

1 AN ACT relating to property fees.

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

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 75 IS CREATED TO
4 READ AS FOLLOWS:

5 *(1) As used in this section, "premises" has the same meaning as in KRS 138.208.*

6 *(2) (a) The board of trustees of a fire protection district or subdistrict, or a*
7 *volunteer fire department district, may assess a fee against a premises*
8 *within its jurisdiction to cover the actual costs of services and materials*
9 *required to maintain necessary fire protection measures for that premises.*

10 *(b) In setting the amount of the fee authorized by paragraph (a) of this*
11 *subsection, the board of trustees shall determine expenses related to fire*
12 *protection measures for the premises, including but not limited to:*

13 *1. Fire prevention inspections;*

14 *2. Firefighting equipment purchases and maintenance;*

15 *3. The actual resources used for fire protection services;*

16 *4. The market value of materials used; and*

17 *5. Any other measures deemed essential in providing fire protection to*
18 *the premises.*

19 *(3) The board of trustees may:*

20 *(a) Directly bill the owner of the premises for the fee authorized by subsection*
21 *(2) of this section. In addition, the board of trustees may set a monetary*
22 *penalty for nonpayment or late payment of the fee, and may issue a lien on*
23 *the property against which the fee was levied; or*

24 *(b) 1. Request the fiscal court of the county in which the fire protection*
25 *district or subdistrict, or volunteer fire department district, has*
26 *territory containing the premises to adopt an ordinance to add the fee*
27 *to the property tax bill sent to the owner of the premises.*

- 1 2. In any county where the fiscal court has adopted an ordinance under
2 this paragraph, the county clerk shall add the fee to the tax bills of the
3 owner of the premises in a place separate from the taxes and other
4 fees on the bill so that the taxpayer can ascertain the amount of the
5 fee apart from the taxes and other fees on the bill.
- 6 3. Fees added to property tax bills under this paragraph shall be
7 collected and distributed by the sheriff to the applicable board of
8 trustees in the same manner as other taxes on the bill. Unpaid fees
9 shall bear the same penalty as general state and county property taxes,
10 and this shall be a lien on the property against which is levied from
11 the time of the levy. The fiscal court shall, in the ordinance, and in
12 consultation with the sheriff and the applicable board of trustees, set a
13 collection fee for the sheriff to retain in an amount not to exceed four
14 and one-fourth percent (4.25%) of the fee collected.
- 15 (4) (a) If the board of trustees directly bills the owner of the premises for the fee
16 authorized by subsection (2) of this section, the board shall issue a detailed
17 invoice specifying the incurred costs to the owner of the respective premises.
18 The invoice shall notify the owner of the premises of the appeals process set
19 out in subsection (5) of this section and include contact information for the
20 Kentucky Fire Commission to initiate an appeal.
- 21 (b) If the county fiscal court has adopted an ordinance placing the fee
22 authorized by subsection (2) of this section on the county tax bill, then the
23 board of trustees shall issue a document detailing the incurred costs to the
24 owner of the respective premises that also explains that the fee will be added
25 to the tax bill. The document shall be issued no later than September 1 of
26 each year. The document shall notify the owner of the premises of the
27 appeals process set out in subsection (5) of this section and include contact

1 information for the Kentucky Fire Commission to initiate an appeal.

2 (5) (a) The owner of a premises who believes the fee assessed against the premises
3 pursuant to this section is unjust or inaccurately assessed may appeal the
4 fee and have the issue brought before the Kentucky Fire Commission for
5 arbitration. The appeal shall be entered within sixty (60) days of the
6 issuance of the invoice under subsection (4)(a) of this section, or within
7 sixty (60) days of the issuance of the document set out in subsection (4)(b)
8 of this section.

9 (b) The board of trustees shall immediately reimburse the owners of the
10 premises of any fee paid and adjusted in favor of the owner of the premises.
11 Any penalties levied for nonpayment of the fee billed by the board or added
12 to a tax bill shall be adjusted to reflect the judgment of the Kentucky Fire
13 Commission after arbitration.

14 (c) The Kentucky Fire Commission shall promulgate administrative regulations
15 in accordance with KRS Chapter 13A to provide for the arbitration process
16 set out in this section.

17 (6) No later than December 31 of each year, the board of trustees collecting a fee
18 under this section shall transmit a report to the Kentucky Fire Commission
19 containing:

20 (a) Every invoice or document sent to the owners of each premises as set out in
21 subsection (4) of this section, including any adjustments made as a result of
22 an appeal set out in subsection (5) of this section;

23 (b) An incident report listing when the fire protection district or subdistrict, or
24 volunteer fire department district responded to a premises during that year
25 or provided any inspections or other services directly to that premises; and

26 (c) A discussion of any difficulties faced by the board of trustees in
27 implementing this section.

1 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 75A IS CREATED TO
2 READ AS FOLLOWS:

3 (1) As used in this section, "premises" has the same meaning as in KRS 138.208.

4 (2) (a) The board of a district may assess a fee against a premises within its
5 jurisdiction to cover the actual costs of services and materials required to
6 maintain necessary fire protection measures for that premises.

7 (b) In setting the amount of the fee authorized by paragraph (a) of this
8 subsection, the board shall determine expenses related to fire protection
9 measures for the premises, including but not limited to:

10 1. Fire prevention inspections;

11 2. Firefighting equipment purchases and maintenance;

12 3. The actual resources used for fire protection services;

13 4. The market value of materials used; and

14 5. Any other measures deemed essential in providing fire protection to
15 the premises.

16 (3) The board may:

17 (a) Directly bill the owner of the premises for the fee authorized by subsection
18 (2) of this section. In addition, the board may set a monetary penalty for
19 nonpayment or late payment of the fee, and may issue a lien on the property
20 against which the fee was levied; or

21 (b) 1. Request the fiscal court of the county in which the district has territory
22 containing the premises to adopt an ordinance to add the fee to the
23 property tax bill sent to the owner of the premises.

24 2. In any county where the fiscal court has adopted an ordinance under
25 this paragraph, the county clerk shall add the fee to the tax bills of the
26 owner of the premises in a place separate from the taxes and other
27 fees on the bill so that the taxpayer can ascertain the amount of the

1 fee apart from the taxes and other fees on the bill.

2 3. Fees added to property tax bills under this paragraph shall be
3 collected and distributed by the sheriff to the applicable board in the
4 same manner as other taxes on the bill. Unpaid fees shall bear the
5 same penalty as general state and county property taxes, and this shall
6 be a lien on the property against which is levied from the time of the
7 levy. The fiscal court shall, in the ordinance, and in consultation with
8 the sheriff and the applicable board, set a collection fee for the sheriff
9 to retain in an amount not to exceed four and one-fourth percent
10 (4.25%) of the fee collected.

11 (4) (a) If the board directly bills the owner of the premises for the fee authorized by
12 subsection (2) of this section, the board shall issue a detailed invoice
13 specifying the incurred costs to the owner of the respective premises. The
14 invoice shall notify the owner of the premises of the appeals process set out
15 in subsection (5) of this section and include contact information for the
16 Kentucky Fire Commission to initiate an appeal.

17 (b) If the county fiscal court has adopted an ordinance placing the fee
18 authorized by subsection (2) of this section on the county tax bill, then the
19 board shall issue a document detailing the incurred costs to the owner of the
20 respective premises that also explains that the fee will be added to the tax
21 bill. The document shall be issued no later than September 1 of each year.
22 The document shall notify the owner of the premises of the appeals process
23 set out in subsection (5) of this section and include contact information for
24 the Kentucky Fire Commission to initiate an appeal.

25 (5) (a) The owner of a premises who believes the fee assessed against the premises
26 pursuant to this section is unjust or inaccurately assessed may appeal the
27 fee and have the issue brought before the Kentucky Fire Commission for

1 arbitration. The appeal shall be entered within sixty (60) days of the
2 issuance of the invoice under subsection (4)(a) of this section, or within
3 sixty (60) days of the issuance of the document set out in subsection (4)(b)
4 of this section.

5 **(b) The board shall immediately reimburse the owners of the premises of any**
6 **fee paid and adjusted in favor of the owner of the premises. Any penalties**
7 **levied for nonpayment of the fee billed by the board or added to a tax bill**
8 **shall be adjusted to reflect the judgment of the Kentucky Fire Commission**
9 **after arbitration.**

10 **(c) The Kentucky Fire Commission shall promulgate administrative regulations**
11 **in accordance with KRS Chapter 13A to provide for the arbitration process**
12 **set out in this section.**

13 **(6) No later than December 31 of each year, the board collecting a fee under this**
14 **section shall transmit a report to the Kentucky Fire Commission containing:**

15 **(a) Every invoice or document sent to the owners of each premises as set out in**
16 **subsection (4) of this section, including any adjustments made as a result of**
17 **an appeal set out in subsection (5) of this section;**

18 **(b) An incident report listing when the district responded to a premises during**
19 **that year or provided any inspections or other services directly to that**
20 **premises; and**

21 **(c) A discussion of any difficulties faced by the board in implementing this**
22 **section.**

23 ➔SECTION 3. A NEW SECTION OF KRS CHAPTER 244 IS CREATED TO
24 READ AS FOLLOWS:

25 **(1) As used in this section and Section 5 of this Act:**

26 **(a) "Angel dust" means the fungus Baudoinia compniacensis, commonly**
27 **known as whiskey fungus;**

- 1 (b) "Licensee" means the holder of a distiller's license or any other license
2 issued under KRS Chapters 241 to 244, that has ownership or control over a
3 premises containing one (1) or more rickhouses;
- 4 (c) "Premises" has the same meaning as in KRS 138.208; and
- 5 (d) "Rickhouse" means a structure used for the storage and aging of distilled
6 spirits barrels, if the aging of those distilled spirits is a known factor in the
7 development of angel dust.
- 8 (2) The department shall promulgate administrative regulations in accordance with
9 KRS Chapter 13A to develop and implement a program to reimburse property
10 owners on an annual basis for cleaning expenses related to accumulated angel
11 dust if the affected property is located within a three (3) mile radius of a distillery
12 or a premises with a rickhouse.
- 13 (3) (a) The cleaning expenses for a property shall be determined based on cleaning
14 costs incurred by the property owner. A property owner seeking
15 reimbursement shall provide clear documentation of cleaning expenses
16 attributed to angel dust.
- 17 (b) Verification of cleaning expenses shall be conducted by an independent
18 entity mutually agreed upon by the licensee and affected property owners. If
19 the licensee and property owners fail to agree, the department shall
20 determine the appropriate cleaning expenses.
- 21 (4) (a) The annual reimbursement process shall commence within thirty (30) days
22 of a property owner submitting the required documentation for that year.
- 23 (b) A licensee that fails to fully and timely comply with the reimbursement
24 requirements outlined in this section for a property shall be subject to a fine
25 equal to twenty-five percent (25%) of the verified cleaning costs for that
26 property, in addition to the reimbursement due, and shall also be subject to
27 any other penalties authorized under KRS Chapters 241 to 244. The

1 department shall undertake necessary collections actions to enforce
2 reimbursement and fines.

3 (c) Fines under this subsection shall be imposed and collected by the
4 department, which shall deposit these moneys into the distilled spirits
5 environmental fund established in Section 5 of this Act.

6 (5) Reimbursement funds for each qualifying property owner shall be paid from the
7 distilled spirits environmental fund established in Section 5 of this Act.

8 (6) The department shall regulate and enforce this section and Section 5 of this Act,
9 and shall ensure fair and equitable reimbursement practices.

10 (7) (a) Any party aggrieved by a decision of the department related to this section
11 and Section 5 of this Act may request a hearing in accordance with KRS
12 Chapters 241 to 244 and KRS Chapter 13B.

13 (b) Any final order of the department related to this section and Section 5 of
14 this Act may be appealed to Franklin Circuit Court in accordance with KRS
15 Chapter 13B.

16 ➔SECTION 4. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO
17 READ AS FOLLOWS:

18 (1) As used in this section:

19 (a) "Department" means the Department of Revenue;

20 (b) "Licensee" has the same meaning as in Section 3 of this Act; and

21 (c) "Premises" has the same meaning as in KRS 138.208.

22 (2) (a) Each licensee shall annually pay to the department an environmental fee of
23 twenty-five cents (\$0.25) for each barrel of distilled spirits stored in a
24 premises on January 1.

25 (b) The fee shall be paid:

26 1. Into the State Treasury and transferred to the distilled spirits
27 environmental fund established in Section 5 of this Act;

- 1 2. On the twentieth day of October of each year; and
- 2 3. Either by use of a form prescribed by the department or an electronic
- 3 fund transfer.
- 4 (c) The number of barrels of distilled spirits shall be the same number reported
- 5 for property tax purposes under KRS 132.160.
- 6 (3) All provisions of KRS Chapter 131 shall apply to the environmental fee, including
- 7 but not limited to provisions regarding:
- 8 (a) Extensions of time for filing reports and returns;
- 9 (b) Uniform civil penalties imposed under KRS 131.180;
- 10 (c) The tax interest rate;
- 11 (d) The period for which records are to be preserved; and
- 12 (e) Procedures for protest of an assessment by the department.
- 13 (4) The environmental fee shall be deposited into the distilled spirits environmental
- 14 fund established in Section 5 of this Act.
- 15 ➔SECTION 5. A NEW SECTION OF KRS CHAPTER 244 IS CREATED TO
- 16 READ AS FOLLOWS:
- 17 (1) There is hereby established in the State Treasury a trust and agency account to be
- 18 known as the distilled spirits environmental fund. The fund shall consist of
- 19 moneys received from the environmental fee imposed by Section 4 of this Act,
- 20 finances imposed under Section 3 of this Act, state appropriations, gifts, grants, and
- 21 federal funds.
- 22 (2) The fund shall be administered by the department.
- 23 (3) Amounts deposited in the fund shall be used to reimburse qualifying property
- 24 owners for cleaning costs incurred to remove angel dust caused by aging distilled
- 25 spirits and for no other purpose.
- 26 (4) Notwithstanding KRS 45.229, fund amounts not expended at the close of a fiscal
- 27 year shall not lapse but shall be carried forward into the next fiscal year.

1 ➔Section 6. Sections 3, 4, and 5 of this Act take effect January 1, 2026.