

1 AN ACT relating to a tax credit for donated edible agricultural products.

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

3 ➔Section 1. KRS 141.392 is amended to read as follows:

4 (1) For purposes of this section:

5 (a) "Donor" means a qualified taxpayer who provides free of fee or charge edible
6 agricultural products to a nonprofit food program operating in Kentucky;

7 (b) "Edible agricultural products" means fruits, vegetables, beef, poultry, pork,
8 fish, or any other edible product raised or grown in Kentucky that is intended
9 for and fit for human consumption;

10 (c) "Nonprofit food program" means a surplus food collection and distribution
11 program operated and established to collect donated food for redistribution to
12 persons in need and is recognized as exempt from federal taxation under
13 Section 501(c)(3) of the Internal Revenue Code; and

14 (d) "Qualified taxpayer" means a person responsible for and deriving income
15 from:

16 1. Growing fruits, vegetables, or other edible agricultural products; or

17 2. Raising beef, poultry, pork, fish, or other edible agricultural products.

18 (2) (a) **1.** For taxable years beginning on or after January 1, 2014, but before
19 January 1, 2018, any donor shall be allowed a nonrefundable credit
20 against the tax imposed by KRS 141.020, or 141.040 and 141.0401, with
21 the ordering of credits as provided in KRS 141.0205, in the amount
22 equal to ten percent (10%) of the value of the donated edible agricultural
23 products as determined under subsection (3)(b) of this section.

24 **2. For taxable years beginning on or after January 1, 2018, but before**
25 **January 1, 2022, any donor shall be allowed a nonrefundable credit**
26 **against the tax imposed by KRS 141.020, or 141.040 and 141.0401,**
27 **with the ordering of credits as provided in KRS 141.0205, in the**

1 amount equal to twenty percent (20%) of the value of the donated
2 edible agricultural products as determined under subsection (3)(b) of
3 this section.

4 (b) A qualified taxpayer that is a pass-through entity not subject to the tax
5 imposed by KRS 141.040 and that has tax credits approved under this section
6 shall apply the credits against the limited liability entity tax imposed by KRS
7 141.0401, and shall also distribute the amount of the approved tax credits to
8 each partner, member, or shareholder based on the partner's, member's, or
9 shareholder's distributive share of income as determined for the year during
10 which the tax credits are approved, with the ordering of credits as provided in
11 KRS 141.0205.

12 (3) (a) At the time of the donation, the donor shall provide to the nonprofit food
13 program the estimated value of the donated edible agricultural products as
14 determined under paragraph (b) of this subsection. The nonprofit food
15 program shall provide to the donor, on a form prescribed by the department, a
16 signed and dated statement containing, at a minimum:

- 17 1. The type and quantity of product donated;
- 18 2. The name, address, and taxpayer identification number of the donor or
19 donors;
- 20 3. The name and address of the donee nonprofit food program; and
- 21 4. The estimated value of the donated edible agricultural products, as
22 provided by the donor.

23 (b) The donor shall determine the value of the donated edible agricultural
24 products as follows:

- 25 1. If there was a previous sale of the edible agricultural products to a buyer,
26 the donor should retain a copy of an invoice or other statement
27 identifying the price received by the donor for the edible agricultural

- 1 products of comparable grade or quality; or
- 2 2. If there is no previous sale to a buyer, the donor shall on the date of the
- 3 donation, determine the value of the donated edible agricultural products
- 4 based on the fair market value as determined by average weekly regional
- 5 produce auction prices or United States Department of Agriculture
- 6 prices for meat, fish, and dairy products.
- 7 (4) A qualified taxpayer claiming the tax credit permitted under this section shall attach
- 8 the form prescribed under subsection (3) of this section to the tax return claiming
- 9 the credit.
- 10 (5) Any tax credit allowable under this section that is not used by the qualified taxpayer
- 11 in the current tax year may be carried forward for up to four (4) succeeding years,
- 12 until the credit has been exhausted.
- 13 (6) (a) The purpose of the tax credit provided in this section is to encourage
- 14 Kentucky producers of fruits, vegetables, beef, pork, poultry, fish, or any
- 15 other edible agricultural products to donate those products free of fee or
- 16 charge to nonprofit food programs that are operated and established to
- 17 collect food for redistribution to persons in need.
- 18 (b) The department shall provide the following information to the Legislative
- 19 Research Commission no later than December 1, 2017, and no later than
- 20 December 1, of each year thereafter as long as the credits are permitted for
- 21 the immediately preceding calendar year:
- 22 1. The number of producers who have claimed the food donation tax
- 23 credit for each taxable year;
- 24 2. The total amount of credit claimed by all producers for each taxable
- 25 year;
- 26 3. The total fair market value before reimbursements as claimed by all
- 27 producers for the following categories for each taxable year:

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- a. Fruits;
- b. Vegetables;
- c. Beef;
- d. Poultry;
- e. Pork;
- f. Fish; and
- g. Other edible agricultural products;

- 4. Based on the mailing address of the return, the total amount of credits claimed by county for each taxable year;
- 5. The total number of donee nonprofit food programs that have received donations of edible agricultural products from Kentucky producers for each taxable year; and
- 6. Based on the address of the donee nonprofit food program, the number of programs within each county for each taxable year.

(7) The department may promulgate administrative regulations to carry out this section.

➔Section 2. KRS 131.190 is amended to read as follows:

~~(1)(a)~~ No present or former commissioner or employee of the department ~~of Revenue~~, present or former member of a county board of assessment appeals, present or former property valuation administrator or employee, present or former secretary or employee of the Finance and Administration Cabinet, former secretary or employee of the Revenue Cabinet, or any other person, shall intentionally and without authorization inspect or divulge any information acquired by him of the affairs of any person, or information regarding the tax schedules, returns, or reports required to be filed with the department or other proper officer, or any information produced by a hearing or investigation, insofar as the information may have to do with the affairs of the person's business.

~~(2)(b)~~ The prohibition established by subsection (1)~~paragraph (a)~~ of this section

1 shall~~[subsection does]~~ not extend to:

2 (a)~~[1.]~~ Information required in prosecutions for making false reports or returns
3 of property for taxation, or any other infraction of the tax laws;

4 (b)~~[2.]~~ Any matter properly entered upon any assessment record, or in any way
5 made a matter of public record;

6 (c)~~[3.]~~ Furnishing any taxpayer or his properly authorized agent with
7 information respecting his own return;

8 (d)~~[4.]~~ Testimony provided by the commissioner or any employee of the
9 department~~[of Revenue]~~ in any court, or the introduction as evidence of
10 returns or reports filed with the department, in an action for violation of state
11 or federal tax laws or in any action challenging state or federal tax laws;

12 (e)~~[5.]~~ Providing an owner of unmined coal, oil or gas reserves, and other
13 mineral or energy resources assessed under KRS 132.820~~[(1)]~~, or owners of
14 surface land under which the unmined minerals lie, factual information about
15 the owner's property derived from third-party returns filed for that owner's
16 property, under the provisions of KRS 132.820~~[(2)]~~, that is used to determine
17 the owner's assessment. This information shall be provided to the owner on a
18 confidential basis, and the owner shall be subject to the penalties provided in
19 KRS 131.990(2). The third-party filer shall be given prior notice of any
20 disclosure of information to the owner that was provided by the third-party
21 filer;

22 (f)~~[6.]~~ Providing to a third-party purchaser pursuant to an order entered in a
23 foreclosure action filed in a court of competent jurisdiction, factual
24 information related to the owner or lessee of coal, oil, gas reserves, or any
25 other mineral resources assessed under KRS 132.820~~[(1)]~~. The department
26 may promulgate an administrative regulation establishing a fee schedule for
27 the provision of the information described in this subparagraph. Any fee

1 imposed shall not exceed the greater of the actual cost of providing the
2 information or ten dollars (\$10);~~[-or-]~~

3 ~~(g)~~ Providing information to a licensing agency, the Transportation Cabinet,
4 or the Kentucky Supreme Court under KRS 131.1817;

5 (h) Statistics of gasoline and special fuels gallonage reported to the department
6 under KRS 138.210 to 138.448;

7 (i) Statistics of crude oil reported to the department under the crude oil excise
8 tax requirements of KRS Chapter 137;

9 (j) Statistics of natural gas production reported to the department under the
10 natural resources severance tax requirements of KRS Chapter 143A;

11 (k) Those portions of mine maps submitted by taxpayers to the department
12 pursuant to KRS Chapter 132 for ad valorem tax purposes that depict the
13 boundaries of mined-out parcel areas. These electronic maps shall not be
14 relied upon to determine actual boundaries of mined-out parcel areas.
15 Property boundaries contained in mine maps required under KRS Chapters
16 350 and 352 shall not be construed to constitute land surveying or boundary
17 surveys defined by KRS 322.010 and any administrative regulations;

18 (l) Providing to other state agencies the report, filed with the department by an
19 employer, listing the policy number and the name and address of the
20 employer's workers' compensation insurance carrier under Section 3 of this
21 Act;

22 (m) The name and address of a cigarette stamping agent or distributor and the
23 number of sticks by brand name that have been purchased from a
24 nonparticipating manufacturer and have been stamped with Kentucky
25 stamps by that agent or distributor provided by Section 4 of this Act;

26 (n) A list of taxpayers that owe delinquent taxes or fees administered by the
27 department provided by Section 5 of this Act;

1 (o) Providing any utility gross receipts license tax return information that is
 2 necessary to administer the provisions of KRS 160.613 to 160.617 to
 3 applicable school districts on a confidential basis;

4 (p) Information made available by the department, for official use only and on
 5 a confidential basis, to the proper officer, agency, board or commission of
 6 this state, any Kentucky city or county, any other state, or the federal
 7 government, under reciprocal agreements whereby the department shall
 8 receive similar or useful information in return; or

9 (q) Providing information to the Legislative Research Commission under:

10 1. KRS 139.519 for purposes of the sales and use tax refund on building
 11 materials used for disaster recovery;

12 2. KRS 141.436 for purposes of the energy efficiency products credits;

13 3. KRS 141.437 for purposes of the ENERGY STAR home and the
 14 ENERGY STAR manufactured home credits;

15 4. Section 7 of this Act for purposes of the distilled spirits credit; or

16 5. Section 1 of this Act for purposes of the food donation tax credit.

17 ~~(3)(2) — The commissioner shall make available any information for official use only~~
 18 ~~and on a confidential basis to the proper officer, agency, board or commission of~~
 19 ~~this state, any Kentucky county, any Kentucky city, any other state, or the federal~~
 20 ~~government, under reciprocal agreements whereby the department shall receive~~
 21 ~~similar or useful information in return.~~

22 ~~(3) — Statistics of tax paid gasoline gallonage reported monthly to the department of~~
 23 ~~Revenue under the gasoline excise tax law may be made public by the department.~~

24 ~~(4)} Access to and inspection of information received from the Internal Revenue Service~~
 25 ~~is for department[of Revenue] use only, and is restricted to tax administration~~
 26 ~~purposes.[Notwithstanding the provisions of this section to the contrary,]~~

27 Information received from the Internal Revenue Service shall not be made available

1 to any other agency of state government, or any county, city, or other state, and shall
2 not be inspected intentionally and without authorization by any present secretary or
3 employee of the Finance and Administration Cabinet, commissioner or employee of
4 the department~~[of Revenue]~~, or any other person.

5 ~~[(5) Statistics of crude oil as reported to the Department of Revenue under the crude oil
6 excise tax requirements of KRS Chapter 137 and statistics of natural gas production
7 as reported to the Department of Revenue under the natural resources severance tax
8 requirements of KRS Chapter 143A may be made public by the department by
9 release to the Energy and Environment Cabinet, Department for Natural Resources.~~

10 ~~(6) Notwithstanding any provision of law to the contrary, beginning with mine map
11 submissions for the 1989 tax year, the department may make public or divulge only
12 those portions of mine maps submitted by taxpayers to the department pursuant to
13 KRS Chapter 132 for ad valorem tax purposes that depict the boundaries of mined-
14 out parcel areas. These electronic maps shall not be relied upon to determine actual
15 boundaries of mined out parcel areas. Property boundaries contained in mine maps
16 required under KRS Chapters 350 and 352 shall not be construed to constitute land
17 surveying or boundary surveys as defined by KRS 322.010 and any administrative
18 regulations promulgated thereto.~~

19 ~~(7) Notwithstanding any other provision of the Kentucky Revised Statutes, The
20 department may divulge to the applicable school districts on a confidential basis any
21 utility gross receipts license tax return information that is necessary to administer
22 the provisions of KRS 160.613 to 160.617.]~~

23 ➔Section 3. KRS 131.135 is amended to read as follows:

24 ~~[(1)]~~Each employer subject to KRS Chapter 342 shall file annually with the
25 department~~[of Revenue]~~, in accordance with administrative regulations, a report
26 providing the policy number and the name and address of the employer's workers'
27 compensation insurance carrier.}

1 ~~(2) The report may be made available to other state agencies notwithstanding the~~
2 ~~confidentiality provisions of KRS 131.190.]~~

3 ➔Section 4. KRS 131.618 is amended to read as follows:

4 (1) ~~[Notwithstanding KRS 131.190,]~~The commissioner is authorized to disclose to the
5 Attorney General the name and address of a stamping agent or distributor and the
6 number of sticks by brand name that have been purchased from a nonparticipating
7 manufacturer and have been stamped with Kentucky stamps by that agent or
8 distributor. The Attorney General may share this information with federal, other
9 state, or local agencies only for the purposes of enforcement of KRS 131.600 to
10 131.630 or corresponding laws of other states. The Attorney General is further
11 authorized to disclose to a nonparticipating manufacturer or its importers this
12 information that has been provided by a stamping agent regarding the purchases
13 from that nonparticipating manufacturer or its importers. This information provided
14 by a stamping agent may be used in any enforcement action against the
15 nonparticipating manufacturer or its importers by the Attorney General.

16 (2) In addition to the information required to be submitted pursuant to KRS 131.608,
17 131.614, and 131.620, the Attorney General or the commissioner may require a
18 stamping agent, distributor, participating manufacturer, nonparticipating
19 manufacturer, or a nonparticipating manufacturer's importers to submit any
20 additional information including but not limited to samples of the packaging or
21 labeling of each brand family as is necessary to enable the Attorney General to
22 determine whether the participating manufacturer or the nonparticipating
23 manufacturer and its importers are in compliance with KRS 131.600 to 131.630.

24 ➔Section 5. KRS 131.650 is amended to read as follows:

25 (1) ~~[Notwithstanding the provisions of KRS 131.190 or any other confidentiality law to~~
26 ~~the contrary,]~~The department may publish a list or lists of taxpayers that owe
27 delinquent taxes or fees administered by the department~~[of Revenue]~~, and that meet

1 the requirements of KRS 131.652.

2 (2) For purposes of this section, a taxpayer may be included on a list if:

3 (a) The taxes or fees owed remain unpaid at least forty-five (45) days after the
4 dates they became due and payable; and

5 (b) A tax lien or judgment lien has been filed of public record against the taxpayer
6 before notice is given under KRS 131.654.

7 (3) In the case of listed taxpayers that are business entities, the department ~~of~~
8 ~~Revenue~~ may also list the names of responsible persons assessed pursuant to KRS
9 136.565, 138.885, 139.185, 141.340, and 142.357 for listed liabilities, who are not
10 protected from publication by subsection (2) of this section, and for whom the
11 requirements of KRS 131.652 are satisfied with regard to the personal assessment.

12 (4) Before any list is published under this section, the department shall document that
13 each of the conditions for publication as provided in this section has been satisfied,
14 and that procedures were followed to ensure the accuracy of the list and notice was
15 given to the affected taxpayers.

16 ➔Section 6. KRS 131.990 is amended to read as follows:

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

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

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

26 (c) Any person who violates the intentional unauthorized inspection provisions of
27 KRS 131.190~~(3)~~~~(4)~~ shall be fined not more than one thousand dollars

- 1 (\$1,000) or imprisoned for not more than one (1) year, or both.
- 2 (d) Any person who violates the provisions of KRS 131.190~~(3)~~~~(4)~~ by divulging
3 confidential taxpayer information shall be fined not more than five thousand
4 dollars (\$5,000) or imprisoned for not more than five (5) years, or both.
- 5 (e) Any present secretary or employee of the Finance and Administration Cabinet,
6 commissioner or employee of the department, member of a county board of
7 assessment appeals, property valuation administrator or employee, or any
8 other person, who violates the provisions of KRS 131.190(1) or ~~(3)~~~~(4)~~ may,
9 in addition to the penalties imposed under this subsection, be disqualified and
10 removed from office or employment.
- 11 (3) Any person who willfully fails to comply with the rules and regulations
12 promulgated by the department for the administration of delinquent tax collections
13 shall be fined not less than twenty dollars (\$20) nor more than one thousand dollars
14 (\$1,000).
- 15 (4) Any person who fails to do any act required or does any act forbidden by KRS
16 131.210 shall be fined not less than ten dollars (\$10) nor more than five hundred
17 dollars (\$500).
- 18 (5) Any person who fails to comply with the provisions of KRS 131.155 shall, unless it
19 is shown to the satisfaction of the department that the failure is due to reasonable
20 cause, pay a penalty of one-half of one percent (0.5%) of the amount that should
21 have been remitted under the provisions of KRS 131.155 for each failure to comply.
- 22 (6) (a) Any person or financial institution that fails to comply with the provisions of
23 KRS 131.672 and 131.674 within ninety (90) days after notification by the
24 department shall, unless the failure is due to reasonable cause as defined in
25 KRS 131.010, be fined not less than one thousand dollars (\$1,000) and no
26 more than five thousand dollars (\$5,000) for each full month of
27 noncompliance. The fine shall begin on the first day of the month beginning

1 after the expiration of the ninety (90) days.

2 (b) Any financial institution that fails or refuses to comply with the provisions of
3 KRS 131.672 and 131.674 within one hundred twenty (120) days after the
4 notification by the department shall, unless the failure is due to reasonable
5 cause as defined in KRS 131.010, forfeit its right to do business within the
6 Commonwealth, unless and until the financial institution is in compliance.
7 Upon notification by the department, the commissioner of the Department of
8 Financial Institutions shall, as applicable, revoke the authority of the financial
9 institution or its agents to do business in the Commonwealth.

10 (7) Any taxpayer or tax return preparer who fails or refuses to comply with the
11 provisions of KRS 131.250 or an administrative regulation promulgated under KRS
12 131.250 shall, unless it is shown to the satisfaction of the department that the failure
13 is due to reasonable cause, pay a return processing fee of ten dollars (\$10) for each
14 return not filed as required.

15 ➔Section 7. KRS 141.389 is amended to read as follows:

16 (1) (a) There shall be allowed a nonrefundable and nontransferable credit to each
17 taxpayer paying the distilled spirits ad valorem tax as follows:

18 1. For taxable years beginning on or after January 1, 2015, and before
19 December 31, 2015, the credit shall be equal to twenty percent (20%) of
20 the tax assessed under KRS 132.160 and paid under KRS 132.180 on a
21 timely basis;

22 2. For taxable years beginning on or after January 1, 2016, and before
23 December 31, 2016, the credit shall be equal to forty percent (40%) of
24 the tax assessed under KRS 132.160 and paid under KRS 132.180 on a
25 timely basis;

26 3. For taxable years beginning on or after January 1, 2017, and before
27 December 31, 2017, the credit shall be equal to sixty percent (60%) of

- 1 the tax assessed under KRS 132.160 and paid under KRS 132.180 on a
2 timely basis;
- 3 4. For taxable years beginning on or after January 1, 2018, and before
4 December 31, 2018, the credit shall be equal to eighty percent (80%) of
5 the tax assessed under KRS 132.160 and paid under KRS 132.180 on a
6 timely basis; and
- 7 5. For taxable years beginning on or after January 1, 2019, the credit shall
8 be equal to one hundred percent (100%) of the tax assessed under KRS
9 132.160 and paid under KRS 132.180 on a timely basis.
- 10 (b) The credit shall be applied both to the income tax imposed under KRS
11 141.020 or 141.040 and to the limited liability entity tax imposed under KRS
12 141.0401, with the ordering of the credits as provided in KRS 141.0205.
- 13 (2) The amount of distilled spirits credit allowed under subsection (1) of this section
14 shall be used only for capital improvements at the premises of the distiller licensed
15 pursuant to KRS Chapter 243. As used in this subsection, "capital improvement"
16 means any costs associated with:
- 17 (a) Construction, replacement, or remodeling of warehouses or facilities;
- 18 (b) Purchases of barrels and pallets used for the storage and aging of distilled
19 spirits in maturing warehouses;
- 20 (c) Acquisition, construction, or installation of equipment for the use in the
21 manufacture, bottling, or shipment of distilled spirits;
- 22 (d) Addition or replacement of access roads or parking facilities; and
- 23 (e) Construction, replacement, or remodeling of facilities to market or promote
24 tourism, including but not limited to a visitor's center.
- 25 (3) The distilled spirits credit allowed under subsection (1) of this section:
- 26 (a) May be accumulated for multiple taxable years;
- 27 (b) Shall be claimed on the return of the taxpayer filed for the taxable year during

- 1 which the credits were used pursuant to subsection (2) of this section; and
- 2 (c) Shall not include:
- 3 1. Any delinquent tax paid to the Commonwealth; or
- 4 2. Any interest, fees, or penalty paid to the Commonwealth.
- 5 (4) (a) Before the distilled spirits credit shall be allowed on any return, the capital
- 6 improvements required by subsection (2) of this section shall be completed
- 7 and specifically associated with the credit allowed on the return.
- 8 (b) The amount of distilled spirits credit allowed shall be recaptured if the capital
- 9 improvement associated with the credit is sold or otherwise disposed of prior
- 10 to the exhaustion of the useful life of the asset for Kentucky depreciation
- 11 purposes.
- 12 (c) If the allowed credit is associated with multiple capital improvements, and not
- 13 all capital improvements are sold or otherwise disposed of, the distilled spirits
- 14 credit shall be prorated based on the cost of the capital improvement sold over
- 15 the total cost of all improvements associated with the credit.
- 16 (5) If the taxpayer is a pass-through entity, the taxpayer may apply the credit against the
- 17 limited liability entity tax imposed by KRS 141.0401, and shall pass the credit
- 18 through to its members, partners, or shareholders in the same proportion as the
- 19 distributive share of income or loss is passed through.
- 20 (6) The department may promulgate an administrative regulation pursuant to KRS
- 21 Chapter 13A to implement the allowable credit under this section, require the filing
- 22 of forms designed by the department, and require specific information for the
- 23 evaluation of the credit taken by any taxpayer.
- 24 (7) ~~[Notwithstanding KRS 131.190,]~~ No later than September 1, 2016, and annually
- 25 thereafter, the department shall report to the Interim Joint Committee on
- 26 Appropriations and Revenue:
- 27 (a) The name of each taxpayer taking the credit permitted by subsection (1) of

1 this section;

2 (b) The amount of credit taken by that taxpayer; and

3 (c) The type of capital improvement made for which the credit is claimed.

4 ➔Section 8. KRS 131.020 is amended to read as follows:

5 (1) The department~~[of Revenue]~~, headed by a commissioner appointed by the secretary
6 with the approval of the Governor, shall be organized into the following functional
7 units:

8 (a) Office of the Commissioner~~[of the Department of Revenue]~~, which shall
9 consist of:

10 1. The Division of Special Investigations, headed by a division director
11 who shall report to the commissioner. The division shall investigate
12 alleged violations of the tax laws and recommend criminal prosecution
13 of the laws as warranted; and

14 2. The Division of Taxpayer Ombudsman, headed by a division director
15 who is appointed by the secretary pursuant to KRS 12.050, and who
16 shall report to the commissioner. The division shall perform those duties
17 set out in KRS 131.083;

18 (b) Office of Processing and Enforcement, headed by an executive director who
19 shall report directly to the commissioner. The office shall be responsible for
20 processing documents, depositing funds, collecting debt payments, and
21 coordinating, planning, and implementing a data integrity strategy. The office
22 shall consist of the:

23 1. Division of Operations, which shall be responsible for opening all tax
24 returns, preparing the returns for data capture, coordinating the data
25 capture process, depositing receipts, maintaining tax data, and assisting
26 other state agencies with similar operational aspects as negotiated
27 between the department and the other agency;

- 1 2. Division of Collections, which shall be responsible for initiating all
2 collection enforcement activity related to due and owing tax
3 assessments, including protest resolution, and for assisting other state
4 agencies with similar collection aspects as negotiated between the
5 department and the other state agency;
- 6 3. Division of Registration and Data Integrity, which shall be responsible
7 for registering businesses for tax purposes, ensuring that the data entered
8 into the department's tax systems is accurate and complete, and assisting
9 the taxing areas in proper procedures to ensure the accuracy of the data
10 over time; and
- 11 4. Division of Protest Resolution, which shall be responsible for ensuring
12 an independent review of tax disputes. The division shall administer the
13 protest functions for the department from office resolution through court
14 action;
- 15 (c) Office of Property Valuation, ~~[- The Office of Property Valuation shall be]~~
16 headed by an executive director who shall report directly to the commissioner.
17 The office shall consist of the:
 - 18 1. Division of Local Support, which shall be responsible for providing
19 supervision, assistance, and training to the property valuation
20 administrators and sheriffs within the Commonwealth;
 - 21 2. Division of State Valuation, which shall be responsible for providing
22 assessments of public service companies and motor vehicles, and
23 providing assistance to property valuation administrators and sheriffs
24 with the administration of tangible and omitted property taxes within the
25 Commonwealth; and
 - 26 3. Division of Minerals Taxation and Geographical Information System
27 Services, which shall be responsible for providing geographical

1 information system mapping support, ensuring proper filing of severance
2 tax returns, ensuring consistency of unmined coal assessments, and
3 gathering and providing data to properly assess minerals to the property
4 valuation administrators within the Commonwealth;

5 (d) Office of Sales and Excise Taxes, headed by an executive director who shall
6 report directly to the commissioner. The office shall administer all matters
7 relating to sales and use taxes and miscellaneous excise taxes, including but
8 not limited to technical tax research, compliance, taxpayer assistance, tax-
9 specific training, and publications. The office shall consist of the:

- 10 1. Division of Sales and Use Tax, which shall administer the sales and use
11 tax; and
- 12 2. Division of Miscellaneous Taxes, which shall administer various other
13 taxes, including but not limited to alcoholic beverage taxes; cigarette
14 enforcement fees, stamps, meters, and taxes; gasoline tax; bank
15 franchise tax; inheritance and estate tax; insurance premiums and
16 insurance surcharge taxes; motor vehicle tire fees and usage taxes; and
17 special fuels taxes;

18 (e) Office of Income Taxation, headed by an executive director who shall report
19 directly to the commissioner. The office shall administer all matters related to
20 income and corporation license taxes, including technical tax research,
21 compliance, taxpayer assistance, tax-specific training, and publications. The
22 office shall consist of the:

- 23 1. Division of Individual Income Tax, which shall administer the following
24 taxes or returns: individual income, fiduciary, and employer
25 withholding; and
- 26 2. Division of Corporation Tax, which shall administer the corporation
27 income tax, corporation license tax, pass-through entity withholding,

- 1 and pass-through entity reporting requirements; and
- 2 (f) Office of Field Operations, headed by an executive director who shall report
- 3 directly to the commissioner. The office shall manage the regional taxpayer
- 4 service centers and the field audit program.
- 5 (2) The functions and duties of the department shall include conducting conferences,
- 6 administering taxpayer protests, and settling tax controversies on a fair and
- 7 equitable basis, taking into consideration the hazards of litigation to the
- 8 Commonwealth of Kentucky and the taxpayer. The mission of the department shall
- 9 be to afford an opportunity for taxpayers to have an independent informal review of
- 10 the determinations of the audit functions of the department, and to attempt to fairly
- 11 and equitably resolve tax controversies at the administrative level.
- 12 (3) The department shall maintain an accounting structure for the one hundred twenty
- 13 (120) property valuation administrators' offices across the Commonwealth in order
- 14 to facilitate use of the state payroll system and the budgeting process.
- 15 (4) Except as provided in KRS 131.190(~~3~~)(~~4~~), the department shall fully cooperate
- 16 with and make tax information available as prescribed under KRS 131.190(2)(p) to
- 17 the Governor's Office for Economic Analysis as necessary for the office to perform
- 18 the tax administration function established in KRS 42.410.
- 19 (5) Executive directors and division directors established under this section shall be
- 20 appointed by the secretary with the approval of the Governor.