Local Government Mandate Statement Kentucky Legislative Research Commission 2024 Regular Session

Part I: Measure Information

Bill Request #: 293						
Bill #: SB 54						
Document ID #: 155	<u> </u>					
	AN ACT relating to heirs property and making an appropriation herefor.					
Sponsor: Senator Reginald Thomas						
Unit of Government:	XCityXCountyXUrban-CountyXCharter CountyXConsolidated LocalXGovernment					
Office(s) Impacted:	County Clerks					
Requirement:	Mandatory Optional					
Effect on Powers & Duties:	_ Modifies Existing Adds New Eliminates Existing					

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

SB 54 creates new sections of KRS Chapter 381 to be called the Uniform Partition of Heirs Property Act. The section directly affecting local governments is Section 15 regarding the county clerk's responsibilities.

Section 14:

Creates the heirs 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 heirs property.

Section 15:

The Heirs Property Research Fund shall be funded by the following: SB 54 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 heirs 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.

The fund 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 several legal and financial obstacles if not managed appropriately. SB 54 would seek to remedy this by providing financial assistance to these families to aid in research.¹

As of January 2024, 23 states have enacted the Uniform Partition of Heirs Property Act. In states that nave not enacted this law, it may be more likely that heirs properties are sold at below market rate.²

The fiscal impact to local governments is expected to be minimal. The Kentucky County Clerks Association and the Kentucky Property Valuation Administrators (PVA) Association were contacted for feedback.

The Kentucky PVA Association responded they have never been privileged to court ordered appraisals, but whereas SB 54 requires court-ordered appraisals to be available at the property administrator's office thus making them custodians of that data. Any appraisal would be helpful in the PVA's effort to assess property.

The administrative framework for filing in the county clerks' offices is currently in place and would remain unchanged except for remitting the summary report and the funds resulting from the increase in the fee payment to the Heirs Property Research Fund.

Data Source(s):	LRC Staff; Kentucky County Clerks Association; Kentucky Property				
	Valuation Administrator Association; U.S Department of Agriculture				
	article titled "Knowledge of 'Heirs Properties' Issues Help Families Keep				
	Sustain Land", October 8, 2021 Page 3 (1) Booneville Sentinel article				
	titled "Study to be Conducted in Several Counties in Kentucky Including				
	Owsley County Conerning an Heirs Property", June 13, 2021; (2)				
	www.uniformlaws.org				

Preparer: Jac	cob Blevins (MS)	Reviewer:	KHC	Date:	1/9/24
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