

1 AN ACT relating to a property tax installment payment program.

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

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 134 IS CREATED TO
4 READ AS FOLLOWS:

5 (1) As used in this section:

6 (a) "Designated property tax collector" means the:

7 1. Sheriff as provided in KRS 134.119; or

8 2. Special tax collector appointed by an independent school district board
9 of education as provided in KRS 160.500; and

10 (b) "Eligible taxpayer" means a taxpayer with estimated real property taxes due
11 for the assessment year of two hundred dollars (\$200) or more.

12 (2) Beginning January 1, 2026, property taxes on real property collected by a
13 designated property tax collector may be paid by an eligible taxpayer in four (4)
14 quarterly installments as provided in this section.

15 (3) Each designated property tax collector shall create and administer a quarterly
16 installment payment program in accordance with this section. The program shall
17 be operational on or before January 1, 2026.

18 (4) (a) In order to estimate an eligible taxpayer's quarterly installment payments
19 prior to the actual tax liability being determined, the payments shall be
20 based on the property taxes assessed against the property for the
21 immediately preceding assessment year, unless the department allows for an
22 alternative base to be calculated for an eligible taxpayer or updated
23 assessment information is received by the designated property tax collector
24 pursuant to paragraph (c) of this subsection.

25 (b) To determine the amount of the quarterly installment payment, the
26 designated property tax collector shall add the administrative fee established
27 by subsection (6) of this section to the total taxes assessed on the property

1 for the immediately preceding assessment year and then divide the sum by
2 four (4).

3 (c) 1. Within fifteen (15) days after the property tax assessments and tax
4 rates are finalized for preparing the property tax bills, as provided in
5 KRS 133.220, the county clerk shall provide the assessment and tax
6 rate information to the designated property tax collector.

7 2. When a property valuation administrator becomes aware that the
8 estimated assessment of a particular parcel of property is expected to
9 increase or decrease by more than twenty-five percent (25%) from the
10 immediately preceding year's assessment, the property valuation
11 administrator shall notify the designated property tax collector within
12 fifteen (15) days of finalizing the assessment.

13 3. The designated property tax collector shall, within thirty (30) days of
14 receipt of the updated information from the county clerk or property
15 valuation administrator as required by subparagraphs 1. and 2. of this
16 paragraph:

17 a. Make necessary adjustments to the remaining installment
18 payment amounts to allow the eligible taxpayer to pay the total
19 amount due in full on or before the due date established by
20 Section 3 of this Act; and

21 b. Notify the eligible taxpayer of the adjustments made.
22 Any adjustment, whether an increase or decrease, shall be evenly
23 divided between the remaining installment payments.

24 (d) Any overpayment, as of the due date established by Section 3 of this Act,
25 may be automatically applied to the eligible taxpayer's real property tax bill
26 for the immediately following assessment year or may be refunded to the
27 eligible taxpayer at his or her request.

1 (5) (a) Before January 10, 2026, and on or before each January 10 thereafter, the
2 designated property tax collector shall:

3 1. Post information about the quarterly installment payment program on
4 its website, or on the county website; and

5 2. Send every eligible taxpayer within the jurisdiction a notification that
6 provides information about the quarterly installment payment
7 program and the requirements for participation.

8 (b) Full payment of the first installment by the eligible taxpayer on or before its
9 due date shall constitute enrollment in the quarterly installment payment
10 program, unless the eligible taxpayer:

11 1. Participates in an alternative enrollment option established by the
12 department; or

13 2. Fails to meet any additional requirements established by the
14 department.

15 (c) 1. The designated tax collector shall provide updated information to
16 eligible taxpayers regarding the status of payments and the
17 outstanding balance remaining on at least a quarterly basis and shall
18 provide access to the information electronically when possible.

19 2. Information provided by the electronic system, if available, and the
20 notifications required by this paragraph shall include, at a minimum:

21 a. The eligible taxpayer's estimated property taxes;

22 b. The amount of each quarterly installment;

23 c. The due date for each quarterly installment;

24 d. The total property taxes paid to date by the eligible taxpayer for
25 the assessment year;

26 e. The eligible taxpayer's outstanding property tax balance for the
27 assessment year;

- 1 f. Details of all adjustments made to the quarterly installments;
2 g. An explanation that the quarterly installment amounts may
3 increase or decrease in order to reflect the actual assessed value
4 of the property and the tax rates for the assessment year; and
5 h. An explanation of the duties of the eligible taxpayer under the
6 quarterly installment payment program.
- 7 (d) The preferred method for providing information, sending notices, and
8 communicating with eligible taxpayers, and receipt of payments for the
9 quarterly installment payment program shall be through use of an
10 electronic, web-based system. However, in recognition that some designated
11 property tax collectors and some eligible taxpayers may lack the technology
12 necessary to use this method, the department shall establish alternative
13 methods for the provision of information, sending of notices, and receipt of
14 payments to ensure that the quarterly installment payment program is
15 widely available.
- 16 (6) The designated property tax collector shall be entitled to an administrative fee for
17 each quarterly installment collected. The fee shall:
- 18 (a) Be paid by each eligible taxpayer that participates in the quarterly
19 installment payment program;
- 20 (b) Be separately stated and clearly identified as an administrative fee in the
21 eligible taxpayer's quarterly installment; and
- 22 (c) Not exceed three percent (3%) of the total taxes due.
- 23 (7) (a) The two percent (2%) discount for the early payment of property taxes as
24 provided by Section 3 of this Act shall not apply to taxes paid under a
25 quarterly installment payment program.
- 26 (b) Penalties and interest shall not be assessed by a designated property tax
27 collector for late payments received under a quarterly installment payment

1 program. Penalties, interest, and collection processes shall apply in
2 accordance with this chapter to property taxes that become delinquent after
3 the due date established by Section 3 of this Act.

4 (8) The department shall, through the promulgation of administrative regulations in
5 accordance with KRS Chapter 13A, establish guidelines, conditions, and
6 standards for quarterly installment payment programs to ensure uniformity in the
7 administration by designated tax collectors and to ensure that the program will be
8 available statewide. The administrative regulations shall include but not be
9 limited to the following:

10 (a) Accounting and tracking procedures for installment payments to ensure
11 that payments are clearly identified and associated with a specific parcel;

12 (b) A process for setting the administrative fee permitted by subsection (6) of
13 this section;

14 (c) Alternative enrollment options for eligible taxpayers;

15 (d) Any forms necessary for administration of the quarterly installment
16 payment program;

17 (e) Conditions under which a taxpayer may be ineligible for or rejected from
18 the program, and any appeal rights a taxpayer who is deemed ineligible or
19 rejected from the program may have;

20 (f) The processes for collection, distribution, handling, and refunding of
21 property taxes collected under the program;

22 (g) The process for determining when an installment payment plan is in
23 default, and the processes and procedures for addressing the default;

24 (h) The requirements for the electronic systems that provide eligible taxpayers
25 access to their property tax information;

26 (i) Details on the information that shall be posted on the designated property
27 tax collector's website or the county's website;

1 (j) The processes in providing notices to eligible taxpayers and accepting
2 payments under the quarterly installment payment program; and

3 (k) Any other requirements the department determines necessary for the
4 quarterly installment payment program to operate in an efficient,
5 transparent, and accessible manner.

6 (9) The department shall make available on its website information about installment
7 payment plans with contact information for each designated tax collector.

8 (10) Any designated property tax collector who does not comply with this section and
9 any administrative regulations promulgated for quarterly installment programs
10 shall be subject to penalties in KRS 134.990.

11 ➔Section 2. KRS 133.220 is amended to read as follows:

12 (1) The department annually shall furnish to each county clerk tax bill forms designed
13 for adequate accounting control sufficient to cover the taxable property on the rolls.

14 (2) After receiving the forms, the county clerk shall prepare for the use of the sheriff or
15 collector a correct tax bill for each taxpayer in the county whose property has been
16 assessed and whose valuation is included in the certification provided in KRS
17 133.180. If the bills are bound, the cost of binding shall be paid out of the county
18 levy. Each tax bill shall show the rate of tax upon each one hundred dollars (\$100)
19 worth of property for state, county, and school purposes; the name of the taxpayer
20 and his or her mailing address; the number of acres of farm land and its value; the
21 number of lots and their value; the amount and value of notes and money; the value
22 of mixed personal property; the total amount of taxes due the state, county, school
23 district, and any other taxing district for which the sheriff collects taxes; and shall
24 include a statement that notifies the taxpayer that costs and fees increase
25 substantially if the taxes become delinquent. Provision shall be made for the sheriff
26 to have a stub, duplicate, or other proper evidence of receipt of payment of each tax
27 bill.

1 (3) Tax bills prepared in accordance with the certification of the department shall be
2 delivered to the sheriff or collector by the county clerk before September 15 of each
3 year. The clerk shall take a receipt showing the number of tax bills and the total
4 amount of tax due each taxing district as shown upon the tax bills. The receipt shall
5 be signed and acknowledged by the sheriff or collector before the county clerk,
6 filed with the county judge/executive, and recorded in the order book of the county
7 judge/executive in the manner required by law for recording the official bond of the
8 sheriff.

9 (4) (a) Upon delivery to him or her of the tax bills, the sheriff or collector shall mail
10 a notice to each taxpayer, showing the total amount of taxes due the state,
11 county, school district, and any other taxing district for which the sheriff
12 collects taxes, the date on which the taxes are due, and any discount to which
13 the taxpayer may be entitled upon payment of the taxes prior to a designated
14 date. The sheriff shall not mail tax notices prior to September 15.

15 (b) For taxpayers that participate in a quarterly installment payment program
16 as permitted by Section 1 of this Act, the sheriff or collector shall include in
17 with the taxpayer's tax notice a statement that provides the:

18 1. Total estimated assessment used in calculating the installment
19 payments;

20 2. Total payments made by the taxpayer to date;

21 3. Actual assessment for the assessment year;

22 4. Difference between the estimated and actual assessment for the
23 assessment year; and

24 5. Amount due under the remaining installments once adjusted to reflect
25 the actual assessment for the assessment year.

26 (5) All notices returned as undeliverable shall be submitted no later than the following
27 work day to the property valuation administrator. The property valuation

1 administrator shall correct inadequate or erroneous addresses if the information to
2 do so is available and, if property has been transferred, shall determine the new
3 owner and the current mailing address, or the in-care-of address reflected in the
4 deed as required by KRS 382.135. The property valuation administrator shall return
5 the corrected notices to the sheriff or collector on a daily basis as corrections are
6 made, but no later than fifteen (15) days after receipt. Uncorrected notices shall be
7 submitted to the department by the property valuation administrator.

8 ➔Section 3. KRS 134.015 is amended to read as follows:

9 (1) All property taxes are due and payable on or before December 31 of the assessment
10 year except as otherwise provided by law. Payment shall be made to the sheriff as
11 provided in KRS 134.119 unless otherwise provided by law.

12 (2) (a) Any taxpayer, except taxpayers paying under a quarterly installment
13 program established by Section 1 of this Act, who pays the property taxes in
14 full by November 1 of the assessment year shall receive a two percent (2%)
15 discount on the amount otherwise due.

16 (b) Taxes paid in full between November 2 and December 31 of the assessment
17 year shall be paid at the amount reflected on the tax bill without discount or
18 penalty.

19 (c) Taxes paid in full between January 1 and January 31 of the year following the
20 assessment year shall be subject to a penalty of five percent (5%) of the taxes
21 due and unpaid.

22 (d) Taxes paid after January 31 of the year following the assessment year shall be
23 subject to a penalty of ten percent (10%) of the taxes due and unpaid.

24 (3) If the regular collection schedule established by subsections (1) and (2) of this
25 section is delayed, the department may establish an alternative collection schedule.
26 Taxes shall be due two (2) full months from the date the tax bills are mailed. The
27 alternative collection schedule shall allow a two percent (2%) discount for all tax

1 bills paid in full within one (1) full month of the date the tax bills were mailed,
2 except for the taxes paid under a quarterly installment program established by
3 Section 1 of this Act. Upon expiration of the discount period, the face amount
4 reflected on the tax bill without discount or penalty shall be due for the next full
5 month. Payments made within one (1) month following the face amount period
6 shall be subject to a penalty of five percent (5%) of the taxes due and unpaid.
7 Payments made after the five percent (5%) penalty period shall be subject to a
8 penalty of ten percent (10%) of the taxes due and unpaid.

9 (4) All taxes due under this section and all fees, penalties, and interest thereon are a
10 personal debt of the taxpayer on the assessment date, from the time the tax becomes
11 due until paid.

12 (5) The lien that attaches to property on which taxes have become delinquent under
13 KRS 134.420 shall continue as provided in KRS 134.420, from the time the taxes
14 become delinquent until the taxes are paid or the eleven (11) year period established
15 by KRS 134.420 expires, regardless of who owns the property.

16 (6) A tax bill issued against omitted property, or an increase in valuation over that
17 claimed by the taxpayer, as finally determined upon appeal as provided for in KRS
18 133.120, shall be due the day the bill is prepared and shall be considered delinquent
19 on that date. If the tax bill is not paid within one (1) full month of the due date, an
20 additional penalty of ten percent (10%) of the tax, fees, penalties, and interest due
21 shall be added to the tax bill. The laws relating to delinquent taxes on the same
22 class of property or taxpayers involved shall apply to delinquent omitted tax bills
23 unless otherwise provided by law.