

1 AN ACT relating to economic fiscal matters.

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

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO  
4 READ AS FOLLOWS:

5 *As used in Sections 1 to 8 of this Act:*

6 *(1) "Agency" means any "organizational unit" or "administrative body" as defined*  
7 *in KRS 12.010;*

8 *(2) "Board" means the Tax Expenditure and Economic Development Incentive*  
9 *Review Board established by Section 2 of this Act;*

10 *(3) "Economic development incentive" means a state program, statutory provision,*  
11 *or tax expenditure, including tax credits, tax exemptions, tax deductions, grants,*  
12 *or loans, that is intended to encourage businesses to locate, expand, invest, or*  
13 *remain in Kentucky or to hire or retain employees in Kentucky; and*

14 *(4) "Tax expenditure" means an exemption, exclusion, or deduction from the base of*  
15 *a tax, a credit against the tax, a deferral of a tax, or preferential tax rate.*

16 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO  
17 READ AS FOLLOWS:

18 *The Tax Expenditure and Economic Development Incentive Review Board of the*  
19 *Kentucky General Assembly is hereby established. The purpose of the board shall be to*  
20 *review, analyze, provide oversight, and make recommendations to the General*  
21 *Assembly about tax expenditures and economic development incentives.*

22 ➔SECTION 3. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO  
23 READ AS FOLLOWS:

24 *(1) The board shall be composed of the following twelve (12) members:*

25 *(a) Four (4) members of the General Assembly appointed by the President of*  
26 *the Senate, each of whom shall serve while a member of the Senate for the*  
27 *term for which he or she has been elected, one (1) of whom shall be the*

1           chair or vice chair of the Senate Standing Committee on Appropriations  
 2           and Revenue, and one (1) of whom the President of the Senate shall  
 3           designate as co-chair of the board;

4           **(b) Four (4) members of the General Assembly appointed by the Speaker of the**  
 5           **House of Representatives, each of whom shall serve while a member of the**  
 6           **House for the term for which he or she has been elected, one (1) of whom**  
 7           **shall be the chair or vice chair of the House Standing Committee on**  
 8           **Appropriations and Revenue, and one (1) of whom the Speaker shall**  
 9           **designate as co-chair of the board;**

10           **(c) Two (2) members of the General Assembly appointed by the Minority Floor**  
 11           **Leader of the Senate, each of whom shall serve while a member of the**  
 12           **Senate for the term for which he or she has been elected; and**

13           **(d) Two (2) members of the General Assembly appointed by the Minority Floor**  
 14           **Leader of the House of Representatives, each of whom shall serve while a**  
 15           **member of the House for the term for which he or she has been elected.**

16           **(2) (a) Initial appointments to the board shall be made within thirty (30) days of the**  
 17           **effective date of this Act.**

18           **(b) Any vacancy which may occur in the membership of the board shall be**  
 19           **filled by the appointing authority who made the original appointment within**  
 20           **thirty (30) days of the creation of the vacancy.**

21           ➔SECTION 4. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO  
 22 READ AS FOLLOWS:

23           **(1) The co-chairs of the board shall have joint responsibilities for meeting agendas**  
 24           **and presiding at board meetings.**

25           **(2) Beginning August 1, 2024, and continuing through November 30, 2028, the**  
 26           **board shall meet at least once every month during the interim between regular**  
 27           **sessions of the General Assembly. On an alternating basis, each co-chair shall**

1 have the first option to set the monthly meeting date. Cancellations may occur by  
 2 agreement of both co-chairs. Additional meetings may also occur by agreement of  
 3 both co-chairs, including during regular or extraordinary sessions of the General  
 4 Assembly.

5 (3) Members of the board shall be entitled to reimbursement for expenses incurred in  
 6 the performance of their duties.

7 (4) A majority of the entire membership of the board shall constitute a quorum, and  
 8 all actions of the board shall be by vote of a majority of its entire membership.

9 (5) The Legislative Research Commission shall have exclusive jurisdiction over the  
 10 employment of personnel necessary in order for the board to carry out its duties.  
 11 Staff and operating costs of the board shall be provided from the budget of the  
 12 Legislative Research Commission.

13 (6) The board shall terminate all actions and activities on December 1, 2028.

14 ➔SECTION 5. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO  
 15 READ AS FOLLOWS:

16 The board shall have the authority to:

17 (1) (a) 1. Require any agency to collect, report on, or provide all information  
 18 necessary to evaluate tax expenditures and economic development  
 19 incentives in order for the board to carry out its duties.

20 2. Notwithstanding Section 11 of this Act or any other statute to the  
 21 contrary, each agency receiving a request for information from the  
 22 board shall provide the requested information by the due date  
 23 established by the board. If an agency fails to respond to a request for  
 24 information, the board shall include the failure in its report required  
 25 under Section 6 of this Act. Any noncompliance by the agency shall be  
 26 considered in determining the agency's future appropriations.

27 3. If the requested information is not available, the agency shall explain

1 why the information is not available and recommend other  
2 information that might be available to assist the board in carrying out  
3 its duties; and

4 (b) Agree to provisions of confidentiality requested by the agency, but shall  
5 retain authority to include all data, with identifying information redacted, in  
6 the report required under Section 6 of this Act;

7 (2) Conduct public hearings in the performance of its duties, at which it may request  
8 the testimony of officials of any state agency and solicit the testimony of  
9 interested individuals, groups, and the general public;

10 (3) Establish a uniform format for reports and information submitted to the board  
11 and the frequency and due dates for the reports and information;

12 (4) Subject to the selection and approval by the Legislative Research Commission,  
13 engage legal counsel, tax or economic development experts, auditors including  
14 the Auditor of Public Accounts, actuaries, or others that have been deemed  
15 necessary by the board to render professional and technical assistance in  
16 providing information for the evaluation of tax expenditures or economic  
17 development incentives. Costs for these services shall be considered part of the  
18 operating costs of the board; and

19 (5) Optimize research capabilities and resources by contracting with private sector  
20 organizations, including profit and nonprofit organizations, through the quality-  
21 based selection procurement procedures established in KRS Chapter 45A.

22 ➔SECTION 6. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO  
23 READ AS FOLLOWS:

24 The board shall have the powers and duties to:

25 (1) Conduct a systematic and comprehensive review, analysis, and evaluation of tax  
26 expenditures and economic development incentives offered by the  
27 Commonwealth, prioritizing each tax expenditure and economic development

- 1 incentive by the following criteria:
- 2 (a) The number of taxpayers impacted by each expenditure or incentive;
- 3 (b) The number of recipients impacted by each expenditure or incentive;
- 4 (c) The total amount of state and local dollars involved with each expenditure
- 5 or incentive; and
- 6 (d) Political sensitivity.
- 7 (2) Create a schedule at the beginning of each interim to outline the board's agenda
- 8 for that year's interim meetings. The schedule shall ensure that each tax
- 9 expenditure and economic development incentive listed for discussion at the
- 10 interim meetings has a review, analysis, and evaluation in accordance with
- 11 subsection (1) of this section and that the annual report is completed prior to the
- 12 deadline established in subsection (9) of this section;
- 13 (3) Conduct an impartial review of all the laws governing tax expenditures and
- 14 economic development incentives to recommend any changes it may find
- 15 desirable with respect to ending a tax expenditure or economic development
- 16 incentive at a future date, immediately repealing a tax expenditure or economic
- 17 development incentive, or otherwise changing a tax expenditure or economic
- 18 development incentive;
- 19 (4) (a) Identify and list all existing tax expenditures and economic development
- 20 incentives.
- 21 (b) For each tax expenditure and economic development incentive:
- 22 1. Determine its purpose, goals, enabling legislation, impact to revenues,
- 23 beneficiaries, usage, benchmarks, and performance standards; and
- 24 2. Analyze how the expenditure or incentive has been impacted by
- 25 behavioral changes since its implementation.
- 26 (c) For any tax expenditure or economic development incentive that does not
- 27 have stated purposes or goals, the board shall research its history and

1 recommend purposes, goals, benchmarks, and performance standards as  
2 applicable;

3 (5) Research issues related to existing or proposed tax expenditures or economic  
4 development incentives;

5 (6) Develop standardized reporting requirements for agencies to follow in reporting  
6 data that pertains to tax expenditures or economic development incentives to the  
7 Legislative Research Commission and recommend any legislation needed to  
8 implement the requirements;

9 (7) At the request of either co-chair of the Interim Joint Committee on  
10 Appropriations and Revenue, the chair of the House Standing Committee on  
11 Appropriations and Revenue, the chair of the Senate Standing Committee on  
12 Appropriations and Revenue, the Speaker of the House of Representatives, or the  
13 President of the Senate, evaluate proposed changes to laws that include a tax  
14 expenditure or economic development incentive and report back on the state and  
15 local fiscal impacts and desirability as a matter of public policy;

16 (8) At the request of either co-chair of the Interim Joint Committee on  
17 Appropriations and Revenue, the chair of the House Standing Committee on  
18 Appropriations and Revenue, the chair of the Senate Standing Committee on  
19 Appropriations and Revenue, review all new or amended administrative  
20 regulations that include tax expenditures or economic development incentives  
21 and provide comments to the Administrative Regulation Review Subcommittee  
22 established by KRS 13A.020; and

23 (9) Publish an annual report covering the board's evaluation and recommendations  
24 for each tax expenditure and economic development incentive reviewed during  
25 the year. The report shall be submitted to the Interim Joint Committee on  
26 Appropriations and Revenue, the President of the Senate, and the Speaker of the  
27 House of Representatives no later than November 30 of each year and shall

1 include:

2 (a) A summary of the actions by the board during the year;

3 (b) Any legislative recommendations made by the board; and

4 (c) A statement on the viability of each tax expenditure and economic  
5 development incentive reviewed.

6 ➔SECTION 7. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO  
7 READ AS FOLLOWS:

8 When enacting any new tax expenditure or economic development incentive, the  
9 General Assembly shall:

10 (1) Establish the tax expenditure or economic development incentive for no more  
11 than five (5) years;

12 (2) State the purpose, goals, and performance measurements for the tax expenditure  
13 or economic development incentive;

14 (3) Identify specific data that the agency administering the tax expenditure or  
15 economic development incentive shall collect so that the effectiveness of the tax  
16 expenditure or economic development incentive can be evaluated;

17 (4) Require data, benchmarks, financial impact statements, cost-benefit analysis  
18 directly related to the tax expenditure or economic development incentive, and  
19 any other information from the appropriate agency to be reported on an annual  
20 basis for evaluation of the tax expenditure or economic development incentive;  
21 and

22 (5) At the discretion of the Speaker of the House of Representatives or the President  
23 of the Senate, allow the board to evaluate the tax expenditure or economic  
24 development incentive prior to assigning the legislation that proposes the tax  
25 expenditure or economic development incentive to any committee of the General  
26 Assembly during a regular or extraordinary session.

27 ➔SECTION 8. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO

1 READ AS FOLLOWS:

2 (1) To facilitate the work of the board, the Department of Revenue and all agencies  
3 administering or responsible for tax expenditures or economic development  
4 incentives shall work collaboratively to:

5 (a) Assign a unique number to each individual taxpayer to allow for the  
6 tracking of tax expenditures and economic development incentives related  
7 to them. The unique number shall not be an individual's Social Security  
8 number or the tax identification number for a business. The unique number  
9 of the entity or individual shall be the same for all related:

10 1. Programs with tax expenditures or economic development incentives;

11 2. Taxes paid;

12 3. Tax attributes reported; and

13 4. Tax expenditures or economic development incentives received or  
14 claimed;

15 (b) Identify a location or locations for the entity or individual by county based  
16 on where the activity occurs or the entity or individual is located; and

17 (c) For each tax expenditure and economic development incentive, identify the  
18 total number of taxpayers claiming the expenditure or incentive.

19 (2) The Department of Revenue and any other agency involved in the processes  
20 described in subsection (1) of this section shall complete the processes in order to  
21 provide requested data and information to the board within three (3) months of  
22 the effective date of this Act.

23 ➔Section 9. KRS 11.068 is amended to read as follows:

24 (1) There is created an agency of state government known as the Office of State Budget  
25 Director. The office shall be attached for administrative purposes to the Office of  
26 the Governor.

27 (2) The office shall include the following major organizational units:



1 (a) The Office of State Budget Director;

2 (b) The Governor's Office for Policy and Management;

3 (c) The Governor's Office for Policy Research; and

4 (d) The Governor's Office for Economic Analysis.

5 (3) The Office of State Budget Director shall be~~[ ]~~ headed by the state budget director.

6 The state budget director shall be appointed by the Governor pursuant to KRS  
7 11.040 and shall serve, under direction of the Governor, as state budget director and  
8 secretary of the state planning committee. The office shall include such principal  
9 assistants and supporting personnel appointed pursuant to KRS Chapter 12 as may  
10 be necessary to carry out the functions of the office. The office shall have such  
11 duties, rights, and responsibilities as are necessary to perform, without being limited  
12 to, the following functions:

13 (a)~~[1-]~~ Functions relative to the preparation, administration, and evaluation of  
14 the executive budget as provided in KRS Chapters 45 and 48 and in other  
15 laws, including but not limited to, capital construction budgeting, evaluation  
16 of state programs, program monitoring, financial and policy analysis and issue  
17 review, and executive policy implementation and compliance;

18 (b)~~[2-]~~ Continuous evaluation of statewide management and administrative  
19 procedures and practices, including but not limited to economic forecasting,  
20 technical assistance to state agencies, forms control, and special analytic  
21 studies as directed by the Governor; and

22 (c)~~[3-]~~ Staff planning functions of the state planning committee and evaluation  
23 of statewide management and administrative practices and procedures.

24 (4)~~[4-]~~ The Governor's Office for Policy and Management shall be~~[ ]~~ headed by the  
25 state budget director. The state budget director shall maintain staff employed  
26 pursuant to KRS Chapter 18A sufficient to carry out the functions of the office  
27 relating to state budgeting as provided in~~[ paragraph (a) of this ]~~ subsection (3) of

1 *this section* and state planning as provided in KRS Chapter 147, review of  
 2 administrative regulations proposed by executive agencies prior to filing pursuant to  
 3 KRS Chapter 13A and such other duties as may be assigned by the Governor.

4 ~~(5)(e)~~ *The* Governor's Office for Policy Research *shall be*~~[-]~~ headed by the state  
 5 budget director. The Governor's Office for Policy Research shall assist the state  
 6 budget director in providing policy research data, information, and analysis to the  
 7 Governor on public policy issues that impact the Commonwealth. The state budget  
 8 director shall identify and direct the research to be completed and provided by the  
 9 office. The state budget director shall maintain staff employed in accordance with  
 10 KRS Chapter 18A sufficient to carry out the functions of the office.

11 ~~(6)(d)~~ *The* Governor's Office for Economic Analysis *shall be*~~[-]~~ headed by the state  
 12 budget director. The state budget director shall maintain staff employed in  
 13 accordance with KRS Chapter 18A sufficient to carry out the functions of the  
 14 office. The Governor's Office for Economic Analysis shall:

15 (a) Carry out the revenue estimating and economic analysis functions and  
 16 responsibilities, including but not limited to the functions and responsibilities  
 17 assigned to the Office of State Budget Director by KRS Chapter 48;~~[-]~~

18 (b) ~~[The Governor's Office for Economic Analysis shall ]~~Perform the tax  
 19 administrative function of using tax data to provide the Department of  
 20 Revenue with studies, projections, statistical analyses, and any other  
 21 information that will assist the Department of Revenue in performing its tax  
 22 administrative functions; and

23 (c) 1. *On or before October 15, 2025, and biennially on or before each*  
 24 *October 15 of each odd-numbered year thereafter, provide to the Tax*  
 25 *Expenditure and Economic Development Incentive Review Board*  
 26 *established in Section 2 of this Act and the Interim Joint Committee*  
 27 *on Appropriations and Revenue a detailed estimate of the revenue loss*

1           resulting from each tax expenditure and economic development  
2           incentive, as defined in Section 1 of this Act, for the general fund and  
3           road fund for the current fiscal year and the next two (2) fiscal years.

4           2. The Department of Revenue, the Cabinet for Economic Development,  
5           the Tourism, Arts and Heritage Cabinet, and any other agency with  
6           information relating to tax expenditures or economic development  
7           incentives shall provide assistance and furnish data to produce the  
8           detailed estimate.

9           3. The detailed estimate of the revenue loss shall include analysis from:  
10           a. A tax-by-tax view;  
11           b. An entity-type view, including individuals, pass-through entities,  
12           and corporations; and  
13           c. An expenditure or incentive view, including a description for  
14           each tax type if the expenditure or incentive crosses multiple  
15           taxes.

16           4. The estimate for each tax expenditure and economic development  
17           incentive shall include:  
18           a. A citation of the legal authority for the tax expenditure or  
19           economic development incentive;  
20           b. The enactment year and the bill number that originally  
21           authorized the tax expenditure or economic development  
22           incentive;  
23           c. A description of how the tax expenditure or economic  
24           development incentive has changed over time, if amendments to  
25           the statutory language have been enacted, including the year and  
26           bill number that authorized the amendment;  
27           d. The number of taxpayers currently claiming each tax

- 1 expenditure and economic development incentive;
- 2 e. The amount of projected revenue loss for the current fiscal year
- 3 and the two (2) fiscal years of the upcoming biennium;
- 4 f. A description of the data used to form the estimate of revenue
- 5 loss, including:
- 6 i. The source of the data;
- 7 ii. The publication year or period related to the data;
- 8 iii. The agency or entity producing the data;
- 9 iv. The data set used, if a subset of the data source was
- 10 necessary;
- 11 v. A complete data citation related to that source, including
- 12 electronic sources;
- 13 vi. Whether the data is a line item from a Kentucky or federal
- 14 income tax return; and
- 15 vii. Whether the data relates directly to Kentucky activity, and
- 16 if not, how the data was modified to obtain an estimate for
- 17 the Commonwealth;
- 18 g. If a purpose or goal is not included in the statute, a best
- 19 determination by the Office of State Budget Director of all
- 20 purposes or goals of the tax expenditure or economic
- 21 development incentive; and
- 22 h. A statement regarding whether the purpose or goal of the tax
- 23 expenditure or economic development incentive:
- 24 i. Is currently being met;
- 25 ii. Has been met and the tax expenditure or economic
- 26 development incentive is no longer needed; or
- 27 iii. Is not being met and the tax expenditure or economic

1                                    **development incentive should be repealed or amended,**  
 2                                    **including data which supports the statement.**

3             ➔ Section 10. 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;

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                3. The Special Investigations Division, headed by a division director who  
 16                shall report directly to the commissioner. The division shall investigate  
 17                alleged violations of the tax laws and recommend criminal prosecution  
 18                of the laws when warranted; and

19                4. The Division of Information Management, headed by a division director  
 20                who shall report directly to the commissioner. The division shall provide  
 21                project management, planning, analysis, application development,  
 22                implementation, security, support, and maintenance for new and existing  
 23                legacy systems of the department;

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

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

27                2. Drafting proposed tax legislation and regulations;

- 1           3.    Testifying before legislative committees on tax matters;
- 2           4.    Analyzing tax publications;
- 3           5.    Providing expert witness testimony in tax litigation cases;
- 4           6.    Providing consultation and assistance in protested tax cases; ~~and~~
- 5           7.    Conducting training and education programs; **and**
- 6           8.    **Collecting, reporting, and providing the data required under Section 5**
- 7                 **of this Act to the Tax Expenditure and Economic Development**
- 8                 **Incentive Review Board;**
- 9           (c)   Office of Registration and Operations, headed by an executive director who
- 10                 shall report directly to the commissioner. The office shall be responsible for
- 11                 processing documents, depositing funds, collecting debt payments, and
- 12                 coordinating, planning, and implementing a data integrity strategy. The office
- 13                 shall consist of the:
- 14                 1.    Division of Operations, which shall be responsible for opening all tax
- 15                         returns, preparing the returns for data capture, coordinating the data
- 16                         capture process, depositing receipts, maintaining tax data, and assisting
- 17                         other state agencies with similar operational aspects as negotiated
- 18                         between the department and the other agency; and
- 19                 2.    Division of Registration, which shall be responsible for registering
- 20                         businesses for tax purposes, ensuring that the data entered into the
- 21                         department's tax systems is accurate and complete, and assisting the
- 22                         taxing areas in proper procedures to ensure the accuracy of the data over
- 23                         time;
- 24           (d)   Office of Property Valuation, headed by an executive director who shall
- 25                 report directly to the commissioner. The office shall consist of the:
- 26                 1.    Division of Local Support, which shall be responsible for providing
- 27                         supervision, assistance, and training to the property valuation

- 1 administrators and sheriffs within the Commonwealth;
- 2 2. Division of State Valuation, which shall be responsible for providing
- 3 assessments of public service companies and motor vehicles, and
- 4 providing assistance to property valuation administrators and sheriffs
- 5 with the administration of tangible and omitted property taxes within the
- 6 Commonwealth; and
- 7 3. Division of Minerals Taxation and Geographical Information System
- 8 Services, which shall be responsible for providing geographical
- 9 information system mapping support, ensuring proper filing of
- 10 severance tax returns, ensuring consistency of unmined coal
- 11 assessments, and gathering and providing data to properly assess
- 12 minerals to the property valuation administrators within the
- 13 Commonwealth;
- 14 (e) Office of Sales and Excise Taxes, headed by an executive director who shall
- 15 report directly to the commissioner. The office shall administer all matters
- 16 relating to sales and use taxes and miscellaneous excise taxes, including but
- 17 not limited to technical tax research, compliance, taxpayer assistance, tax-
- 18 specific training, and publications. The office shall consist of the:
- 19 1. Division of Sales and Use Tax, which shall administer the sales and use
- 20 tax; and
- 21 2. Division of Miscellaneous Taxes, which shall administer various other
- 22 taxes, including but not limited to alcoholic beverage taxes; cigarette
- 23 enforcement fees, stamps, meters, and taxes; gasoline tax; bank
- 24 franchise tax; inheritance and estate tax; insurance premiums and
- 25 insurance surcharge taxes; motor vehicle tire fees and usage taxes; and
- 26 special fuels taxes;
- 27 (f) Office of Income Taxation, headed by an executive director who shall report

1 directly to the commissioner. The office shall administer all matters related to  
2 income and corporation license taxes, including technical tax research,  
3 compliance, taxpayer assistance, tax-specific training, and publications. The  
4 office shall consist of the:

- 5 1. Division of Individual Tax, which shall administer the following taxes  
6 or returns: individual income, fiduciary, and employer withholding; and
- 7 2. Division of Corporation Tax, which shall administer the corporation  
8 income tax, corporation license tax, pass-through entity withholding,  
9 and pass-through entity reporting requirements;

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

13 (h) Office of Enforcement, headed by an executive director who shall report  
14 directly to the commissioner. The office shall initiate all collection  
15 enforcement activity related to due and owing tax assessments, including  
16 protest resolution, and shall assist other state agencies with similar collection  
17 aspects as negotiated between the department and other state agencies. The  
18 office shall consist of the Division of Collections.

19 (2) The functions and duties of the department shall include conducting conferences,  
20 administering taxpayer protests, and settling tax controversies on a fair and  
21 equitable basis, taking into consideration the hazards of litigation to the  
22 Commonwealth of Kentucky and the taxpayer. The mission of the department shall  
23 be to afford an opportunity for taxpayers to have an independent informal review of  
24 the determinations of the audit functions of the department, and to attempt to fairly  
25 and equitably resolve tax controversies at the administrative level.

26 (3) The department shall maintain an accounting structure for the one hundred twenty  
27 (120) property valuation administrators' offices across the Commonwealth in order



1 to facilitate use of the state payroll system and the budgeting process.

2 (4) Except as provided in KRS 131.190(4), the department shall fully cooperate with  
3 and make tax information available as prescribed under KRS 131.190(3) to the  
4 Governor's Office for Economic Analysis as necessary for the office to perform the  
5 tax administration function established in KRS 42.410.

6 (5) Executive directors and division directors established under this section shall be  
7 appointed by the secretary with the approval of the Governor under KRS 12.050.

8 ➔Section 11. KRS 131.190 is amended to read as follows:

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

19 (2) The prohibition established by subsection (1) of this section shall not extend to:

20 (a) Information required in prosecutions for making false reports or returns of  
21 property for taxation, or any other infraction of the tax laws;

22 (b) Any matter properly entered upon any assessment record, or in any way made  
23 a matter of public record;

24 (c) Furnishing any taxpayer or his or her properly authorized agent with  
25 information respecting his or her own return;

26 (d) Testimony provided by the commissioner or any employee of the department  
27 in any court, or the introduction as evidence of returns or reports filed with the

- 1 department, in an action for violation of state or federal tax laws or in any  
2 action challenging state or federal tax laws;
- 3 (e) Providing an owner of unmined coal, oil or gas reserves, and other mineral or  
4 energy resources assessed under KRS 132.820, or owners of surface land  
5 under which the unmined minerals lie, factual information about the owner's  
6 property derived from third-party returns filed for that owner's property, under  
7 the provisions of KRS 132.820, that is used to determine the owner's  
8 assessment. This information shall be provided to the owner on a confidential  
9 basis, and the owner shall be subject to the penalties provided in KRS  
10 131.990(2). The third-party filer shall be given prior notice of any disclosure  
11 of information to the owner that was provided by the third-party filer;
- 12 (f) Providing to a third-party purchaser pursuant to an order entered in a  
13 foreclosure action filed in a court of competent jurisdiction, factual  
14 information related to the owner or lessee of coal, oil, gas reserves, or any  
15 other mineral resources assessed under KRS 132.820. The department may  
16 promulgate an administrative regulation establishing a fee schedule for the  
17 provision of the information described in this paragraph. Any fee imposed  
18 shall not exceed the greater of the actual cost of providing the information or  
19 ten dollars (\$10);
- 20 (g) Providing information to a licensing agency, the Transportation Cabinet, or  
21 the Kentucky Supreme Court under KRS 131.1817;
- 22 (h) Statistics of gasoline and special fuels gallonage reported to the department  
23 under KRS 138.210 to 138.448;
- 24 (i) Providing any utility gross receipts license tax return information that is  
25 necessary to administer the provisions of KRS 160.613 to 160.617 to  
26 applicable school districts on a confidential basis;
- 27 (j) Providing documents, data, or other information to a third party pursuant to an

1 order issued by a court of competent jurisdiction; or

2 (k) Providing information to:

3 l. The Legislative Research Commission under:

4 a.~~[1.]~~ KRS 139.519 for purposes of the sales and use tax refund on  
5 building materials used for disaster recovery;

6 b.~~[2.]~~ KRS 141.436 for purposes of the energy efficiency products  
7 credits;

8 c.~~[3.]~~ KRS 141.437 for purposes of the ENERGY STAR home and the  
9 ENERGY STAR manufactured home credits;

10 d.~~[4.]~~ KRS 141.383 for purposes of the film industry incentives;

11 e.~~[5.]~~ KRS 154.26-095 for purposes of the Kentucky industrial  
12 revitalization tax credits and the job assessment fees;

13 f.~~[6.]~~ KRS 141.068 for purposes of the Kentucky investment fund;

14 g.~~[7.]~~ KRS 141.396 for purposes of the angel investor tax credit;

15 h.~~[8.]~~ KRS 141.389 for purposes of the distilled spirits credit;

16 i.~~[9.]~~ KRS 141.408 for purposes of the inventory credit;

17 j.~~[10.]~~ KRS 141.390 for purposes of the recycling and composting  
18 credit;

19 k.~~[11.]~~ KRS 141.3841 for purposes of the selling farmer tax credit;

20 l.~~[12.]~~ KRS 141.4231 for purposes of the renewable chemical  
21 production tax credit;

22 m.~~[13.]~~ KRS 141.524 for purposes of the Education Opportunity  
23 Account Program tax credit;

24 n.~~[14.]~~ KRS 141.398 for purposes of the development area tax  
25 credit;

26 o.~~[15.]~~ KRS 139.516 for the purposes of the sales and use tax  
27 exemption on the commercial mining of cryptocurrency; and

1                    ~~p.[16.]~~      KRS 141.419 for purposes of the decontamination tax credit;  
 2                    and~~[.]~~

3                    **2. The Tax Expenditure and Economic Development Incentive Review**  
 4                    **Board established in Section 2 of this Act.**

5                    (3) The commissioner shall make available any information for official use only and on  
 6                    a confidential basis to the proper officer, agency, board or commission of this state,  
 7                    any Kentucky county, any Kentucky city, any other state, or the federal  
 8                    government, under reciprocal agreements whereby the department shall receive  
 9                    similar or useful information in return.

10                  (4) Access to and inspection of information received from the Internal Revenue Service  
 11                  is for department use only, and is restricted to tax administration purposes.  
 12                  Information received from the Internal Revenue Service shall not be made available  
 13                  to any other agency of state government, or any county, city, or other state, and  
 14                  shall not be inspected intentionally and without authorization by any present  
 15                  secretary or employee of the Finance and Administration Cabinet, commissioner or  
 16                  employee of the department, or any other person.

17                  (5) Statistics of crude oil as reported to the department under the crude oil excise tax  
 18                  requirements of KRS Chapter 137 and statistics of natural gas production as  
 19                  reported to the department under the natural resources severance tax requirements  
 20                  of KRS Chapter 143A may be made public by the department by release to the  
 21                  Energy and Environment Cabinet, Department for Natural Resources.

22                  (6) Notwithstanding any provision of law to the contrary, beginning with mine-map  
 23                  submissions for the 1989 tax year, the department may make public or divulge only  
 24                  those portions of mine maps submitted by taxpayers to the department pursuant to  
 25                  KRS Chapter 132 for ad valorem tax purposes that depict the boundaries of mined-  
 26                  out parcel areas. These electronic maps shall not be relied upon to determine actual  
 27                  boundaries of mined-out parcel areas. Property boundaries contained in mine maps

1           required under KRS Chapters 350 and 352 shall not be construed to constitute land  
2           surveying or boundary surveys as defined by KRS 322.010 and any administrative  
3           regulations promulgated thereto.