

1 AN ACT relating to taxation.

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

3 ➔Section 1. KRS 131.020 is amended to read as follows:

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

7 (a) Office of the Commissioner, which shall consist of:

8 1. The Division of Protest Resolution, headed by a division director who
9 shall report directly to the commissioner. The division shall administer
10 the protest functions for the department from office resolution through
11 court action; and

12 2. The Division of Taxpayer Ombudsman, headed by a division director
13 who shall report to the commissioner. The division shall perform those
14 duties set out in KRS 131.083;

15 (b) Office of Tax Policy and Regulation, headed by an executive director who
16 shall report directly to the commissioner. The office shall be responsible for:

17 1. Providing oral and written technical advice on Kentucky tax law;

18 2. Drafting proposed tax legislation and regulations;

19 3. Testifying before legislative committees on tax matters;

20 4. Analyzing tax publications;

21 5. Providing expert witness testimony in tax litigation cases;

22 6. Providing consultation and assistance in protested tax cases; and

23 7. Conducting training and education programs;

24 (c) Office of Processing and Enforcement, headed by an executive director who
25 shall report directly to the commissioner. The office shall be responsible for
26 processing documents, depositing funds, collecting debt payments, and
27 coordinating, planning, and implementing a data integrity strategy. The office

1 shall consist of the:

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

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

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

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

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

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

1 income tax, corporation license tax, pass-through entity withholding,
2 and pass-through entity reporting requirements; and

3 (g) Office of Field Operations, headed by an executive director who shall report
4 directly to the commissioner. The office shall manage the regional taxpayer
5 service centers and the field audit program.

6 (2) The functions and duties of the department shall include conducting conferences,
7 administering taxpayer protests, and settling tax controversies on a fair and
8 equitable basis, taking into consideration the hazards of litigation to the
9 Commonwealth of Kentucky and the taxpayer. The mission of the department shall
10 be to afford an opportunity for taxpayers to have an independent informal review of
11 the determinations of the audit functions of the department, and to attempt to fairly
12 and equitably resolve tax controversies at the administrative level.

13 (3) The department shall maintain an accounting structure for the one hundred twenty
14 (120) property valuation administrators' offices across the Commonwealth in order
15 to facilitate use of the state payroll system and the budgeting process.

16 (4) Except as provided in KRS 131.190(4), the department shall fully cooperate with
17 and make tax information available as prescribed under KRS 131.190(2) to the
18 Governor's Office for Economic Analysis as necessary for the office to perform the
19 tax administration function established in KRS 42.410.

20 (5) Executive directors and division directors established under this section shall be
21 appointed by the secretary with the approval of the Governor.