of all papers or other process filed  
9 with or by the commission~~[board]~~.

10 ➔Section 21. KRS 131.335 is repealed, reenacted as a new section of KRS  
11 Chapter 49, and amended to read as follows:

12 **(1) The commission may hold hearings at any location within the Commonwealth,**  
13 **with a view to securing opportunity to taxpayers to appear before it with as little**  
14 **inconvenience and expense as practicable.**

15 **(2)** When any member or employee of the commission~~[board]~~ is attending hearings at  
16 any place other than Frankfort, Kentucky, expenses necessarily incurred in the  
17 performance of such duty shall be paid by the state upon certification by the  
18 executive director~~[chairman]~~ of the commission~~[board]~~ of an itemized statement of  
19 such expenses in accordance with Finance and Administration Cabinet regulations.

20 ➔Section 22. KRS 131.340 is repealed, reenacted as a new section of KRS  
21 Chapter 49, and amended to read as follows:

22 (1) The commission~~[Kentucky Board of Tax Appeals]~~ **pursuant to Section 2 of this**  
23 **Act,** is~~[ hereby]~~ vested with exclusive jurisdiction to hear and determine appeals  
24 from final rulings, orders, and determinations of any agency of state or county  
25 government affecting revenue and taxation. Administrative hearings before the  
26 commission~~[Kentucky Board of Tax Appeals]~~ shall be de novo and conducted in  
27 accordance with KRS Chapter 13B **and administrative regulations promulgated by**

1 *the commission.*

2 (2) Any state or county agency charged with the administration of any taxing or  
3 licensing measure which is under the jurisdiction of the *commission*~~[board]~~ shall  
4 mail by certified mail notice of its ruling, order, or determination within three (3)  
5 working days from the date of the decision.

6 (3) Any party~~[, including the Attorney General, on behalf of the Commonwealth,]~~  
7 aggrieved by any ruling, order, or determination of any state or county agency  
8 charged with the administration of any taxing or licensing measure~~[,]~~ may prosecute  
9 an appeal to the *commission*~~[board]~~ by filing a complaint or petition of appeal  
10 before the *commission*~~[board]~~ within thirty (30) days from the date of the mailing  
11 of the agency's ruling, order, or determination.

12 (4) If the Department of Revenue is aggrieved by the decision of any county board of  
13 assessment appeals on an assessment recommended by the department and  
14 prosecutes an appeal to the *commission*~~[Kentucky Board of Tax Appeals]~~ as  
15 authorized in subsection (3) of this section, the commissioner of revenue shall,  
16 within twenty (20) days, certify in writing to the *commission*~~[Kentucky Board of  
17 Tax Appeals]~~ the assessment recommended.

18 (5) The *commission*~~[Kentucky Board of Tax Appeals]~~ shall immediately forward  
19 copies of the certification to the parties to the appeal. The assessed value shall be  
20 prima facie evidence of the value at which the property should be assessed.

21 ➔Section 23. KRS 131.355 is repealed, reenacted as a new section of KRS  
22 Chapter 49, and amended to read as follows:

23 (1) All proceedings before the *commission*~~[board]~~ shall be officially reported and all  
24 records of proceedings shall be public records, except in cases of appeals of  
25 unmined mineral assessments where the records before the *commission*~~[board]~~  
26 include information provided to the Department of Revenue by the taxpayer or its  
27 lessees, and were generated at the taxpayer's expense. Furthermore, no recorded or

1 transcribed testimony concerning these records shall be considered a public record.  
 2 Examples of these records would include, but are not limited to, mineral exploration  
 3 records; photographs; core data information; maps whether acquired for ownership  
 4 information, for coal seam thickness, for depletion by mining or otherwise; and/or  
 5 records calculating production or reserves, leased and/or unleased. Neither records  
 6 containing confidential information nor testimony concerning same shall be  
 7 disclosed to parties outside the appeals proceedings. A protective order shall be  
 8 entered and shall remain in effect during the entire appeals process, including  
 9 appeals to the courts, and thereafter, preventing the parties, their agents and  
 10 representatives, except the taxpayer, from disclosing the information.

11 (2) **The full commission may**~~All appeals to the Kentucky Board of Tax Appeals shall~~  
 12 ~~be heard by the full board, but one (1) member or a hearing officer may be~~  
 13 ~~authorized to~~ hear an ~~individual~~ appeal **or assign one (1) of its members or a**  
 14 **hearing officer to hear an appeal.** The final order in any appeal heard by a single  
 15 member or a hearing officer shall be made and entered by a majority of the  
 16 **commission**~~board~~.

17 ➔Section 24. KRS 131.365 is repealed, reenacted as a new section of KRS  
 18 Chapter 49, and amended to read as follows:

19 (1) The final orders of the **commission**~~Kentucky Board of Tax Appeals~~ shall be  
 20 binding upon all parties until changed or modified by the courts of this state. If no  
 21 appeal to the courts is prosecuted, the final order of the **commission**~~board~~ shall  
 22 constitute a final determination.

23 (2) If the **commission**~~board~~ finds that other issues are necessary to a full  
 24 determination of the controversy, it may remand the whole proceeding to the agency  
 25 from which the appeal was prosecuted for further determination. The parties may  
 26 stipulate to the determination of the other issues without remand.

27 (3) Any changes in ad valorem property tax assessment rolls, tax bills, or the

1 application by any agency of the tax laws of the state shall be in conformity with the  
2 commission's~~board's~~ final order.

3 (4) In the case of any appeal, any taxes, interest, or penalty paid but found by the  
4 commission~~board~~ to be in excess of that legally due shall be ordered refunded to  
5 the taxpayer.

6 ➔Section 25. KRS 131.370 is repealed, reenacted as a new section of KRS  
7 Chapter 49, and amended to read as follows:

8 (1) Any party aggrieved by any final order of the commission~~Kentucky Board of Tax~~  
9 ~~Appeals~~, except on appeals from a county board of assessment appeals, may appeal  
10 to the Franklin Circuit Court or to the Circuit Court of the county in which the party  
11 aggrieved resides or conducts his place of business in accordance with KRS Chapter  
12 13B. Any final orders entered on the rulings of a county board of assessment  
13 appeals may be appealed in like manner to the Circuit Court of the county in which  
14 the appeal originated.

15 (2) If the appeal is from an order sustaining a tax assessment, collection of the tax may  
16 be stayed by the filing of a supersedeas bond in the manner directed by the Rules of  
17 Civil Procedure, or by payment of the tax as provided in KRS 134.580.

18 ➔SECTION 26. A NEW SECTION OF KRS CHAPTER 49 IS CREATED TO  
19 READ AS FOLLOWS:

20 *Sections 27 to 49 of this Act shall apply to the Kentucky Claims Commission's power*  
21 *and authority outlined in subsection (3) of Section 2 of this Act.*

22 ➔Section 27. KRS 346.010 is repealed and reenacted as a new section of KRS  
23 Chapter 49 to read as follows:

24 The General Assembly hereby declares that it serves a public purpose and is of benefit to  
25 the state to indemnify those needy persons who are innocent victims of criminal acts and  
26 who suffer bodily or psychological injury or death as a consequence thereof. Such persons  
27 or their dependents may thereby suffer disability, incur financial hardships and become

1 dependent upon public assistance. To that end, it is the General Assembly's intent that  
2 aid, care, and support be provided by the state, as a matter of grace, for such victims of  
3 crime.

4 →Section 28. KRS 346.020 is repealed, reenacted as a new section of KRS  
5 Chapter 49, and amended to read as follows:

6 As used in Sections 27 to 49 of this Act~~[this chapter]~~, unless the context otherwise  
7 requires:

8 (1) ~~["Board" means the Crime Victims Compensation Board;~~

9 ~~(2)]~~"Child" means any person less than eighteen (18) years of age;

10 ~~(2)~~~~(3)~~ "Claimant" means any of the following claiming compensation under Sections  
11 27 to 49 of this Act~~[this chapter]~~: a victim, a dependent of a deceased victim, a third  
12 person other than a collateral source, or an authorized person acting on behalf of  
13 any of them who is legally responsible for the expenses incurred by the victim as a  
14 result of the crime committed against the victim;

15 ~~(3)~~~~(4)~~ "Criminally injurious conduct" means conduct that occurs or is attempted in  
16 this jurisdiction, poses a substantial threat of personal physical, psychological  
17 injury, or death, and is punishable by fine, imprisonment, or death. Criminally  
18 injurious conduct shall include an act of terrorism, as defined in 18 U.S.C. sec.  
19 2331, committed outside of the United States against a resident of Kentucky. Acts  
20 which, but for the insanity or mental irresponsibility or lack of capacity of the  
21 perpetrator, would constitute criminal conduct shall be deemed to be criminally  
22 injurious conduct. The operation of a motor vehicle, motorcycle, train, boat, aircraft,  
23 or other vehicle in violation of law does not constitute a criminally injurious  
24 conduct unless the injury or death was intentionally inflicted or involved a violation  
25 of KRS 189A.010, driving under the influence;

26 ~~(4)~~~~(5)~~ "Family," when used with reference to a person, shall mean:

27 (a) Any person related to such person within the third degree of consanguinity;

- 1 (b) Any person maintaining a sexual relationship with such person; or
- 2 (c) Any person residing in the same household with such person; and
- 3 ~~(5)~~~~(6)~~ (a) "Victim" means a needy person who suffers personal physical or
- 4 psychological injury or death from a criminal act in Kentucky as a result of:
- 5 1. Criminally injurious conduct;
- 6 2. A good faith effort to prevent criminally injurious conduct; or
- 7 3. A good faith effort to apprehend a person reasonably suspected of
- 8 engaging in criminally injurious conduct.
- 9 (b) "Victim" shall also mean a resident who is a victim of a crime occurring
- 10 outside this state if:
- 11 1. The crime would be compensable had it occurred inside this state; and
- 12 2. The crime occurred in a state which does not have a crime victim
- 13 compensation program, for which the victim is eligible as eligibility is
- 14 set forth in Section 31 of this Act~~[KRS 346.050]~~.
- 15 (c) "Victim" shall also mean a resident of this state who is injured or killed by an
- 16 act of terrorism, as defined in 18 U.S.C. sec. 2331, committed outside the
- 17 United States.

18 ➔Section 29. KRS 346.025 is repealed, reenacted as a new section of KRS

19 Chapter 49, and amended to read as follows:

- 20 (1) "Victim" shall also include nonresidents of this state who suffer losses as a direct
- 21 result of criminal acts occurring within this state.
- 22 (2) This section shall be operative only during those time periods during which the
- 23 commission~~board~~ determines that federal funds are available to the state for the
- 24 compensation of victims of crime.

25 ➔Section 30. KRS 346.040 is repealed, reenacted as a new section of KRS

26 Chapter 49, and amended to read as follows:

27 In addition to the powers and authority outlined in Section 2 of this Act, the



1 **commission**~~[board]~~ shall have the following powers and duties:

2 (1) ~~[To establish and maintain necessary offices within this state, appoint employees~~  
3 ~~and agents as necessary, and prescribe their duties and compensation;~~

4 ~~(2)~~ To promulgate, amend, and repeal suitable administrative regulations to carry out  
5 the provisions and purposes of **Sections 27 to 49 of this Act**~~[this chapter]~~, including  
6 administrative regulations for the approval of attorney's fees for representation  
7 before the **commission**~~[board]~~ or upon judicial review~~[as provided for in KRS~~  
8 ~~346.110];~~

9 ~~(2)~~~~(3)~~ To hear and determine all matters relating to claims for compensation, and the  
10 power to reinvestigate or reopen claims without regard to statutes of limitations;

11 ~~(3)~~~~(4)~~ To request from prosecuting attorneys and law enforcement officers  
12 investigations and data to enable the **commission**~~[board]~~ to determine whether, and  
13 the extent to which, a claimant qualifies for compensation. The statute providing  
14 confidentiality for juvenile session of District Court records does not apply to  
15 proceedings under **Sections 27 to 49 of this Act**~~[this chapter]~~;

16 ~~(4)~~~~(5)~~ To hold hearings in accordance with the provisions of KRS Chapter 13B. The  
17 powers provided in this subsection may be delegated by the **commission**~~[board]~~ to  
18 any member or employee thereof. If necessary to carry out any of its powers and  
19 duties, the **commission**~~[board]~~ may petition any Circuit Court for an order;

20 ~~(5)~~~~(6)~~ ~~To take or cause to be taken affidavits or depositions within or without the~~  
21 ~~state;~~

22 ~~(7)~~ Upon the filing of an application by a claimant, to negotiate binding fee settlements  
23 with the providers of services to claimants that may be eligible for an award under  
24 **subsection (3) of Section 37 of this Act**~~[KRS 346.130(3)]~~;

25 ~~(6)~~~~(8)~~ To make available for public inspection all **commission**~~[board]~~ decisions and  
26 opinions, administrative regulations, written statements of policy, and  
27 interpretations formulated, promulgated, or used by it in discharging its functions;

1 ~~(7)~~~~(9)~~ To publicize widely the availability of reparations and information regarding  
2 the claims therefor; and

3 ~~(8)~~~~(10)~~ To make an annual report, by January 1 of each year, of its activities for the  
4 preceding fiscal year to the Office of the State Budget Director and to the Interim  
5 Joint Committee on Appropriations and Revenue. Each such report shall set forth a  
6 complete operating and financial statement covering its operations during the year.

7 ➔Section 31. KRS 346.050 is repealed, reenacted as a new section of KRS  
8 Chapter 49, and amended to read as follows:

9 (1) Except as provided in subsections (2) and (3) of this section, the following persons  
10 shall be eligible for awards pursuant to Sections 27 to 49 of this Act~~[this chapter]~~:

11 (a) A victim of criminally injurious conduct;

12 (b) A surviving spouse, parent, or child of a victim of criminally injurious  
13 conduct who died as a direct result of such conduct;

14 (c) Any other person dependent for his principal support upon a victim of  
15 criminally injurious conduct who died as a direct result of such crime; and

16 (d) Any person who is legally responsible for the medical expenses or funeral  
17 expenses of a victim.

18 (2) No victim or dependent shall be denied compensation solely because he is a relative  
19 of the offender or was living with the offender as a family or household member at  
20 the time of the injury or death. However, the commission~~[board]~~ may award  
21 compensation to a victim or dependent who is a relative, family, or household  
22 member of the offender only if the commission~~[board]~~ can reasonably determine  
23 the offender will not receive significant economic benefit or unjust enrichment from  
24 the compensation.

25 (3) No compensation of any kind shall be awarded when injury occurred while the  
26 victim was confined in any state, county, urban-county, or city jail, prison, or other  
27 correctional facility, or any state institution maintained and operated by the Cabinet

1 for Health and Family Services.

2 ➔Section 32. KRS 346.055 is repealed, reenacted as a new section of KRS  
3 Chapter 49, and amended to read as follows:

4 A person who suffers personal injury as a result of conduct in violation of KRS 532.031  
5 is a victim of criminally injurious conduct as defined in Section 28 of this Act~~[KRS~~  
6 ~~346.020]~~ and is eligible for awards pursuant to Sections 27 to 49 of this Act~~[KRS~~  
7 ~~Chapter 346]~~.

8 ➔Section 33. KRS 346.060 is repealed, reenacted as a new section of KRS  
9 Chapter 49, and amended to read as follows:

10 (1) A claim form may be filed by a person eligible to receive an award, as provided in  
11 Section 31 of this Act~~[KRS 346.050]~~ or, if such person is a minor, by his parent or  
12 guardian.

13 (2) A claim form must be filed by the claimant not later than five (5) years after the  
14 occurrence of the criminally injurious conduct upon which such claim is based, or  
15 not later than five (5) years after the death of the victim; provided, however, that  
16 upon good cause shown, the commission~~[board]~~ may extend the time for filing if, in  
17 a particular case, the interest of justice so requires.

18 (3) Claims shall be filed in the office of the commission~~[board]~~ in person or by mail in  
19 accordance with the administrative regulations promulgated by the commission.  
20 Only printed claim forms supplied by the commission~~[board]~~ shall be accepted. The  
21 commission~~[board]~~ shall accept for filing all claims submitted by persons eligible  
22 under subsection (1) of this section and alleging the jurisdiction requirements set  
23 forth in Sections 27 to 49 of this Act~~[this chapter]~~ and meeting the requirements as  
24 to form in the rules and regulations of the commission~~[board]~~.

25 (4) Upon filing of a claim pursuant to Sections 27 to 49 of this Act~~[this chapter]~~, the  
26 commission~~[board]~~ shall promptly notify the United States attorney (if a federal  
27 offense is involved), the Commonwealth's attorney or county attorney of the county

1 wherein the crime is alleged to have occurred. If, within ten (10) days after such  
 2 notification, such United States attorney, Commonwealth's attorney, or county  
 3 attorney advises the commission~~[board]~~ that a criminal prosecution is pending upon  
 4 the same alleged crime and requests that action by the commission~~[board]~~ be  
 5 deferred, the commission~~[board]~~ shall defer all proceedings under Sections 27 to 49  
 6 of this Act~~[this chapter]~~ until such time as such criminal prosecution has been  
 7 concluded and shall so notify such United States attorney, Commonwealth's or  
 8 county attorney, and the claimant. When such criminal prosecution has been  
 9 concluded such United States attorney, Commonwealth's or county attorney shall  
 10 promptly so notify the commission~~[board]~~. Nothing in this section shall limit the  
 11 authority of the commission~~[board]~~ to grant emergency awards pursuant to Section  
 12 36 of this Act~~[KRS 346.120]~~.

13 ➔Section 34. KRS 346.080 is repealed, reenacted as a new section of KRS  
 14 Chapter 49, and amended to read as follows:

- 15 (1) A claim, when accepted for filing, shall be assigned by the executive director~~[clerk]~~  
 16 of the commission ~~[board]~~ to an investigator for investigation. All claims arising  
 17 from the death of an individual as a direct result of a crime shall be considered  
 18 together.
- 19 (2) The investigator to whom such claim is assigned shall examine the papers filed in  
 20 support of the claim and the validity of the claim. The investigation shall include,  
 21 but not be limited to, an examination of police, court, and official records and  
 22 reports concerning the crime.
- 23 (3) If the mental, physical, or emotional condition of a victim or claimant is material to  
 24 a claim, the commission~~[board]~~ may order the victim or claimant to submit to a  
 25 mental or physical examination by a physician or psychiatrist, and may order an  
 26 autopsy of a deceased victim. A report upon an examination shall be filed with the  
 27 investigator setting out findings, including results of all tests made, diagnosis,

- 1 prognosis, and other conclusions.
- 2 (4) For purposes of Sections 27 to 49 of this Act~~[this chapter]~~, there is no privilege,  
3 except privileges arising from the attorney-client relationship, as to communications  
4 or records relevant to an issue of the physical, mental, or emotional condition of the  
5 claimant or victim in a proceeding under Sections 27 to 49 of this Act~~[this chapter]~~  
6 in which that condition is an element.
- 7 (5) Claims shall be investigated and determined, regardless of whether the alleged  
8 criminal has been apprehended or prosecuted for or convicted of any crime based  
9 upon the same incident, or has been acquitted, or found not guilty of the crime in  
10 question owing to criminal irresponsibility or other legal exemption.
- 11 (6) Upon completion of the investigator's report, the claim shall be assigned to a  
12 commission~~board~~ member who may decide the claim in favor of a claimant in the  
13 amount claimed on the basis of the papers filed in support thereof and the report of  
14 the investigation of the claim within thirty (30) days of the assignment of the claim.  
15 If the commission~~board~~ member is unable to decide the claim upon the basis of  
16 the papers and the report, he shall order a hearing. The hearing shall be conducted in  
17 accordance with KRS Chapter 13B.
- 18 (7) After examining the papers filed in support of the claim and the report of  
19 investigation, and after a hearing, if any, the commission~~board~~ member to whom  
20 the claim was assigned shall issue a recommended order either granting an award  
21 pursuant to Section 37 of this Act~~[KRS 346.130]~~ or deny the claim. The  
22 commission ~~board~~ shall review the recommended order and any exceptions filed  
23 to it, and shall by majority vote issue a final order.
- 24 (8) A final order of the commission~~board~~ may be appealed by ~~the Attorney General~~  
25 ~~or a claimant by~~ filing a petition for judicial review in the county where the claim  
26 accrued or in Franklin Circuit Court in accordance with KRS Chapter 13B.
- 27 ➔Section 35. KRS 346.100 is repealed, reenacted as a new section of KRS

1 Chapter 49, and amended to read as follows:

2 Following the initial filing of a claim, if a claimant or victim does not take such further  
 3 steps as may be necessary to support or perfect the claim as may be required by the  
 4 commission[board] within thirty (30) days after such requirement is made by the  
 5 commission[board], the claimant or victim shall be deemed in default. In such case the  
 6 commission[board] shall summarily deny the claim and the claimant or victim shall be  
 7 forever barred from reasserting the claim. The commission[board] may remit such  
 8 proceedings on good cause shown that the failure to take the steps required by the  
 9 commission[board] was totally and completely beyond the control of the claimant or  
 10 victim.

11 ➔Section 36. KRS 346.120 is repealed, reenacted as a new section of KRS  
 12 Chapter 49, and amended to read as follows:

13 (1) Notwithstanding the provisions of Section 34 of this Act[~~KRS 346.080~~], if it  
 14 appears to the commission[board] member to whom a claim is assigned, prior to  
 15 taking action upon such claim that:

- 16 (a) Such claim is one with respect to which an award probably will be made; and
  - 17 (b) Undue hardship will result to the claimant if immediate payment is not made.
- 18 Emergency payment under subsection (2) of this section may be made.

19 (2) Upon such findings under subsection (1) of this section the commission[board]  
 20 member may make an emergency award to the claimant pending a final decision in  
 21 the case provided that:

- 22 (a) The amount of such emergency award shall not exceed five hundred dollars  
 23 (\$500);
- 24 (b) The amount of such emergency award shall be deducted from any final award  
 25 made to the claimant; and
- 26 (c) The excess of the amount of such emergency award over the amount of the  
 27 final award, or the full amount of the emergency award if no final award is

1           made, shall be repaid by the claimant to the commission~~[board]~~.

2           ➔Section 37.   KRS 346.130 is repealed, reenacted as a new section of KRS  
3 Chapter 49, and amended to read as follows:

- 4   (1) No award shall be made unless the commission~~[board]~~ or commission~~[board]~~  
5 member, as the case may be, finds that:
- 6       (a) Criminally injurious conduct occurred;
- 7       (b) Such criminally injurious conduct resulted in personal physical or  
8           psychological injury to, or death of, the victim; and
- 9       (c) Police or court records show that such crime was promptly reported to the  
10           proper authorities; and in no case may an award be made where the police or  
11           court records show that such report was made more than forty-eight (48) hours  
12           after the occurrence of such crime unless the commission~~[board]~~, for good  
13           cause shown, finds the delay to have been justified.
- 14   (2) Except for claims related to sexual assault and domestic violence, the commission  
15       ~~[board]~~ upon finding that the claimant or victim has not fully cooperated with  
16       appropriate law enforcement agencies shall deny, reconsider, or reduce an award.
- 17   (3) Any award made pursuant to Sections 27 to 49 of this Act~~[this chapter]~~ shall be in  
18       an amount not exceeding out-of-pocket expenses, including indebtedness  
19       reasonably incurred for medical or other services, including mental health  
20       counseling, necessary as a result of the injury upon which the claim is based,  
21       together with loss of earnings or support resulting from such injury. Mental health  
22       counseling shall be paid for a maximum of two (2) years, but only after proper  
23       documentation is submitted to the commission~~[board]~~ stating what treatment is  
24       planned and for what period of time. The commission~~[board]~~ shall have the power  
25       to discontinue payment of mental health counseling at any time within the two (2)  
26       year period. Replacement of eyeglasses and other corrective lenses shall be included  
27       in an award, provided they were stolen, destroyed, or damaged during the crime.

- 1 (4) Any award made for loss of earnings or financial support may be considered for a  
2 claimant who has loss of support or wages due to the crime for which the claim is  
3 filed. Unless reduced pursuant to other provisions of Sections 27 to 49 of this  
4 Act~~[this chapter]~~, the award shall be equal to net earnings at the time of the  
5 criminally injurious conduct; however, no such award shall exceed one hundred  
6 fifty dollars (\$150) for each week of lost earnings or financial support. The wage  
7 earner or source of support must have been employed or paying support at the time  
8 the crime occurred. Said employment or support shall be verified by the staff of the  
9 commission~~board~~ after information is provided by the claimant or victim. Should  
10 the claimant or victim fail to supply the commission~~board~~ with the information  
11 requested, the portion of the claim for lost wages or support shall be denied. If there  
12 are two (2) or more persons entitled to an award as a result of the injury or death of  
13 a person which is the direct result of criminally injurious conduct, the award shall  
14 be apportioned by the commission~~board~~ among the claimants.
- 15 (5) The commission~~board~~ is authorized to set a reasonable limit for the payment of  
16 funeral and burial expenses which shall include funeral costs, a monument, and  
17 grave plot. In no event shall an award for funeral expenses exceed five thousand  
18 dollars (\$5,000).
- 19 (6) Any award made under Sections 27 to 49 of this Act~~[this chapter]~~ shall not exceed  
20 twenty-five thousand dollars (\$25,000) in total compensation to be received by or  
21 paid on behalf of a claimant from the fund.
- 22 (7) No award shall be made for any type of property loss or damage, except as  
23 otherwise permitted in Sections 27 to 49 of this Act~~[this chapter]~~.
- 24 ➔Section 38. KRS 346.135 is repealed, reenacted as a new section of KRS  
25 Chapter 49, and amended to read as follows:
- 26 (1) Upon the filing of an application for a claim with the commission~~board~~, all debt  
27 collection actions by a creditor or the creditor's agent, against the claimant for a debt



1 or expense covered under *subsection (3) of Section 37 of this Act*~~[KRS 346.130(3)]~~  
 2 and related to the substance of the claim shall cease pending a resolution of the  
 3 claim by the *commission*~~[board]~~, if the claimant:

- 4 (a) Provides written notice to the creditor or creditor's agent that a claim has been  
 5 submitted to the *commission*~~[board]~~; and  
 6 (b) Authorizes the creditor or creditor's agent to confirm with the *commission*  
 7 ~~[board]~~ the claimant's application with the *commission*~~[board]~~ and that the  
 8 debt or expense upon which the collection action is based may be covered  
 9 under *subsection (3) of Section 37 of this Act*~~[KRS 346.130(3)]~~.

10 (2) The *commission*~~[board]~~ shall, upon the written request of a creditor or creditor's  
 11 agent, notify the creditor or creditor's agent when a claim has been resolved.

12 ➔Section 39. KRS 346.140 is repealed, reenacted as a new section of KRS  
 13 Chapter 49, and amended to read as follows:

14 (1) Any award made pursuant to *Sections 27 to 49 of this Act*~~[this chapter]~~ shall be  
 15 reduced by the amount of any payments received or to be received by the claimant  
 16 as a result of the injury from the following sources:

- 17 (a) From or on behalf of the person who committed the crime;  
 18 (b) Under insurance programs mandated by law;  
 19 (c) From public funds;  
 20 (d) Under any contract of insurance wherein the claimant is the insured or  
 21 beneficiary;  
 22 (e) As an emergency award pursuant to *Section 36 of this Act*~~[KRS 346.120]~~; and  
 23 (f) From donations made on behalf of the victim or claimant toward expenses  
 24 incurred as a result of the crime.

25 (2) In determining the amount of an award, the *commission*~~[board]~~ or *commission*  
 26 ~~[board]~~ member shall determine whether, because of his or her conduct, the  
 27 claimant or the victim of such crime contributed to the infliction of the victim's

1 injury, and shall reduce the amount of the award or reject the claim altogether, in  
2 accordance with such determination; however, the commission~~[board]~~ or  
3 commission~~[board]~~ member may disregard for this purpose the responsibility of the  
4 claimant or the victim for the victim's injury where the record shows that such  
5 responsibility was attributable to efforts by the claimant or victim to prevent a crime  
6 or an attempted crime from occurrence in his or her presence or to apprehend a  
7 person who had committed a crime in his or her presence or had in fact committed a  
8 felony. The commission~~[board]~~ or commission~~[board]~~ members may request that  
9 either the county attorney or Commonwealth's attorney or both state whether in their  
10 opinion, the victim suffered injuries as the result of a crime and has cooperated with  
11 the prosecution and law enforcement authorities. The commission~~[board]~~ or  
12 commission~~[board]~~ member shall not be bound by such opinions and  
13 recommendations and if needed may order a further investigation of the claim.

14 (3) The commission~~[board]~~ or commission~~[board]~~ member may consider whether the  
15 victim's injuries were the ordinary and foreseeable result of unlawful and criminal  
16 activities in determining the claimant's eligibility for an award. If the commission  
17 ~~[board]~~ or commission~~[board]~~ member finds that the claimant will not suffer  
18 serious financial hardship if not granted financial assistance pursuant to Sections 27  
19 to 49 of this Act~~[this chapter]~~, the commission~~[board]~~ or commission~~[board]~~  
20 member shall deny an award. In determining such serious financial hardship, the  
21 commission~~[board]~~ or commission~~[board]~~ member shall consider all of the  
22 financial resources of the claimant. The commission~~[board]~~ shall establish specific  
23 standards by rule for determining such serious financial hardships.

24 ➔Section 40. KRS 346.145 is repealed, reenacted as a new section of KRS  
25 Chapter 49, and amended to read as follows:

26 Any person who procures or attempts to procure compensation with this commission  
27 ~~[board]~~ by filing false information~~[,]~~ shall have the claim denied and be forever barred

1 from filing a claim with this commission~~[board]~~.

2       ➔Section 41. KRS 346.150 is repealed, reenacted as a new section of KRS  
3 Chapter 49, and amended to read as follows:

4 (1) The award shall be paid in a lump sum, except that in the case of death or protracted  
5 disability the award shall provide for periodic payments to compensate for loss of  
6 earnings or support. No award made pursuant to Sections 27 to 49 of this Act~~[this~~  
7 ~~chapter]~~ shall be subject to execution or attachment other than for expenses  
8 resulting from the injury which is the basis for the claim.

9 (2) The commission~~[board]~~ shall reconsider at least annually every award being paid in  
10 installments. An order or reconsideration of an award shall not require refund of  
11 amounts previously paid unless the award was obtained by fraud.

12       ➔Section 42. KRS 346.155 is repealed, reenacted as a new section of KRS  
13 Chapter 49, and amended to read as follows:

14 (1) The commission~~[board]~~ may award a lump-sum payment not to exceed twenty-five  
15 thousand dollars (\$25,000) to the family of a police officer employed by a city,  
16 county, or urban-county government who is killed in the line of duty as a police  
17 officer for such city, county, or urban-county and who is not eligible to receive  
18 death or disability benefits under a pension plan of the city, county, or urban-county.

19 (2) This section shall apply to any officer killed in the line of duty since January 1,  
20 1986.

21       ➔Section 43. KRS 346.157 is repealed, reenacted as a new section of KRS  
22 Chapter 49, and amended to read as follows:

23 The commission~~[board]~~ may apply for funds from, and submit all necessary forms to, any  
24 federal agency participating in a cooperative program to compensate victims of crime.

25       ➔Section 44. KRS 346.160 is repealed, reenacted as a new section of KRS  
26 Chapter 49, and amended to read as follows:

27 The record of a proceeding before the commission~~[board]~~ or a commission~~[board]~~

1 member shall be a public record; provided, however, that any record or report obtained by  
2 the commission~~board~~, the confidentiality of which is protected by any other law or  
3 regulation, shall remain confidential subject to such law or regulation.

4 →Section 45. KRS 346.165 is repealed, reenacted as a new section of KRS  
5 Chapter 49, and amended to read as follows:

6 (1) Every person contracting with any person or the representative or assignee of any  
7 person accused or convicted of a crime in this state, with respect to the reenactment  
8 of such crime, by way of a movie, book, magazine article, radio, or television  
9 presentation, live entertainment of any kind, or from the expression of such person's  
10 thoughts, feelings, opinions, or emotions regarding such crime, shall pay over to the  
11 commission~~board~~ any moneys which would otherwise, by terms of such contract,  
12 be owing to the person so accused or convicted or his representatives.

13 (2) After deducting all sums paid to the victim by the commission~~board~~, the  
14 commission~~board~~ shall deposit such moneys in its accounts for the benefit of and  
15 payable to any victim of crimes committed by such person, provided that such  
16 person is eventually convicted of the crime and provided further that such victim,  
17 within five (5) years of the date of the crime, brings a civil action in a court of  
18 competent jurisdiction and recovers a money judgment against such person or his  
19 representatives.

20 (3) Upon disposition of charges favorable to any person accused of committing a crime,  
21 or upon a showing by such person that five (5) years have elapsed from the  
22 commission's~~board's~~ receipt of such funds and that such person has not been  
23 convicted of said crime and further that no actions are pending against such person  
24 in connection with the crime or pursuant to this section, the commission~~board~~  
25 shall immediately pay over any such moneys to such person.

26 (4) Notwithstanding any inconsistent provision of the civil practice law and rules with  
27 respect to the timely bringing of an action, the five (5) year period provided for in

1 subsection (2) of this section shall not begin to run until the commission~~[board]~~ has  
2 received such moneys.

3 (5) Any action taken by any person convicted of a crime, whether by way of execution  
4 of a power of attorney, creation of corporate entities, or otherwise, to defeat the  
5 purpose of this section shall be null and void as against the public policy of this  
6 state.

7 (6) The failure of a person to pay moneys to the commission~~[board]~~ in accordance with  
8 subsection (1) shall create a debt due and owing to the commission~~[board]~~ from  
9 that person and shall constitute a preferential lien to the state which may be  
10 collected by the commission~~[board]~~ by civil process.

11 ➔Section 46. KRS 346.170 is repealed, reenacted as a new section of KRS  
12 Chapter 49, and amended to read as follows:

13 (1) No right of action at law against a person who has committed a criminal act for  
14 damages as a consequence of such act shall be lost as a consequence of receiving  
15 benefits under the provisions of Sections 27 to 49 of this Act~~[this chapter]~~. In the  
16 event any person receiving benefits under Sections 27 to 49 of this Act~~[this chapter]~~  
17 additionally seeks a remedy for damages from the person or persons who have  
18 committed the criminal act resulting in damages, then and in that event the  
19 commission~~[board]~~ shall be subrogated to and have a lien upon any recovery so  
20 made to the extent of the payments made by the state to or on behalf of such person  
21 under Sections 27 to 49 of this Act~~[this chapter]~~.

22 (2) If compensation is awarded, the state is subrogated to all the claimant's rights to  
23 receive or recover benefits or advantages, for economic loss for which and to the  
24 extent only that compensation is awarded from a source which is, or, if readily  
25 available to the victim or claimant would be, a collateral source.

26 ➔Section 47. KRS 346.180 is repealed, reenacted as a new section of KRS  
27 Chapter 49, and amended to read as follows:

- 1 (1) Any payment of benefits to or on behalf of a victim under Sections 27 to 49 of this  
2 Act~~[this chapter]~~ creates a debt due and owing to the state by any person found to  
3 have committed such criminal act in either a civil or criminal court proceeding in  
4 which he is a party.
- 5 (2) The court when placing any convicted person, who owes a debt to the state as a  
6 consequence of a criminal act, on probation and conditional discharge as provided  
7 in KRS 533.020 may set as a condition of the probation or conditional discharge the  
8 payment of the debt to the state. The court also may set the schedule or amounts of  
9 payments to be made subject to modification based on change of circumstances.
- 10 (3) The parole board shall also have the right to make payment of the debt to the state a  
11 condition of parole under the provisions of KRS Chapter 439 subject to  
12 modification based on change of circumstances.

13 ➔Section 48. KRS 346.185 is repealed, reenacted as a new section of KRS  
14 Chapter 49, and amended to read as follows:

- 15 (1) There is established in the State Treasury the "Crime Victims' Compensation Fund,"  
16 hereinafter referred to as the "fund," to be administered by the commission~~[Crime~~  
17 ~~Victims' Compensation Board]~~. Nothing herein shall be construed to limit the  
18 power of the court to order additional forms of restitution including public or  
19 charitable work or reparation to the victim, to the fund, or otherwise as authorized  
20 by law.
- 21 (2) The fund shall consist of moneys from the following: appropriations by the General  
22 Assembly; the federal government; disbursements provided under KRS  
23 42.320(2)(g); and any other public or private source. Any unexpended balance  
24 remaining in the fund at the end of the biennium shall not lapse and be transferred  
25 to the general fund, but shall remain in the crime victims' compensation fund. Any  
26 funds not utilized by the commission~~[board]~~ shall be used to provide assistance to  
27 programs for victims and the commission~~[board]~~ shall allocate such funds to any

1 agency providing services to victims. In the event there are insufficient funds in the  
2 fund to pay all claims in full, all claims shall be paid at seventy percent (70%). If  
3 there are no moneys in the fund, then no claim shall be paid until moneys have  
4 again accumulated. In addition to payment of claims, moneys in the fund shall be  
5 used to pay all the necessary and proper expenses of the commission~~[Crime~~  
6 ~~Victims' Compensation Board]~~.

7 ➔Section 49. KRS 346.200 is repealed, reenacted as a new section of KRS  
8 Chapter 49, and amended to read as follows:

9 (1) There is established in the State Treasury the sexual assault victim assistance fund  
10 to be administered by the commission~~[Crime Victims' Compensation Board]~~ for the  
11 purpose of funding medical examinations for victims of sexual assault as provided  
12 in subsection (4) of this section and in KRS 216B.400. All moneys deposited or  
13 paid into the sexual assault victim assistance fund are appropriated and shall be  
14 available to the commission~~[Crime Victims' Compensation Board]~~. Funds shall be  
15 disbursed by the State Treasurer upon the warrant of the commission~~[Crime~~  
16 ~~Victims' Compensation Board]~~.

17 (2) The sexual assault victim assistance fund may receive state general fund  
18 appropriations, gifts, grants, federal funds, or other public or private funds or  
19 donations. Any federal matching funds received by the commission~~[board]~~ or the  
20 crime victims' compensation fund for sexual assault victim assistance payments  
21 shall be deposited into the sexual assault victim assistance fund.

22 (3) Any unencumbered or unallocated balances in the sexual assault victim assistance  
23 fund shall be invested as provided in KRS 42.500(9). Any income earned from  
24 investment, along with the unallocated or unencumbered balances in the fund, shall  
25 not lapse and shall be deemed a trust and agency account available solely for the  
26 purposes specified in subsection (1) of this section.

27 (4) (a) For the purposes of this section, a children's advocacy center is a center as

1 defined in KRS 620.020 that operates consistent with administrative  
2 regulations promulgated by the Cabinet for Health and Family Services.

3 (b) Upon receipt of a completed original claim form supplied by the commission  
4 ~~[board]~~ and itemized bill for a child sexual abuse medical examination  
5 performed at a children's advocacy center, the commission~~[board]~~ shall  
6 reimburse the children's advocacy center for actual costs up to but not  
7 exceeding the amount of reimbursement established through administrative  
8 regulation promulgated by the Department for Medicaid Services.

9 (c) Independent investigation by the commission~~[Crime Victims' Compensation~~  
10 ~~Board]~~ shall not be required for payment of claims under this section;  
11 however, the commission~~[board]~~ may require additional documentation as  
12 proof that the medical examination was performed.

13 (5) If sexual assault victim assistance funds are insufficient to pay claims under  
14 subsection (4) of this section or KRS 216B.400, payment shall be made from the  
15 Crime Victims' Compensation Fund.

16 ➔SECTION 50. A NEW SECTION OF KRS CHAPTER 49 IS CREATED TO  
17 READ AS FOLLOWS:

18 *Any person who fails or refuses to obey a subpoena or order of the commission made*  
19 *pursuant to KRS Chapter 13B shall be fined not less than twenty-five dollars (\$25) nor*  
20 *more than five hundred dollars (\$500).*

21 ➔Section 51. KRS 11A.010 is amended to read as follows:

22 As used in this chapter, unless the context otherwise requires:

23 (1) "Business" means any corporation, limited liability company, partnership, limited  
24 partnership, sole proprietorship, firm, enterprise, franchise, association,  
25 organization, self-employed individual, holding company, joint stock company,  
26 receivership, trust, or any legal entity through which business is conducted, whether  
27 or not for profit;



- 1 (2) "Commission" means the Executive Branch Ethics Commission;
- 2 (3) "Compensation" means any money, thing of value, or economic benefit conferred  
3 on, or received by, any person in return for services rendered, or to be rendered, by  
4 himself or another;
- 5 (4) "Family" means spouse and children, as well as a person who is related to a public  
6 servant as any of the following, whether by blood or adoption: parent, brother,  
7 sister, grandparent, grandchild, father-in-law, mother-in-law, brother-in-law, sister-  
8 in-law, son-in-law, daughter-in-law, stepfather, stepmother, stepson, stepdaughter,  
9 stepbrother, stepsister, half brother, half sister;
- 10 (5) "Gift" means a payment, loan, subscription, advance, deposit of money, services, or  
11 anything of value, unless consideration of equal or greater value is received; "gift"  
12 does not include gifts from family members, campaign contributions, or door prizes  
13 available to the public;
- 14 (6) "Income" means any money or thing of value received or to be received as a claim  
15 on future services, whether in the form of a fee, salary, expense allowance,  
16 forbearance, forgiveness, interest, dividend, royalty, rent, capital gain, or any other  
17 form of compensation or any combination thereof;
- 18 (7) "Officer" means all major management personnel in the executive branch of state  
19 government, including the secretary of the cabinet, the Governor's chief executive  
20 officers, cabinet secretaries, deputy cabinet secretaries, general counsels,  
21 commissioners, deputy commissioners, executive directors, principal assistants,  
22 division directors, members and full-time chief administrative officers of the Parole  
23 Board, Kentucky Claims Commission~~[Board of Tax Appeals, Board of Claims]~~,  
24 Kentucky Retirement Systems board of trustees, Kentucky Teachers' Retirement  
25 System board of trustees, Public Service Commission, Worker's Compensation  
26 Board and its administrative law judges, the Kentucky Occupational Safety and  
27 Health Review Commission, the Kentucky Board of Education, the Council on

- 1 Postsecondary Education, and any person who holds a personal service contract to  
2 perform on a full-time basis for a period of time not less than six (6) months a  
3 function of any position listed in this subsection;
- 4 (8) "Official duty" means any responsibility imposed on a public servant by virtue of  
5 his or her position in the state service;
- 6 (9) "Public servant" means:
- 7 (a) The Governor;
- 8 (b) The Lieutenant Governor;
- 9 (c) The Secretary of State;
- 10 (d) The Attorney General;
- 11 (e) The Treasurer;
- 12 (f) The Commissioner of Agriculture;
- 13 (g) The Auditor of Public Accounts; and
- 14 (h) All employees in the executive branch including officers as defined in  
15 subsection (7) of this section and merit employees;
- 16 (10) "Agency" means every state office, cabinet, department, board, commission, public  
17 corporation, or authority in the executive branch of state government. A public  
18 servant is employed by the agency by which his or her appointing authority is  
19 employed, unless his or her agency is attached to the appointing authority's agency  
20 for administrative purposes only, or unless the agency's characteristics are of a  
21 separate independent nature distinct from the appointing authority and it is  
22 considered an agency on its own, such as an independent department;
- 23 (11) "Lobbyist" means any person employed as a legislative agent as defined in KRS  
24 6.611(23) or any person employed as an executive agency lobbyist as defined in  
25 KRS 11A.201(8);
- 26 (12) "Lobbyist's principal" means the entity in whose behalf the lobbyist promotes,  
27 opposes, or acts;

- 1 (13) "Candidate" means those persons who have officially filed candidacy papers or who  
2 have been nominated by their political party pursuant to KRS 118.105, 118.115,  
3 118.325, or 118.760 for any of the offices enumerated in subsections (9)(a) to (g) of  
4 this section;
- 5 (14) "Does business with" or "doing business with" means contracting, entering into an  
6 agreement, leasing, or otherwise exchanging services or goods with a state agency  
7 in return for payment by the state, including accepting a grant, but not including  
8 accepting a state entitlement fund disbursement;
- 9 (15) "Public agency" means any governmental entity;
- 10 (16) "Appointing authority" means the agency head or any person whom he or she has  
11 authorized by law to act on behalf of the agency with respect to employee  
12 appointments;
- 13 (17) "Represent" means to attend an agency proceeding, write a letter, or communicate  
14 with an employee of an agency on behalf of someone else;
- 15 (18) "Directly involved" means to work on personally or to supervise someone who  
16 works on personally;
- 17 (19) "Sporting event" means any professional or amateur sport, athletic game, contest,  
18 event, or race involving machines, persons, or animals, for which admission tickets  
19 are offered for sale and that is viewed by the public; and
- 20 (20) "Person" means an individual, proprietorship, firm, partnership, limited partnership,  
21 joint venture, joint stock company, syndicate, business or statutory trust, donative  
22 trust, estate, company, corporation, limited liability company, association, club,  
23 committee, organization, or group of persons acting in concert.

24 ➔Section 52. KRS 12.020 is amended to read as follows:

25 Departments, program cabinets and their departments, and the respective major  
26 administrative bodies that they include are enumerated in this section. It is not intended  
27 that this enumeration of administrative bodies be all-inclusive. Every authority, board,

1 bureau, interstate compact, commission, committee, conference, council, office, or any  
2 other form of organization shall be included in or attached to the department or program  
3 cabinet in which they are included or to which they are attached by statute or statutorily  
4 authorized executive order; except in the case of the Personnel Board and where the  
5 attached department or administrative body is headed by a constitutionally elected officer,  
6 the attachment shall be solely for the purpose of dissemination of information and  
7 coordination of activities and shall not include any authority over the functions,  
8 personnel, funds, equipment, facilities, or records of the department or administrative  
9 body.

10 I. Cabinet for General Government - Departments headed by elected officers:

- 11 (1) The Governor.  
12 (2) Lieutenant Governor.  
13 (3) Department of State.  
14 (a) Secretary of State.  
15 (b) Board of Elections.  
16 (c) Registry of Election Finance.  
17 (4) Department of Law.  
18 (a) Attorney General.  
19 (5) Department of the Treasury.  
20 (a) Treasurer.  
21 (6) Department of Agriculture.  
22 (a) Commissioner of Agriculture.  
23 (b) Kentucky Council on Agriculture.  
24 (7) Auditor of Public Accounts.

25 II. Program cabinets headed by appointed officers:

- 26 (1) Justice and Public Safety Cabinet:  
27 (a) Department of Kentucky State Police.

- 1 (b) Department of Criminal Justice Training.
- 2 (c) Department of Corrections.
- 3 (d) Department of Juvenile Justice.
- 4 (e) Office of the Secretary.
- 5 (f) Office of Drug Control Policy.
- 6 (g) Office of Legal Services.
- 7 (h) Office of the Kentucky State Medical Examiner.
- 8 (i) Parole Board.
- 9 (j) Kentucky State Corrections Commission.
- 10 (k) Office of Legislative and Intergovernmental Services.
- 11 (l) Office of Management and Administrative Services.
- 12 (m) Department for Public Advocacy.
- 13 (2) Education and Workforce Development Cabinet:
- 14 (a) Office of the Secretary.
  - 15 1. Governor's Scholars Program.
  - 16 2. Governor's School for Entrepreneurs Program.
- 17 (b) Office of Legal and Legislative Services.
  - 18 1. Client Assistance Program.
- 19 (c) Office of Communication.
- 20 (d) Office of Budget and Administration.
  - 21 1. Division of Human Resources.
  - 22 2. Division of Administrative Services.
- 23 (e) Office of Technology Services.
- 24 (f) Office of Educational Programs.
- 25 (g) Office for Education and Workforce Statistics.
- 26 (h) Board of the Kentucky Center for Education and Workforce Statistics.
- 27 (i) Board of Directors for the Center for School Safety.

- 1 (j) Department of Education.
- 2 1. Kentucky Board of Education.
- 3 2. Kentucky Technical Education Personnel Board.
- 4 (k) Department for Libraries and Archives.
- 5 (l) Department of Workforce Investment.
- 6 1. Office for the Blind.
- 7 2. Office of Vocational Rehabilitation.
- 8 3. Office of Employment and Training.
- 9 a. Division of Grant Management and Support.
- 10 b. Division of Workforce and Employment Services.
- 11 c. Division of Unemployment Insurance.
- 12 (m) Foundation for Workforce Development.
- 13 (n) Kentucky Office for the Blind State Rehabilitation Council.
- 14 (o) Kentucky Workforce Investment Board.
- 15 (p) Statewide Council for Vocational Rehabilitation.
- 16 (q) Unemployment Insurance Commission.
- 17 (r) Education Professional Standards Board.
- 18 1. Division of Educator Preparation.
- 19 2. Division of Certification.
- 20 3. Division of Professional Learning and Assessment.
- 21 4. Division of Legal Services.
- 22 (s) Kentucky Commission on the Deaf and Hard of Hearing.
- 23 (t) Kentucky Educational Television.
- 24 (u) Kentucky Environmental Education Council.
- 25 (3) Energy and Environment Cabinet:
- 26 (a) Office of the Secretary.
- 27 1. Office of Legislative and Intergovernmental Affairs.

- 1                   2.   Office of General Counsel.
- 2                   3.   Office of Administrative Hearings.
- 3                   4.   Mine Safety Review Commission.
- 4                   5.   Kentucky State Nature Preserves Commission.
- 5                   6.   Kentucky Environmental Quality Commission.
- 6                   7.   Kentucky Public Service Commission.
- 7                   (b) Department for Environmental Protection.
- 8                   1.   Office of the Commissioner.
- 9                   2.   Division for Air Quality.
- 10                  3.   Division of Water.
- 11                  4.   Division of Environmental Program Support.
- 12                  5.   Division of Waste Management.
- 13                  6.   Division of Enforcement.
- 14                  7.   Division of Compliance Assistance.
- 15                  (c) Department for Natural Resources.
- 16                  1.   Office of the Commissioner.
- 17                  2.   Division of Technical and Administrative Support.
- 18                  3.   Division of Mine Permits.
- 19                  4.   Division of Mine Reclamation and Enforcement.
- 20                  5.   Division of Abandoned Mine Lands.
- 21                  6.   Division of Oil and Gas.
- 22                  7.   Division of Mine Safety.
- 23                  8.   Division of Forestry.
- 24                  9.   Division of Conservation.
- 25                  10. Office of the Reclamation Guaranty Fund.
- 26                  11. Kentucky Mining Board.
- 27                  (d) Department for Energy Development and Independence.

- 1                   1.    Division of Efficiency and Conservation.
- 2                   2.    Division of Renewable Energy.
- 3                   3.    Division of Biofuels.
- 4                   4.    Division of Energy Generation Transmission and Distribution.
- 5                   5.    Division of Carbon Management.
- 6                   6.    Division of Fossil Energy Development.
- 7           (4)   Public Protection Cabinet.
- 8                   (a)   Office of the Secretary.
- 9                   1.    Office of Communications and Public Outreach.
- 10                  2.    Office of Legal Services.
- 11                   a.    Insurance Legal Division.
- 12                   b.    Charitable Gaming Legal Division.
- 13                   c.    Alcoholic Beverage Control Legal Division.
- 14                   d.    Housing, Buildings and Construction Legal Division.
- 15                   e.    Financial Institutions Legal Division.
- 16                  (b)   *Kentucky Claims Commission*~~[Crime Victims Compensation Board.~~
- 17                  ~~(e) — Board of Claims.~~
- 18                  ~~(d) — Kentucky Board of Tax Appeals].~~
- 19                  ~~(c)~~~~(e)~~    Kentucky Boxing and Wrestling Authority.
- 20                  ~~(d)~~~~(f)~~    Kentucky Horse Racing Commission.
- 21                   1.    Division of Licensing.
- 22                   2.    Division of Incentives and Development.
- 23                   3.    Division of Veterinary Services.
- 24                   4.    Division of Security and Enforcement.
- 25                  ~~(e)~~~~(g)~~    Department of Alcoholic Beverage Control.
- 26                   1.    Division of Distilled Spirits.
- 27                   2.    Division of Malt Beverages.



- 1                   3.    Division of Enforcement.
- 2                   ~~(f)~~~~(h)~~    Department of Charitable Gaming.
- 3                   1.    Division of Licensing and Compliance.
- 4                   2.    Division of Enforcement.
- 5                   ~~(g)~~~~(i)~~    Department of Financial Institutions.
- 6                   1.    Division of Depository Institutions.
- 7                   2.    Division of Non-Depository Institutions.
- 8                   3.    Division of Securities.
- 9                   ~~(h)~~~~(j)~~    Department of Housing, Buildings and Construction.
- 10                  1.    Division of Fire Prevention.
- 11                  2.    Division of Plumbing.
- 12                  3.    Division of Heating, Ventilation, and Air Conditioning.
- 13                  4.    Division of Building Code Enforcement.
- 14                  ~~(i)~~~~(k)~~    Department of Insurance.
- 15                  1.    Property and Casualty Division.
- 16                  2.    Health and Life Division.
- 17                  3.    Division of Financial Standards and Examination.
- 18                  4.    Division of Agent Licensing.
- 19                  5.    Division of Insurance Fraud Investigation.
- 20                  6.    Consumer Protection Division.
- 21                  7.    Division of Kentucky Access.
- 22                  ~~(j)~~~~(l)~~    Office of Occupations and Professions.
- 23                  (5)   Labor Cabinet.
- 24                  (a)   Office of the Secretary.
- 25                    1.    Division of Management Services.
- 26                    2.    Office of General Counsel.
- 27                  (b)   Office of General Administration and Program Support for Shared

- 1 Services.
- 2 1. Division of Human Resource Management.
- 3 2. Division of Fiscal Management.
- 4 3. Division of Budgets.
- 5 4. Division of Information Services.
- 6 (c) Office of Inspector General for Shared Services.
- 7 (d) Department of Workplace Standards.
- 8 1. Division of Employment Standards, Apprenticeship, and
- 9 Mediation.
- 10 2. Division of Occupational Safety and Health Compliance.
- 11 3. Division of Occupational Safety and Health Education and
- 12 Training.
- 13 4. Division of Workers' Compensation Funds.
- 14 (e) Department of Workers' Claims.
- 15 1. Office of General Counsel for Workers' Claims.
- 16 2. Office of Administrative Law Judges.
- 17 3. Division of Claims Processing.
- 18 4. Division of Security and Compliance.
- 19 5. Division of Information and Research.
- 20 6. Division of Ombudsman and Workers' Compensation Specialist
- 21 Services.
- 22 7. Workers' Compensation Board.
- 23 8. Workers' Compensation Advisory Council.
- 24 9. Workers' Compensation Nominating Commission.
- 25 (f) Workers' Compensation Funding Commission.
- 26 (g) Kentucky Labor-Management Advisory Council.
- 27 (h) Occupational Safety and Health Standards Board.

- 1 (i) Prevailing Wage Review Board.
- 2 (j) Apprenticeship and Training Council.
- 3 (k) State Labor Relations Board.
- 4 (l) Employers' Mutual Insurance Authority.
- 5 (m) Kentucky Occupational Safety and Health Review Commission.
- 6 (6) Transportation Cabinet:
- 7 (a) Department of Highways.
- 8 1. Office of Project Development.
- 9 2. Office of Project Delivery and Preservation.
- 10 3. Office of Highway Safety.
- 11 4. Highway District Offices One through Twelve.
- 12 (b) Department of Vehicle Regulation.
- 13 (c) Department of Aviation.
- 14 (d) Department of Rural and Municipal Aid.
- 15 1. Office of Local Programs.
- 16 2. Office of Rural and Secondary Roads.
- 17 (e) Office of the Secretary.
- 18 1. Office of Public Affairs.
- 19 2. Office for Civil Rights and Small Business Development.
- 20 3. Office of Budget and Fiscal Management.
- 21 4. Office of Inspector General.
- 22 (f) Office of Support Services.
- 23 (g) Office of Transportation Delivery.
- 24 (h) Office of Audits.
- 25 (i) Office of Human Resource Management.
- 26 (j) Office of Information Technology.
- 27 (k) Office of Legal Services.

- 1           (7) Cabinet for Economic Development:
- 2           (a) Office of the Secretary.
- 3           1. Office of Legal Services.
- 4           2. Department for Business Development.
- 5           a. Office of Entrepreneurship.
- 6           i. Commission on Small Business Advocacy.
- 7           b. Office of Research and Public Affairs.
- 8           c. Bluegrass State Skills Corporation.
- 9           3. Office of Financial Services.
- 10          a. Kentucky Economic Development Finance Authority.
- 11          b. Division of Finance and Personnel.
- 12          c. Division of Network Administration.
- 13          d. Compliance Division.
- 14          e. Incentive Assistance Division.
- 15          (8) Cabinet for Health and Family Services:
- 16          (a) Office of the Secretary.
- 17          (b) Office of Health Policy.
- 18          (c) Office of Legal Services.
- 19          (d) Office of Inspector General.
- 20          (e) Office of Communications and Administrative Review.
- 21          (f) Office of the Ombudsman.
- 22          (g) Office of Policy and Budget.
- 23          (h) Office of Human Resource Management.
- 24          (i) Office of Administrative and Technology Services.
- 25          (j) Department for Public Health.
- 26          (k) Department for Medicaid Services.
- 27          (l) Department for Behavioral Health, Developmental and Intellectual

- 1                   Disabilities.
- 2                   (m) Department for Aging and Independent Living.
- 3                   (n) Department for Community Based Services.
- 4                   (o) Department for Income Support.
- 5                   (p) Department for Family Resource Centers and Volunteer Services.
- 6                   (q) Kentucky Commission on Community Volunteerism and Service.
- 7                   (r) Kentucky Commission for Children with Special Health Care Needs.
- 8                   (s) Governor's Office of Electronic Health Information.
- 9                   (9) Finance and Administration Cabinet:
- 10                  (a) Office of General Counsel.
- 11                  (b) Office of the Controller.
- 12                  (c) Office of Administrative Services.
- 13                  (d) Office of Public Information.
- 14                  (e) Office of Policy and Audit.
- 15                  (f) Department for Facilities and Support Services.
- 16                  (g) Department of Revenue.
- 17                  (h) Commonwealth Office of Technology.
- 18                  (i) State Property and Buildings Commission.
- 19                  (j) Office of Equal Employment Opportunity and Contract Compliance.
- 20                  (k) Kentucky Employees Retirement Systems.
- 21                  (l) Commonwealth Credit Union.
- 22                  (m) State Investment Commission.
- 23                  (n) Kentucky Housing Corporation.
- 24                  (o) Kentucky Local Correctional Facilities Construction Authority.
- 25                  (p) Kentucky Turnpike Authority.
- 26                  (q) Historic Properties Advisory Commission.
- 27                  (r) Kentucky Tobacco Settlement Trust Corporation.

- 1 (s) Kentucky Higher Education Assistance Authority.
- 2 (t) Kentucky River Authority.
- 3 (u) Kentucky Teachers' Retirement System Board of Trustees.
- 4 (v) Executive Branch Ethics Commission.
- 5 (10) Tourism, Arts and Heritage Cabinet:
- 6 (a) Kentucky Department of Travel and Tourism.
- 7 1. Division of Tourism Services.
- 8 2. Division of Marketing and Administration.
- 9 3. Division of Communications and Promotions.
- 10 (b) Kentucky Department of Parks.
- 11 1. Division of Information Technology.
- 12 2. Division of Human Resources.
- 13 3. Division of Financial Operations.
- 14 4. Division of Facilities Management.
- 15 5. Division of Facilities Maintenance.
- 16 6. Division of Customer Services.
- 17 7. Division of Recreation.
- 18 8. Division of Golf Courses.
- 19 9. Division of Food Services.
- 20 10. Division of Rangers.
- 21 11. Division of Resort Parks.
- 22 12. Division of Recreational Parks and Historic Sites.
- 23 (c) Department of Fish and Wildlife Resources.
- 24 1. Division of Law Enforcement.
- 25 2. Division of Administrative Services.
- 26 3. Division of Engineering.
- 27 4. Division of Fisheries.

- 1                   5.    Division of Information and Education.
- 2                   6.    Division of Wildlife.
- 3                   7.    Division of Public Affairs.
- 4           (d)    Kentucky Horse Park.
  - 5                   1.    Division of Support Services.
  - 6                   2.    Division of Buildings and Grounds.
  - 7                   3.    Division of Operational Services.
- 8           (e)    Kentucky State Fair Board.
  - 9                   1.    Office of Administrative and Information Technology Services.
  - 10                  2.    Office of Human Resources and Access Control.
  - 11                  3.    Division of Expositions.
  - 12                  4.    Division of Kentucky Exposition Center Operations.
  - 13                  5.    Division of Kentucky International Convention Center.
  - 14                  6.    Division of Public Relations and Media.
  - 15                  7.    Division of Venue Services.
  - 16                  8.    Division of Personnel Management and Staff Development.
  - 17                  9.    Division of Sales.
  - 18                  10.   Division of Security and Traffic Control.
  - 19                  11.   Division of Information Technology.
  - 20                  12.   Division of the Louisville Arena.
  - 21                  13.   Division of Fiscal and Contract Management.
  - 22                  14.   Division of Access Control.
- 23           (f)    Office of the Secretary.
  - 24                   1.    Office of Finance.
  - 25                   2.    Office of Research and Administration.
  - 26                   3.    Office of Governmental Relations and Tourism Development.
  - 27                   4.    Office of the Sports Authority.

- 1           5.    Kentucky Sports Authority.
- 2           (g)   Office of Legal Affairs.
- 3           (h)   Office of Human Resources.
- 4           (i)   Office of Public Affairs and Constituent Services.
- 5           (j)   Office of Creative Services.
- 6           (k)   Office of Capital Plaza Operations.
- 7           (l)   Office of Arts and Cultural Heritage.
- 8           (m)   Kentucky African-American Heritage Commission.
- 9           (n)   Kentucky Foundation for the Arts.
- 10          (o)   Kentucky Humanities Council.
- 11          (p)   Kentucky Heritage Council.
- 12          (q)   Kentucky Arts Council.
- 13          (r)   Kentucky Historical Society.
- 14                1.    Division of Museums.
- 15                2.    Division of Oral History and Educational Outreach.
- 16                3.    Division of Research and Publications.
- 17                4.    Division of Administration.
- 18          (s)   Kentucky Center for the Arts.
- 19                1.    Division of Governor's School for the Arts.
- 20          (t)   Kentucky Artisans Center at Berea.
- 21          (u)   Northern Kentucky Convention Center.
- 22          (v)   Eastern Kentucky Exposition Center.
- 23          (11) Personnel Cabinet:
- 24                (a)   Office of the Secretary.
- 25                (b)   Department of Human Resources Administration.
- 26                (c)   Office of Employee Relations.
- 27                (d)   Kentucky Public Employees Deferred Compensation Authority.



- 1 (e) Office of Administrative Services.
- 2 (f) Office of Legal Services.
- 3 (g) Governmental Services Center.
- 4 (h) Department of Employee Insurance.
- 5 (i) Office of Diversity and Equality.
- 6 (j) Center of Strategic Innovation.

7 III. Other departments headed by appointed officers:

- 8 (1) Council on Postsecondary Education.
- 9 (2) Department of Military Affairs.
- 10 (3) Department for Local Government.
- 11 (4) Kentucky Commission on Human Rights.
- 12 (5) Kentucky Commission on Women.
- 13 (6) Department of Veterans' Affairs.
- 14 (7) Kentucky Commission on Military Affairs.
- 15 (8) Office of Minority Empowerment.
- 16 (9) Governor's Council on Wellness and Physical Activity.

17 ➔Section 53. KRS 12.252 is amended to read as follows:

- 18 (1) There is established within the Public Protection Cabinet a Department of Financial  
19 Institutions, a Department of Insurance, a Department of Housing, Buildings and  
20 Construction, a Department of Charitable Gaming, and a Department of Alcoholic  
21 Beverage Control. Each department shall be headed by a commissioner appointed  
22 by the Governor as required by KRS 12.040 and, where appropriate, by KRS  
23 238.510, 241.015, and 304.2-020. Commissioners shall be directly responsible to  
24 the secretary and shall perform the functions, powers, and duties provided by law  
25 and prescribed by the secretary.
- 26 (2) There is established within the Public Protection Cabinet an Office of Occupations  
27 and Professions, which shall be headed by an executive director appointed by the

1 secretary with the approval of the Governor as required by KRS 12.050. The  
 2 executive director shall be directly responsible to the secretary and shall perform the  
 3 functions, powers, and duties provided by law and prescribed by the secretary.

4 (3) The secretary of the Public Protection Cabinet shall be appointed by the Governor  
 5 in accordance with KRS 12.255. The Office of the Secretary shall contain the  
 6 following entities:

7 (a) The Office of Communications and Public Outreach, which shall be headed  
 8 by an executive director appointed by the secretary with the approval of the  
 9 Governor in accordance with KRS 12.050; and

10 (b) The Office of Legal Services, which shall be headed by an executive director  
 11 appointed by the secretary with the approval of the Governor in accordance  
 12 with KRS 12.050 and 12.210.

13 (4) *There is established within the Public Protection Cabinet the Kentucky Claims*  
 14 *Commission pursuant to Section 1 of this Act.*

15 (5) The following agencies are attached to the Public Protection Cabinet for  
 16 administrative purposes only~~[, except as provided in KRS 131.330]:~~

17 ~~(a) [Crime Victims Compensation Board;~~

18 ~~(b) Board of Claims;~~

19 ~~(c) Kentucky Board of Tax Appeals;~~

20 ~~(d) ]Kentucky Boxing and Wrestling Authority; and~~

21 ~~(b)(e)]~~ Kentucky Horse Racing Commission.

22 ➔Section 54. KRS 13B.020 is amended to read as follows:

23 (1) The provisions of this chapter shall apply to all administrative hearings conducted  
 24 by an agency, with the exception of those specifically exempted under this section.  
 25 The provisions of this chapter shall supersede any other provisions of the Kentucky  
 26 Revised Statutes and administrative regulations, unless exempted under this section,  
 27 to the extent these other provisions are duplicative or in conflict. This chapter

1 creates only procedural rights and shall not be construed to confer upon any person  
2 a right to hearing not expressly provided by law.

- 3 (2) The provisions of this chapter shall not apply to:
- 4 (a) Investigations, hearings to determine probable cause, or any other type of  
5 information gathering or fact finding activities;
  - 6 (b) Public hearings required in KRS Chapter 13A for the promulgation of  
7 administrative regulations;
  - 8 (c) Any other public hearing conducted by an administrative agency which is  
9 nonadjudicatory in nature and the primary purpose of which is to seek public  
10 input on public policy making;
  - 11 (d) Military adjudicatory proceedings conducted in accordance with KRS Chapter  
12 35;
  - 13 (e) Administrative hearings conducted by the legislative and judicial branches of  
14 state government;
  - 15 (f) Administrative hearings conducted by any city, county, urban-county, charter  
16 county, or special district contained in KRS Chapters 65 to 109, or any other  
17 unit of local government operating strictly in a local jurisdictional capacity;
  - 18 (g) Informal hearings which are part of a multilevel hearing process that affords  
19 an administrative hearing at some point in the hearing process if the  
20 procedures for informal hearings are approved and promulgated in accordance  
21 with subsections (4) and (5) of this section;
  - 22 (h) Limited exemptions granted for specific hearing provisions and denoted by  
23 reference in the text of the applicable statutes or administrative regulations;
  - 24 (i) Administrative hearings exempted pursuant to subsection (3) of this section;
  - 25 (j) Administrative hearings exempted, in whole or in part, pursuant to  
26 subsections (4) and (5) of this section; and
  - 27 (k) Any administrative hearing which was commenced but not completed prior to

1 July 15, 1996.

2 (3) The following administrative hearings are exempt from application of this chapter  
3 in compliance with 1994 Ky. Acts ch. 382, sec. 19:

4 (a) Finance and Administration Cabinet

5 1. Higher Education Assistance Authority

6 a. Wage garnishment hearings conducted under authority of 20  
7 U.S.C. sec. 1095a and 34 C.F.R. sec. 682.410

8 b. Offset hearings conducted under authority of 31 U.S.C. sec. 3720A  
9 and sec. 3716, and 34 C.F.R. sec. 30.33

10 2. Department of Revenue

11 a. Any licensing and bond revocation hearings conducted under the  
12 authority of KRS 138.210 to 138.448 and 234.310 to 234.440

13 b. Any license revocation hearings under KRS 131.630 and 138.130  
14 to 138.205

15 (b) Cabinet for Health and Family Services

16 1. Office of Health Policy

17 a. Certificate-of-need hearings and licensure conducted under  
18 authority of KRS Chapter 216B

19 b. Licensure revocation hearings conducted under authority of KRS  
20 Chapter 216B

21 2. Department for Community Based Services

22 a. Supervised placement revocation hearings conducted under  
23 authority of KRS Chapter 630

24 3. Department for Income Support

25 a. Disability determination hearings conducted under authority of 20  
26 C.F.R. sec. 404

27 4. Department for Medicaid Services

- 1           a.    Administrative appeal hearings following an external independent  
2                    third-party review of a Medicaid managed care organization's final  
3                    decision that denies, in whole or in part, a health care service to an  
4                    enrollee or a claim for reimbursement to the provider for a health  
5                    care service rendered by the provider to an enrollee of the  
6                    Medicaid managed care organization, conducted under authority of  
7                    KRS 205.646
- 8           (c)   Justice and Public Safety Cabinet
- 9                1.    Department of Kentucky State Police
- 10                   a.    Kentucky State Police Trial Board disciplinary hearings conducted  
11                        under authority of KRS Chapter 16
- 12                2.    Department of Corrections
- 13                   a.    Parole Board hearings conducted under authority of KRS Chapter  
14                        439
- 15                   b.    Prison adjustment committee hearings conducted under authority  
16                        of KRS Chapter 197
- 17                   c.    Prison grievance committee hearings conducted under authority of  
18                        KRS Chapters 196 and 197
- 19                3.    Department of Juvenile Justice
- 20                   a.    Supervised placement revocation hearings conducted under KRS  
21                        Chapter 635
- 22           (d)   Energy and Environment Cabinet
- 23                1.    Department for Natural Resources
- 24                   a.    Surface mining hearings conducted under authority of KRS  
25                        Chapter 350
- 26                2.    Department for Environmental Protection
- 27                   a.    Wild River hearings conducted under authority of KRS Chapter

- 1 146
- 2 b. Water resources hearings conducted under authority of KRS
- 3 Chapter 151
- 4 c. Water plant operator and water well driller hearings conducted
- 5 under authority of KRS Chapter 223
- 6 d. Environmental protection hearings conducted under authority of
- 7 KRS Chapter 224
- 8 e. Petroleum Storage Tank Environmental Assurance Fund hearings
- 9 under authority of KRS Chapter 224
- 10 3. Public Service Commission
- 11 a. Utility hearings conducted under authority of KRS Chapters 74,
- 12 278, and 279
- 13 (e) Labor Cabinet
- 14 1. Department of Workers' Claims
- 15 a. Workers' compensation hearings conducted under authority of
- 16 KRS Chapter 342
- 17 2. Kentucky Occupational Safety and Health Review Commission
- 18 a. Occupational safety and health hearings conducted under authority
- 19 of KRS Chapter 338
- 20 (f) Public Protection Cabinet
- 21 1. *Kentucky Claims Commission*~~[Board of Claims]~~
- 22 a. Liability hearings conducted under authority of *subsection (1) of*
- 23 *Section 2 and Sections 4 to 18 of this Act*~~[KRS Chapter 44]~~
- 24 (g) Education and Workforce Development Cabinet
- 25 1. Unemployment Insurance hearings conducted under authority of KRS
- 26 Chapter 341
- 27 (h) Secretary of State

- 1           1.   Registry of Election Finance
- 2           a.   Campaign finance hearings conducted under authority of KRS
- 3                 Chapter 121
- 4       (i)   State universities and colleges
- 5           1.   Student suspension and expulsion hearings conducted under authority of
- 6                 KRS Chapter 164
- 7           2.   University presidents and faculty removal hearings conducted under
- 8                 authority of KRS Chapter 164
- 9           3.   Campus residency hearings conducted under authority of KRS Chapter
- 10                 164
- 11          4.   Family Education Rights to Privacy Act hearings conducted under
- 12                 authority of 20 U.S.C. sec. 1232 and 34 C.F.R. sec. 99
- 13          5.   Federal Health Care Quality Improvement Act of 1986 hearings
- 14                 conducted under authority of 42 U.S.C. sec. 11101 to 11115 and KRS
- 15                 Chapter 311.
- 16   (4)   Any administrative hearing, or portion thereof, may be certified as exempt by the
- 17         Attorney General based on the following criteria:
- 18       (a)   The provisions of this chapter conflict with any provision of federal law or
- 19             regulation with which the agency must comply, or with any federal law or
- 20             regulation with which the agency must comply to permit the agency or
- 21             persons within the Commonwealth to receive federal tax benefits or federal
- 22             funds or other benefits;
- 23       (b)   Conformity with the requirement of this chapter from which exemption is
- 24             sought would be so unreasonable or so impractical as to deny due process
- 25             because of undue delay in the conduct of administrative hearings; or
- 26       (c)   The hearing procedures represent informal proceedings which are the
- 27             preliminary stages or the review stages of a multilevel hearing process, if the

1 provisions of this chapter or the provisions of a substantially equivalent  
2 hearing procedure exempted under subsection (3) of this section are applied at  
3 some level within the multilevel process.

4 (5) The Attorney General shall not exempt an agency from any requirement of this  
5 chapter until the agency establishes alternative procedures by administrative  
6 regulation which, insofar as practical, shall be consistent with the intent and purpose  
7 of this chapter. When regulations for alternative procedures are submitted to the  
8 Administrative Regulation Review Subcommittee, they shall be accompanied by the  
9 request for exemption and the approval of exemption from the Attorney General.  
10 The decision of the Attorney General, whether affirmative or negative, shall be  
11 subject to judicial review in the Franklin Circuit Court within thirty (30) days of the  
12 date of issuance. The court shall not overturn a decision of the Attorney General  
13 unless the decision was arbitrary or capricious or contrary to law.

14 (6) Except to the extent precluded by another provision of law, a person may waive any  
15 procedural right conferred upon that person by this chapter.

16 ➔Section 55. KRS 17.991 is amended to read as follows:

17 Any person who violates KRS 17.552 shall be fined not less than five hundred dollars  
18 (\$500) nor more than three thousand dollars (\$3,000), and said fine shall be paid to the  
19 Crime Victim Compensation Fund as established in Section 48 of this Act~~[KRS Chapter~~  
20 ~~346]~~.

21 ➔Section 56. KRS 39A.120 is amended to read as follows:

22 If the owner of any property seized, taken, or condemned pursuant to KRS 39A.110  
23 refuses to accept as adequate the compensation fixed by the Governor, the owner may  
24 present a claim to the Kentucky Claims Commission~~[Board of Claims]~~, which shall hear  
25 and determine it according to the provisions of Sections 4 to 18 of this Act~~[KRS Chapter~~  
26 ~~44]~~ and the administrative regulations of the commission~~[board]~~.

27 ➔Section 57. KRS 39A.130 is amended to read as follows:



1 (1) The owner of property seized, taken, or condemned may appeal from the award of  
 2 the *Kentucky Claims Commission*~~[Board of Claims]~~ to the Circuit Court of the  
 3 county of the owner's residence. The Rules of Civil Procedure shall, so far as  
 4 applicable, govern the procedure on appeal. A trial de novo shall not be allowed  
 5 unless the record on appeal is not sufficient to determine the matter from the record,  
 6 but if the action is tried, it shall be tried according to the practice prescribed for the  
 7 trial of jury cases.

8 (2) An appeal from the judgment of Circuit Court may be taken to the Court of  
 9 Appeals.

10 ➔Section 58. KRS 39A.140 is amended to read as follows:

11 (1) If the owner of property seized, taken, or condemned accepts as adequate the  
 12 compensation fixed by the Governor, the owner shall file a statement of the amount  
 13 of compensation from the Governor with the Finance and Administration Cabinet,  
 14 which shall draw a warrant on the State Treasurer for the amount of the  
 15 compensation in favor of the person entitled to payment.

16 (2) If the compensation is determined by award of the *Kentucky Claims Commission*  
 17 ~~[Board of Claims]~~ or judgment of a court, as provided in KRS 39A.110, 39A.120,  
 18 and 39A.130, a certified copy of the award or judgment shall be filed with the  
 19 Finance and Administration Cabinet which shall draw a warrant on the State  
 20 Treasurer for the amount of the award or judgment.

21 (3) The State Treasurer shall pay the warrants out of any money in the Treasury not  
 22 otherwise appropriated.

23 ➔Section 59. KRS 39E.180 is amended to read as follows:

24 Any claims against the commission or committees or their members shall be filed with  
 25 the *Kentucky Claims Commission*~~[State Board of Claims]~~ in accordance with *Sections 4*  
 26 *to 18 of this Act*~~[KRS Chapter 44]~~.

27 ➔Section 60. KRS 42.320 is amended to read as follows:

- 1 (1) There is hereby established the court cost distribution fund, which is created to  
2 provide a central account into which the court costs collected by all circuit clerks,  
3 under KRS 23A.205(1) and 24A.175(1), shall be paid.
- 4 (2) The fund shall be administered by the Finance and Administration Cabinet, which  
5 shall make monthly disbursements from the fund according to the following  
6 schedule:
- 7 (a) Forty-nine percent (49%) of each court cost shall be paid into the general  
8 fund;
- 9 (b) Ten and eight-tenths percent (10.8%) of each court cost, up to five million  
10 four hundred thousand dollars (\$5,400,000), shall be paid into the State  
11 Treasury for the benefit and use of the Kentucky Local Correctional Facilities  
12 Construction Authority under KRS 441.605 to 441.695;
- 13 (c) Six and one-half percent (6.5%) of each court cost, up to three million two  
14 hundred fifty thousand dollars (\$3,250,000), shall be paid into the spinal cord  
15 and head injury research trust fund created in KRS 211.504;
- 16 (d) Five and one-half percent (5.5%) of each court cost, up to two million seven  
17 hundred fifty thousand dollars (\$2,750,000), shall be paid into the traumatic  
18 brain injury trust fund created in KRS 211.476;
- 19 (e) Five percent (5%) of each court cost, up to two million five hundred thousand  
20 dollars (\$2,500,000), shall be paid into a trust and agency account with the  
21 Administrative Office of the Courts and is to be used by the circuit clerks to  
22 hire additional deputy clerks and to enhance deputy clerk salaries;
- 23 (f) Three and one-half percent (3.5%) of each court cost, up to one million seven  
24 hundred fifty thousand dollars (\$1,750,000), shall be paid to a special trust  
25 and agency account that shall not lapse for the Department for Public  
26 Advocacy;
- 27 (g) Three and four-tenths percent (3.4%) of each court cost, up to one million

1           seven hundred thousand dollars (\$1,700,000), shall be paid into the crime  
2           victims' compensation fund created in **Section 48 of this Act**~~[KRS 346.185]~~;

3           (h) Seven-tenths of one percent (0.7%) of each court cost, up to three hundred  
4           fifty thousand dollars (\$350,000), shall be paid to the Justice and Public  
5           Safety Cabinet to defray the costs of conducting record checks on prospective  
6           firearms purchasers pursuant to the Brady Handgun Violence Prevention Act  
7           and for the collection, testing, and storing of DNA samples;

8           (i) Ten and one-tenth percent (10.1%) of each court cost, up to five million fifty  
9           thousand dollars (\$5,050,000), deposited in the fund shall be paid to the  
10          county sheriff in the county from which the court cost was received; and

11          (j) Five and one-half percent (5.5%) of each court cost, up to two million seven  
12          hundred fifty thousand dollars (\$2,750,000), deposited in the fund shall be  
13          paid to the county treasurer in the county from which the court cost was  
14          received and shall be used by the fiscal court in that county for the purposes of  
15          defraying the costs of operation of the county jail and the transportation of  
16          prisoners.

17          (3) Any moneys remaining in the fund after the monthly disbursements in subsection  
18          (2) of this section shall be paid into the general fund.

19          (4) Any moneys collected above the prescribed amount shall be paid into the general  
20          fund.

21          ➔Section 61. KRS 44.055 is amended to read as follows:

22          (1) Any state agency, as defined in KRS Chapter 12, may in its discretion, for the  
23          protection of the public and its employees, expend state funds to purchase policies  
24          of insurance of all kinds deemed advisable covering vehicles, including boats,  
25          owned by the state and operated by state employees when in the conduct of official  
26          business. The executive director of insurance, upon recommendation of the  
27          secretary of the Finance and Administration Cabinet, shall initiate and be

1 responsible for the purchase of a blanket liability insurance policy to cover the  
2 officers and employees of the several state agencies and shall determine, by  
3 administrative regulation, the policy limits that shall be applicable to the persons  
4 covered in each such affected agency not to exceed the limit prescribed in Section 4  
5 of this Act~~[KRS 44.070]~~.

6 (2) Nothing contained in this section shall be construed to be a waiver of sovereign  
7 immunity and claims against the Commonwealth, its agencies, officers, employees,  
8 or insurers may be asserted only in the manner set forth in Sections 4 to 18 of this  
9 Act~~[KRS 44.070 to 44.160]~~.

10 (3) Policies authorized by this section shall be purchased only from insurers authorized  
11 to do business in this state and shall be countersigned by a licensed resident agent.

12 ➔Section 62. KRS 62.160 is amended to read as follows:

13 (1) The state officers elected by the voters of the state at large, except the Governor and  
14 the Lieutenant Governor, the heads of departments, offices, and cabinets of the state  
15 government, the adjutant general, the members of the Public Service Commission,  
16 the members of the State Fair Board and Fish and Wildlife Resources Commission,  
17 and the members of the Kentucky Claims Commission~~[Board of Tax Appeals]~~ and  
18 the Alcoholic Beverage Control Board, shall each give bond. The amounts of the  
19 bonds shall be fixed by the Governor, which amounts as to those offices set forth in  
20 subsection (2) of this section shall be not less than the amounts set forth for the  
21 respective offices. At any time when it appears to be to the interest of the  
22 Commonwealth, the Governor may increase the penal sum of any bond or require a  
23 renewal of the bond with other or additional surety.

- 24 (2) The minimum sum of the bond for the following offices shall be as follows:
- |                             |          |
|-----------------------------|----------|
| 25 Secretary of State ..... | \$10,000 |
| 26 Attorney General .....   | 10,000   |
| 27 State Treasurer .....    | 300,000  |

1	Secretary for economic development .....	10,000
2	Commissioner of Agriculture .....	10,000
3	Secretary for education .....	10,000
4	Auditor of Public Accounts .....	25,000
5	Adjutant general .....	10,000
6	Secretary of finance and administration .....	100,000
7	Commissioner of revenue .....	50,000
8	Secretary of transportation .....	50,000
9	Commissioner of highways .....	50,000
10	Secretary of justice and public safety .....	50,000
11	Secretary of corrections .....	25,000
12	Commissioner for public health services .....	10,000
13	Secretary of labor .....	5,000
14	Commissioner for natural resources .....	50,000
15	State librarian .....	5,000
16	Commissioner of alcoholic beverage control .....	10,000
17	Commissioner of financial institutions .....	25,000
18	Secretary for energy and environment .....	50,000
19	Commissioner of insurance .....	50,000
20	Commissioner of vehicle regulation .....	10,000
21	Commissioner of fish and wildlife resources .....	5,000
22	Secretary for health and family services .....	20,000
23	Commissioner of environmental protection .....	10,000
24	Secretary of public protection .....	10,000
25	Secretary of tourism, arts and heritage .....	25,000
26	Commissioner for community based services .....	20,000
27	Member of the Public Service Commission .....	10,000

1 Member of State Fair Board .....10,000

2 Member of Fish and Wildlife Resources Commission .....1,000

3 Member of Kentucky Claims Commission~~[Board of Tax Appeals]~~ .....10,000

4 Associate member of Alcoholic Beverage Control Board .....5,000

5 Commissioner of local government .....100,000

6 ➔Section 63. KRS 131.081 is amended to read as follows:

7 The following rules, principles, or requirements shall apply in the administration of all  
8 taxes subject to the jurisdiction of the Department of Revenue.

9 (1) The department shall develop and implement a Kentucky tax education and  
10 information program directed at new taxpayers, taxpayer and industry groups, and  
11 department employees to enhance the understanding of and compliance with  
12 Kentucky tax laws, including the application of new tax legislation to taxpayer  
13 activities and areas of recurrent taxpayer noncompliance or inconsistency of  
14 administration.

15 (2) The department shall publish brief statements in simple and nontechnical language  
16 which explain procedures, remedies, and the rights and obligations of taxpayers and  
17 the department. These statements shall be provided to taxpayers with the initial  
18 notice of audit; each original notice of tax due; each denial or reduction of a refund  
19 or credit claimed by a taxpayer; each denial, cancellation, or revocation of any  
20 license, permit, or other required authorization applied for or held by a taxpayer;  
21 and, if practical and appropriate, in informational publications by the department  
22 distributed to the public.

23 (3) Taxpayers shall have the right to be assisted or represented by an attorney,  
24 accountant, or other person in any conference, hearing, or other matter before the  
25 department. The taxpayer shall be informed of this right prior to conduct of any  
26 conference or hearing.

27 (4) The department shall perform audits and conduct conferences and hearings only at

1 reasonable times and places.

2 (5) Taxpayers shall have the right to make audio recordings of any conference with or  
3 hearing by the department. The department may make similar audio recordings if  
4 prior written notice is given to the taxpayer or if the taxpayer records the conference  
5 or hearing. The taxpayer shall be entitled to a copy of this department recording or a  
6 transcript as provided in KRS 61.874.

7 (6) If any taxpayer's failure to submit a timely return or payment to the department is  
8 due to the taxpayer's reasonable reliance on written advice from the department, the  
9 taxpayer shall be relieved of any penalty or interest with respect thereto, provided  
10 the taxpayer requested the advice in writing from the department and the specific  
11 facts and circumstances of the activity or transaction were fully described in the  
12 taxpayer's request, the department did not subsequently rescind or modify the advice  
13 in writing, and there were no subsequent changes in applicable laws or regulations  
14 or a final decision of a court which rendered the department's earlier written advice  
15 no longer valid.

16 (7) Taxpayers shall have the right to receive a copy of any audit of the department by  
17 the Auditor of Public Accounts relating to the department's compliance with the  
18 provisions of KRS 131.041 to 131.081.

19 (8) The department shall include with each notice of tax due a clear and concise  
20 description of the basis and amount of any tax, penalty, and interest assessed against  
21 the taxpayer, and copies of the agent's audit workpapers and the agent's written  
22 narrative setting forth the grounds upon which the assessment is made. Taxpayers  
23 shall be similarly notified regarding the denial or reduction of any refund or credit  
24 claim filed by a taxpayer.

25 (9) (a) Taxpayers shall have the right to an installment payment agreement for the  
26 payment of delinquent taxes, penalties, and interest owed, provided the  
27 taxpayer requests the agreement in writing clearly demonstrating:

- 1           1.    His or her inability to pay in full; and
- 2           2.    That the agreement will facilitate collection by the department of the
- 3                 amounts owed.
- 4       (b)   The department may modify or terminate an installment payment agreement
- 5           and may pursue statutory remedies against the taxpayer if it determines that:
- 6           1.    The taxpayer has not complied with the terms of the agreement,
- 7                 including minimum payment requirements established by the agreement;
- 8           2.    The taxpayers' financial condition has sufficiently changed;
- 9           3.    The taxpayer fails to provide any requested financial condition update
- 10                information;
- 11           4.    The taxpayer gave false or misleading information in securing the
- 12                agreement; or
- 13           5.    The taxpayer fails to timely report and pay any other tax due the
- 14                Commonwealth.
- 15       (c)   The department shall give written notice to the taxpayer at least thirty (30)
- 16           days prior to modifying or terminating an installment payment agreement
- 17           unless the department has reason to believe that collection of the amounts
- 18           owed will be jeopardized in whole or in part by delay.
- 19   (10)   The department shall not knowingly authorize, require, or conduct any investigation
- 20           or surveillance of any person for nontax administration related purposes, except
- 21           internal security related investigations involving Department of Revenue personnel.
- 22   (11)   In addition to the circumstances under which an extension of time for filing reports
- 23           or returns may be granted pursuant to KRS 131.170, taxpayers shall be entitled to
- 24           the same extension of the due date of any comparable Kentucky tax report or return
- 25           for which the taxpayer has secured a written extension from the Internal Revenue
- 26           Service provided the taxpayer notifies the department in writing and provides a
- 27           copy of the extension at the time and in the manner which the department may



1           require.

2       (12) The department shall bear the cost or, if paid by the taxpayer, reimburse the  
3           taxpayer for recording or bank charges as the direct result of any erroneous lien or  
4           levy by the department, provided the erroneous lien or levy was caused by  
5           department error and, prior to issuance of the erroneous lien or levy, the taxpayer  
6           timely responded to all contacts by the department and provided information or  
7           documentation sufficient to establish his or her position. When the department  
8           releases any erroneous lien or levy, notice of the fact shall be mailed to the taxpayer  
9           and, if requested by the taxpayer, a copy of the release, together with an  
10          explanation, shall be mailed to the major credit reporting companies located in the  
11          county where it was filed.

12       (13) The department shall not evaluate individual officers or employees on the basis of  
13          taxes assessed or collected or impose or suggest tax assessment or collection quotas  
14          or goals.

15       (14) Taxpayers shall have the right to bring an action for damages against the  
16          Commonwealth to the Kentucky Claims Commission~~Board of Claims~~ for actual  
17          and direct monetary damages sustained by the taxpayer as a result of willful,  
18          reckless, and intentional disregard by department employees of the rights of  
19          taxpayers as set out in KRS 131.041 to 131.081 or in the tax laws administered by  
20          the department. In the awarding of damages pursuant to this subsection, the  
21          commission~~board~~ shall take into consideration the negligence or omissions, if  
22          any, on the part of the taxpayer which contributed to the damages. If any proceeding  
23          brought by a taxpayer is ruled frivolous by the commission~~board~~, the department  
24          shall be reimbursed by the taxpayer for its costs in defending the action. Any claims  
25          brought pursuant to this subsection shall be in accordance with Sections 4 to 18  
26          of this Act.

27       (15) Taxpayers shall have the right to privacy with regard to the information provided on

1 their Kentucky tax returns and reports, including any attached information or  
2 documents. Except as provided in KRS 131.190, no information pertaining to the  
3 returns, reports, or the affairs of a person's business shall be divulged by the  
4 department to any person or be intentionally and without authorization inspected by  
5 any present or former commissioner or employee of the Department of Revenue,  
6 member of a county board of assessment appeals, property valuation administrator  
7 or employee, or any other person.

8 ➔Section 64. KRS 131.110 is amended to read as follows:

- 9 (1) The Department of Revenue shall mail to the taxpayer a notice of any tax assessed  
10 by it. The assessment shall be due and payable if not protested in writing to the  
11 department within forty-five (45) days from the date of notice. Claims for refund of  
12 paid assessments may be made under KRS 134.580 and denials appealed under  
13 Section 22 of this Act~~[KRS 131.340]~~. The protest shall be accompanied by a  
14 supporting statement setting forth the grounds upon which the protest is made.  
15 Upon written request, the department may extend the time for filing the supporting  
16 statement if it appears the delay is necessary and unavoidable. The refusal of the  
17 extension may be reviewed in the same manner as a protested assessment.
- 18 (2) After a timely protest has been filed, the taxpayer may request a conference with the  
19 department. The request shall be granted in writing stating the date and time set for  
20 the conference. The taxpayer may appear in person or by representative. Further  
21 conferences may be held by mutual agreement.
- 22 (3) After considering the taxpayer's protest, including any matters presented at the final  
23 conference, the department shall issue a final ruling on any matter still in  
24 controversy, which shall be mailed to the taxpayer. The ruling shall state that it is a  
25 final ruling of the department, generally state the issues in controversy, the  
26 department's position thereon and set forth the procedure for prosecuting an appeal  
27 to the Kentucky Claims Commission~~[Board of Tax Appeals]~~.

1 (4) The taxpayer may request in writing a final ruling at any time after filing a timely  
2 protest and supporting statement. When a final ruling is requested, the department  
3 shall issue such ruling within thirty (30) days from the date the request is received  
4 by the department.

5 (5) After a final ruling has been issued, the taxpayer may appeal to the Kentucky  
6 Claims Commission~~[Board of Tax Appeals]~~ pursuant to the provisions of Section  
7 22 of this Act~~[KRS 131.340]~~.

8 ➔Section 65. KRS 131.180 is amended to read as follows:

9 The provisions of this section shall be known as the "Uniform Civil Penalty Act."  
10 Penalties to be assessed in accordance with this section shall apply as follows unless  
11 otherwise provided by law:

12 (1) Any taxpayer who files any return or report after the due date prescribed for filing  
13 or the due date as extended by the department shall, unless it is shown to the  
14 satisfaction of the department that the failure is due to reasonable cause, pay a  
15 penalty equal to two percent (2%) of the total tax due for each thirty (30) days or  
16 fraction thereof that the report or return is late. The total penalty levied pursuant to  
17 this subsection shall not exceed twenty percent (20%) of the total tax due; however,  
18 the penalty shall not be less than ten dollars (\$10).

19 (2) Any taxpayer who fails to withhold or collect any tax as required by law, fails to  
20 pay the tax computed due on a return or report on or before the due date prescribed  
21 for it or the due date as extended by the department or, excluding underpayments  
22 determined pursuant to subsections (2) and (3) of KRS 141.990, fails to have timely  
23 paid at least seventy-five percent (75%) of the tax determined due by the  
24 department shall, unless it is shown to the satisfaction of the department that the  
25 failure is due to reasonable cause, pay a penalty equal to two percent (2%) of the tax  
26 not withheld, collected, or timely paid for each thirty (30) days or fraction thereof  
27 that the withholding, collection, or payment is late. The total penalty levied pursuant

1 to this subsection shall not exceed twenty percent (20%) of the tax not timely  
2 withheld, collected, or paid; however, the penalty shall not be less than ten dollars  
3 (\$10).

4 (3) Any taxpayer who fails to pay any installment of estimated tax by the time  
5 prescribed in KRS 141.044 and 141.305 or who, pursuant to subsections (2) or (3)  
6 of KRS 141.990, is determined to have a declaration underpayment shall, unless it  
7 is shown to the satisfaction of the department that the failure or underpayment is  
8 due to reasonable cause, pay a penalty equal to ten percent (10%) of the amount of  
9 the underpayment or late payment; however, the penalty shall not be less than  
10 twenty-five dollars (\$25).

11 (4) If any taxpayer fails or refuses to make and file a report or return or furnish any  
12 information requested in writing by the department, the department may make an  
13 estimate of the tax due from any information in its possession, assess the tax at not  
14 more than twice the amount estimated to be due, and add a penalty equal to five  
15 percent (5%) of the tax assessed for each thirty (30) days or fraction thereof that the  
16 return or report is not filed. The total penalty levied pursuant to this subsection shall  
17 not exceed fifty percent (50%) of the tax assessed; however, the penalty shall not be  
18 less than one hundred dollars (\$100) unless the taxpayer demonstrates that the  
19 failure to file was due to reasonable cause as defined in KRS 131.010(9). This  
20 penalty shall be applicable whether or not any tax is determined to be due on a  
21 subsequently filed return or if the subsequently filed return results in a refund.

22 (5) If any taxpayer fails or refuses to pay within forty-five (45) days of the due date any  
23 tax assessed by the department which is not protested in accordance with KRS  
24 131.110, there shall be added a penalty equal to two percent (2%) of the unpaid tax  
25 for each thirty (30) days or fraction thereof that the tax is final, due, and owing, but  
26 not paid.

27 (6) Any taxpayer who fails to obtain any identification number, permit, license, or other

1 document of authority from the department within the time required by law shall,  
2 unless it is shown to the satisfaction of the department that the failure is due to  
3 reasonable cause, pay a penalty equal to ten percent (10%) of any cost or fee  
4 required to be paid for the identification number, permit, license, or other document  
5 of authority; however, the penalty shall not be less than fifty dollars (\$50).

6 (7) If any tax assessed by the department is the result of negligence by a taxpayer or  
7 other person, a penalty equal to ten percent (10%) of the tax so assessed shall be  
8 paid by the taxpayer or other person who was negligent.

9 (8) If any tax assessed by the department is the result of fraud committed by the  
10 taxpayer or other person, a penalty equal to fifty percent (50%) of the tax so  
11 assessed shall be paid by the taxpayer or other person who committed fraud.

12 (9) If any check tendered to the department is not paid when presented to the drawee  
13 bank for payment, there shall be paid as a penalty by the taxpayer who tendered the  
14 check, upon notice and demand of the department, an amount equal to ten percent  
15 (10%) of the check. The penalty under this section shall not be less than ten dollars  
16 (\$10) nor more than one hundred dollars (\$100). If the taxpayer who tendered the  
17 check shows to the department's satisfaction that the failure to honor payment of the  
18 check resulted from error by parties other than the taxpayer, the department shall  
19 waive the penalty.

20 (10) Any person who fails to make any tax report or return or pay any tax within the  
21 time, or in the manner required by law, for which a specific civil penalty is not  
22 provided by law, shall pay a penalty as provided in this section, with interest from  
23 the date due at the tax interest rate as defined in KRS 131.010(6).

24 (11) The penalties levied pursuant to subsection (5) of this section shall apply to any tax  
25 assessment protested pursuant to KRS 131.110 to the extent that any appeal of the  
26 assessment or portion of it is ruled by the Kentucky Claims Commission ~~Board of~~  
27 ~~Tax Appeals~~ or, if appealed from, the court of last resort, as not protested,

1 appealed, or pursued in good faith by the taxpayer.

2 (12) Nothing in this section shall be construed to prevent the assessment or collection of  
3 more than one (1) of the penalties levied under this section or any other civil or  
4 criminal penalty provided for violation of the law for which penalties are imposed.

5 (13) All penalties levied pursuant to this section shall be assessed, collected, and paid in  
6 the same manner as taxes. Any corporate officer or other person who becomes liable  
7 for payment of any tax assessed by the department shall likewise be liable for all  
8 penalties and interest applicable thereto.

9 ➔Section 66. KRS 131.622 is amended to read as follows:

10 (1) (a) The following shall be contraband and subject to seizure and destruction:

11 1. Any cigarettes that have been affixed with a stamp in this state in  
12 violation of KRS 131.612; or

13 2. Any cigarettes in the possession of a retailer from a tobacco product  
14 manufacturer or brand family that has been removed from the directory.

15 (b) Whenever any peace officer of this state, or any representative of the  
16 department, finds any contraband cigarettes, the cigarettes shall be  
17 immediately seized and stored in a depository to be selected by the officer or  
18 representative.

19 (c) The seized cigarettes shall be held for a period of twenty (20) days to allow  
20 the owner or any person having an interest in the cigarettes to protest the  
21 seizure.

22 (d) At the time of seizure, the officer or representative shall:

23 1. Notify the department of the nature and quantity of the cigarettes seized;  
24 and

25 2. Deliver to the person in whose custody the cigarettes are found a receipt  
26 for the cigarettes. The receipt shall state on its face the date of seizure,  
27 and a notice that the cigarettes shall be destroyed if the seizure is not

1                    protested in writing to the Department of Revenue, Frankfort, Kentucky,  
2                    within twenty (20) days from the seizure.

3            (e) The owner or any person having an interest in the seized cigarettes may appeal  
4            to the Kentucky Claims Commission~~[Board of Tax Appeals]~~ a final  
5            determination made by the department pursuant to Section 22 of this Act~~[KRS~~  
6            ~~131.340]~~.

7            (f) If the owner or any person having an interest in the seized cigarettes fails to  
8            protest the seizure before the end of the twenty (20) day holding period, the  
9            department shall destroy the seized cigarettes.

10    (2) The Attorney General may seek an injunction to restrain a violation of KRS  
11    131.612 or 131.616 by a distributor or stamping agent and to compel the distributor  
12    or stamping agent to comply with KRS 131.612 and 131.616. In any action brought  
13    pursuant to this section, the state shall be entitled to recover the costs of  
14    investigation, costs of the action, and attorneys' fees from any distributor or  
15    stamping agent found to be in violation of KRS 131.612 or 131.616.

16    (3) No stamping agent, distributor, retailer, or any other person shall sell or distribute  
17    cigarettes, or acquire, hold, own, possess, transport, import, or cause to be imported  
18    cigarettes that the stamping agent, distributor, retailer, or person knows are intended  
19    for distribution or sale in the state in violation of KRS 131.612. A violation of this  
20    section is a Class A misdemeanor.

21    (4) Nothing in this section shall prohibit a stamping agent or distributor from  
22    possessing unstamped containers of cigarettes held in inventory for delivery to, or  
23    for sale in, another state if in possession of proof that the cigarettes are intended for  
24    sale in another state.

25    (5) In addition to or in lieu of any other civil or criminal remedy provided by law, upon  
26    a determination that a stamping agent or distributor has violated KRS 131.612 or  
27    any administrative regulation promulgated pursuant to KRS 131.600 to 131.630, the

1 commissioner may suspend the sale of cigarette stamps to the stamping agent or  
2 distributor for failure to comply with the provisions of KRS 131.600 to 131.630.

3 ➔Section 67. KRS 131.990 is amended to read as follows:

4 (1) ~~[Any person who fails or refuses to obey a subpoena or order of the Kentucky Board~~  
5 ~~of Tax Appeals made pursuant to KRS Chapter 13B shall be fined not less than~~  
6 ~~twenty five dollars (\$25) nor more than five hundred dollars (\$500).~~

7 ~~(2)~~ (a) Any person who violates the intentional unauthorized inspection provisions of  
8 KRS 131.190(1) shall be fined not more than five hundred dollars (\$500) or  
9 imprisoned for not more than six (6) months, or both.

10 (b) Any person who violates the provisions of KRS 131.190(1) by divulging  
11 confidential taxpayer information shall be fined not more than one thousand  
12 dollars (\$1,000) or imprisoned for not more than one (1) year, or both.

13 (c) Any person who violates the intentional unauthorized inspection provisions of  
14 KRS 131.190(4) shall be fined not more than one thousand dollars (\$1,000) or  
15 imprisoned for not more than one (1) year, or both.

16 (d) Any person who violates the provisions of KRS 131.190(4) by divulging  
17 confidential taxpayer information shall be fined not more than five thousand  
18 dollars (\$5,000) or imprisoned for not more than five (5) years, or both.

19 (e) Any present secretary or employee of the Finance and Administration Cabinet,  
20 commissioner or employee of the department, member of a county board of  
21 assessment appeals, property valuation administrator or employee, or any  
22 other person, who violates the provisions of KRS 131.190(1) or (4) may, in  
23 addition to the penalties imposed under this subsection, be disqualified and  
24 removed from office or employment.

25 ~~(2)~~~~(3)~~ Any person who willfully fails to comply with the rules and regulations  
26 promulgated by the department for the administration of delinquent tax collections  
27 shall be fined not less than twenty dollars (\$20) nor more than one thousand dollars



1 (\$1,000).

2 ~~(3)~~~~(4)~~ Any person who fails to do any act required or does any act forbidden by KRS  
3 131.210 shall be fined not less than ten dollars (\$10) nor more than five hundred  
4 dollars (\$500).

5 ~~(4)~~~~(5)~~ Any person who fails to comply with the provisions of KRS 131.155 shall,  
6 unless it is shown to the satisfaction of the department that the failure is due to  
7 reasonable cause, pay a penalty of one-half of one percent (0.5%) of the amount that  
8 should have been remitted under the provisions of KRS 131.155 for each failure to  
9 comply.

10 ~~(5)~~~~(6)~~ (a) Any person or financial institution that fails to comply with the  
11 provisions of KRS 131.672 and 131.674 within ninety (90) days after  
12 notification by the department shall, unless the failure is due to reasonable  
13 cause as defined in KRS 131.010, be fined not less than one thousand dollars  
14 (\$1,000) and no more than five thousand dollars (\$5,000) for each full month  
15 of noncompliance. The fine shall begin on the first day of the month  
16 beginning after the expiration of the ninety (90) days.

17 (b) Any financial institution that fails or refuses to comply with the provisions of  
18 KRS 131.672 and 131.674 within one hundred twenty (120) days after the  
19 notification by the department shall, unless the failure is due to reasonable  
20 cause as defined in KRS 131.010, forfeit its right to do business within the  
21 Commonwealth, unless and until the financial institution is in compliance.  
22 Upon notification by the department, the commissioner of the Department of  
23 Financial Institutions shall, as applicable, revoke the authority of the financial  
24 institution or its agents to do business in the Commonwealth.

25 ~~(6)~~~~(7)~~ Any taxpayer or tax return preparer who fails or refuses to comply with the  
26 provisions of KRS 131.250 or an administrative regulation promulgated under KRS  
27 131.250 shall, unless it is shown to the satisfaction of the department that the failure

1 is due to reasonable cause, pay a return processing fee of ten dollars (\$10) for each  
2 return not filed as required.

3 ➔Section 68. KRS 132.310 is amended to read as follows:

- 4 (1) Any person who has failed to list for taxation any property omitted from  
5 assessment, except such as is subject to assessment by the Department of Revenue,  
6 may at any time list such property with the property valuation administrator. The  
7 property valuation administrator shall proceed to assess any omitted real property  
8 and shall within ten (10) days from the date the real property was listed notify the  
9 taxpayer of the amount of the assessment. The notice shall be given as provided in  
10 KRS 132.450(4). The Department of Revenue shall assess any omitted personal  
11 property and provide notice to the taxpayer in the manner provided in KRS 131.110.
- 12 (2) The property valuation administrator may at any time list and assess any real  
13 property which may have been omitted from the regular assessment. Immediately  
14 upon listing and assessing omitted real property, the property valuation  
15 administrator shall notify the taxpayer of the amount of the assessment. The notice  
16 shall be given as provided in KRS 132.450(4). If the property valuation  
17 administrator fails to assess any omitted real property, the Department of Revenue  
18 may initiate assessment and collection procedures under the same provisions it uses  
19 for omitted personal property.
- 20 (3) The notice to the taxpayer required by subsections (1) and (2) of this section shall  
21 specify a date and time at which the county board of assessment appeals will hear  
22 the taxpayer's protest of the omitted assessment. For purposes of hearing appeals  
23 from omitted assessments the county judge/executive shall notify the chairman of  
24 the board of assessment appeals of the date set for hearing and may authorize one  
25 (1) member of the board to hear the appeal and issue a ruling of his decision on the  
26 assessment, which shall be appealable, to the Kentucky Claims Commission ~~Board~~  
27 ~~of Tax Appeals~~ as provided by subsection (2) of Section 22 of this Act ~~KRS~~

1       ~~131.340(2)~~.

2       (4) Any property voluntarily listed as omitted property for taxation under this section  
3       shall be subject to penalties provided in KRS 132.290(3). Omitted property listed  
4       for taxation under this section by the property valuation administrator shall be  
5       subject to the penalties provided in KRS 132.290(4).

6       ➔Section 69. KRS 132.360 is amended to read as follows:

7       (1) Any assessment of tangible personal property listed with the property valuation  
8       administrator or with the Department of Revenue as provided by KRS 132.220 may  
9       be reopened by the Department of Revenue within five (5) years after the due date  
10      of the return, unless the assessed value has been established by a court of competent  
11      jurisdiction. If upon reopening the assessment the department finds that the  
12      assessment was less than the fair cash value and should be increased, it shall give  
13      notice thereof to the taxpayer, who may within forty-five (45) days thereafter protest  
14      to the department and offer evidence to show that no increase should be made. After  
15      the department has disposed of the protest, the taxpayer may appeal from any such  
16      additional assessment as provided by KRS 131.110 and Section 22 of this  
17      Act~~[131.340]~~.

18      (2) Upon such assessment becoming final, the department shall certify the amount due  
19      to the taxpayer. The tax bill shall be handled and collected as an omitted tax bill,  
20      and the additional tax shall be subject to the same penalties and interest as the tax  
21      on omitted property voluntarily listed.

22      ➔Section 70. KRS 132.460 is amended to read as follows:

23      The property valuation administrator, or an authorized deputy, shall attend all hearings  
24      before the county board of assessment appeals and before the Kentucky Claims  
25      Commission pursuant to Sections 20 to 25 of this Act~~[Board of Tax Appeals]~~ relative to  
26      his assessment and submit to examination and fully disclose to them such information as  
27      he may have and any other matters pertinent to the inquiry being made. He shall be

1 entitled to reimbursement from the county for expenses incurred in official business  
2 outside his county. If the Department of Revenue directs him to perform official duties  
3 outside of his county, the expenses shall be paid from the appropriation for the payment  
4 of the salaries of the property valuation administrators. Such reimbursement shall be paid  
5 on the same basis as employees of the Commonwealth are paid for travel expenses.

6 →Section 71. KRS 132.620 is amended to read as follows:

7 (1) The Department of Revenue shall recover from any property valuation administrator  
8 all compensation paid to him for assessments that were unauthorized or excessive  
9 when and to the extent it is determined by a final order of the board of assessment  
10 appeals, Kentucky Claims Commission pursuant to Sections 20 to 25 of this  
11 Act~~[Board of Tax Appeals]~~, or a court of competent jurisdiction that such  
12 assessments were unauthorized or excessive. Whenever the property valuation  
13 administrator fails to render the services required of him or he performs any of his  
14 duties in such a manner as to fail to comply substantially with the requirements of  
15 the law, he shall be required to pay a sum that will reasonably compensate the  
16 Commonwealth of Kentucky for its costs in rendering the duties required to be  
17 performed by the property valuation administrator. The Department of Revenue  
18 shall notify the property valuation administrator by certified mail, return receipt  
19 requested, of any amount charged to be due under this section and a statement of the  
20 reasons therefor. The property valuation administrator shall be entitled to a hearing  
21 before the Kentucky Claims Commission~~[Board of Tax Appeals]~~, and an appeal  
22 may be taken from the final action of the Kentucky Claims Commission~~[Board of~~  
23 ~~Tax Appeals]~~ to the courts as provided by law.

24 (2) Any sum that may become due from any property valuation administrator by reason  
25 of this section may be deducted from any amount that the Commonwealth of  
26 Kentucky may become obliged to pay such property valuation administrator, or it  
27 may be collected from the bondsman of the property valuation administrator.

1           ➔Section 72. KRS 133.120 is amended to read as follows:

- 2       (1) (a) Any taxpayer desiring to appeal an assessment on real property made by the  
3           property valuation administrator shall first request a conference with the  
4           property valuation administrator or his or her designated deputy. The  
5           conference shall be held prior to or during the inspection period provided for  
6           in KRS 133.045.
- 7       (b) 1. Any person receiving compensation to represent a property owner at a  
8           conference with the property valuation administrator for a real property  
9           assessment shall be:
- 10           a. An attorney;
- 11           b. A certified public accountant;
- 12           c. A certified real estate broker;
- 13           d. A Kentucky licensed real estate broker;
- 14           e. An employee of the property owner;
- 15           f. A licensed or certified Kentucky real estate appraiser;
- 16           g. An appraiser who possesses a temporary practice permit or  
17           reciprocal license or certification in Kentucky to perform  
18           appraisals and whose license or certification requires him or her to  
19           conform to the Uniform Standards of Professional Appraisal  
20           Practice; or
- 21           h. Any other individual possessing a professional appraisal  
22           designation recognized by the department.
- 23       2. A person representing a property owner before the property valuation  
24           administrator shall present written authorization from the property  
25           owner which sets forth his or her professional capacity and shall disclose  
26           to the property valuation administrator any personal or private interests  
27           he or she may have in the matter, including any contingency fee

1 arrangements, except that attorneys shall not be required to disclose the  
2 terms and conditions of any contingency fee arrangement.

3 (c) During this conference, the property valuation administrator or his or her  
4 deputy shall provide an explanation to the taxpayer of the constitutional and  
5 statutory provisions governing property tax administration, including the  
6 appeal process, as well as an explanation of the procedures followed in  
7 deriving the assessed value for the taxpayer's property.

8 (d) The property valuation administrator or his or her deputy shall keep a record  
9 of each conference which shall include but not be limited to the initial  
10 assessed value, the value claimed by the taxpayer, an explanation of any  
11 changes offered or agreed to by each party, and a brief account of the outcome  
12 of the conference.

13 (e) At the request of the taxpayer, the conference may be held by telephone.

14 (2) (a) Any taxpayer still aggrieved by an assessment on real property made by the  
15 property valuation administrator after complying with the provisions of  
16 subsection (1) of this section may appeal to the board of assessment appeals.

17 (b) The taxpayer shall appeal his or her assessment by filing in person or sending  
18 a letter or other written petition to the county clerk stating the reasons for  
19 appeal, identifying the property for which the appeal is filed, and stating the  
20 taxpayer's opinion of the fair cash value of the property.

21 (c) The appeal shall be filed no later than one (1) workday following the  
22 conclusion of the inspection period provided for in KRS 133.045.

23 (d) The county clerk shall notify the department of all assessment appeals and of  
24 the date and times of the hearings.

25 (e) The board of assessment appeals may review and change any assessment  
26 made by the property valuation administrator upon recommendation of the  
27 county judge/executive, mayor of any city using the county assessment, or the

1 superintendent of any school district in which the property is located, if the  
2 recommendation is made to the board in writing specifying the individual  
3 properties recommended for review and is made no later than one (1) work  
4 day following the conclusion of the inspection period provided for in KRS  
5 133.045, or upon the written recommendation of the department. If the board  
6 of assessment appeals determines that the assessment should be increased, it  
7 shall give the taxpayer notice in the manner required by subsection (4) of KRS  
8 132.450, specifying a date when the board will hear the taxpayer, if he or she  
9 so desires, in protest of an increase.

10 (f) Any real property owner who has listed his or her property with the property  
11 valuation administrator at its fair cash value may ask the county board of  
12 assessment appeals to review the assessments of real properties he or she  
13 believes to be assessed at less than fair cash value, if he or she specifies in  
14 writing the individual properties for which the review is sought and factual  
15 information upon which his or her request is based, such as comparable sales  
16 or cost data and if the request is made no later than one (1) work day  
17 following the conclusion of the inspection period provided for in KRS  
18 133.045.

19 (g) Nothing in this section shall be construed as granting any property owner the  
20 right to request a blanket review of properties or the board the power to  
21 conduct such a review.

22 (3) (a) The board of assessment appeals shall hold a public hearing for each  
23 individual taxpayer appeal in protest of the assessment by the property  
24 valuation administrator filed in accordance with the provisions of subsection  
25 (2) of this section, and after hearing all the evidence, shall fix the assessment  
26 of the property at its fair cash value.

27 (b) The department may be present at the hearing and present any pertinent

1 evidence as it pertains to the appeal.

2 (c) The taxpayer shall provide factual evidence to support his or her appeal. If the  
3 taxpayer fails to provide reasonable information pertaining to the value of the  
4 property requested by the property valuation administrator, the department, or  
5 any member of the board, his or her appeal shall be denied.

6 (d) This information shall include but not be limited to the physical characteristics  
7 of land and improvements, insurance policies, cost of construction, real estate  
8 sales listings and contracts, income and expense statements for commercial  
9 property, and loans or mortgages.

10 (e) The board of assessment appeals shall only hear and consider evidence which  
11 has been submitted to it in the presence of both the property valuation  
12 administrator or his or her designated deputy and the taxpayer or his or her  
13 authorized representative.

14 (4) (a) Any person receiving compensation to represent a property owner in an appeal  
15 before the board shall be:

- 16 1. An attorney;
- 17 2. A certified public accountant;
- 18 3. A certified real estate broker;
- 19 4. A Kentucky licensed real estate broker;
- 20 5. An employee of the taxpayer;
- 21 6. A licensed or certified Kentucky real estate appraiser;
- 22 7. An appraiser who possesses a temporary practice permit or reciprocal  
23 license or certification in Kentucky to perform appraisals and whose  
24 license or certification requires him or her to conform to the Uniform  
25 Standards of Professional Appraisal Practice; or
- 26 8. Any other individual possessing a professional appraisal designation  
27 recognized by the department.



- 1 (b) A person representing a property owner before the county board of assessment  
2 appeals shall present a written authorization from the property owner which  
3 sets forth his or her professional capacity and shall disclose to the county  
4 board of assessment appeals any personal or private interests he or she may  
5 have in the matter, including any contingency fee arrangements, except that  
6 attorneys shall not be required to disclose the terms and conditions of any  
7 contingency fee arrangement.
- 8 (5) The board shall provide a written opinion justifying its action for each assessment  
9 either decreased or increased in the record of its proceedings and orders required in  
10 KRS 133.125 on forms or in a format provided or approved by the department.
- 11 (6) The board shall report to the property valuation administrator any real property  
12 omitted from the tax roll. The property valuation administrator shall assess the  
13 property and immediately give notice to the taxpayer in the manner required by  
14 KRS 132.450(4), specifying a date when the board of assessment appeals will hear  
15 the taxpayer, if he or she so desires, in protest of the action of the property valuation  
16 administrator.
- 17 (7) The board of assessment appeals shall have power to issue subpoenas, compel the  
18 attendance of witnesses, and adopt rules and regulations concerning the conduct of  
19 its business. Any member of the board shall have power to administer oaths to any  
20 witness in proceedings before the board.
- 21 (8) The powers of the board of assessment appeals shall be limited to those specifically  
22 granted by this section.
- 23 (9) No appeal shall delay the collection or payment of any taxes based upon the  
24 assessment in controversy. The taxpayer shall pay all state, county, and district taxes  
25 due on the valuation which he or she claims as true value and stated in the petition  
26 of appeal filed in accordance with the provisions of subsection (1) of this section.  
27 When the valuation is finally determined upon appeal, the taxpayer shall be billed

1 for any additional tax and interest at the tax interest rate as defined in KRS  
 2 131.010(6) from the date when the tax would have become due if no appeal had  
 3 been taken. The provisions of KRS 134.015(6) shall apply to the tax bill.

4 (10) Any member of the county board of assessment appeals may be required to give  
 5 evidence in support of the board's findings in any appeal from its actions to the  
 6 Kentucky Claims Commission pursuant to Section 22 of this Act~~[Board of Tax~~  
 7 ~~Appeals]~~. Any persons aggrieved by a decision of the board, including the property  
 8 valuation administrator, taxpayer, and department, may appeal the decision to the  
 9 Kentucky Claims Commission pursuant to Section 22 of this Act~~[Board of Tax~~  
 10 ~~Appeals]~~. Any taxpayer failing to appeal to the county board of assessment appeals,  
 11 or failing to appear before the board, either in person or by designated  
 12 representative, shall not be eligible to appeal directly to the Kentucky Claims  
 13 Commission~~[Board of Tax Appeals]~~.

14 (11) The county attorney shall represent the interest of the state and county in all  
 15 hearings before the board of assessment appeals and on all appeals prosecuted from  
 16 its decision. If the county attorney is unable to represent the state and county,~~he or~~  
 17 ~~she~~ the fiscal court shall arrange for substitute representation.

18 (12) Taxpayers shall have the right to make audio recordings of the hearing before the  
 19 county board of assessment appeals. The property valuation administrator may  
 20 make similar audio recordings only if prior written notice is given to the taxpayer.  
 21 The taxpayer shall be entitled to a copy of the department's recording as provided in  
 22 KRS 61.874.

23 (13) The county board of assessment appeals shall physically inspect a property upon the  
 24 request of the property owner or property valuation administrator.

25 ➔Section 73. KRS 133.170 is amended to read as follows:

26 (1) When the Department of Revenue has completed its equalization of the assessment  
 27 of the property in any county, it shall certify its action to the county judge/executive,

1 with a copy of the certification for the county clerk, to be laid before the fiscal court  
2 of the county.

3 (2) If the fiscal court deems it proper to ask for a review of the aggregate equalization  
4 of any class or subclass of property, it shall direct the county attorney to prosecute  
5 an appeal of the aggregate increase to the Kentucky *Claims Commission pursuant*  
6 *to Section 22 of this Act*~~[Board of Tax Appeals]~~ within ten (10) days from the date  
7 of the certification.

8 (3) Within ten (10) days from the date that the department's aggregate equalization of  
9 any or all classes or subclasses of property becomes final by failure of the fiscal  
10 court to prosecute an appeal or by order of the Kentucky *Claims Commission*  
11 *pursuant to Sections 20 to 25 of this Act*~~[Board of Tax Appeals]~~ or the courts, the  
12 fiscal court shall cause to be published, at least one (1) time, in the newspaper  
13 having the largest circulation within the county, a public notice of the department's  
14 action.

15 (4) Within ten (10) days from the date of the publication of the notice required in  
16 subsection (3) of this section, any individual taxpayer whose property assessment is  
17 increased above its fair cash value by the equalization action may file with the  
18 county clerk an application for exoneration of his property assessment from the  
19 increase. The application shall be filed in duplicate and shall include the name and  
20 address of the person in whose name the property is assessed; the assessment of the  
21 property before the increase; the description and location of the property including  
22 the description shown on the tax roll; the property owner's reason for appeal; and all  
23 other pertinent facts having a bearing upon its value. The county clerk shall forward  
24 one (1) copy, of each application for exoneration to the Department of Revenue and  
25 shall exclude the amount of the equalization increase from the assessment in the  
26 preparation of the property tax bill for each property for which an application for  
27 exoneration has been filed.

- 1 (5) The county judge/executive shall reconvene the board of supervisors immediately  
2 following the close of the period for filing applications for exoneration from the  
3 increase. The board shall schedule and conduct hearings on all applications in the  
4 manner prescribed for hearing appeals by KRS 133.120; however, the board shall  
5 not have authority to reduce any assessment to an amount less than that listed for  
6 the property at the time of adjournment of the regular board session.
- 7 (6) The county clerk shall act as clerk of the reconvened board and shall keep an  
8 accurate record of the proceedings in the same manner as provided by KRS  
9 133.125. Within five (5) days of the adjournment of the reconvened board, he shall  
10 notify each property owner in writing of the final action of the board with relation to  
11 the equalization increase and shall forward a copy of the proceedings certified by  
12 the chairman of the board and attested by him to the Department of Revenue and to  
13 the other taxing districts participating in the tax.
- 14 (7) Any taxpayer whose application has been denied, in whole or in part, may appeal to  
15 the Kentucky Claims Commission~~[Board of Tax Appeals]~~ as provided in Section  
16 22 of this Act~~[KRS 131.340]~~, and appeals thereafter may be taken to the courts as  
17 provided in Section 25 of this Act~~[KRS 131.370]~~.
- 18 (8) The provisions of KRS 133.120(9) shall apply to the payment of taxes upon any  
19 property assessment for which an application for exoneration has been filed.
- 20 (9) The provisions of subsections (4), (5), (6), (7), and (8) of this section shall only  
21 apply to appeals growing out of equalization action by the Department of Revenue  
22 under the provisions of KRS 133.150.

23 ➔Section 74. KRS 133.215 is amended to read as follows:

24 The sheriff shall be entitled to the fee prescribed by KRS 64.090 for serving a subpoena  
25 for the board of assessment appeals. He shall also have a like fee for serving a subpoena  
26 or notice for the Kentucky Claims Commission~~[Board of Tax Appeals]~~ regarding any  
27 proceeding for the assessment of property subject to local taxation. Said fees shall be paid

1 out of the county levy.

2 →Section 75. KRS 134.551 is amended to read as follows:

3 (1) If a certificate of delinquency or personal property certificate of delinquency held by  
4 an individual is declared void by a court of competent jurisdiction because of the  
5 irregularity of taxing officers, the amount for which the certificate was issued shall  
6 be refunded by the state, county, and taxing districts on a pro rata basis. If a school  
7 district or county is unable to make the refund currently when requested, it shall be  
8 given preference from the next year's revenue. The application for refund must be  
9 made within one (1) year after the judgment. The property covered by the void  
10 certificate shall be assessed immediately as omitted property and the tax bill shall be  
11 payable as soon as prepared.

12 (2) (a) If a certificate of delinquency held by a third-party purchaser who paid the  
13 certificate of delinquency to the county clerk:

14 1. Is unenforceable because:

15 a. It is a duplicate certificate of delinquency;

16 b. The tax liability represented by the certificate of delinquency was  
17 satisfied prior to the purchase of the certificate of delinquency;

18 c. All or a portion of the certificate of delinquency is exonerated; or

19 d. The property to which the certificate of delinquency applies was  
20 not subject to taxes as a matter of law as certified by the property  
21 valuation administrator; or

22 2. Should not have been sold because, on the date of the annual sale, the  
23 certificate of delinquency met the requirements for inclusion on the  
24 protected list pursuant to KRS 134.504(10) and it:

25 a. Was included on the protected list;

26 b. Was mistakenly left off the protected list; or

27 c. Became eligible for inclusion on the protected list between the date

1 the protected list was submitted and the date of sale;

2 the third-party purchaser may apply to the county clerk for a refund.

3 (b) The application for refund filed with the county clerk shall include written  
4 proof that one (1) of the situations described in paragraph (a) of this  
5 subsection exists with regard to the certificate of delinquency for which a  
6 refund is sought.

7 (c) 1. Upon acceptance and approval of the application for refund, the county  
8 clerk shall approve a refund of the amount paid to the county clerk by  
9 the third-party purchaser in satisfaction of the certificate of delinquency.  
10 The refunded amount shall not include any filing fees paid by the third-  
11 party purchaser to the county clerk.

12 2. Amounts refunded to the third-party purchaser shall be deducted from  
13 amounts in the hands of the county clerk due to the state, county, taxing  
14 districts, sheriff, county attorney, and the county clerk on a pro rata  
15 basis, if the county clerk has sufficient funds in his or her hands to make  
16 the refund.

17 3. If the county clerk does not have sufficient funds to make the refund at  
18 the time the refund is approved, the county clerk may either:

19 a. Retain the approved refund claim in his or her office and make the  
20 refund payment as soon as he or she has sufficient funds in his or  
21 her hands to make the refund payment; or

22 b. Provide a signed letter to the person to whom payment is due,  
23 which includes the amount due from each taxing jurisdiction or fee  
24 office, and which directs each taxing jurisdiction or fee official to  
25 pay to the person the amount due and owing from that taxing  
26 jurisdiction or fee official as reflected in the letter.

27 4. Upon the making of a refund to a third-party purchaser, the county clerk

1 shall issue and file a release of the lien on the property assessed for taxes  
2 as provided in this subparagraph without charge to the third-party  
3 purchaser. The release shall be linked to the encumbrance in the county  
4 clerk's indexing system.

5 a. The department shall prepare a release form to be used by the  
6 county clerk when a refund is paid under this paragraph. The form  
7 shall include, at a minimum, the following:

8 i. The name and address of the taxpayer;

9 ii. The name and address of the third-party purchaser;

10 iii. The book and page number of the third-party purchaser's lis  
11 pendens filing;

12 iv. The property address;

13 v. The applicable tax year; and

14 vi. The map identification number or tax bill number.

15 b. The release form shall be signed by the government official  
16 responsible for making the correction.

17 c. In addition to the signed release form, information filed by the  
18 county clerk shall include a copy of the documentation provided by  
19 the government official and a copy of the refund check or letter of  
20 refund authorization issued to the third-party purchaser. The  
21 county clerk shall record and file this information without a fee.

22 d. The county clerk shall also make any necessary corrections to the  
23 tax records within the office of the county clerk.

24 e. The county clerk shall return the release document to the taxpayer  
25 and shall provide a copy of the release document to the third-party  
26 purchaser.

27 (d) If the county clerk denies the application for refund, or the property valuation

1 administrator fails to certify that property was not subject to taxes as a matter  
2 of law, the third-party purchaser may appeal the decision of the county clerk  
3 or the property valuation administrator to the Kentucky Claims Commission  
4 pursuant to Section 22 of this Act~~[Board of Tax Appeals]~~.

5 ➔Section 76. KRS 134.580 is amended to read as follows:

- 6 (1) As used in this section, unless the context requires otherwise:
- 7 (a) "Agency" means the agency of state government which administers the tax to  
8 be refunded or credited.
- 9 (b) "Overpayment" or "payment where no tax was due" means the excess of the  
10 tax payments made over the correct tax liability determined under the terms of  
11 the applicable statute without reference to the constitutionality of the statute.
- 12 (2) When money has been paid into the State Treasury in payment of any state taxes,  
13 except ad valorem taxes, whether payment was made voluntarily or involuntarily,  
14 the appropriate agency shall authorize refunds to the person who paid the tax, or to  
15 his heirs, personal representatives or assigns, of any overpayment of tax and any  
16 payment where no tax was due. When a bona fide controversy exists between the  
17 agency and the taxpayer as to the liability of the taxpayer for the payment of tax  
18 claimed to be due by the agency, the taxpayer may pay the amount claimed by the  
19 agency to be due, and if an appeal is taken by the taxpayer from the ruling of the  
20 agency within the time provided by Section 22 of this Act~~[KRS 131.340]~~ and it is  
21 finally adjudged that the taxpayer was not liable for the payment of the tax or any  
22 part thereof, the agency shall authorize the refund or credit as the Kentucky Claims  
23 Commission~~[Board of Tax Appeals]~~ or courts may direct.
- 24 (3) No refund shall be made unless each taxpayer individually files an application or  
25 claim for the refund within four (4) years from the date payment was made. Each  
26 claim or application for a refund shall be in writing and state the specific grounds  
27 upon which it is based. Denials of refund claims or applications may be protested



- 1 and appealed in accordance with KRS 131.110 and Section 22 of this Act~~[131.340]~~.
- 2 (4) Refunds shall be authorized with interest as provided in KRS 131.183. The refunds  
3 authorized by this section shall be made in the same manner as other claims on the  
4 State Treasury are paid. They shall not be charged against any appropriation, but  
5 shall be deducted from tax receipts for the current fiscal year.
- 6 (5) Nothing in this section shall be construed to authorize the agency to make or cause  
7 to be made any refund except within four (4) years of the date prescribed by law for  
8 the filing of a return including any extension of time for filing the return, or the date  
9 the money was paid into the State Treasury, whichever is the later, except in any  
10 case where the assessment period has been extended by written agreement between  
11 the taxpayer and the department, the limitation contained in this subsection shall be  
12 extended accordingly. Nothing in this section shall be construed as requiring the  
13 agency to authorize any refund to a taxpayer without demand from the taxpayer, if  
14 in the opinion of the agency the cost to the state of authorizing the refund would be  
15 greater than the amount that should be refunded or credited.
- 16 (6) This section shall not apply to any case in which the statute may be held  
17 unconstitutional, either in whole or in part.
- 18 (7) In cases in which a statute has been held unconstitutional, taxes paid thereunder  
19 may be refunded to the extent provided by KRS 134.590, and by the statute held  
20 unconstitutional.
- 21 (8) No person shall secure a refund of motor fuels tax under KRS 134.580 unless the  
22 person holds an unrevoked refund permit issued by the department before the  
23 purchase of gasoline or special fuels and that permit entitles the person to apply for  
24 a refund under KRS 138.344 to 138.355.
- 25 (9) Notwithstanding any provision of the Kentucky Revised Statutes to the contrary:
- 26 (a) The Commonwealth hereby revokes and withdraws its consent to suit in any  
27 forum whatsoever on any claim for recovery, refund, or credit of any tax

1 overpayment for any taxable year ending before December 31, 1995, made by  
2 an amended return or any other method after December 22, 1994, and based  
3 on a change from any initially filed separate return or returns to a combined  
4 return under the unitary business concept or to a consolidated return. No such  
5 claim shall be effective or recognized for any purpose.

6 (b) Any stated or implied consent for the Commonwealth of Kentucky, or any  
7 agent or officer of the Commonwealth of Kentucky, to be sued by any person  
8 for any legal, equitable, or other relief with respect to any claim for recovery,  
9 refund, or credit of any tax overpayment for any taxable year ending before  
10 December 31, 1995, made by an amended return or any other method after  
11 December 22, 1994, and based on a change from any initially filed separate  
12 return or returns to a combined return under the unitary business concept or to  
13 a consolidated return, is hereby withdrawn.

14 (c) The provisions of this subsection shall apply retroactively for all taxable years  
15 ending before December 31, 1995, and shall apply to all claims for such  
16 taxable years pending in any judicial or administrative forum.

17 (10) Notwithstanding any provision of the Kentucky Revised Statutes to the contrary:

18 (a) No money shall be drawn from the State Treasury for the payment of any  
19 claim for recovery, refund, or credit of any tax overpayment for any taxable  
20 year ending before December 31, 1995, made by an amended return or any  
21 other method after December 22, 1994, and based on a change from any  
22 initially filed separate return or returns to a combined return under the unitary  
23 business concept or to a consolidated return.

24 (b) No provision of the Kentucky Revised Statutes shall constitute an  
25 appropriation or mandated appropriation for the payment of any claim for  
26 recovery, refund, or credit of any tax overpayment for any taxable year ending  
27 before December 31, 1995, made by an amended return or any other method

1 after December 22, 1994, and based on a change from any initially filed  
2 separate return or returns to a combined return under the unitary business  
3 concept or to a consolidated return.

4 ➔Section 77. KRS 134.590 is amended to read as follows:

- 5 (1) When the appropriate state government agency determines that a taxpayer has paid  
6 ad valorem taxes into the state treasury when no taxes were due or has paid under a  
7 statute held unconstitutional, the state government agency which administers the tax  
8 shall refund the money, or cause it to be refunded, to the person who paid the tax.  
9 The state government agency shall not authorize a refund to a person who has paid  
10 the tax due on any tract of land unless the taxpayer has paid the entire tax due the  
11 state on the land.
- 12 (2) No state government agency shall authorize a refund unless each taxpayer  
13 individually applies for a refund within two (2) years from the date the taxpayer  
14 paid the tax. Each claim or application for a refund shall be in writing and state the  
15 specific grounds upon which it is based. Denials of refund claims or applications  
16 may be protested and appealed in accordance with KRS 131.110 and ***Section 22 of***  
17 ***this Act***~~[131.340]~~. No state government agency shall refund ad valorem taxes,  
18 except those held unconstitutional, unless the taxpayer has properly followed the  
19 administrative remedy procedures established through the protest provisions of  
20 KRS 131.110, the appeal provisions of KRS 133.120, the correction provisions of  
21 KRS 133.110 and 133.130, or other administrative remedy procedures.
- 22 (3) If a taxpayer pays city, urban-county, county, school district, consolidated local  
23 government, or special district ad valorem taxes to a city, urban-county, county,  
24 school district, consolidated local government, or special district when no taxes  
25 were due or the amount paid exceeded the amount finally determined to be due, the  
26 taxes shall be refunded to the person who paid the tax.
- 27 (4) Refunds of ad valorem taxes shall be authorized by the mayor or chief finance

1 officer of any city, consolidated local government, or urban-county government for  
2 the city, consolidated local government, or urban-county government or for any  
3 special district for which the city, consolidated local government, or urban-county  
4 government is the levying authority, by the county judge/executive of any county  
5 for the county or special district for which the fiscal court is the levying authority,  
6 or by the chairman or finance officer of any district board of education.

7 (5) Upon proper authorization, the sheriff or collector shall refund the taxes from  
8 current tax collections he or she holds. If there are no such funds, the district's  
9 finance officer shall make the refunds. The sheriff or collector shall receive credit  
10 on the next collection report to the district for any refunds the sheriff or collector  
11 makes.

12 (6) No refund shall be made unless each taxpayer individually applies within two (2)  
13 years from the date payment was made. If the amount of taxes due is in litigation,  
14 the taxpayer shall individually apply for refund within two (2) years from the date  
15 the amount due is finally determined. Each claim or application for a refund shall be  
16 in writing and state the specific grounds upon which it is based. No refund for ad  
17 valorem taxes, except those held unconstitutional, shall be made unless the taxpayer  
18 has properly followed the administrative remedy procedures established through the  
19 protest provisions of KRS 131.110, the appeal provisions of KRS 133.120, the  
20 correction provisions of KRS 133.110 and 133.130, or other administrative remedy  
21 procedures.

22 (7) Notwithstanding other statutory provisions, for property subject to a tax rate that is  
23 set each year based on the certified assessment, a taxing district may recover any  
24 loss of ad valorem tax revenue it suffers due to the issuance of refunds by adjusting  
25 the following tax year's tax rate.

26 ➔Section 78. KRS 136.050 is amended to read as follows:

27 (1) Except where otherwise specially provided, all corporations required to make

1 reports to the Department of Revenue shall pay all taxes due the state from them  
2 into the State Treasury at the same time as natural persons are required to pay taxes,  
3 and when delinquent shall pay the same rate of interest and penalties as natural  
4 persons who are delinquent.

5 (2) All state taxes assessed against any corporation under the provisions of KRS  
6 136.120 to 136.200 shall be due and payable as provided in KRS 131.110. All  
7 county, city, school, and other taxes so assessed shall be due and payable thirty (30)  
8 days after notice of the amount of the tax is given by the collecting officer. The  
9 state, county, city, school, and other taxes found to be due on any protested  
10 assessment or portion thereof shall begin to bear legal interest on the sixty-first day  
11 after the Kentucky Claims Commission~~Board of Tax Appeals~~ acknowledges  
12 receipt of a protest of any assessment or enters an order to certify the unprotested  
13 portion of any assessment until paid, except that in no event shall interest begin to  
14 accrue prior to January 1 following April 30 of the year in which the report is due.  
15 Every corporation so assessed that fails to pay its taxes when due shall be deemed  
16 delinquent, a penalty of ten percent (10%) on the amount of the tax shall attach, and  
17 thereafter the tax shall bear interest at the tax interest rate as defined in KRS  
18 131.010(6).

19 ➔Section 79. KRS 136.658 is amended to read as follows:

20 (1) The Local Distribution Fund Oversight Committee is hereby created and  
21 administratively attached to and staffed by the department. The oversight committee  
22 shall consist of nine (9) members appointed by the Governor and shall be  
23 representative of local government and state government officials. The Governor  
24 shall receive recommendations for four (4) members each from the Kentucky  
25 Association of Counties and the Kentucky League of Cities from which the  
26 Governor shall select two (2) members each. The Governor shall receive  
27 recommendations for two (2) members each from the Kentucky School Board

1 Association, the Kentucky Superintendents Association, and the Kentucky School  
2 Administrators Association from which the Governor shall select one (1) member  
3 each. One (1) member shall be appointed by the Governor to represent the interests  
4 of special districts other than school districts. The remaining member shall be the  
5 commissioner of the Department for Local Government, who shall serve as  
6 chairperson of the oversight committee. The members shall serve for a term of three  
7 (3) years. Five (5) members of the oversight committee shall constitute a quorum. A  
8 member may be removed for cause in accordance with procedures established by  
9 the oversight committee and shall serve without salary but shall be reimbursed for  
10 expenses in the same manner as state employees. Any vacancy occurring on the  
11 oversight committee shall be filled by the Governor for the unexpired term.

12 (2) The duties of the oversight committee shall be:

13 (a) To monitor the department's implementation and distribution of funds from  
14 the gross revenues and excise tax fund and the state baseline and local growth  
15 fund and to report its findings to the commissioner of the department; and

16 (b) To act as a finder of fact for the commissioner of the department in disputes in  
17 and between political subdivisions, school districts, special districts, and  
18 sheriff departments, and between political subdivisions, school districts,  
19 special districts, and sheriff departments, and the department regarding the  
20 implementation and distribution of funds from the gross revenues and excise  
21 tax fund and the state baseline and local growth fund.

22 (3) The department shall provide the oversight committee with an annual report  
23 reflecting the amounts distributed to each participating political subdivision, school  
24 district, special district, or sheriff department.

25 (4) Any political subdivision, school district, special district, or sheriff department may  
26 file a complaint and request a hearing with the oversight committee on a form  
27 prescribed by the committee. The oversight committee shall give notice to any

1 political subdivision, school district, special district, or sheriff department that may  
2 be affected by the complaint. Any political subdivision, school district, special  
3 district, or sheriff department intending to respond to the complaint shall do so in  
4 writing within thirty (30) days of notice of the complaint.

5 (5) In conducting its business:

6 (a) The oversight committee shall give due notice of the times and places of its  
7 hearings;

8 (b) The parties shall be entitled to be heard, to present evidence, and to examine  
9 and cross-examine witnesses;

10 (c) The oversight committee shall act by majority vote;

11 (d) The oversight committee shall adopt and publish rules of procedure and  
12 practice regarding its hearings; and

13 (e) The oversight committee shall make written findings and recommendations to  
14 the commissioner of the department.

15 (6) The commissioner of the department shall review the findings and  
16 recommendations of the oversight committee and issue a final ruling within sixty  
17 (60) days of receipt of the recommendations.

18 (7) The parties in the dispute shall have the rights and duties to appeal any final ruling  
19 to the Kentucky Claims Commission~~[Board of Tax Appeals]~~ under Section 22 of  
20 this Act~~[KRS 131.340]~~.

21 (8) Nothing contained in this section shall prevent at any time a written compromise of  
22 any matter or matters in dispute, if otherwise lawful, by the parties to the hearing  
23 process.

24 ➔Section 80. KRS 137.160 is amended to read as follows:

25 (1) When the Department of Revenue has received the reports provided for in KRS  
26 137.130, it shall, upon such reports and such other reports and information as it may  
27 secure, assess the value of all grades or kinds of crude petroleum reported for each

1 month.

2 (2) Where the report shows no sale of crude petroleum during the month covered by the  
3 report, the market value of crude petroleum on the first business day after the tenth  
4 day of the month in which the report is made shall be fixed by the department as the  
5 assessed value of all crude petroleum covered by the report. Where the report shows  
6 that all crude petroleum reported has been sold during the month covered by the  
7 report, the market price of such crude petroleum on each day of sale shall be the  
8 assessed value of all crude petroleum sold on that date of sale, and the total amount  
9 of the tax to be reported as the assessment on the report shall be the total of the  
10 assessments made on such sales. If the report shows that part of the crude petroleum  
11 reported has been sold and part remains unsold, the market price of the crude  
12 petroleum on the first business day after the tenth day of the month following the  
13 month covered by the report shall be fixed as the assessed value of the portion of  
14 the crude petroleum unsold, the market price of the crude petroleum on each day of  
15 sale shall be the assessed value of the portion sold, and the total amount of the tax  
16 to be reported as the assessment on the report shall be the total of the assessments  
17 made on the sold and unsold crude petroleum. The department, in making its  
18 assessments, shall take into consideration transportation charges.

19 (3) The department shall, by the last day of the month in which the reports are required  
20 to be made, notify each transporter of his assessment, and certify the assessment to  
21 the county clerk of each county that has reported the levy of a county tax under KRS  
22 137.150. The county clerk shall immediately deliver a copy thereof to the sheriff for  
23 collection of the county tax. The transporter so notified of the assessment shall have  
24 the right to an appeal to the Kentucky *Claims Commission pursuant to Section 22*  
25 *of this Act*~~[board of tax appeals].~~

26 ➔Section 81. KRS 138.132 is amended to read as follows:

27 (1) It is the declared legislative intent of KRS 138.130 to 138.205 that any untax-paid



1 tobacco products held, owned, possessed, or in control of any person other than as  
2 provided in KRS 138.130 to 138.205 are contraband and subject to seizure and  
3 forfeiture as set out in this section.

4 (2) (a) If a retailer, who is not a licensed retail distributor, purchases tobacco  
5 products from a licensed distributor and the purchase invoice does not contain  
6 the separate identification and display of the excise tax required by KRS  
7 138.140(4)(d)3., the retailer shall, within twenty-four (24) hours, notify the  
8 department in writing.

9 (b) The notification shall include the name and address of the person from whom  
10 the tobacco products were purchased and a copy of the purchase invoice.

11 (c) The tobacco products for which the required information was not included on  
12 the invoice shall be retained by the retailer, and not sold, for a period of fifteen  
13 (15) days after giving the proper notice as required by this subsection.

14 (d) After the fifteen (15) day period, the retailer may pay the tax due on the  
15 tobacco products described in paragraph (c) of this subsection according to  
16 administrative regulations promulgated by the department, and after which  
17 may proceed to sell the tobacco products.

18 (3) If a retailer, who is not a licensed retail distributor, purchases tobacco products for  
19 resale from a person not licensed under KRS 138.195(7), which is prohibited by  
20 KRS 138.140(4)(c), the retailer may not sell those tobacco products until the retailer  
21 applies for and is granted a retail distributor's license under KRS 138.195(7)(b).

22 (4) If, upon examination, the department determines that the retailer has failed to  
23 comply with the provisions of subsection (3) of this section, the retailer shall pay all  
24 tax and interest and applicable penalties due and the following shall apply:

25 (a) For the first offense, an additional penalty shall be assessed equal to ten  
26 percent (10%) of the tax due;

27 (b) For a second offense within three (3) years or less of the first offense, an

1 additional penalty shall be assessed equal to twenty-five percent (25%) of the  
2 tax due; and

3 (c) For a third offense or subsequent offense within three (3) years or less of the  
4 first offense, the tobacco products shall be contraband and subject to seizure  
5 and forfeiture as provided in subsection (5) of this section.

6 (5) (a) Whenever a representative of the department finds contraband tobacco  
7 products within the borders of this state, the tobacco products shall be  
8 immediately seized and stored in a depository to be determined by the  
9 representative.

10 (b) At the time of seizure, the representative shall deliver to the person in whose  
11 custody the tobacco products are found a receipt for the seized products. The  
12 receipt shall state on its face that any inquiry concerning any tobacco products  
13 seized shall be directed to the commissioner of the Department of Revenue,  
14 Frankfort, Kentucky.

15 (c) Immediately upon seizure, the representative shall notify the commissioner of  
16 the nature and quantity of the tobacco products seized. Any seized tobacco  
17 products shall be held for a period of twenty (20) days, and if after that period  
18 no person has claimed the tobacco products as his or her property, the  
19 commissioner shall cause the tobacco products to be destroyed.

20 (6) All fixtures, equipment, materials, and personal property used in substantial  
21 connection with the sale or possession of tobacco products involved in a knowing  
22 and intentional violation of KRS 138.130 to 138.205 shall be contraband and  
23 subject to seizure and forfeiture as follows:

24 (a) The department's representative shall seize the property and store the property  
25 in a safe place selected by the representative; and

26 (b) The representative shall proceed as provided in KRS 138.165(2). The  
27 commissioner shall cause the property to be sold after notice published

1           pursuant to KRS Chapter 424. The proceeds from the sale shall be applied as  
2           provided in KRS 138.165(2).

3 (7) The owner or any person having an interest in the fixtures, materials, or personal  
4           property that has been seized as provided by subsection (6) of this section may  
5           apply to the commissioner for remission of the forfeiture for good cause shown. If it  
6           is shown to the satisfaction of the commissioner that the owner or person having an  
7           interest in the property was without fault, the department shall remit the forfeiture.

8 (8) Any party aggrieved by an order entered under this section may appeal to the  
9           Kentucky Claims Commission pursuant to Section 22 of this Act~~[Board of Tax~~  
10          ~~Appeals in the manner provided by law]~~.

11          ➔Section 82. KRS 138.165 is amended to read as follows:

12 (1) It is declared to be the legislative intent of KRS 138.130 to 138.205 that any untax-  
13          paid cigarettes held, owned, possessed, or in control of any person other than as  
14          provided in KRS 138.130 to 138.205 are contraband and subject to seizure and  
15          forfeiture as set out in this section.

16 (2) Whenever any peace officer of this state, or any representative of the department,  
17          finds any untax-paid cigarettes within the borders of this state in the possession of  
18          any person other than a licensee authorized to possess untax-paid cigarettes by the  
19          provisions of KRS 138.130 to 138.205, such cigarettes shall be immediately seized  
20          and stored in a depository to be selected by the officer or agent. At the time of  
21          seizure, the officer or agent shall deliver to the person in whose custody the  
22          cigarettes are found a receipt for the cigarettes. The receipt shall state on its face  
23          that any inquiry concerning any goods seized shall be directed to the commissioner  
24          of the Department of Revenue, Frankfort, Kentucky. Immediately upon seizure, the  
25          officer or agent shall notify the commissioner of the Department of Revenue of the  
26          nature and quantity of the goods seized. Any seized goods shall be held for a period  
27          of twenty (20) days and if after such period no person has claimed the cigarettes as

1 his property, the commissioner shall cause the same to be exposed to public sale to  
2 any person authorized to purchase untax-paid cigarettes. The sale shall be on notice  
3 published pursuant to KRS Chapter 424. All proceeds, less the cost of sale, from the  
4 sale shall be paid into the Kentucky State Treasury for general fund purposes.

5 (3) It is declared to be the legislative intent that any vending machine used for  
6 dispensing cigarettes on which Kentucky cigarette tax has not been paid is  
7 contraband and subject to seizure and forfeiture. In the event any peace officer or  
8 agent of the department finds any vending machine within the borders of this state  
9 dispensing untax-paid cigarettes, he shall immediately seize the vending machine  
10 and store the same in a safe place selected by him. He shall thereafter proceed as  
11 provided in subsection (2) of this section and the commissioner of the Department  
12 of Revenue shall cause the vending machine to be sold, and the proceeds applied, as  
13 set out in subsection (2) of this section.

14 (4) No cigarettes, on which the tax imposed by KRS 138.130 to 138.205 has not been  
15 paid, shall be transported within this state by any person other than a manufacturer  
16 or a person licensed under the provisions of KRS 138.195. It is declared to be the  
17 legislative intent that any motor vehicle used to transport any such cigarettes by  
18 other persons is contraband and subject to seizure and forfeiture. If any peace  
19 officer or agent of the department finds any such motor vehicle, the vehicle shall be  
20 seized immediately and stored in a safe place. The peace officer or agent of the  
21 department shall thereafter proceed as provided in subsection (2) of this section and  
22 the commissioner of the Department of Revenue shall cause the motor vehicle to be  
23 sold, and the proceeds applied, as set out in subsection (2) of this section.

24 (5) The owner or any person having an interest in any goods, machines or vehicles  
25 seized as provided under subsections (1) to (4) of this section may apply to the  
26 commissioner of the Department of Revenue for remission of the forfeiture for good  
27 cause shown. If it is shown to the satisfaction of the Department of Revenue that the

1 owner was without fault in the possession, dispensing, or transportation of the  
 2 untax-paid cigarettes, the Department of Revenue shall remit the forfeiture. If the  
 3 Department of Revenue determines that the possession, dispensing, or  
 4 transportation of untax-paid cigarettes was willful or intentional, the Department of  
 5 Revenue may nevertheless remit the forfeiture on condition that the owner pay a  
 6 penalty to be prescribed by the Department of Revenue of not more than fifty  
 7 percent (50%) of the value of the property forfeited. All taxes due on untax-paid  
 8 cigarettes shall be paid in addition to the penalty, if any.

- 9 (6) Any party aggrieved by an order entered hereunder may appeal to the Kentucky  
 10 Claims Commission pursuant to Section 22 of this Act~~Board of Tax Appeals in~~  
 11 ~~the manner provided by law~~.

12 ➔Section 83. KRS 138.195 is amended to read as follows:

- 13 (1) (a) No person other than a manufacturer shall acquire cigarettes in this state on  
 14 which the Kentucky cigarette tax has not been paid, nor act as a resident  
 15 wholesaler, nonresident wholesaler, vending machine operator, sub-jobber,  
 16 transporter or unclassified acquirer of such cigarettes without first obtaining a  
 17 license from the department as set out in this section.
- 18 (b) No person shall act as a distributor of tobacco products without first obtaining  
 19 a license from the department as set out in this section.
- 20 (c) For licenses effective for periods beginning on or after July 1, 2015, no  
 21 individual, entity, or any other group or combination acting as a unit may be  
 22 eligible to obtain a license under this section if the individual, or any partner,  
 23 director, principal officer, or manager of the entity or any other group or  
 24 combination acting as a unit has been convicted of or entered a plea of guilty  
 25 or nolo contendere to:
- 26 1. A crime relating to the reporting, distribution, sale, or taxation of  
 27 cigarettes or tobacco products; or

- 1           2. A crime involving fraud, falsification of records, improper business  
2           transactions or reporting;  
3           for ten (10) years from the expiration of probation or final discharge from  
4           parole or maximum expiration of sentence.
- 5 (2) Each resident wholesaler shall secure a separate license for each place of business at  
6           which cigarette tax evidence is affixed or at which cigarettes on which the Kentucky  
7           cigarette tax has not been paid are received. Each nonresident wholesaler shall  
8           secure a separate license for each place of business at which evidence of Kentucky  
9           cigarette tax is affixed or from where Kentucky cigarette tax is reported and paid.  
10          Such a license or licenses shall be secured on or before July 1 of each year, and each  
11          licensee shall pay the sum of five hundred dollars (\$500) for each such year or  
12          portion thereof for which such license is secured.
- 13 (3) Each sub-jobber shall secure a separate license for each place of business from  
14          which Kentucky tax-paid cigarettes are made available to retailers, whether such  
15          place of business is located within or without this state. Such license or licenses  
16          shall be secured on or before July 1 of each year, and each licensee shall pay the  
17          sum of five hundred dollars (\$500) for each such year or portion thereof for which  
18          such license is secured.
- 19 (4) Each vending machine operator shall secure a license for the privilege of dispensing  
20          Kentucky tax-paid cigarettes by vending machines. Such license shall be secured on  
21          or before July 1 of each year, and each licensee shall pay the sum of twenty-five  
22          dollars (\$25) for each year or portion thereof for which such license is secured. No  
23          vending machine shall be operated within this Commonwealth without having  
24          prominently affixed thereto the name of its operator, together with the license  
25          number assigned to such operator by the department. The department shall prescribe  
26          by administrative regulation the manner in which the information shall be affixed to  
27          the vending machine.

- 1 (5) Each transporter shall secure a license for the privilege of transporting cigarettes  
2 within this state. Such license shall be secured on or before July 1 of each year, and  
3 each licensee shall pay the sum of fifty dollars (\$50) for each such year or portion  
4 thereof for which such license is secured. No transporter shall transport any  
5 cigarettes without having in actual possession an invoice or bill of lading therefor,  
6 showing the name and address of the consignor and consignee, the date acquired by  
7 the transporter, the name and address of the transporter, the quantity of cigarettes  
8 being transported, together with the license number assigned to such transporter by  
9 the department.
- 10 (6) Each unclassified acquirer shall secure a license for the privilege of acquiring  
11 cigarettes on which the Kentucky cigarette tax has not been paid. Such license shall  
12 be secured on or before July 1 of each year, and each licensee shall pay the sum of  
13 fifty dollars (\$50) for each such year or portion thereof for which such license is  
14 secured.
- 15 (7) (a) 1. Each distributor shall secure a license for the privilege of selling tobacco  
16 products in this state. Each license shall be secured on or before July 1  
17 of each year, and each licensee shall pay the sum of five hundred dollars  
18 (\$500) for each year or portion thereof for which the license is secured.
- 19 2. a. A resident wholesaler, nonresident wholesaler, or subjobber  
20 licensed under this section may also obtain and maintain a  
21 distributor's license at each place of business at no additional cost  
22 each year.
- 23 b. An unclassified acquirer licensed under this section may also  
24 obtain and maintain a distributor's license for the privilege of  
25 selling tobacco products in this state. The license shall be secured  
26 on or before July 1 of each year, and each licensee shall pay the  
27 sum of four hundred fifty dollars (\$450) for each year or portion

1                                   thereof for which the license is secured.

2                   3.    The department may, upon application, grant a distributor's license to a  
3                                   person other than a retailer and who is not otherwise required to hold a  
4                                   distributor's license under this paragraph. If the department grants the  
5                                   license, the licensee shall pay the sum of five hundred dollars (\$500) for  
6                                   each year or portion thereof for which the license is secured, and the  
7                                   licensee shall be subject to the excise tax in the same manner and subject  
8                                   to the same requirements as a distributor required to be licensed under  
9                                   this paragraph.

10           (b)   The department may, upon application, grant a retail distributor's license to a  
11                                   retailer for the privilege of purchasing tobacco products from a distributor not  
12                                   licensed by the department. If the department grants the license, the licensee  
13                                   shall pay the sum of one hundred dollars (\$100) for each year or portion  
14                                   thereof for which the license is secured.

15   (8)   Nothing in KRS 138.130 to 138.205 shall be construed to prevent the department  
16                                   from requiring a person to purchase more than one (1) license if the nature of such  
17                                   person's business is so diversified as to justify such requirement.

18   (9)   (a)   The department may by administrative regulation require any person  
19                                   requesting a license or holding a license under this section to supply such  
20                                   information concerning his business, sales or any privilege exercised, as is  
21                                   deemed reasonably necessary for the regulation of such licensees, and to  
22                                   protect the revenues of the state.

23           (b)   Failure on the part of the applicant or licensee to comply with KRS 131.600 to  
24                                   131.630, 138.130 to 138.205, 248.752, or 248.754 or any administrative  
25                                   regulations promulgated thereunder, or to permit an inspection of premises,  
26                                   machines, or vehicles by an authorized agent of the department at any  
27                                   reasonable time shall be grounds for the denial or revocation of any license



- 1 issued by the department, after due notice and a hearing by the department.
- 2 (c) The commissioner may assign a time and place for the hearing and may  
3 appoint a conferee who shall conduct a hearing, receive evidence, and hear  
4 arguments.
- 5 (d) The conferee shall thereupon file a report with the commissioner together with  
6 a recommendation as to the denial or revocation of the license.
- 7 (e) From any denial or revocation made by the commissioner on the report, the  
8 licensee may prosecute an appeal to the Kentucky Claims Commission  
9 pursuant to Section 22 of this Act~~[Board of Tax Appeals as provided by law].~~
- 10 (f) Any person whose license has been revoked for the willful violation of any  
11 provision of KRS 131.600 to 131.630, 138.130 to 138.205, 248.752, or  
12 248.754 or any administrative regulations promulgated thereunder shall not be  
13 entitled to any license provided for in this section, or have any interest in any  
14 license, either disclosed or undisclosed, either as an individual, partnership,  
15 corporation or otherwise, for a period of two (2) years after the revocation.
- 16 (10) No license issued pursuant to this section shall be transferable or negotiable except  
17 that a license may be transferred between an individual and a corporation, if that  
18 individual is the exclusive owner of that corporation, or between a subsidiary  
19 corporation and its parent corporation.
- 20 (11) Every manufacturer located or doing business in this state and the first person to  
21 import cigarettes into this state shall keep written records of all shipments of  
22 cigarettes to persons within this state, and shall submit to the department monthly  
23 reports of such shipments. All books, records, invoices, and documents required by  
24 this section shall be preserved in a form prescribed by the department for not less  
25 than four (4) years from the making of the records unless the department authorizes,  
26 in writing, the destruction of the records.
- 27 (12) No person licensed under this section except nonresident wholesalers shall either

1 sell to or purchase from any other such licensee untax-paid cigarettes.

2 (13) (a) Licensed distributors of tobacco products shall pay and report the tax levied  
3 by KRS 138.140(4)(a) on or before the twentieth day of the calendar month  
4 following the month in which the possession or title of the tobacco products  
5 are transferred from the licensed distributor to retailers or consumers in this  
6 state, as the case may be.

7 (b) Retailers who have applied for and been granted a retail distributor's license  
8 for the privilege of purchasing tobacco products from a person who is not a  
9 distributor licensed under KRS 138.195(7)(a) shall report and pay the tax  
10 levied by KRS 138.140(4)(c)2. on or before the twentieth day of the calendar  
11 month following the month in which the products are acquired by the licensed  
12 retail distributors.

13 (c) If the distributor or retail distributor timely reports and pays the tax due, the  
14 distributor or retail distributor may deduct an amount equal to one percent  
15 (1%) of the tax due.

16 (d) The department shall promulgate administrative regulations setting forth the  
17 details of the reporting requirements.

18 (14) A tax return shall be filed for each reporting period whether or not tax is due.

19 (15) Any license issued by the department under this section shall not be construed to  
20 waive or condone any violation that occurred or may have occurred prior to the  
21 issuance of the license and shall not prevent subsequent proceedings against the  
22 licensee.

23 (16) (a) The department may deny the issuance of a license under this section if:

24 1. The applicant has made any material false statement on the application  
25 for the license; or

26 2. The applicant has violated any provision of KRS 131.600 to 131.630,  
27 138.130 to 138.205, 248.754, or 248.756 or any administrative

1 regulations promulgated thereunder.

2 (b) If the department denies the applicant a license under this section, the  
3 department shall notify the applicant of the grounds for the denial, and the  
4 applicant may request a hearing and appeal the denial as provided in  
5 subsection (9) of this section.

6 ➔Section 84. KRS 138.340 is amended to read as follows:

- 7 (1) If any dealer or transporter required to be licensed under KRS 138.310 files a false  
8 report of the data or information required by KRS 138.210 to 138.280, or fails,  
9 refuses or neglects to file the reports required by those sections, even though no tax  
10 is due, or to pay the full amount of tax as required by those sections, or fails to meet  
11 the qualifications of a dealer as set out in KRS 138.210, or violates any other  
12 provision of this chapter, the license of the dealer or transporter may be revoked by  
13 the Department of Revenue. The licensee shall be notified by certified or registered  
14 letter or summons. The letter or summons shall apprise the licensee of the charge or  
15 charges made against him and he shall have a reasonable opportunity to be heard  
16 before his license may be revoked. The summons may be served in the same  
17 manner and by the same officers or persons as provided by the Rules of Civil  
18 Procedure, or it may be served in that manner by an employee of the Department of  
19 Revenue. The hearing shall be set at least five (5) days after the summons is served  
20 or the letter delivered. Any aggrieved licensee may appeal from an order of  
21 revocation by the Department of Revenue to the Kentucky ***Claims Commission***  
22 ***pursuant to Section 22 of this Act*** ~~[Board of Tax Appeals as provided by law]~~,  
23 subject to the condition that the licensee has made bond sufficient in the opinion of  
24 the Department of Revenue to protect the Commonwealth from loss of revenue.
- 25 (2) The department may cancel the license:
- 26 (a) Upon request in writing from the licensee, the cancellation to become  
27 effective sixty (60) days from the date of receipt of the request; or

1 (b) Upon determination that the licensee has had no reportable activity in  
2 Kentucky for at least the immediately preceding six (6) consecutive monthly  
3 reporting periods.

4 ➔Section 85. KRS 138.354 is amended to read as follows:

5 (1) No person shall make a false or fraudulent statement in an application for a refund  
6 permit or in a gasoline or special fuel refund invoice, or in an application for a  
7 refund of any taxes as set out in KRS 138.344 to 138.355; or fraudulently obtain a  
8 refund of such taxes; or knowingly aid or assist in making any such false or  
9 fraudulent statement or claim; or having bought gasoline or special fuel under the  
10 provisions of KRS 138.344 to 138.355, shall use or permit such gasoline or special  
11 fuel or any part thereof to be used for any purpose other than as provided in KRS  
12 138.344.

13 (2) The refund permit of any person who shall violate any provision of subsection (1) of  
14 this section may be revoked by the Department of Revenue subject to appeal to the  
15 Kentucky Claims Commission pursuant to Section 22 of this Act~~[Board of Tax~~  
16 ~~Appeals as provided by law]~~, and may not be reissued until two (2) years have  
17 elapsed from the date of such revocation.

18 (3) The refund permit of any person who shall violate any provision of KRS 138.344 to  
19 138.355, other than those contained in subsection (1) of this section, may be  
20 suspended by the Department of Revenue for any period in its discretion not  
21 exceeding six (6) months with the right of appeal to the Kentucky Claims  
22 Commission pursuant to Section 22 of this Act~~[Board of Tax Appeals]~~.

23 (4) If a dealer violates any provision of KRS 138.344 to 138.355, his privilege to sign  
24 refund invoices may be suspended by the Department of Revenue for a period of not  
25 more than two (2) years subject to appeal to the Kentucky Claims Commission  
26 pursuant to Section 22 of this Act~~[Board of Tax Appeals]~~. No refund shall be made  
27 on gasoline or special fuel purchased from a dealer while a suspension of his

1 privilege to sign refund invoices is in effect.

2 ➔Section 86. KRS 138.355 is amended to read as follows:

3 If the department reasonably believes that any dealer or refund permit holder has been  
4 guilty of a violation of KRS 138.344 to 138.355, which would subject the dealer or  
5 permit holder to a suspension or revocation of his license or permit under the provisions  
6 of subsections (2), (3) or (4) of KRS 138.354, said dealer or permit holder may be cited  
7 by the department to show cause at a public hearing before the Department of Revenue  
8 why his license or permit should not be suspended or revoked. The dealer or refund  
9 permit holder shall be notified by certified or registered letter. The letter shall inform the  
10 dealer or refund permit holder of the charge or charges made against him and he shall  
11 have a reasonable opportunity to be heard before his license or permit may be revoked or  
12 suspended. The hearing shall be set at least five (5) days after the receipt of the letter. Any  
13 aggrieved dealer or refund permit holder may appeal any order entered to the Kentucky  
14 Claims Commission pursuant to Section 22 of this Act~~[Board of Tax Appeals as~~  
15 ~~provided by law]~~, subject to the condition that he make bond sufficient in the opinion of  
16 the department to protect the Commonwealth from loss of revenue.

17 ➔Section 87. KRS 138.729 is amended to read as follows:

18 Any final ruling of the Department of Vehicle Regulation with regard to the  
19 administration of KRS 138.655 to 138.725 shall be appealed to the Kentucky Claims  
20 Commission pursuant to Section 22 of this Act~~[Board of Tax Appeals].~~

21 ➔Section 88. KRS 143.060 is amended to read as follows:

22 (1) As soon as practicable after each return is received, the department shall examine  
23 and audit it. If the amount of tax computed by the department is greater than the  
24 amount returned by the taxpayer, the excess shall be assessed within four (4) years  
25 from the date the return was filed, except as provided in subsection (2) of this  
26 section, and except that in the case of a failure to file a return or of a fraudulent  
27 return, the excess may be assessed at any time. A notice of such assessment shall be

1 mailed to the taxpayer. The time herein provided may be extended by agreement  
2 between the taxpayer and the department.

3 (2) For the purpose of subsections (1) and (4) of this section, a return filed before the  
4 last day prescribed by law for the filing thereof shall be considered as filed on such  
5 last day.

6 (3) Any final ruling, order or determination of the department with regard to the  
7 administration of this chapter may be reviewed only in the manner provided in KRS  
8 131.110 and ***Sections 20 to 25 of this Act***~~[131.310 to 131.370]~~.

9 (4) Notwithstanding the four (4) year time limitation of subsection (1), in the case of a  
10 return where the taxpayer understates the gross value by twenty-five percent (25%)  
11 or more, the excess shall be assessed by the department within six (6) years from  
12 the date the return was filed.

13 ➔Section 89. KRS 150.645 is amended to read as follows:

14 (1) An owner, lessee or occupant of premises who gives permission to another person  
15 to hunt, fish, trap, camp or hike upon the premises shall owe no duty to keep the  
16 premises safe for entry or use by the person or to give warning of any hazardous  
17 conditions on the premises, and the owner, lessee, or occupant, by giving his  
18 permission, does not thereby extend any assurance that the premises are safe for  
19 such purpose, or constitute the person to whom permission is granted an invitee to  
20 whom a duty of care is owed. The owner, lessee, or occupant giving permission for  
21 any of the purposes stated above shall not be liable for any injury to any person or  
22 property caused by the negligent acts of any person to whom permission is granted.  
23 This section shall not limit the liability which would otherwise exist for willful and  
24 malicious failure to guard or to warn against a dangerous condition, use, structure,  
25 or activity; or for injury suffered in any case where permission to hunt, fish, trap,  
26 camp, or hike was granted for a consideration other than the consideration, if any, as  
27 set forth in KRS 411.190(1)(d), paid to said owner, lessee, or occupant by the state.

1 The word "premises" as used in this section includes lands, private ways, and any  
2 buildings and structures thereon. Nothing in this section limits in any way any  
3 liability which otherwise exists.

4 (2) Department employees who participate in bona fide wildlife management practices  
5 are agents of the department and state and, in the event property damage does occur,  
6 a claim for property damages may only be brought in the Kentucky Claims  
7 Commission~~[Board of Claims]~~ pursuant to Sections 4 to 18 of this Act~~[KRS~~  
8 ~~44.070]~~.

9 ➔Section 90. KRS 153.180 is amended to read as follows:

10 (1) There is hereby established a nonprofit foundation to be known as the Kentucky  
11 Foundation for the Arts. The purpose of the foundation shall be to enhance the  
12 stability of Kentucky's arts organizations and to ensure Kentuckians have access to  
13 the arts through the support of an endowment fund.

14 (2) Funding for the foundation shall be obtained through state appropriations, gifts,  
15 grants, and any other funds from the public and private sectors. The foundation  
16 board shall have the authority to solicit, accept, and receive contributions from the  
17 public and private sectors to match public funding. Moneys in the foundation fund  
18 shall not lapse to the general fund at the end of the fiscal year. Moneys in the  
19 foundation fund shall be invested by the Office of Financial Management  
20 established in KRS 42.0201 consistent with the provisions of KRS Chapter 42, and  
21 interest income earned shall be credited to the foundation fund. The foundation  
22 board may use the investment income for the purpose of awarding matching grants  
23 to nonprofit arts organizations to carry out the following programs:

24 (a) The Performing Arts and Visual Arts Touring Subsidy Program shall support  
25 tours and exhibitions for the education and enjoyment of audiences throughout  
26 the state.

27 (b) The Institutional Stabilization Program shall provide operating funds to

1 achieve short-term or long-term stability of arts organizations.

2 (3) The foundation shall be governed by a board of trustees consisting of six (6)  
3 members appointed by the Governor on recommendations from the Kentucky Arts  
4 Council. For the initial appointments, the Governor shall appoint two (2) members  
5 to serve two (2) year terms; two (2) members to serve three (3) year terms; and two  
6 (2) members to serve four (4) year terms. Thereafter, the Governor shall make all  
7 appointments for a term of four (4) years. The board shall elect by majority vote a  
8 chair and other officers deemed necessary. Board members shall not receive any  
9 compensation for their services, but may be reimbursed in accordance with the  
10 provisions of Section 4 of this Act~~[KRS 44.070]~~ and 45.101 for actual and  
11 necessary expenses incurred in the performance of their duties.

12 (4) The foundation board shall perform duties and responsibilities deemed necessary to  
13 fulfill the purposes of this section. The foundation board shall establish by  
14 administrative regulation procedures for administration of the foundation, eligibility  
15 criteria for the award of grants, appropriate matching contributions from grant  
16 recipients, and evaluation and reporting requirements.

17 (5) The foundation shall be attached to the Office of the Secretary of the Tourism, Arts  
18 and Heritage Cabinet for administrative purposes only. The Kentucky Arts Council  
19 shall provide to the foundation by agreement staff support and office facilities for  
20 which reasonable charges and fees may be levied against the foundation fund.

21 (6) The foundation board shall submit an annual report to the Governor and the  
22 Legislative Research Commission listing the sources of funds acquired and  
23 expended.

24 ➔Section 91. KRS 186.070 is amended to read as follows:

25 (1) (a) Every manufacturer of, or dealer in, motor vehicles in this state shall register  
26 with each county clerk in which his principal office or place of business and  
27 branch office, sub-agent, or agency is located, and pay an annual registration



1 fee of twenty-five dollars (\$25) to each clerk.

2 (b) Upon receipt of the twenty-five dollar (\$25) fee, the clerk shall issue the  
3 manufacturer or dealer a certificate of registration and one (1) dealer plate.  
4 Every manufacturer or dealer registered under this section shall be furnished  
5 additional dealer's plates upon the payment of fourteen dollars and fifty cents  
6 (\$14.50) for each additional plate requested. Three dollars (\$3) shall be  
7 retained by the clerk for each additional plate issued.

8 (c) A motor vehicle bearing dealer's plates may be used on the highways only by  
9 the following people:

- 10 1. A licensed dealer, bona fide salesman, or employee of the dealer;
- 11 2. A manufacturer or dealer licensed pursuant to the laws of this state  
12 transporting a motor vehicle to his place of retail business from a  
13 manufacturer or wholesale dealer in motor vehicles; and
- 14 3. A bona fide customer of a licensed dealer, or the customer's employees  
15 when a motor vehicle is being demonstrated. This provision shall be  
16 limited to one (1) trip or demonstration to the same prospective  
17 customer.

18 (d) License plates issued under this section shall annually expire on December 31.

19 (e) As used in this section, "bona fide salesman or employee" means a licensed  
20 salesman, or an employee, who is actively engaged in and devotes a  
21 substantial part of his time to the conduct of the dealer business.

22 (f) A vehicle bearing a dealer plate, except when the vehicle is being transported  
23 to a dealer's place of business from a manufacturer, shall have, in the case of a  
24 new motor vehicle, a "monroney" sticker attached to the vehicle, or, in the  
25 case of a used motor vehicle, a Federal Trade Commission buyer's guide  
26 sticker attached to the vehicle.

27 (2) (a) Each manufacturer and dealer when making application for dealer's plates

1 shall file a verified statement on at least a quarterly basis with the county  
2 clerk, giving the name, address, and Social Security number of each dealer,  
3 and each bona fide salesman or employee entitled to the use of the plates for  
4 demonstration purposes only. When any bona fide registered salesman or  
5 employee is no longer employed by the manufacturer or dealer, the  
6 manufacturer or dealer shall file an amended verified statement with the clerk  
7 stating that fact, and when any additional salesmen or employees are  
8 employed, an amended verified statement showing their names and addresses  
9 shall be filed with the clerk so that the records in the clerk's office will at all  
10 times show the bona fide salesmen and employees actually in the service of  
11 the registered dealer or manufacturer;

12 (b) The names of each dealer and each bona fide salesman and employee shall be  
13 entered by the clerk into the AVIS where it will be readily available to law  
14 enforcement agencies. The information shall be entered by the clerk  
15 immediately after each quarterly filing of the verified statement by the dealer;

16 (c) Any person who is hired as a driver by a motor vehicle dealer for the limited,  
17 specific purpose of transporting a motor vehicle to or from that dealer's place  
18 of business may, for that purpose only, operate a motor vehicle bearing a  
19 dealer plate. For the purpose of that operation, the dealer shall provide to that  
20 driver a permit, provided by the Transportation Cabinet. The permit shall be  
21 valid for five (5) days from the date of issuance. A fee shall not be charged for  
22 the permit.

23 (3) The license of any dealer or manufacturer may be revoked by the Transportation  
24 Cabinet for the violation of any of the provisions of this section. The manufacturer  
25 or dealer shall be given an opportunity to be heard in defense of the charge that he  
26 has violated any of the provisions of this section, and the Transportation Cabinet  
27 shall promulgate administrative regulations governing the revocation procedure. A

1 manufacturer or dealer whose license is revoked may appeal the revocation to the  
 2 Kentucky Claims Commission pursuant to Section 22 of this Act~~[Board of Tax~~  
 3 ~~Appeals as provided by law]~~. The manufacturer or dealer whose license has been  
 4 suspended shall be prohibited from engaging in the business of selling or buying  
 5 motor vehicles. The license of any manufacturer or dealer shall be revoked for a  
 6 period of one (1) year and his dealer's plates canceled if he violates any of the  
 7 provisions of this section during this suspension period or has been suspended by  
 8 the cabinet more than twice for violations of this section. At the end of the  
 9 revocation or suspension period the manufacturer or dealer whose license has been  
 10 revoked or suspended and dealer's plates canceled may follow the provisions of this  
 11 section and again be registered and secure dealer's plates from the clerk.

12 (4) The Transportation Cabinet shall be responsible for the issuance and cancellation of  
 13 the plates provided for in this section, and the motor vehicle commission shall be  
 14 responsible for the enforcement of this section, except for the normal  
 15 responsibilities of law enforcement agencies. The cabinet may promulgate  
 16 administrative regulations pertaining to the administration of this section.

17 ➔Section 92. KRS 186.574 is amended to read as follows:

18 (1) The Transportation Cabinet shall establish a state traffic school for new drivers and  
 19 for traffic offenders. The school shall be composed of uniform education and  
 20 training elements designed to create a lasting influence on new drivers and a  
 21 corrective influence on traffic offenders. District Courts may in lieu of assessing  
 22 penalties for traffic offenses, other than for KRS 189A.010, sentence offenders to  
 23 state traffic school and no other. The Transportation Cabinet shall enroll a person in  
 24 state traffic school who fails to complete a driver's education course pursuant to  
 25 KRS 186.410(5).

26 (2) If a District Court stipulates in its judgment of conviction that a person attend state  
 27 traffic school, the court shall indicate this in the space provided on the abstract of

1 conviction filed with the Transportation Cabinet. Upon receipt of an abstract, the  
2 Transportation Cabinet, or its representative, shall schedule the person to attend  
3 state traffic school. Failure of the person to attend and satisfactorily complete state  
4 traffic school in compliance with the court order, may be punished as contempt of  
5 the sentencing court. The Transportation Cabinet shall not assess points against a  
6 person who satisfactorily completes state traffic school. However, if the person  
7 referred to state traffic school holds or is required to hold a commercial driver's  
8 license, the underlying offense shall appear on the person's driving history record.

9 (3) The Transportation Cabinet shall supervise, operate, and administer state traffic  
10 school, and shall promulgate administrative regulations pursuant to KRS Chapter  
11 13A governing facilities, equipment, courses of instruction, instructors, and records  
12 of the program. In the event a person sentenced under subsection (1) of this section  
13 does not attend or satisfactorily complete state traffic school, the Transportation  
14 Cabinet may deny that person a license or suspend the license of that person until he  
15 reschedules attendance or completes state traffic school, at which time a denial or  
16 suspension shall be rescinded.

17 (4) Persons participating in the state traffic school as provided in this section shall pay a  
18 fee of fifteen dollars (\$15) to defray the cost of operating the school, except that if  
19 enrollment in state traffic school is to satisfy the requirement of KRS 186.410(4)(c),  
20 a fee shall not be assessed. Any funds collected pursuant to KRS 186.535(1) that are  
21 dedicated to the road fund for use in the state driver education program may be used  
22 for the purposes of state traffic school.

23 (5) The following procedures shall govern persons attending state traffic school  
24 pursuant to this section:

25 (a) A person convicted of any violation of traffic codes set forth in KRS Chapters  
26 177, 186, or 189, and who is otherwise eligible, may in the sole discretion of  
27 the trial judge, be sentenced to attend state traffic school. Upon payment of the

- 1 fee required by subsection (4) of this section, and upon successful completion  
2 of state traffic school, the sentence to state traffic school shall be the person's  
3 penalty in lieu of any other penalty, except for the payment of court costs;
- 4 (b) Except as provided in KRS 189.990(28), a person shall not be eligible to  
5 attend state traffic school who has been cited for a violation of KRS Chapters  
6 177, 186, or 189 that has a penalty of mandatory revocation or suspension of  
7 an offender's driver's license;
- 8 (c) Except as provided in KRS 189.990(28), a person shall not be eligible to  
9 attend state traffic school for any violation if, at the time of the violation, the  
10 person did not have a valid driver's license or the person's driver's license was  
11 suspended or revoked by the cabinet;
- 12 (d) Except as provided in KRS 189.990(28), a person shall not be eligible to  
13 attend state traffic school more than once in any one (1) year period, unless  
14 the person wants to attend state traffic school to comply with the driver  
15 education requirements of KRS 186.410; and
- 16 (e) The cabinet shall notify the sentencing court regarding any person who was  
17 sentenced to attend state traffic school who was ineligible to attend state  
18 traffic school. A court notified by the cabinet pursuant to this paragraph shall  
19 return the person's case to an active calendar for a hearing on the matter. The  
20 court shall issue a summons for the person to appear and the person shall  
21 demonstrate to the court why an alternative sentence should not be imposed.
- 22 (6) (a) Except as provided in paragraph (b) of this subsection, a county attorney may  
23 operate a traffic safety program for traffic offenders prior to the adjudication  
24 of the offense.
- 25 (b) Offenders alleged to have violated KRS 189A.010 or 304.39-080, offenders  
26 holding a commercial driver's license under KRS Chapter 281A, or offenders  
27 coming within the provisions of subsection (5)(b) or (c) of this section shall be

1 excluded from participation in a county attorney-operated program.

2 (c) A county attorney that operates a traffic safety program:

- 3 1. May charge a reasonable fee to program participants, which shall only  
4 be used for payment of county attorney office operating expenses; and
- 5 2. Shall, by October 1 of each year, report to the Prosecutors Advisory  
6 Council the fee charged for the county attorney-operated traffic safety  
7 program and the total number of traffic offenders diverted into the  
8 county attorney-operated traffic safety program for the preceding fiscal  
9 year categorized by traffic offense.

10 (d) Each participant in a county attorney-operated traffic safety program shall, in  
11 addition to the fee payable to the county attorney, pay a twenty-five dollar  
12 (\$25) fee to the court clerk, which shall be paid into a trust and agency  
13 account with the Administrative Office of the Courts and is to be used by the  
14 circuit clerks to hire additional deputy clerks and to enhance deputy clerk  
15 salaries.

16 (e) Each participant in a county attorney-operated traffic safety program shall, in  
17 addition to the fee payable to the county attorney and the fee required by  
18 paragraph (d) of this subsection, pay a thirty dollar (\$30) fee to the county  
19 attorney in lieu of court costs. On a monthly basis, the county attorney shall  
20 forward the fees collected pursuant to this paragraph to the Finance and  
21 Administration Cabinet to be distributed as follows:

- 22 1. Ten and eight-tenths percent (10.8%) to the spinal cord and head injury  
23 research trust fund created in KRS 211.504;
- 24 2. Nine and one-tenth percent (9.1%) to the traumatic brain injury trust  
25 fund created in KRS 211.476;
- 26 3. Five and eight-tenths percent (5.8%) to the special trust and agency  
27 account set forth in KRS 42.320(2)(f) for the Department of Public

- 1                   Advocacy;
- 2                   4. Five and seven-tenths percent (5.7%) to the crime victims compensation
- 3                   fund created in Section 48 of this Act~~[KRS 346.185]~~;
- 4                   5. One and two-tenths percent (1.2%) to the Justice and Public Safety
- 5                   Cabinet to defray the costs of conducting record checks on prospective
- 6                   firearms purchasers pursuant to the Brady Handgun Violence Prevention
- 7                   Act and for the collection, testing, and storing of DNA samples;
- 8                   6. Sixteen and eight-tenths percent (16.8%) to the county sheriff in the
- 9                   county from which the fee was received;
- 10                  7. Nine and one-tenth percent (9.1%) to the county treasurer in the county
- 11                  from which the fee was received to be used by the fiscal court for the
- 12                  purposes of defraying the costs of operation of the county jail and the
- 13                  transportation of prisoners;
- 14                  8. Thirty-three and two-tenths percent (33.2%) to local governments in
- 15                  accordance with the formula set forth in KRS 24A.176(5); and
- 16                  9. Eight and three-tenths percent (8.3%) to the Cabinet for Health and
- 17                  Family Services for the implementation and operation of a telephonic
- 18                  behavioral health jail triage system as provided in KRS 210.365 and
- 19                  441.048.

20                  ➔Section 93. KRS 196.701 is amended to read as follows:

- 21                  (1) To develop and implement a statewide strategic plan for the state and community
- 22                  corrections programs, the Kentucky State Corrections Commission is created and is
- 23                  attached to the Office of the Secretary of the Justice and Public Safety Cabinet. The
- 24                  commission shall consist of twenty-three (23) members as follows:
- 25                  (a) The secretary of the Justice and Public Safety Cabinet or his or her designee in
- 26                  writing;
- 27                  (b) The commissioner of the Department of Corrections or his or her designee in

- 1 writing;
- 2 (c) The deputy commissioner of the Office of Community Services and Facilities;
- 3 (d) The deputy commissioner of the Office of Adult Institutions;
- 4 (e) The director of the Division of Parole and Victim Services or his or her
- 5 designee in writing;
- 6 (f) The executive director of the Office of Legislative and Intergovernmental
- 7 Services of the Justice and Public Safety Cabinet or his or her designee in
- 8 writing;
- 9 (g) Two (2) Circuit Court Judges appointed by the Chief Justice;
- 10 (h) A county judge/executive appointed by the Governor;
- 11 (i) A county jailer appointed by the Governor;
- 12 (j) A Commonwealth's attorney appointed by the Governor;
- 13 (k) A practicing attorney appointed by the Governor;
- 14 (l) A victim, as that term is defined in Section 28 of this Act~~[KRS 346.020]~~,
- 15 appointed by the Governor;
- 16 (m) Four (4) service providers from the field of mental health, substance abuse
- 17 treatment, or vocational and educational training, appointed by the Governor;
- 18 (n) A public member who is qualified to express the views of organized labor,
- 19 appointed by the Governor;
- 20 (o) A public member who is qualified to express the views of business and
- 21 industry, appointed by the Governor;
- 22 (p) The public advocate or his or her designee in writing; and
- 23 (q) Three (3) at-large members appointed by the Governor.
- 24 (2) The terms of those members appointed by the appointing authority shall be three (3)
- 25 years. These members shall serve at the pleasure of the appointing authority and
- 26 shall be eligible for reappointment. The appointed members may be removed for
- 27 cause. All others serve during their terms of office. If there is a vacancy, the



1 appointing authority shall immediately make an appointment effective for the  
2 unexpired term.

3 (3) The chairperson of the commission shall be the secretary of justice and public  
4 safety. The commissioner of the Department of Corrections shall serve as the vice  
5 chairperson who shall preside and exercise the functions of the chairperson during  
6 absence or disability of the chairperson.

7 (4) Regular meetings of the commission shall be held at least once every four (4)  
8 months at a place, day, and hour determined by the commission. Special meetings  
9 shall be held when needed as determined by the chairperson. If five (5) or more  
10 members of the commission request in writing that the chairperson call a special  
11 meeting, then the chairperson shall call a special meeting.

12 (5) Members of the commission shall receive reimbursement for necessary expenses for  
13 attendance at official commission meetings or public hearings. The administrative  
14 functions of the commission shall be performed by a full-time employee of the  
15 department who is selected by the commissioner. All public members of the  
16 commission shall, in addition to expenses, receive twenty-five dollars (\$25) per day  
17 for attending each meeting.

18 ➔Section 94. KRS 211.392 is amended to read as follows:

19 (1) Application for a fluidized bed combustion technology tax exemption certificate  
20 shall be filed with the Department of Revenue in the manner and form prescribed by  
21 the Department of Revenue and shall contain plans and specifications of the  
22 fluidized bed combustion unit including all materials incorporated and to be  
23 incorporated therein and a descriptive list of all equipment acquired or to be  
24 acquired by the applicant for the purpose of installing a fluidized bed combustion  
25 unit to reduce the sulfur emissions from coal combustion and any additional  
26 information deemed useful by the Department of Revenue for the proper  
27 administration of this section. If the Department of Revenue finds that the facility

1           qualifies as a fluidized bed energy production facility, it shall enter a finding and  
2           issue a certificate to that effect. The effective date of the certificate shall be the date  
3           of issuance of the certificate.

4       (2) Before the denial, revocation, or modification of a fluidized bed combustion  
5           technology tax exemption certificate, the Department of Revenue shall give the  
6           applicant written notice and shall afford the applicant an opportunity for a  
7           conference. The conference shall take place within sixty (60) days following  
8           notification. The Department of Revenue shall on its own initiative revoke the  
9           certificate when any of the following appears:

10          (a) The certificate was obtained by fraud or misrepresentation;

11          (b) The holder of the certificate has failed substantially to proceed with the  
12                construction, reconstruction, installation, or acquisition of the fluidized bed  
13                combustion unit; or

14          (c) The fluidized combustion unit to which the certificate relates has ceased to be  
15                the major energy source for the primary operations of the plant facility.

16       (3) If the circumstances so require, the Department of Revenue, in lieu of revoking the  
17           certificate, may modify it.

18       (4) On mailing of notice of the action of the Department of Revenue revoking or  
19           modifying a certificate as provided in subsection (5) of this section, the certificate  
20           shall cease to be in force or shall remain in force only as modified as the case may  
21           require.

22       (5) A fluidized bed combustion technology tax exemption certificate, when issued,  
23           shall be sent by certified mail to the applicant. Notice of an order of the Department  
24           of Revenue denying, revoking, or modifying a certificate in the form of certified  
25           copies shall be sent by certified mail to the applicant or the holder.

26       (6) The applicant or holder of the certificate aggrieved by the refusal to issue,  
27           revocation, or modification of a fluidized bed combustion technology tax exemption

1 certificate may appeal from the final ruling of the Department of Revenue to the  
2 Kentucky Claims Commission pursuant to Section 22 of this Act~~[Board of Tax~~  
3 ~~Appeals as provided in KRS 131.340]~~.

4 (7) In the event of the sale, lease, or other transfer of a fluidized bed combustion unit,  
5 not involving a different location or use, the holder of the fluidized bed construction  
6 technology tax exemption certificate for the facility may transfer the certificate by  
7 written instrument to the person who, except for the transfer of the certificate,  
8 would be obligated to pay taxes on the facilities. The transferee shall become the  
9 holder of the certificate and shall have all rights pertaining thereto, effective as the  
10 date of transfer, together with a copy of the instrument of transfer to the Department  
11 of Revenue.

12 (8) In the event a fluidized bed combustion unit for which an exemption certificate is  
13 held ceases to be used for the purpose of generating energy or is used for a purpose  
14 other than that for which the exemption certificate was granted, the holder of the  
15 certificate shall give written notice by certified mail of such change to the  
16 Department of Revenue.

17 (9) The fluidized bed combustion technology tax exemption certificate, upon approval,  
18 shall exempt the facilities from taxes outlined in the provision of this section and  
19 KRS Chapters 132, 136, 138, and 139. Each exemption certificate shall remain in  
20 force for a period of eight (8) years from the date of issuance and at the end of said  
21 period shall lapse. Any fluidized bed combustion unit previously exempt under the  
22 terms of this section shall not be eligible for recertification upon completion of the  
23 eight (8) year certificate period.

24 ➔Section 95. KRS 224.1-310 is amended to read as follows:

25 (1) Application for a pollution control tax exemption certificate shall be filed with the  
26 Department of Revenue in such manner and in such form as may be prescribed by  
27 regulations issued by the Department of Revenue and shall contain plans and

1 specifications of the structure or structures including all materials incorporated and  
2 to be incorporated therein and a descriptive list of all equipment acquired or to be  
3 acquired by the applicant for the purpose of air, noise, waste or water pollution  
4 control and any additional information deemed necessary by the Department of  
5 Revenue for the proper administration of Acts 1974, Chapter 137. The cabinet shall  
6 provide technical assistance and factual information as requested in writing by the  
7 Department of Revenue. If the Department of Revenue finds that the facility  
8 qualifies as a pollution control facility as defined in KRS 224.1-300(1), it shall enter  
9 a finding and issue a certificate to that effect. The effective date of said certificate  
10 shall be the date of the making of the application for such certificate.

11 (2) Before issuing a pollution control tax exemption certificate, the Department of  
12 Revenue shall give notice in writing by mail to the secretary of the cabinet, and  
13 shall afford to the applicant and to the secretary of the cabinet an opportunity for a  
14 hearing. On like notice and opportunity for a hearing, the Department of Revenue  
15 shall on its own initiative revoke such certificate whenever any of the following  
16 appears:

17 (a) The certificate was obtained by fraud or misrepresentation;

18 (b) The holder of the certificate has failed substantially to proceed with the  
19 construction, reconstruction, installation, or acquisition of the pollution  
20 control facilities;

21 (c) The structure or equipment or both to which the certificate relates has ceased  
22 to be used for the primary purpose of pollution control and is being used for a  
23 different purpose.

24 (3) Provided, however, that where the circumstances so require, the Department of  
25 Revenue in lieu of revoking such certificate may modify the same.

26 (4) On the mailing of notice of the action of the Department of Revenue revoking or  
27 modifying a certificate as provided in subsection (5) of this section, such certificate

1 shall cease to be in force or shall remain in force only as modified as the case may  
2 require.

3 (5) A pollution control tax exemption certificate, when issued, shall be sent by certified  
4 mail to the applicant and notice of such issuance in the form of certified copies  
5 thereof shall be sent to the secretary of the cabinet. Notice of an order of the  
6 Department of Revenue denying, revoking, or modifying a certificate in the form of  
7 certified copies thereof shall be sent by certified mail to the applicant or the holder  
8 thereof and shall be sent to the secretary of the cabinet. The applicant or holder and  
9 the secretary of the cabinet are deemed parties for the purpose of the review  
10 afforded by subsection (6) of this section.

11 (6) Any party aggrieved by the issuance, refusal to issue, revocation, or modification of  
12 a pollution control tax exemption certificate may appeal from the final ruling of the  
13 Department of Revenue to the Kentucky Claims Commission pursuant to Section  
14 22 of this Act~~Board of Tax Appeals as provided in KRS 131.340].~~

15 (7) In the event of the sale, lease, or other transfer of a pollution control facility, not  
16 involving a different location or use, the holder of a pollution control tax exemption  
17 certificate for such facility may transfer the certificate by written instrument to the  
18 person who, except for the transfer of the certificate, would be obligated to pay  
19 taxes on such facility. The transferee shall become the holder of the certificate and  
20 shall have all rights pertaining thereto, effective as of the date of transfer of the  
21 facility or the date of transfer of the certificate, whichever is earlier. The transferee  
22 shall give written notice of the effective date of the transfer, together with a copy of  
23 the instrument of transfer to the cabinet and to the Department of Revenue.

24 (8) In the event a pollution control facility for which an exemption certificate is held  
25 ceases to be used for the primary purpose of pollution control or is used for a  
26 different purpose than that for which the exemption certificate was granted, the  
27 holder of the certificate shall give written notice by certified mail of such change to

1 the cabinet and to the Department of Revenue.

2 ➔Section 96. KRS 234.350 is amended to read as follows:

- 3 (1) If a licensee at any time files a false monthly report of the information required, or  
4 fails or refuses to file the monthly report or to pay the full amount of the tax or  
5 violates any other provision of KRS 234.310 to 234.440, without a showing that the  
6 failure was due to reasonable cause, the department may cancel the license and  
7 suspend the privilege of acting as a liquefied petroleum gas motor fuel dealer.
- 8 (2) Upon voluntary surrender of the license or upon receipt of a written request by a  
9 licensee, the department may cancel his license, effective sixty (60) days from the  
10 date of request, but no license shall be canceled upon surrender or request unless the  
11 licensee has, prior to the date of cancellation, paid to this state all taxes, penalties,  
12 interest, and fines that are due or have accrued, and unless the licensee has  
13 surrendered to the department his license.
- 14 (3) If upon investigation the department ascertains that any person to whom a license  
15 has been issued is no longer engaged as a liquefied petroleum gas motor fuel dealer  
16 or a liquefied petroleum gas motor fuel user-seller, and has not been so engaged for  
17 a period of six (6) months, the department may cancel the license by giving the  
18 person sixty (60) days' notice of cancellation, mailed to his last known address in  
19 which event the license shall be surrendered to the department.
- 20 (4) Whenever a licensee ceases to engage in business within this state, he shall notify  
21 the department in writing within fifteen (15) days after discontinuance. All taxes  
22 that have accrued under KRS 234.310 to 234.440, whether or not then due, shall  
23 become due and payable concurrently with the discontinuance. The licensee shall  
24 make a report and pay all such taxes and any interest and penalties thereon, and  
25 shall surrender to the department his license.
- 26 (5) If the department takes action to cancel a license as provided in this section, the  
27 licensee shall be notified by certified or registered letter or summons of the charges

1 against him, and he shall be afforded an opportunity for an informal hearing on the  
2 matter. The hearing shall be set at least five (5) days from the date the letter is  
3 delivered or the summons is served. Any licensee aggrieved by a decision to cancel  
4 his license after the informal hearing may appeal the decision to the Kentucky  
5 Claims Commission pursuant to Section 22 of this Act~~[Board of Tax Appeals]~~  
6 where he shall be granted an administrative hearing in accordance with KRS  
7 Chapter 13B.

8 (6) If the license is canceled by the department as provided in this section, and if the  
9 licensee has paid to this state all taxes, interest, and penalties under KRS 234.310 to  
10 234.440, the department shall cancel the bond filed by the licensee.

11 ➔Section 97. KRS 247.920 is amended to read as follows:

12 (1) Application for an alcohol production exemption certificate shall be filed with the  
13 Department of Revenue in such manner and in such form as may be prescribed by  
14 regulations issued by the Department of Revenue and shall contain plans and  
15 specifications of the structure or structures including all materials incorporated and  
16 to be incorporated therein and a descriptive list of all equipment acquired or to be  
17 acquired by the applicant for the purpose of producing ethanol for fuel use and any  
18 additional information deemed necessary by the Department of Revenue for the  
19 proper administration of KRS 247.910 and this section. The Department for Energy  
20 Development and Independence shall provide technical assistance and factual  
21 information as requested in writing by the Department of Revenue. If the  
22 Department of Revenue finds that the facility qualifies as an alcohol production  
23 facility as defined by KRS 247.910, it shall enter a finding and issue a certificate to  
24 that effect. The effective date of the certificate shall be the date of issuance of the  
25 certificate.

26 (2) Before issuing an alcohol production tax exemption certificate, the Department of  
27 Revenue shall give notice in writing by mail to the Department for Energy

1 Development and Independence, and shall afford to the applicant and to the  
2 Department for Energy Development and Independence an opportunity for a  
3 hearing. On like notice and opportunity for a hearing, the Department of Revenue  
4 shall on its own initiative revoke the certificate when any of the following appears:

- 5 (a) The certificate was obtained by fraud or misrepresentation;
- 6 (b) The holder of the certificate has failed substantially to proceed with the  
7 construction, reconstruction, installation, or acquisition of the alcohol  
8 production facilities; or
- 9 (c) The structure or equipment or both to which the certificate relates has ceased  
10 to be used for the primary purpose of alcohol production for fuel use and is  
11 being used for a different purpose.

12 (3) If the circumstances so require, the Department of Revenue, in lieu of revoking the  
13 certificate, may modify it.

14 (4) On mailing of notice of the action of the Department of Revenue revoking or  
15 modifying a certificate as provided in subsection (5) of this section, the certificate  
16 shall cease to be in force or shall remain in force only as modified as the case may  
17 require.

18 (5) An alcohol production tax exemption certificate, when issued, shall be sent by  
19 certified mail to the applicant and the notice of issuance in the form of certified  
20 copies thereof shall be sent to the Department for Energy Development and  
21 Independence. Notice of an order of the Department of Revenue denying, revoking,  
22 or modifying a certificate in the form of certified copies thereof shall be sent by  
23 certified mail to the applicant or the holder and shall be sent to the Department for  
24 Energy Development and Independence. The applicant or holder and the  
25 Department for Energy Development and Independence shall be deemed parties for  
26 the purpose of the review afforded by subsection (6) of this section.

27 (6) Any party aggrieved by the issuance, refusal to issue, revocation, or modification of



1 an alcohol production tax exemption certificate may appeal from the final ruling of  
2 the Department of Revenue to the Kentucky Claims Commission pursuant to  
3 Section 22 of this Act ~~[Board of Tax Appeals as provided in KRS 131.340].~~

4 (7) In the event of the sale, lease, or other transfer of an alcohol production facility, not  
5 involving a different location or use, the holder of an alcohol production tax  
6 exemption certificate for the facility may transfer the certificate by written  
7 instrument to the person who, except for the transfer of the certificate, would be  
8 obligated to pay taxes on the facility. The transferee shall become the holder of the  
9 certificate and shall have all rights pertaining thereto, effective as of the date of  
10 transfer of the certificate. The transferee shall give written notice of the effective  
11 date of the transfer, together with a copy of the instrument of transfer to the  
12 Department for Energy Development and Independence and the Department of  
13 Revenue.

14 (8) In the event an alcohol production facility for which an exemption certificate is held  
15 ceases to be used for the primary purpose of alcohol production for fuel use or is  
16 used for a different purpose other than that for which the exemption certificate was  
17 granted, the holder of the certificate shall give written notice by certified mail of the  
18 change to the Department for Energy Development and Independence and to the  
19 Department of Revenue.

20 (9) The alcohol production facility exemption certificate, upon approval, shall exempt  
21 said facilities from taxes outlined in the provisions of KRS 247.910 and this section  
22 and included in KRS Chapters 132, 136, 138, and 139. Each exemption certificate  
23 shall remain in force for a period of eight (8) years from the date of issuance and at  
24 the end of said period shall lapse. Any alcohol production facility previously  
25 exempted under the terms of KRS 247.910 and this section shall not be eligible for  
26 recertification upon completion of the eight (8) year certificate period.

27 ➔Section 98. KRS 365.241 is amended to read as follows:

- 1 (1) As used in this section:
- 2 (a) "Counterfeit mark" means:
- 3 1. Any unauthorized reproduction or copy of intellectual property; or
- 4 2. Intellectual property knowingly affixed to any item without the authority
- 5 of the owner of the intellectual property.
- 6 (b) "Intellectual property" means any trademark, service mark, trade name, label,
- 7 term, device, design, or word adopted or used by a person to identify the
- 8 person's goods or services.
- 9 (c) "Person" includes, in addition to its meaning under KRS 446.010, any
- 10 association, organization, or entity amenable to suit in a court of law.
- 11 (d) "Retail value" means the counterfeiter's regular selling price for the item or
- 12 service bearing or identified by the counterfeit mark. In the case of items
- 13 bearing a counterfeit mark which are components of a finished product, the
- 14 retail value shall be the counterfeiter's regular selling price of the finished
- 15 product on or in which the component would be utilized.
- 16 (2) Any person who willfully manufactures, uses, displays, advertises, distributes,
- 17 offers for sale, sells, or possesses with intent to sell or distribute any item or service
- 18 that the person knows bears or is identified by a counterfeit mark shall be guilty of
- 19 counterfeiting.
- 20 (3) A person having possession, custody, or control of more than twenty-five (25) items
- 21 that the person knows bear or are identified by a counterfeit mark shall be presumed
- 22 to possess the items with the intent to sell or distribute.
- 23 (4) Any person who violates the provisions of this section shall be guilty of a Class A
- 24 misdemeanor, except where the person has been previously convicted of a violation
- 25 of this section or the violation involves more than one hundred (100) items bearing
- 26 a counterfeit mark or the total retail value of all items bearing, or services identified
- 27 by, a counterfeit mark is more than one thousand dollars (\$1,000), in which case the

1 person shall be guilty of a Class D felony. Unless reduced by the court for  
2 extenuating circumstances and notwithstanding KRS Chapter 534, upon conviction  
3 the offender shall, in addition to any other allowable disposition, be fined an  
4 amount equal to the greater of:

- 5 (a) Three (3) times the retail value of the items bearing, or services identified by,  
6 the counterfeit mark;
- 7 (b) Double the amount of the defendant's gain from commission of the offense; or
- 8 (c) As otherwise allowed in KRS Chapter 534 for felonies and misdemeanors.

9 (5) For purposes of this section, the quantity or retail value of items or services shall  
10 include the aggregate quantity or retail value of all items bearing, or services  
11 identified by, every counterfeit mark the defendant manufactures, uses, displays,  
12 advertises, distributes, offers for sale, sells, or possesses.

13 (6) Except for items in the possession of a person not in violation of this section, any  
14 items bearing a counterfeit mark, and all personal property, including but not  
15 limited to, any items, objects, tools, machines, equipment, instrumentalities, or  
16 vehicles of any kind, employed or used in connection with a violation of this section  
17 shall be seized by any law enforcement officer.

18 (a) Except as otherwise provided in this subsection, all personal property seized  
19 under this subsection shall be forfeited in accordance with KRS 431.100.

20 (b) Upon request of the intellectual property owner, all seized items bearing a  
21 counterfeit mark shall be released to the intellectual property owner.

22 (c) If the intellectual property owner does not request release of seized items  
23 bearing a counterfeit mark, the items shall be destroyed unless the intellectual  
24 property owner consents to another disposition.

25 (7) Any state or federal certificate of registration of any intellectual property shall be  
26 prima facie evidence of the facts stated in the certificate.

27 (8) The remedies provided in this section shall be cumulative to other civil and criminal

1 remedies provided by law.

2 (9) Notwithstanding any statute to the contrary, fines imposed under this section shall  
3 be paid into the crime victims' compensation fund established in Section 48 of this  
4 Act~~[KRS 346.185]~~.

5 ➔Section 99. KRS 304.47-020 is amended to read as follows:

6 (1) For the purposes of this subtitle, a person or entity commits a "fraudulent insurance  
7 act" if he or she engages in any of the following, including but not limited to matters  
8 relating to workers' compensation:

9 (a) Knowingly and with intent to defraud or deceive presents, causes to be  
10 presented, or prepares with knowledge or belief that it will be presented to an  
11 insurer, Kentucky Claims Commission~~[Board of Claims]~~, Special Fund, or  
12 any agent thereof, any written or oral statement as part of, or in support of, a  
13 claim for payment or other benefit pursuant to an insurance policy or from a  
14 "self-insurer" as defined by KRS Chapter 342, knowing that the statement  
15 contains any false, incomplete, or misleading information concerning any fact  
16 or thing material to a claim;

17 (b) Knowingly and with intent to defraud or deceive presents, causes to be  
18 presented, or prepares with knowledge or belief that it will be presented to an  
19 insurer, Kentucky Claims Commission~~[Board of Claims]~~, or any agent  
20 thereof, any statement as part of, or in support of, an application for an  
21 insurance policy, for renewal, reinstatement, or replacement of insurance, or in  
22 support of an application to a lender for money to pay a premium, knowing  
23 that the statement contains any false, incomplete, or misleading information  
24 concerning any fact or thing material to the application;

25 (c) Knowingly and willfully transacts any contract, agreement, or instrument  
26 which violates this title;

27 (d) Knowingly and with intent to defraud or deceive, receives money for the

- 1           purpose of purchasing insurance, and fails to obtain insurance;
- 2           (e) Knowingly and with intent to defraud or deceive, fails to make payment or  
3           disposition of money or voucher as defined in KRS 304.17A-750, as required  
4           by agreement or legal obligation, that comes into his or her possession while  
5           acting as a licensee under this chapter;
- 6           (f) Issues or knowingly presents fake or counterfeit insurance policies, certificates  
7           of insurance, insurance identification cards, insurance binders, or any other  
8           documents that purport to evidence insurance;
- 9           (g) Makes any false or fraudulent representation as to the death or disability of a  
10          policy or certificate holder in any written statement or certificate for the  
11          purpose of fraudulently obtaining money or benefit from an insurer;
- 12          (h) Engages in unauthorized insurance, as defined in KRS 304.11-030;
- 13          (i) Knowingly and with intent to defraud or deceive, presents, causes to be  
14          presented, or prepares with knowledge or belief that it will be presented to or  
15          by an insurer, or to the commissioner, any statement, knowing that the  
16          statement contains any false, incomplete, or misleading information  
17          concerning any material fact or thing, as part of, or in support of one (1) or  
18          more of the following:
- 19                1. The rating of an insurance policy;
- 20                2. The financial condition of an insurer;
- 21                3. The formation, acquisition, merger, reconsolidation, dissolution, or  
22                withdrawal from one (1) or more lines of insurance in all or part of this  
23                Commonwealth by an insurer; or
- 24                4. A document filed with the commissioner;
- 25          (j) Knowingly and with intent to defraud or deceive, engages in any of the  
26          following:
- 27                1. Solicitation or acceptance of new or renewal insurance risks on behalf of

- 1                   an insolvent insurer; or
- 2                   2. Removal, concealment, alteration, tampering, or destruction of money,
- 3                   records, or any other property or assets of an insurer; or
- 4           (k) Assists, abets, solicits, or conspires with another to commit a fraudulent
- 5           insurance act in violation of this subtitle.
- 6   (2) (a) Except as provided in paragraphs (b) and (c) of this subsection, a person
- 7           convicted of a violation of subsection (1) of this section shall be guilty of a
- 8           misdemeanor where the aggregate of the claim, benefit, or money referred to
- 9           in subsection (1) of this section is less than or equal to five hundred dollars
- 10           (\$500), and shall be punished by:
- 11           1. Imprisonment for not more than one (1) year;
- 12           2. A fine, per occurrence, of not more than one thousand dollars (\$1,000)
- 13           per individual nor five thousand dollars (\$5,000) per corporation or
- 14           twice the amount of gain received as a result of the violation, whichever
- 15           is greater; or
- 16           3. Both imprisonment and a fine as set forth in subparagraphs 1. and 2. of
- 17           this paragraph.
- 18           (b) Except as provided in paragraph (c) of this subsection, where the claim,
- 19           benefit, or money referred to in subsection (1) of this section exceeds an
- 20           aggregate of five hundred dollars (\$500), a person convicted of a violation of
- 21           subsection (1) of this section shall be guilty of a felony and shall be punished
- 22           by:
- 23           1. Imprisonment for not less than one (1) nor more than five (5) years;
- 24           2. A fine, per occurrence, of not more than ten thousand dollars (\$10,000)
- 25           per individual nor one hundred thousand dollars (\$100,000) per
- 26           corporation or twice the amount of gain received as a result of the
- 27           violation, whichever is greater; or

- 1           3. Both imprisonment and a fine as set forth in subparagraphs 1. and 2. of  
2           this paragraph.
- 3           (c) Any person, with the purpose to establish or maintain a criminal syndicate, or  
4           to facilitate any of its activities, as set forth in KRS 506.120(1), shall be guilty  
5           of engaging in organized crime, a Class B felony, and shall be punished by:
- 6           1. Imprisonment for not less than ten (10) years nor more than twenty (20)  
7           years;
- 8           2. A fine, per occurrence, of not more than ten thousand dollars (\$10,000)  
9           per individual nor one hundred thousand dollars (\$100,000) per  
10          corporation, or twice the amount of gain received as a result of the  
11          violation; whichever is greater; or
- 12          3. Both imprisonment and a fine, as set forth in subparagraphs 1. and 2. of  
13          this paragraph.
- 14          (d) In addition to imprisonment, the assessment of a fine, or both, a person  
15          convicted of a violation of paragraph (a), (b), or (c) of subsection (2) of this  
16          section may be ordered to make restitution to any victim who suffered a  
17          monetary loss due to any actions by that person which resulted in the  
18          adjudication of guilt, and to the division for the cost of any investigation. The  
19          amount of restitution shall equal the monetary value of the actual loss or twice  
20          the amount of gain received as a result of the violation, whichever is greater.
- 21       (3) Any person damaged as a result of a violation of any provision of this section when  
22       there has been a criminal adjudication of guilt shall have a cause of action to  
23       recover compensatory damages, plus all reasonable investigation and litigation  
24       expenses, including attorneys' fees, at the trial and appellate courts.
- 25       (4) The provisions of this section shall also apply to any agent, unauthorized insurer or  
26       its agents or representatives, or surplus lines carrier who, with intent, injures,  
27       defrauds, or deceives any claimant with regard to any claim. The claimant shall

1 have the right to recover the damages provided in subsection (3) of this section.

2 ➔Section 100. KRS 342.1231 is amended to read as follows:

- 3 (1) The funding commission may mail to the taxpayer a notice of any assessment  
4 assessed by it. The assessment shall be final if not protested in writing to the  
5 funding commission within thirty (30) days from the date of notice. The protest  
6 shall be accompanied by a supporting statement setting forth the grounds upon  
7 which the protest is made. Upon written request, the funding commission may  
8 extend the time for filing the supporting statement if it appears the delay is  
9 necessary and unavoidable. The refusal of such extension may be reviewed in the  
10 same manner as a protested assessment.
- 11 (2) After a timely protest has been filed, the taxpayer may request a conference with the  
12 funding commission. The request shall be granted in writing stating the date and  
13 time set for the conference. The taxpayer may appear in person or by representative.  
14 Further conferences may be held by mutual agreement.
- 15 (3) After considering the taxpayer's protest, including any matters presented at the final  
16 conference, the funding commission shall issue a final ruling on any matter still in  
17 controversy, which shall be mailed to the taxpayer. The ruling shall state that it is a  
18 final ruling of the funding commission, generally state the issues in controversy, the  
19 funding commission's position thereon and set forth the procedure for prosecuting  
20 an appeal to the Kentucky Claims Commission pursuant to Section 22 of this Act  
21 ~~[Board of Tax Appeals]~~.
- 22 (4) The taxpayer may request in writing a final ruling at any time after filing a timely  
23 protest and supporting statement. When a final ruling is requested, the funding  
24 commission shall issue such ruling within thirty (30) days from the date the request  
25 is received by the funding commission.
- 26 (5) After a final ruling has been issued, the taxpayer may appeal to the Kentucky  
27 Claims Commission~~[Board of Tax Appeals]~~ pursuant to Section 22 of this Act~~the~~



1 ~~provisions of KRS 131.340].~~

2 (6) The expenses incurred by the funding commission in conducting audits required in  
3 this chapter shall be paid by the insurance companies in accordance with  
4 administrative regulations promulgated by the funding commission.

5 (7) "Taxpayer" as used in this section means insurance carrier, self-insured group, and  
6 self-insured employer.

7 ➔Section 101. KRS 365.370 is amended to read as follows:

8 (1) The department shall promulgate administrative regulations for the enforcement of  
9 KRS 365.260 to 365.380 and may from time to time undertake and make or cause  
10 to be made one (1) or more cost surveys for the state or trading area or areas as it  
11 defines. When each survey is made by or approved by the department, it may use  
12 the cost survey as provided in subsection (2) of KRS 365.320 and subsection (2) of  
13 365.360.

14 (2) The department may, upon notice and after hearing, revoke or suspend any license  
15 issued under KRS 138.195 and the administrative regulations of the department  
16 promulgated thereunder, for failure of any person to comply with any provisions of  
17 KRS 365.260 to 365.380 or any administrative regulation adopted thereunder.

18 (3) All of the powers vested in the commissioner and Department of Revenue by the  
19 provisions of the cigarette tax law shall be available for the enforcement of KRS  
20 365.260 to 365.380.

21 (4) Any person aggrieved by any decision, order, or finding of the Department of  
22 Revenue, suspending or revoking any license, may appeal to the Kentucky Claims  
23 Commission pursuant to Section 22 of this Act~~[Board of Tax Appeals by filing a~~  
24 ~~petition of appeal with the board in the manner and form and within the time and~~  
25 ~~subject to the terms and conditions as the board shall by administrative regulation~~  
26 ~~prescribe].~~

27 ➔Section 102. KRS 452.505 is amended to read as follows:

1 The following actions may be brought in the Franklin Circuit Court, or in the Franklin  
2 District Court, or in any other Circuit Court or District Court having venue:

- 3 (1) Actions to collect the revenue and all other claims, demands and penalties due the  
4 Commonwealth, or to have satisfaction made of judgments in favor of the  
5 Commonwealth, except those actions which are prosecuted by an appeal to the  
6 Kentucky Claims Commission~~[Board of Tax Appeals]~~ under the provisions of KRS  
7 131.110 and Section 22 of this Act~~[KRS 131.340]~~.
- 8 (2) Actions against persons required to collect money due the Commonwealth, to pay  
9 money into the State Treasury, or to do any other act connected with the payment of  
10 money into the State Treasury after it has been collected, and against the sureties,  
11 heirs, devisees or representatives of such persons.
- 12 (3) Actions to surcharge and correct fee bills, accounts and settlements, with their  
13 debits and credits, and all claims against the Treasury allowed and approved by any  
14 court in the Commonwealth to any person.
- 15 (4) Actions to recover any fraudulent, erroneous or illegal account, fee bill, charge,  
16 credit or claim approved and allowed or paid out of the Treasury to any person.
- 17 (5) The defendant in any action brought in Franklin Circuit Court or Franklin District  
18 Court under the provisions of subsection (1) of this section for the collection of  
19 taxes assessed under KRS Chapter 141 shall at any time prior to the submission for  
20 judgment upon proper motion have a change of venue to the county in which he  
21 resides or his principal office or place of business is located at no cost to the  
22 defendant in Franklin Circuit Court or Franklin District Court.
- 23 ➔Section 103. KRS 532.160 is amended to read as follows:
- 24 (1) If a convicted person is unable to pay all court costs, fees, fines, and other monetary  
25 penalties at the time of sentencing, then the sentencing court may, consistent with  
26 KRS 23A.205, 24A.175, 534.020, and KRS 534.060, issue a criminal garnishment  
27 order for all fines under KRS Chapter 534 or Section 48 of this Act~~[KRS 346.185]~~

- 1 and for court costs, restitution, and reimbursement charges in this chapter.
- 2 (2) A criminal garnishment applies to any of the following:
- 3 (a) A convicted person's earnings as defined in KRS 427.005;
- 4 (b) Indebtedness that is owed to a convicted person by a garnishee for amounts
- 5 that are not earnings;
- 6 (c) Money that is held by a garnishee on behalf of a convicted person;
- 7 (d) The convicted person's personal property that is in the possession of a
- 8 garnishee; or
- 9 (e) If the garnishee is a corporation, shares or securities of a corporation or a
- 10 proprietary interest in a corporation that belongs to a convicted person.
- 11 (3) The debt associated with a criminal garnishment shall constitute a charge against
- 12 the estate of any decedent owing moneys under this chapter.
- 13 (4) The sentencing court shall combine all fines, court costs, restitution, and
- 14 reimbursement charges in a single order of garnishment.
- 15 (5) The sentencing court shall require payment of restitution to the victim of the offense
- 16 before payments of any moneys to the government or a government agency.
- 17 (6) The court shall order payments made under this section to be paid by the defendant
- 18 directly to the person or organization specified by written order of the court. The
- 19 court shall not order payments of an order of criminal garnishment to be made
- 20 through the circuit clerk, except for those payments due from a person under the
- 21 supervision of the Department of Corrections.
- 22 ➔Section 104. KRS 532.162 is amended to read as follows:
- 23 (1) If the criminal garnishment is made upon the convicted person's earnings, the order
- 24 of garnishment shall be a lien upon the earnings from the date of service on the
- 25 garnishee until an order discontinuing the lien is entered. A convicted person may
- 26 challenge the garnishment by filing a challenge to the garnishment with the
- 27 sentencing court. The challenge shall be heard within ten (10) days of its filing or

1 the nearest court date thereafter. Before the hearing, garnishment shall continue.  
2 Any moneys which the court determines were improperly garnished shall be repaid  
3 to the garnishee not later than thirty (30) days after the determination.

4 (2) The circuit clerk's office shall disburse all collected reimbursement, restitution, and  
5 fees to the victim, the Kentucky Claims Commission~~Crime Victims Compensation~~  
6 ~~Board~~, or the local government, whichever is appropriate. The clerk shall be  
7 entitled to collect a fee of two dollars and fifty cents (\$2.50) from each account for  
8 which a disbursement is made at the time of disbursement. In the event of challenge  
9 to a garnishment, the appropriate clerk's office shall not disburse those sums  
10 associated with the challenged garnishment until determination by the sentencing  
11 court regarding the propriety of the garnishment.

12 ➔Section 105. KRS 533.030 is amended to read as follows:

13 (1) The conditions of probation and conditional discharge shall be such as the court, in  
14 its discretion, deems reasonably necessary to insure that the defendant will lead a  
15 law-abiding life or to assist him to do so. The court shall provide as an explicit  
16 condition of every sentence to probation or conditional discharge that the defendant  
17 not commit another offense during the period for which the sentence remains  
18 subject to revocation.

19 (2) When imposing a sentence of probation or conditional discharge, the court may, in  
20 addition to any other reasonable condition, require that the defendant:

- 21 (a) Avoid injurious or vicious habits;  
22 (b) Avoid persons or places of disreputable or harmful character;  
23 (c) Work faithfully at suitable employment as far as possible;  
24 (d) Undergo available medical or psychiatric treatment and remain in a specific  
25 institution as required for that purpose;  
26 (e) Post a bond, without surety, conditioned on performance of any of the  
27 prescribed conditions;

- 1 (f) Support his dependents and meet other family responsibilities;
- 2 (g) Pay the cost of the proceeding as set by the court;
- 3 (h) Remain within a specified area;
- 4 (i) Report to the probation officer as directed;
- 5 (j) Permit the probation officer to visit him at his home or elsewhere;
- 6 (k) Answer all reasonable inquiries by the probation officer and promptly notify  
7 the probation officer of any change in address or employment;
- 8 (l) Submit to periodic testing for the use of controlled substances or alcohol, if  
9 the defendant's record indicates a controlled substance or alcohol problem,  
10 and to pay a reasonable fee, as determined by the court, which fee shall not  
11 exceed the actual cost of the test and analysis and shall be paid directly to the  
12 agency or agencies responsible for testing and analysis as compensation for  
13 the cost of the testing and analysis, as specified by written order of the court,  
14 performed under this subsection. For good cause shown, the testing fee may  
15 be waived by the court;
- 16 (m) Use an alcohol monitoring device, as defined in KRS 431.068. All costs  
17 associated with the device, including administrative and operating costs, shall  
18 be paid by the defendant. If the court determines that the defendant is indigent,  
19 and a person, county, or other organization has not agreed to pay the costs for  
20 the defendant in an attempt to reduce incarceration expenses and increase  
21 public safety, the court shall consider other conditions of probation or  
22 conditional discharge provided for in this section; or
- 23 (n) During all or part of the period of probation or conditional discharge,  
24 participate in a global positioning monitoring system program operated by a  
25 county pursuant to KRS 67.372 and 67.374 under the same terms and  
26 conditions as provided in KRS 431.517.
- 27 (3) When imposing a sentence of probation or conditional discharge in a case where a

1 victim of a crime has suffered monetary damage as a result of the crime due to his  
2 property having been converted, stolen, or unlawfully obtained, or its value  
3 substantially decreased as a result of the crime, or where the victim suffered actual  
4 medical expenses, direct out-of-pocket losses, or loss of earning as a direct result of  
5 the crime, or where the victim incurred expenses in relocating for the purpose of the  
6 victim's safety or the safety of a member of the victim's household, or if as a direct  
7 result of the crime the victim incurred medical expenses that were paid by the  
8 Cabinet for Health and Family Services, the Kentucky Claims Commission~~[Crime~~  
9 ~~Victims Compensation Board]~~, or any other governmental entity, the court shall  
10 order the defendant to make restitution in addition to any other penalty provided for  
11 the commission of the offense. Payment of restitution to the victim shall have  
12 priority over payment of restitution to any government agency. Restitution shall be  
13 ordered in the full amount of the damages, unless the damages exceed one hundred  
14 thousand dollars (\$100,000) or twice the amount of the gain from the commission  
15 of the offense, whichever is greater, in which case the higher of these two (2)  
16 amounts shall be awarded. The court may, in lieu of ordering monetary restitution,  
17 order the defendant to make restitution by working for or on behalf of the victim.  
18 The court shall determine the number of hours of work necessary by applying the  
19 then-prevailing federal minimum wage to the total amount of monetary damage  
20 caused by or incidental to the commission of the crime. The court may, with the  
21 consent of the agency, order the defendant to work as specified in KRS 533.070.  
22 Any work ordered pursuant to this section shall not be deemed employment for any  
23 purpose, nor shall the person performing the work be deemed an employee for any  
24 purpose. Where there is more than one (1) defendant or more than one (1) victim,  
25 restitution may be apportioned. Restitution shall be subject to the following  
26 additional terms and conditions:

27 (a) Where property which is unlawfully in the possession of the defendant is in

- 1 substantially undamaged condition from its condition at the time of the taking,  
2 return of the property shall be ordered in lieu of monetary restitution;
- 3 (b) The circuit clerk shall assess an additional fee of five percent (5%) to defray  
4 the administrative costs of collection of payments or property. This fee shall  
5 be paid by the defendant and shall inure to a trust and agency account which  
6 shall not lapse and which shall be used to hire additional deputy clerks and  
7 office personnel or increase deputy clerk or office personnel salaries, or  
8 combination thereof;
- 9 (c) When a defendant fails to make restitution ordered to be paid through the  
10 circuit clerk or a court-authorized program run by the county attorney or the  
11 Commonwealth's attorney, the circuit clerk or court-authorized program shall  
12 notify the court; and
- 13 (d) An order of restitution shall not preclude the owner of property or the victim  
14 who suffered personal physical or mental injury or out-of-pocket loss of  
15 earnings or support or other damages from proceeding in a civil action to  
16 recover damages from the defendant. A civil verdict shall be reduced by the  
17 amount paid under the criminal restitution order.
- 18 (4) When requiring fees for controlled substances or alcohol tests, or other fees and  
19 payments authorized by this section or other statute, except restitution, to be paid by  
20 the defendant, the court shall not order the payments to be paid through the circuit  
21 clerk.
- 22 (5) When a defendant is sentenced to probation or conditional discharge, he shall be  
23 given a written statement explicitly setting forth the conditions under which he is  
24 being released.
- 25 (6) When imposing a sentence of probation or conditional discharge, the court, in  
26 addition to conditions imposed under this section, may require as a condition of the  
27 sentence that the defendant submit to a period of imprisonment in the county jail or

1 to a period of home incarceration at whatever time or intervals, consecutive or  
2 nonconsecutive, the court shall determine. The time actually spent in confinement  
3 or home incarceration pursuant to this provision shall not exceed twelve (12)  
4 months or the maximum term of imprisonment assessed pursuant to KRS Chapter  
5 532, whichever is the shorter. Time spent in confinement or home incarceration  
6 under this subsection shall be credited against the maximum term of imprisonment  
7 assessed for the defendant pursuant to KRS Chapter 532, if probation or conditional  
8 discharge is revoked and the defendant is sentenced to imprisonment. Any  
9 prohibitions against probation, shock probation, or conditional discharge under  
10 KRS 533.060(2) or 532.045 shall not apply to persons convicted of a misdemeanor  
11 or Class D felony and sentenced to a period of confinement or home incarceration  
12 under this section.

13 ➔Section 106. The following KRS sections are repealed:

14 44.075 Source of payment of expenses of Workers' Compensation Board.

15 44.080 Sessions of board -- Rules -- Subpoenas -- Oaths.

16 131.310 Kentucky Board of Tax Appeals created.

17 131.315 Members of board, appointment -- Terms -- Chairman -- Vacancies.

18 131.320 Qualifications of members -- Removal -- Salary -- Location of office --  
19 Training.

20 131.330 Clerk of Board of Tax Appeals -- Appointment -- Qualifications.

21 346.030 Crime Victims Compensation Board.

22 ➔Section 107. One (1) member of the Kentucky Claims Commission created and  
23 established in Section 1 of this Act shall be appointed for a term expiring September 30,  
24 2017, one (1) member of the commission shall be appointed for a term expiring  
25 September 30, 2018, and one (1) member of the commission shall be appointed for a term  
26 expiring September 30, 2019.

27 ➔Section 108. The General Assembly confirms Executive Order 2016-576, dated



- 1 August 9, 2016, to the extent that it is not otherwise confirmed or superseded by this Act.
- 2 All records, equipment, staff, and supporting budgets for the Board of Claims, Kentucky
- 3 Board of Tax Appeals, and Crime Victims Compensation Board shall be transferred to
- 4 the Kentucky Claims Commission created and established in Section 1 of this Act.