## Local Government Mandate Statement Kentucky Legislative Research Commission 2022 Regular Session

**Part I: Measure Information** 

Bill Request #: 1527
Bill #: SB 110
<b>Document ID #:</b> 3509
Bill Subject/Title: AN ACT relating to heir property and making an appropriation therefor.
Sponsor: Representative Reginald Thomas
Unit of Government: City X County Urban-County Unified Local
X Charter County X Consolidated Local X Government
Office(s) Impacted: County Clerk
Requirement: X Mandatory Optional
Effect on Powers & Duties: Modifies ExistingX Adds New Eliminates Existing

# Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

SB 110 creates new sections of KRS Chapter 381 to be called the *Uniform Partition of Heir Property Act*. The section directly affecting local governments is found in Section 15 regarding the county clerk's responsibilities.

#### Sections 2-14:

Creates new sections of KRS Chapter 381 to define heir property and create a mechanism for partition or sale among cotenants by the court. Provides guidance as to notices, how to determine the value of the property, allow for buyouts, partition alternatives, partition in kind, open market sales, sales by sealed bid, or auction.

Creates the *heir property research fund* to aid Kentucky residents via grant funding of up to \$2,000 to assist in conducting research into their family history, specifically relating to identification, evaluation, preservation, partition, or sale of heir property.

### **Section 15:**

The Heir Property Research Fund shall be funded by the following:

SB 110 increases the filing fee the county clerk shall receive for documents for which no specific fee is set from \$33 to \$34 for the first five pages. The additional dollar shall be paid to the heir property research fund and remitted by the county clerk within ten days following the end of the quarter in which the fee was received. Each remittance shall be accompanied by a summary report of a form prescribed by the Kentucky Real Estate Authority.

In layman's terms, this would help preserve family wealth passed to the next generation in the form of real property. For example, if your grandparents left no will, the property would have passed to their children, and their children's children, and perhaps you now own a partial interest in the property as well. The property in this scenario is known as "heirs' property" and often results in what is called "clouded" or "tangled" title. The clouded title can unfortunately create a number of legal and financial obstacles if not managed appropriately. SB 110 would seek to remedy this by providing financial assistance to these families to aid in research.

Currently, according to the United States Department of Agriculture, as of October, 2021, 18 states have enacted the Uniform Partition of Heirs Property Act. The Department further asserts that in states that nave not enacted this law, it may be more likely that heir's properties are sold at below market rate.<sup>2</sup>

The fiscal impact to local governments is not known at this time. The Kentucky County Clerks Association has been contacted for input. As of the submission of this Local Mandate Statement, they have requested more time in order to provide a response. Once that response is received, this statement will be updated accordingly.

#### Part III: Differences to Local Government Mandate Statement from Prior Versions

Part II refers to SB 110 as introduced. There are no prior versions of this bill.

**Data Source(s):** LRC Staff:

(1) Booneville Sentinel article titled "Study to be Conducted in Several Counteis in Kentucky Including Owsley County Conerning an Heirs

Property", June 13, 2021;

(2) U.S Department of Agriculture article titled "Knowledge of 'Heirs Properties' Issues Help Families Keep, Sustain Land", October 8,2021

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