Local Government Mandate Statement
Kentucky Legislative Research Commission
2026 Regular Session

Part I: Measure Information

Bill Request #:	334	**Bill #:**	HB 331
Document ID #:	3076	**Sponsor:**	Rep. Daniel Grossberg
Bill Title:	AN ACT relating to real property purchased at a master commissioner's sale.		

Unit of Government:			
	☒ City	☒ County	☒ Urban-County
	☒ Charter County	☐ Consolidated Local	☒ Unified Local

Office(s) Impacted: Circuit Courts

Requirement: ☒ Mandatory ☐ Optional

Effect on Powers & Duties: ☐ Modifies Existing ☒ Adds New ☐ Eliminates Existing

Other Fiscal Statement(s) that may exist: ☐ Actuarial Analysis ☐ Corrections Impact ☐ Health Benefit Mandate ☐ State Employee Health Plan

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

HB 331 would amend KRS 91.514 and create a new section of KRS Chapter 426 to establish new requirements for properties sold under master commissioner's sale or other court-ordered sale. Under current law, after a court confirms the sale and that the right of redemption has expired, a purchaser receive title in fee simple absolute, subject only to certain utility rights-of-way and any applicable federal redemption rights. All previous claims, liens, or redemption rights are extinguished, and the purchaser is entitled to immediate possession. The title remains subject to certain tax liens that attached before the petition was filed, while special tax bill liens attach to the sale proceeds rather than the property itself.

Section 1 of HB 331 would require purchasers of residential property that was occupied at any time within the two years preceding the filing of unpaid tax bills to begin renovation within six months of obtaining title and return the property to a state of occupancy within eighteen months. If the property is subject to a land bank authority established pursuant to KRS 65.210 to 65.300 and KRS 65.350 to 65.375, the purchaser must return the property to effective utilization within the time period required by the authority for the county in which the property is located. That time period may be extended if the land bank authority provides an extension process and a project extension application, with all required documentation, has been filed and is pending or approved.

If the property is subject to an existing lease at the time of sale, the time period for beginning renovation and returning the property to a state of occupancy does not begin until the end of the lease term, not to exceed eleven months. If the property is subject to the six-month right of redemption under KRS 426.530, the time period does not begin until the redemption period expires. Occupancy may be established by affidavit from the master commissioner, sheriff, appraiser, or another person designated by the court.

For purposes of the bill, a “state of occupancy” is defined as either actual occupancy by the purchaser or a lessee under a long-term lease or authorized short-term rental, or active marketing of the property for sale or rent. “Actively marketing” requires a prominently placed “for sale” or “for rent” sign with accurate contact information; compliance with KRS 324.117 if a licensed real estate agent is engaged; and a continued good-faith effort to sell or rent the property at a price reflecting market conditions until the property is rented or sold for immediate occupancy.

Failure to comply with these requirements would result in a fine of $100 per day for each day of violation, payable to the chief financial officer of the local government in which the property is located, and may result in a court-ordered sale of the property under KRS 426.205. The new requirements would apply only to residential property located in a county with a land bank authority established under KRS 65.210 to 65.300 and KRS 65.350 to 65.375, and would not apply to vacant lots or residential property that is so dilapidated or deteriorated that it cannot be returned to a state of occupancy.

Section 2 would create a new section of KRS Chapter 426 establishing post-sale renovation and occupancy requirements for certain residential properties sold pursuant to a court order or judgment, other than by execution. Specifically, the section would require a purchaser who acquires title to residential property that was occupied at any time within the two years preceding the appraisal required under KRS 426.520 to begin renovation within six months of obtaining title and to return the property to a state of occupancy within eighteen months. If the property is subject to a land bank authority established under KRS 65.210 to 65.300 and KRS 65.350 to 65.375, the purchaser would instead be required to return the property to effective utilization within the timeframe established by the authority, subject to any available extension process.

The section would delay the start of these time requirements if the property is subject to an existing lease at the time of sale, for up to eleven months, or if the property is subject to the six-month right of redemption under KRS 426.530, until the redemption period expires. It would define “state of occupancy” to include either actual occupancy by the purchaser or a lessee, or active marketing of the property for sale or rent under specified conditions.

Section 2 would establish enforcement mechanisms for noncompliance, including a civil fine of $100 per day payable to the local government and the potential for a court-ordered resale of the property under KRS 426.205. The new section would apply only to residential property located in a county with an established land bank authority and would not apply to vacant lots or residential property that is so dilapidated or deteriorated that it cannot be returned to a state of occupancy.

The fiscal impact of HB 331 on local government is indeterminable. While courts could collect $100 per day in fines for noncompliance, local governments may incur administrative costs associated with tracking master commissioner sale dates, monitoring renovation and occupancy timelines, and verifying compliance. Additional legal and court-related expenses could also arise from enforcement.

The Administrative Office of the Courts was consulted and indicated that the legislation would likely have no fiscal impact on the judicial branch.

Data Source(s): LRC Staff, KY Administrative Office of the Courts

Preparer: HT **Reviewer:** AS (MDA) **Date:** 1/20/26