

1 AN ACT relating to the Kentucky Tax Tribunal.

2 WHEREAS, the General Assembly recognizes a need for an independent tax court
3 or tribunal with its members having expertise in state and local tax matters; and

4 WHEREAS, specialized tax tribunals and courts have been implemented in over 35
5 states, with most housed in the Executive Branch, though some have been placed in the
6 Judicial Branch; and

7 WHEREAS, as currently written, our Constitution would require an amendment to
8 house such a tax tribunal in the Judicial Branch, and therefore, the General Assembly is
9 placing the tax tribunal in the Executive Branch; and

10 WHEREAS, in order to streamline the resolution of all state and local tax-related
11 disputes, the General Assembly intends to and does hereby divest the Circuit Courts and
12 District Courts of original jurisdiction over all such matters vested in the tax tribunal by
13 this Act; and

14 WHEREAS, the General Assembly hereby establishes an independent state-level
15 tax tribunal described and known as the Kentucky Tax Tribunal, which shall have sole
16 and exclusive statewide jurisdiction over all actions that arise under the tax laws in the
17 Commonwealth to hear and resolve all controversies arising out of or related to the
18 assessment, collection, and refund of all state and local taxes in the Commonwealth;

19 NOW, THEREFORE,

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

21 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 142 IS CREATED TO
22 READ AS FOLLOWS:

23 ***As used in this Sections 1 to 17 of this Act:***

24 ***(1) "Electronic transmission" includes transmission by facsimile or electronic mail;***

25 ***(2) "Taxing agency" includes any state or local cabinet, department, agency, board,***
26 ***commission, school, special district, municipality, county, or other entity having***
27 ***taxation powers, insofar as each governmental body or entity listed herein levies,***

1 assesses, or collects taxes or fees or has the power to levy, assess, or collect taxes
2 or fees;

3 (3) "Taxpayer" has the same meaning as KRS 131.010(4); and

4 (4) "Tribunal" means the Kentucky Tax Tribunal.

5 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 142 IS CREATED TO
6 READ AS FOLLOWS:

7 (1) The Kentucky Board of Tax Appeals is and shall be abolished as of January 1,
8 2026.

9 (2) The Kentucky Tax Tribunal is hereby created in the executive branch beginning
10 on January 1, 2027. The tribunal shall be the forum of record, remaining in
11 continuous session, for all tax-related disputes in the Commonwealth. The
12 Circuit Courts and Cistrict Courts are hereby divested of their original
13 jurisdiction over all tax-related matters.

14 (3) The tribunal shall be independent from the authority of all taxing agencies in the
15 Commonwealth.

16 (4) In creating the tribunal, the General Assembly intends to foster the settlement or
17 other resolution of tax disputes to the greatest extent possible and, in cases in
18 which litigation is necessary, provide the people of the Commonwealth with a
19 fair, independent, prepayment procedure to resolve tax disputes with taxing
20 agencies. Sections 1 to 17 of this Act, including the jurisdiction of the tribunal,
21 shall be interpreted and construed in accordance with, and in furtherance of, this
22 express legislative intent in the interest of securing an efficient, just, speedy, and
23 inexpensive determination or resolution of every tax action.

24 (5) Sections 1 to 17 of this Act shall apply to:

25 (a) All proceedings commenced at the tribunal on or after January 1, 2027; and

26 (b) All administrative proceedings that involve questions of law and fact arising
27 under all state and local tax laws in this Commonwealth commenced prior

1 to January 1, 2026, that have not been the subject of a final and irrevocable
2 administrative action as of January 1, 2027.

3 (6) Any administrative proceeding before the Kentucky Board of Tax Appeals in
4 which a hearing has commenced prior to the effective date of this Act shall be
5 transferred to the tribunal, which shall render the decision in that proceeding.

6 (7) Sections 1 to 17 of this Act shall not affect any proceeding, prosecution, action,
7 suit, or appeal commenced in the judicial branch before January 1, 2027.

8 (8) (a) All property of the Kentucky Board of Tax Appeals is hereby transferred to
9 the tribunal effective January 1, 2027.

10 (b) All employees of the Kentucky Board of Tax Appeals are and shall be
11 transferred to the tribunal as of January 1, 2027, without any change in
12 employment status or compensation.

13 (c) Members of the Board of Tax Appeals shall cease office on January 1,
14 2027.

15 (d) All records of the Kentucky Board of Tax Appeals are and shall be
16 transferred to the tribunal as of January 1, 2027.

17 ➔SECTION 3. A NEW SECTION OF KRS CHAPTER 142 IS CREATED TO
18 READ AS FOLLOWS:

19 (1) The tribunal shall consist of one (1) to three (3) judges. If there is more than one
20 (1) judge, each shall exercise the powers of the tribunal equally.

21 (2) (a) Each judge of the tribunal shall be:

22 1. A citizen of the United States;

23 2. A full-time resident of the Commonwealth;

24 3. At least thirty-five (35) years of age; and

25 4. An attorney in good-standing and licensed by the Kentucky Bar
26 Association for a minimum of ten (10) years.

27 (b) A person shall not be appointed as a judge unless, at the time of

1 appointment, the individual has demonstrated:

2 1. Substantial knowledge of state and local tax law; and

3 2. Multiple years of experience in tax-related litigation.

4 (3) (a) The judges shall be appointed by the Governor, subject to confirmation by
5 the Senate, for a term of four (4) years.

6 (b) Members appointed when the Senate is not in session shall serve only until
7 the next regular session, or special session if such matter is included in the
8 call therefor of the General Assembly, at which time they shall be subject to
9 confirmation by the Senate. Any person not confirmed by the Senate at that
10 time shall vacate his or her office, and the Governor shall appoint a new
11 judge in the same manner as the original appointment. The Governor shall
12 seek recommendations of potential candidates from the Kentucky Bar
13 Association.

14 (c) If the tribunal has more than one (1) judge, the judges initially appointed
15 shall be given different terms of different lengths not exceeding four (4)
16 years, so that all judges' terms are staggered and do not expire in the same
17 year.

18 (d) A vacancy in the tribunal occurring other than by expiration of a term shall
19 be filled in the same manner as an original appointment.

20 (4) (a) If more than one (1) judge is appointed, the Governor shall designate one
21 (1) of the members as a chief judge.

22 (b) The chief judge shall:

23 1. Be the executive of the tax tribunal;

24 2. Have sole charge of the administrations of the tribunal;

25 3. Apportion among the judges all causes, matters, and proceedings
26 coming before the tax tribunal; and

27 4. Be responsible for the training of all tax tribunal judges by:

- 1 a. Conducting an orientation session for each judge of the tax
2 tribunal shortly after their appointment; and
- 3 b. Conducting two (2) seminars a year for all judges and staff of
4 the tax tribunal to discuss new legislation, pertinent court
5 decisions, and applicable policies and procedures.
- 6 (5) (a) Each judge of the tribunal shall receive an annual salary and benefits of no
7 less than that provided for Circuit Court judges in the Commonwealth and
8 shall include a use of a motor vehicle.
- 9 (b) The salary of each judge shall not be modified during the judge's term of
10 appointment.
- 11 (6) Before entering upon the duties of office, each judge shall swear or affirm the
12 oath of office.
- 13 (7) (a) Each judge shall devote his or her full time during business hours to the
14 duties of the office.
- 15 (b) A judge shall not actively engage in any other gainful employment or
16 business, nor hold another office or position of profit in government.
- 17 (c) Notwithstanding paragraphs (a) and (b) of this subsection, a judge may own
18 passive interests in business entities and earn income from incidental
19 teaching or scholarly activities.
- 20 (8) A judge may be removed by the Governor for neglect of duty, misfeasance,
21 malfeasance, or other good cause. A judge removed in this manner shall be
22 afforded all rights pursuant to KRS Chapter 13B. A judge having causes of
23 action pursuant to KRS Chapter 13B will not preclude his or her rights to any
24 other actions allowed by law in the Commonwealth.
- 25 (9) When the tribunal's docket is congested, causing hindrances to the timely
26 adjudication of claims, or when a judge is recused, absent, disqualified, or unable
27 to perform the duties of the office, the Governor may appoint a judge pro tempore

1 of the tax tribunal. A judge under this subsection shall have the qualifications set
2 forth in subsection (2) of this section and shall be entitled to serve for a term no
3 longer than twelve (12) months. To serve consecutive appointments, the judge's
4 appointment must be confirmed by the Senate.

5 ➔SECTION 4. A NEW SECTION OF KRS CHAPTER 142 IS CREATED TO
6 READ AS FOLLOWS:

7 (1) The principal office of the tribunal shall be located in Frankfort, Kentucky, in a
8 building that is separate and apart from any building in which a taxing agency is
9 located.

10 (2) (a) The tribunal shall conduct hearings at its principal office.

11 (b) The tribunal may also hold hearings at regionally located places throughout
12 the Commonwealth, with a goal of securing to taxpayers a reasonable
13 opportunity to appear before the tribunal with minimal inconvenience and
14 expense.

15 (c) The tribunal shall not conduct hearings at locations that are owned or
16 utilized by taxing agencies whose matters would be heard in that same
17 location.

18 (3) The tribunal may hold proceedings via video or audio conference.

19 (4) The office of the tribunal shall be open during regular working hours for the
20 conduct of its business, with the exception of closure due to inclement weather or
21 acts of emergency.

22 (5) The Administrative Office of the Court shall, upon request of the tribunal,
23 provide suitable facilities, including hearing rooms, chambers, and offices for the
24 tribunal, and shall arrange for hearing rooms, chambers, and offices or other
25 appropriate facilities when hearings are held outside of Frankfort, Kentucky,
26 with the tribunal to bear all incurred expenses.

27 ➔SECTION 5. A NEW SECTION OF KRS CHAPTER 142 IS CREATED TO

1 READ AS FOLLOWS:

2 (1) The tribunal:

3 (a) Shall appoint a staff attorney, clerk, and a court reporter in a number
4 sufficient to meet the case load of the tribunal; and

5 (b) May appoint other employees as needed, including a mediator, bailiff, clerk
6 assistant, or law clerk.

7 (2) The tribunal may establish a library and obtain any other equipment necessary to
8 execute its functions.

9 (3) All employees of the tribunal shall have rights pursuant to KRS Chapter 13B. An
10 employee having a cause of action pursuant to KRS Chapter 13B will not
11 preclude their rights to any other actions allowed by law in the Commonwealth.

12 (4) In addition to the services of the court reporter, the tribunal may contract other
13 individuals to assist in the reporting of its proceedings.

14 (5) The records of the tribunal shall be maintained in a manner and for a term
15 consistent with that required of the Circuit Courts.

16 ➔SECTION 6. A NEW SECTION OF KRS CHAPTER 142 IS CREATED TO

17 READ AS FOLLOWS:

18 (1) The tribunal shall be the sole and exclusive authority for hearings and
19 determinations of questions of law and fact arising under all state and local tax
20 laws in this Commonwealth.

21 (2) (a) A person shall not contest any matter otherwise within the jurisdiction of
22 the tribunal in any action, suit, or proceeding in the Circuit Court or
23 District Court or any other forum of the Commonwealth.

24 (b) If a person attempts to bring a matter exclusive to the tribunal in any other
25 forum, that action, suit, or proceeding shall be dismissed without prejudice.

26 (c) The improper commencement of any action, suit, or proceeding shall not
27 extend the time period for commencing a proceeding in the tribunal.

1 (3) Except in cases involving the denial of a claim for refund credit, offset, or
2 recoupment, the taxpayer shall have the right to have the taxpayer's case heard
3 by the tribunal prior to the payment of any contested amount and prior to the
4 posting of any bond required by law.

5 (4) The tribunal shall decide questions regarding the application to taxpayers of the
6 following:

7 (a) Statutes;

8 (b) Administrative regulations; and

9 (c) Published policies.

10 (5) The tribunal shall have jurisdiction over matters where "as-applied" challenges
11 are brought concerning statutes, administrative regulations, and published
12 policies.

13 (6) A taxpayer desiring to facially challenge the constitutionality of a statute, policy,
14 or administrative regulation as written may, at the taxpayer's election, do so by
15 pursuing one (1) of the following methods, as applicable:

16 (a) Commence a declaratory action in the Circuit Courts of this
17 Commonwealth or, if applicable, the District Courts of the United States,
18 with respect to the constitutional challenge and file a petition in the tribunal
19 with respect to the remainder of the matter, which proceeding shall be
20 stayed by the tribunal pending final resolution of the constitutional
21 challenge;

22 (b) File a petition with the tribunal with respect to all issues other than the
23 constitutional challenge, in which the taxpayer preserves the constitutional
24 challenge until the entire matter, including the constitutional challenge and
25 the facts related to the constitutional challenge is presented to a reviewing
26 appellate court; or

27 (c) Bifurcate the matter by commencing a declaratory action as described in

1 paragraph (a) of this subsection with respect to the facial constitutional
2 challenge and by filing a petition with the tribunal with respect to the
3 remainder of the issues.

4 (7) Nothing in this section shall eliminate the Board of Assessment Appeal process
5 embodied in KRS Chapter 133 for property valuation assessment appeals.

6 ➔SECTION 7. A NEW SECTION OF KRS CHAPTER 142 IS CREATED TO
7 READ AS FOLLOWS:

8 (1) A taxpayer may commence a proceeding in the tribunal by filing a petition
9 seeking judicial rule of a final ruling, order, or other determination of any taxing
10 agency, including but not limited to:

11 (a) Imposing a liability for tax, penalty, fee, or interest;

12 (b) Denying a refund, credit application, or claim;

13 (c) Canceling, revoking, suspending, or denying an application for license,
14 permit, or registration related to taxes;

15 (d) Reviewing a decision rendered pursuant to KRS 133.120; or

16 (e) Taking any other action that gives a person the right to a hearing under the
17 tax laws of the Commonwealth or any taxing agency thereof.

18 (2) The petition shall be filed in the tribunal no later than thirty (30) days after the
19 applicable agency's written notice of the final ruling, order, or determination is
20 made and communicated to the taxpayer.

21 (3) (a) The taxing agency shall file an answer in the tribunal no later than thirty
22 (30) days after the tribunal's notification that the taxpayer has properly filed
23 a petition.

24 (b) Upon motion, the tribunal may grant additional time for the taxing agency
25 to answer. This extension may not exceed ninety (90) days.

26 (c) In the event of an amended petition, the taxing agency shall answer no later
27 than forty-five (45) days after the filing of the amended petition.

1 (d) The taxing agency shall serve a copy of the answer on the taxpayer and the
2 tax payer's counsel and file proof of the service with the answer.

3 (e) If the taxing agency fails to answer within the prescribed time, all material
4 facts alleged in the petition or amended petition shall be deemed admitted.

5 (4) (a) The taxpayer may file a reply in the tribunal within fifteen (15) days after
6 receipt of the answer.

7 (b) If an amended answer is made, the taxpayer may have thirty (30) days to file
8 their reply.

9 (c) The taxpayer shall serve a copy of the reply on the authorized representative
10 of the taxing agency and shall file proof of the service with the reply.

11 (d) If the taxpayer fails to reply within the prescribed time, all material facts
12 alleged in the answer or amended answer shall be deemed denied.

13 (5) When a reply has been filed, or, if no reply has been filed, within thirty (30) days
14 after the filing of the answer, the matter shall be assigned to a judge and may be
15 scheduled for hearing.

16 (6) Either party may amend a pleading once without leave at any time before the
17 period for responding to it expires. After that time, a pleading may be amended
18 only with the written consent of the adverse party or with the permission of the
19 tribunal.

20 (7) The parties to a tribunal proceeding may by agreement waive their right to a
21 hearing and submit an action to the tribunal on written stipulations and briefs.
22 After submission, the tribunal may, in its discretion, require appearance for the
23 taking of further evidence or oral argument.

24 ➔SECTION 8. A NEW SECTION OF KRS CHAPTER 142 IS CREATED TO
25 READ AS FOLLOWS:

26 (1) Upon filing a petition, the taxpayer shall pay to the clerk a filing fee in an
27 amount to be determined by the tribunal, commencing at one hundred dollars

1 (\$100) and increasing based upon the amount in dispute, up to a maximum filing
2 fee of five hundred dollars (\$500). All filing fees shall be retained by the tribunal
3 and used as a part of its operating budget.

4 (2) A taxpayer whose petition seeks a hearing by the small claims division shall be
5 required to pay a filing fee in the amount of twenty-five dollars (\$25).

6 (3) The same fee charged for initiating a matter shall be paid by other parties making
7 an appearance in a proceeding, including an intervenor or an amicus curia,
8 except that no fee shall be charged to a taxing agency, government body, or
9 government official appearing in a representative capacity.

10 (4) The tribunal may fix a fee, not in excess of the fees charged and collected by the
11 clerks of the Circuit Courts, for:

12 (a) Compiling documents;

13 (b) Preparing transcripts or any video recording of the record; or

14 (c) Copying any record, entry or other paper and the compilation and
15 certification thereof.

16 ➔SECTION 9. A NEW SECTION OF KRS CHAPTER 142 IS CREATED TO
17 READ AS FOLLOWS:

18 (1) Subject to limitations promulgated by the tribunal in administrative regulations
19 in accordance with KRS Chapter 13A, a party may obtain discovery by:

20 (a) Written interrogatories;

21 (b) Requests for the production of documents;

22 (c) Depositions; and

23 (d) Requests for admissions.

24 (2) Upon a motion, the tribunal may provide for all other forms of discovery
25 permissible under the Kentucky Rules of Civil Procedure.

26 (3) A judge or the clerk of the tribunal, on the request of any party to the proceeding,
27 shall issue subpoenas requiring the attendance of witnesses and giving of

1 testimony and subpoena duces tecum requiring the production of evidence,
2 consistent with the Kentucky Rules of Civil Procedure.

3 (4) Any witness subpoenaed or whose deposition is taken shall receive from the party
4 requesting their attendance the same fees and mileage as a witness in a Circuit
5 Court proceeding.

6 (5) The tribunal may enforce its orders on discovery and other procedural issues by
7 deciding issues wholly or partly against the offending party, and may issue
8 sanctions to enforce those decisions, including contempt orders against a party or
9 counsel of record if the violation is found to be willful.

10 (6) The tribunal shall have the authority to award attorney's fees and costs in a
11 manner consistent with a Circuit Court.

12 ➔SECTION 10. A NEW SECTION OF KRS CHAPTER 142 IS CREATED TO
13 READ AS FOLLOWS:

14 (1) Proceedings before the tribunal shall be tried de novo, without a jury, and no
15 deference shall be afforded to the taxing agency's action being reviewed.

16 (2) The tribunal shall take evidence, conduct hearings, and issue final and
17 interlocutory decisions.

18 (3) The tribunal shall have the power to review and rule upon motions brought
19 before it and shall have regularly scheduled sessions to hear and rule upon
20 motions by parties, including emergency motions.

21 (4) Testimony shall be given only under oath or affirmation.

22 (5) (a) Hearings shall be open to the public and shall be conducted in accordance
23 with the rules of practice and procedure as established by the tribunal
24 through administrative regulations promulgated in accordance with KRS
25 Chapter 13A.

26 (b) On motion of either party, the tribunal may issue a protective order or an
27 order closing part or all of the hearing or the record from the public when

1 the party opposing disclosure of certain information shows good cause to
2 protect the information from being disclosed to the public. Any information
3 that the tribunal closes from the public shall not be subject to the Open
4 Records Act, KRS 61.870 to 61.884.

5 (c) When deciding whether the moving party has shown good cause to protect
6 information from being disclosed to the public, the judge shall weigh the
7 public's right of access with:

- 8 1. The privacy rights of participants or third parties;
9 2. Disclosure of trade secrets as defined by KRS 365.880(4); and
10 3. National security.

11 (6) The tribunal shall apply the Kentucky Rules of Evidence in all proceedings;
12 however, the tribunal shall admit all relevant evidence, including hearsay, if it is
13 probative of a material fact in controversy.

14 (7) All rules of privilege recognized by the laws of the Commonwealth and common
15 law shall control in the tribunal.

16 (8) In the case of an issue of fact, the taxpayer shall have the burden of proof by a
17 preponderance of the evidence in the record.

18 (9) The taxing agency shall have the burden of proof when attempting to impose
19 findings of penalties, fees, and fraud.

20 (10) Proceedings before the tribunal, except those before the small claims division,
21 shall be officially reported in a manner consistent with the decisions of the
22 appellate courts of the Commonwealth, with similar publication or distribution
23 provisions implemented.

24 (11) Proceedings before the tribunal shall be conducted in accordance with the
25 provision of KRS Chapter 13B. To the extent any provision of Sections 1 to 17 of
26 this Act conflicts with the provisions of KRS Chapter 13B, the provisions of
27 Sections 1 to 17 of this Act shall control.

1 (12) The Kentucky Rules of Civil Procedure shall apply to actions in the tribunal. In
2 the case of an appeal from the tribunal under Section 13 of this Act, the Kentucky
3 Rules of Civil Procedure and the Kentucky Rules of Appellate Procedure
4 governing appeals to the Kentucky Court of Appeals shall apply. To the extent
5 any provision of Sections 1 to 17 of this Act conflicts with the Kentucky Rules of
6 Civil Procedure, the provision of Sections 1 to 17 of this Act shall control.

7 (13) The petition and other pleadings in the proceeding shall be deemed to conform to
8 the proof presented at the hearing, unless:

9 (a) A party satisfies the tribunal that presentation of the evidence would
10 unfairly prejudice the party in maintaining its position on the merits; or

11 (b) Denying the taxpayer's request to conform to the proof would confer
12 jurisdiction on the tribunal over a matter that would not otherwise come
13 within its jurisdiction.

14 ➔SECTION 11. A NEW SECTION OF KRS CHAPTER 142 IS CREATED TO
15 READ AS FOLLOWS:

16 (1) The tribunal shall have the power to craft remedies as appropriate for the matter
17 before it. The tribunal shall not have the power to declare a statute,
18 administrative regulation, or policy unconstitutional.

19 (2) The tribunal's decision shall have the same effect and shall be enforced in the
20 same manner as a final judgment of a Circuit Court, unless timely appealed.

21 (3) The tribunal shall render its decisions in writing, including a concise statement of
22 the facts found and the conclusions of law reached.

23 (4) The tribunal shall render its decision:

24 (a) No later than six (6) months after submission of the last brief filed
25 subsequent to completion of the hearing; or

26 (b) If briefs are not submitted, no later than six (6) months after completion of
27 the hearing and submission of the matter for decision.

1 (5) The chief judge may extend the six (6) month period, for good cause, up to six (6)
2 additional months.

3 (6) If the tribunal fails to render a decision within six (6) months, or twelve (12)
4 months if the chief judge has granted an extension, either party may institute an
5 original action in the Circuit Court to compel issuance of a decision.

6 (7) The tribunal shall apply the doctrine of stare decisis to its decisions, remaining
7 consistent in its application of law from case to case, unless the tribunal provides
8 detailed reasons for distinguishing or reversing its prior precedent.

9 (8) Orders and opinions issued by the Kentucky Board of Tax Appeals, the Claims
10 Commission, and the Kentucky Tax Commission may be utilized by the tribunal
11 in its deliberations and decision making. These orders and opinions shall not be
12 binding on the tribunal.

13 (9) The chief judge shall be afforded the opportunity to review and approve all
14 decisions and orders of the tribunal prior to their entry and release.

15 (10) The tribunal shall promulgate administrative regulations in accordance with KRS
16 Chapter 13A to establish rules and forms as may be necessary to carry out the
17 implementation, intent, and purposes of Sections 1 to 17 of this Act.

18 ➔SECTION 12. A NEW SECTION OF KRS CHAPTER 142 IS CREATED TO
19 READ AS FOLLOWS:

20 (1) There is hereby created a small claims division of the tribunal.

21 (2) At the direction of the chief judge, the judges of the tribunal shall sit as the
22 judges of the small claims division.

23 (3) (a) The small claims division shall have jurisdiction over any proceeding for
24 the following claims:

25 1. Any calendar or tax year, month, or quarter, where the net amount of
26 the tax deficiencies or claimed refunds in controversy for that time
27 period is at or under twenty-five thousand dollars (\$25,000), exclusive

- 1 of interest and penalties; and
- 2 2. All residential real estate ad valorem tax matters.
- 3 **(b) 1. A taxpayer may elect to proceed in the small claims division of the**
- 4 tribunal by filing a petition in the form prescribed by the tribunal for
- 5 small claims.
- 6 2. The petition shall be filed no later than thirty (30) days after the
- 7 applicable agencies' written notice of the ruling, order, or
- 8 determination is made and communicated to the taxpayer.
- 9 3. No later than thirty (30) days after service of the petition to proceed in
- 10 the small claims division, or at any other time as the tribunal may
- 11 order, the taxing agency shall file with the tribunal an answer and
- 12 accept or reject the taxpayer's election for the small claims division
- 13 docket.
- 14 4. A taxpayer may not revoke an election to proceed in the small claims
- 15 division.
- 16 **(4) At any time prior to judgment, a taxpayer may dismiss a proceeding in the small**
- 17 claims division by notifying the clerk in writing. The dismissal shall be with
- 18 prejudice.
- 19 **(5) Hearings in the small claims division shall be informal, though judicial decorum**
- 20 shall exist at all times. The judge may receive all evidence as the judge deems
- 21 appropriate for determination of the case. Testimony shall be given under oath or
- 22 affirmation. A bench decision may be issued by the presiding judge if deemed
- 23 appropriate.
- 24 **(6) A judgment of the small claims division shall not be considered as precedent in**
- 25 any other case, hearing, or proceeding.
- 26 **(7) The taxpayer's election, if accepted by the taxing agency in its answer, shall**
- 27 constitute a waiver of further appeal rights of the parties otherwise afforded each

1 under Section 115 of the Constitution of Kentucky.

2 ➔SECTION 13. A NEW SECTION OF KRS CHAPTER 142 IS CREATED TO
3 READ AS FOLLOWS:

4 (1) A taxpayer or agency shall be entitled to judicial review in the Kentucky Court of

5 Appeals of:

6 (a) A final decision of the Kentucky Tax Tribunal; or

7 (b) An interlocutory decision of the tribunal

8 (2) The judicial review for an interlocutory decision shall be performed under the
9 same conditions and in the same manner as an interlocutory decision of the
10 Circuit Court.

11 (3) The record on judicial review shall include:

12 (a) The decision of the tribunal;

13 (b) The stenographic or video transcript of the hearing before the tribunal;

14 (c) The pleadings of record;

15 (d) Any motions submitted by either party; and

16 (e) All exhibits, testimony, and documents admitted into evidence.

17 (4) The clerk shall be responsible for producing the record and certifying its
18 authenticity.

19 ➔SECTION 14. A NEW SECTION OF KRS CHAPTER 134 IS CREATED TO
20 READ AS FOLLOWS:

21 (1) Appearances in proceedings conducted by the tribunal will be as follows:

22 (a) If an individual, the taxpayer shall be represented by himself or herself or
23 by an attorney admitted to practice in the Commonwealth.

24 (b) If not an individual, the taxpayer shall be represented by an attorney
25 admitted to practice in the Commonwealth.

26 (2) Upon motion, the tribunal may allow an attorney from another jurisdiction in the
27 United States to represent a taxpayer when:

- 1 (a) The attorney is authorized, licensed, and in good standing to practice in his
2 or her original jurisdiction;
- 3 (b) The taxpayer has retained an attorney admitted to practice in the
4 Commonwealth and that in-state attorney has:
- 5 1. Entered an appearance in the matter before the tribunal; and
6 2. Complied with all provisions of Kentucky law on pro hac vice
7 admissions, including adequate supervision of out-of-state counsel;
8 and
- 9 (c) Certified proof given by the submitting attorney of having paid three
10 hundred ten dollars (\$310) to the clerk of the tribunal as a fee for the
11 admittance.
- 12 (3) The taxing agency shall be represented by an authorized representative in all
13 proceedings before the tribunal.

14 ➔SECTION 15. A NEW SECTION OF KRS CHAPTER 142 IS CREATED TO
15 READ AS FOLLOWS:

16 Except for decisions issued by the small claims division, the tribunal shall index and
17 publish its final decisions in a print or electronic form in a manner consistent with the
18 appellate courts of the Commonwealth. These publications shall be made permanently
19 available on the tribunal's website and constitute an official report of the tribunal.

20 ➔SECTION 16. A NEW SECTION OF KRS CHAPTER 142 IS CREATED TO
21 READ AS FOLLOWS:

22 (1) The following shall constitute personal service on the other party:

- 23 (a) First class mail, sent to the:
- 24 1. Taxpayer at the address provided on the petition;
25 2. Taxpayer's attorneys of record; or
26 3. Taxing agency, or its representative.
- 27 (b) Other means, as prescribed by the tribunal.

1 (2) Mail sent to the tribunal shall be by registered or certified mail or delivery by a
2 private delivery service approved by the tribunal or by the Internal Revenue
3 Service in accordance with 26 U.S.C. sec. 7502(f). Mailing of any pleading,
4 decision, order, notice, or other documents in respect to proceedings before the
5 tribunal shall be deemed to have occurred on the postmarked date of mailing or
6 the date of submission to the private delivery service.

7 (3) All filings may be filed with the tribunal by electronic transmission and shall not
8 exceed fifty (50) pages.

9 (4) (a) The party filing a document by electronic transmission shall include a cover
10 page containing the following:

11 1. The date of the transmission;

12 2. The name, address, telephone number, facsimile number if present,
13 and email address of the person transmitting the document;

14 3. The caption of the case and case number;

15 4. The name of the judge to whom the case is assigned;

16 5. The title or name of the document; and

17 6. The number of pages transmitted, including the cover page.

18 (b) If a judge or case number has not been assigned, that fact should be stated
19 upon the cover page.

20 (5) The sending party shall bear the risk of transmitting a document by electronic
21 transmission to the tribunal.

22 (6) Documents sent by electronic transmission and accepted shall be deemed filed as
23 of the date and time the electronic transmission was received by the tribunal.

24 (7) Electronic transmission filings shall be accepted only during regular business
25 hours. Any electronic transmission received after regular business hours on a
26 business day, or on a Saturday, Sunday, or holiday, shall be deemed filed on the
27 next regular business day.

1 (8) A document filed by electronic transmission shall be accepted as the effective,
2 original filing. The submitting party shall file the source document with the
3 tribunal within three (3) business days thereafter. A party filing by electronic
4 transmission shall also serve all other parties to the proceeding by electronic
5 transmission, when feasible.

6 (9) If the electronic transmission includes attachments that cannot be accurately
7 transmitted, or if the enclosure of these attachments would cause the filing to
8 exceed the maximum length, each attachment shall be replaced by an inset page
9 describing the attachment and why it is not present. Unless otherwise ordered, the
10 missing attachment shall be filed with the source document submitted to the
11 tribunal.

12 (10) The tribunal may strike any document or attachment which is not filed as
13 required by this section.

14 ➔SECTION 17. A NEW SECTION OF KRS CHAPTER 142 IS CREATED TO
15 READ AS FOLLOWS:

16 (1) An action before the tribunal may be resolved by mediation among the parties by
17 a motion for diversion to mediation of an action made by any party within ninety
18 (90) days of the filing of the petition. The tribunal may also order that an action
19 be diverted to mediation on its own motion.

20 (2) The clerk may schedule each action for a mediation conference before a qualified
21 mediator either independently chosen by the parties or appointed by the chief
22 judge, and written notice shall be given to the parties or their representative by
23 mail.

24 (3) All parties or their representatives scheduled to appear at a mediation conference
25 shall secure authority to respond to settlement proposals offered at a mediation
26 conference prior to the conference. All parties shall be prepared to discuss their
27 positions and to explore any possibility of settlement. All costs associated with

1 mediation shall be borne by the parties involved.

2 (4) The chief judge, upon recommendation of the mediator, may enter an order
3 setting forth the action taken or agreement reached at the mediation conference,
4 which, with the consent and agreement of the parties, shall govern the
5 subsequent course of the proceedings.

6 (5) Any action that cannot be resolved through the mediation process shall be
7 scheduled for a hearing.

8 (6) The mediator shall keep confidential all statements made and information
9 provided by a party at a mediation conference. However, those statements and
10 information may be disclosed upon consent of the party.

11 (7) A stenographic record of mediation conferences shall not be taken or maintained.

12 (8) Statements made and information provided in the course of a mediation
13 conference are not admissible at a subsequent hearing, except when admitted in
14 accordance with Rule 408 of the Kentucky Rules of Evidence.

15 ➔Section 18. KRS 11A.010 is amended to read as follows:

16 As used in this chapter, unless the context otherwise requires:

17 (1) "Business" means any corporation, limited liability company, partnership, limited
18 partnership, sole proprietorship, firm, enterprise, franchise, association,
19 organization, self-employed individual, holding company, joint stock company,
20 receivership, trust, or any legal entity through which business is conducted, whether
21 or not for profit;

22 (2) "Commission" means the Executive Branch Ethics Commission;

23 (3) "Compensation" means any money, thing of value, or economic benefit conferred
24 on, or received by, any person in return for services rendered, or to be rendered, by
25 himself or herself or another;

26 (4) "Family" means spouse and children, as well as a person who is related to a public
27 servant as any of the following, whether by blood or adoption: parent, brother,

1 sister, grandparent, grandchild, father-in-law, mother-in-law, brother-in-law, sister-
2 in-law, son-in-law, daughter-in-law, stepfather, stepmother, stepson, stepdaughter,
3 stepbrother, stepsister, half brother, half sister;

4 (5) "Gift" means a payment, loan, subscription, advance, deposit of money, services, or
5 anything of value, unless consideration of equal or greater value is received; "gift"
6 does not include gifts from family members, campaign contributions, the waiver of
7 a registration fee for a presenter at a conference or training described in KRS
8 45A.097(5), or door prizes available to the public;

9 (6) "Income" means any money or thing of value received or to be received as a claim
10 on future services, whether in the form of a fee, salary, expense allowance,
11 forbearance, forgiveness, interest, dividend, royalty, rent, capital gain, or any other
12 form of compensation or any combination thereof;

13 (7) "Officer" means:

14 (a) All major management personnel in the executive branch of state government,
15 including the secretary of the cabinet, the Governor's chief executive officers,
16 cabinet secretaries, deputy cabinet secretaries, general counsels,
17 commissioners, deputy commissioners, executive directors, executive
18 assistants, policy advisors, special assistants, administrative coordinators,
19 executive advisors, staff assistants, and division directors;

20 (b) Members and full-time chief administrative officers of:

- 21 1. The Parole Board;
22 2. Office of Claims and Appeals;
23 ~~3. Board of Tax Appeals;~~
24 3.~~4.~~ Board of Claims;
25 4.~~5.~~ Crime Victims Compensation Board;
26 5.~~6.~~ Kentucky Retirement Systems board of trustees;
27 6. *Kentucky Tax Tribunal;*

- 1 7. Kentucky Teachers' Retirement System board of trustees;
- 2 8. The Kentucky Public Employees Deferred Compensation Authority
- 3 board of trustees;
- 4 9. Public Service Commission;
- 5 10. Worker's Compensation Board and its administrative law judges;
- 6 11. The Kentucky Occupational Safety and Health Review Commission;
- 7 12. The Kentucky Board of Education;
- 8 13. The Council on Postsecondary Education;
- 9 14. County Employees Retirement System board of trustees;
- 10 15. Kentucky Public Pensions Authority; and
- 11 16. The Kentucky Horse Racing and Gaming Corporation;
- 12 (c) Salaried members of executive branch boards and commissions; and
- 13 (d) Any person who, through a personal service contract or any other contractual
- 14 employment arrangement with an agency, performs on a full-time,
- 15 nonseasonal basis a function of any major management position listed in this
- 16 subsection;
- 17 (8) "Official duty" means any responsibility imposed on a public servant by virtue of
- 18 his or her position in the state service;
- 19 (9) "Public servant" means:
- 20 (a) The Governor;
- 21 (b) The Lieutenant Governor;
- 22 (c) The Secretary of State;
- 23 (d) The Attorney General;
- 24 (e) The Treasurer;
- 25 (f) The Commissioner of Agriculture;
- 26 (g) The Auditor of Public Accounts;
- 27 (h) All employees in the executive branch including officers as defined in

- 1 subsection (7) of this section and merit employees; and
- 2 (i) Any person who, through any contractual arrangement with an agency, is
- 3 employed to perform a function of a position within an executive branch
- 4 agency on a full-time, nonseasonal basis;
- 5 (10) "Agency" means every state office, cabinet, department, board, commission, public
- 6 corporation, or authority in the executive branch of state government. A public
- 7 servant is employed by the agency by which his or her appointing authority is
- 8 employed, unless his or her agency is attached to the appointing authority's agency
- 9 for administrative purposes only, or unless the agency's characteristics are of a
- 10 separate independent nature distinct from the appointing authority and it is
- 11 considered an agency on its own, such as an independent department;
- 12 (11) "Lobbyist" means any person employed as a legislative agent as defined in KRS
- 13 6.611(23) or any person employed as an executive agency lobbyist as defined in
- 14 KRS 11A.201(9);
- 15 (12) "Lobbyist's principal" means the entity in whose behalf the lobbyist promotes,
- 16 opposes, or acts;
- 17 (13) "Candidate" means those persons who have officially filed candidacy papers or who
- 18 have been nominated by their political party pursuant to KRS 118.105, 118.115,
- 19 118.325, or 118.760 for any of the offices enumerated in subsections (9)(a) to (g) of
- 20 this section;
- 21 (14) "Does business with" or "doing business with" means contracting, entering into an
- 22 agreement, leasing, or otherwise exchanging services or goods with a state agency
- 23 in return for payment by the state, including accepting a grant, but not including
- 24 accepting a state entitlement fund disbursement;
- 25 (15) "Public agency" means any governmental entity;
- 26 (16) "Appointing authority" means the agency head or any person whom he or she has
- 27 authorized by law to act on behalf of the agency with respect to employee

1 appointments;

2 (17) "Represent" means to attend an agency proceeding, write a letter, or communicate
3 with an employee of an agency on behalf of someone else;

4 (18) "Directly involved" means to work on personally or to supervise someone who
5 works on personally;

6 (19) "Sporting event" means any professional or amateur sport, athletic game, contest,
7 event, or race involving machines, persons, or animals, for which admission tickets
8 are offered for sale and that is viewed by the public;

9 (20) "Person" means an individual, proprietorship, firm, partnership, limited partnership,
10 joint venture, joint stock company, syndicate, business or statutory trust, donative
11 trust, estate, company, corporation, limited liability company, association, club,
12 committee, organization, or group of persons acting in concert; and

13 (21) "Salaried" means receiving a fixed compensation or benefit reserved for full-time
14 employees, which is paid on a regular basis without regard to the actual number of
15 hours worked.

16 ➔Section 19. KRS 12.020 (Effective July 1, 2025) is amended to read as follows:
17 Departments, program cabinets and their departments, and the respective major
18 administrative bodies that they include are enumerated in this section. It is not intended
19 that this enumeration of administrative bodies be all-inclusive. Every authority, board,
20 bureau, interstate compact, commission, committee, conference, council, office, or any
21 other form of organization shall be included in or attached to the department or program
22 cabinet in which they are included or to which they are attached by statute or statutorily
23 authorized executive order; except in the case of the Personnel Board and where the
24 attached department or administrative body is headed by a constitutionally elected
25 officer, the attachment shall be solely for the purpose of dissemination of information and
26 coordination of activities and shall not include any authority over the functions,
27 personnel, funds, equipment, facilities, or records of the department or administrative

1 body.

2 I. Cabinet for General Government - Departments headed by elected officers:

3 (1) The Governor.

4 (2) Lieutenant Governor.

5 (3) Department of State.

6 (a) Secretary of State.

7 (b) Board of Elections.

8 (c) Registry of Election Finance.

9 (4) Department of Law.

10 (a) Attorney General.

11 (5) Department of the Treasury.

12 (a) Treasurer.

13 (6) Department of Agriculture.

14 (a) Commissioner of Agriculture.

15 (b) Agricultural Development Board.

16 (c) Kentucky Agricultural Finance Corporation.

17 (7) Auditor of Public Accounts.

18 (a) Commonwealth Office of the Ombudsman.

19 II. Program cabinets headed by appointed officers:

20 (1) Justice and Public Safety Cabinet:

21 (a) Department of Kentucky State Police.

22 1. Office of Administrative Services.

23 a. Division of Operational Support.

24 b. Division of Management Services.

25 2. Office of Operations.

26 a. Division of West Troops.

27 b. Division of East Troops.

- 1 c. Division of Special Enforcement.
- 2 d. Division of Commercial Vehicle Enforcement.
- 3 3. Office of Technical Services.
- 4 a. Division of Forensic Sciences.
- 5 b. Division of Electronic Services.
- 6 c. Division of Records Management.
- 7 (b) Department of Criminal Justice Training.
- 8 (c) Department of Corrections.
- 9 (d) Department of Juvenile Justice.
- 10 (e) Office of the Secretary.
- 11 (f) Office of Drug Control Policy.
- 12 (g) Office of Legal Services.
- 13 (h) Office of the Kentucky State Medical Examiner.
- 14 (i) Parole Board.
- 15 (j) Kentucky State Corrections Commission.
- 16 (k) Office of Legislative and Intergovernmental Services.
- 17 (l) Office of Human Resource Management.
- 18 1. Division of Human Resource Administration.
- 19 2. Division of Employee Management.
- 20 (m) Department of Public Advocacy.
- 21 (n) Office of Communications.
- 22 1. Information Technology Services Division.
- 23 (o) Office of Financial Management Services.
- 24 1. Division of Financial Management.
- 25 (p) Grants Management Division.
- 26 (2) Energy and Environment Cabinet:
- 27 (a) Office of the Secretary.

- 1 1. Office of Legislative and Intergovernmental Affairs.
- 2 2. Office of Legal Services.
- 3 a. Legal Division I.
- 4 b. Legal Division II.
- 5 3. Office of Administrative Hearings.
- 6 4. Office of Communication.
- 7 5. Mine Safety Review Commission.
- 8 6. Office of Kentucky Nature Preserves.
- 9 7. Kentucky Public Service Commission.
- 10 (b) Department for Environmental Protection.
- 11 1. Office of the Commissioner.
- 12 2. Division for Air Quality.
- 13 3. Division of Water.
- 14 4. Division of Environmental Program Support.
- 15 5. Division of Waste Management.
- 16 6. Division of Enforcement.
- 17 7. Division of Compliance Assistance.
- 18 (c) Department for Natural Resources.
- 19 1. Office of the Commissioner.
- 20 2. Division of Mine Permits.
- 21 3. Division of Mine Reclamation and Enforcement.
- 22 4. Division of Abandoned Mine Lands.
- 23 5. Division of Oil and Gas.
- 24 6. Division of Mine Safety.
- 25 7. Division of Forestry.
- 26 8. Division of Conservation.
- 27 9. Office of the Reclamation Guaranty Fund.

- 1 (d) Office of Energy Policy.
- 2 1. Division of Energy Assistance.
- 3 (e) Office of Administrative Services.
- 4 1. Division of Human Resources Management.
- 5 2. Division of Financial Management.
- 6 3. Division of Information Services.
- 7 (3) Public Protection Cabinet.
- 8 (a) Office of the Secretary.
- 9 1. Office of Communications and Public Outreach.
- 10 2. Office of Legal Services.
- 11 a. Insurance Legal Division.
- 12 b. Alcoholic Beverage Control Legal Division.
- 13 c. Housing, Buildings and Construction Legal Division.
- 14 d. Financial Institutions Legal Division.
- 15 e. Professional Licensing Legal Division.
- 16 3. Office of Administrative Hearings.
- 17 4. Office of Administrative Services.
- 18 a. Division of Human Resources.
- 19 b. Division of Fiscal Responsibility.
- 20 (b) Office of Claims and Appeals.
- 21 ~~1. Board of Tax Appeals.~~
- 22 1.~~2.~~ Board of Claims.
- 23 2.~~3.~~ Crime Victims Compensation Board.
- 24 (c) Kentucky Boxing and Wrestling Commission.
- 25 (d) Department of Alcoholic Beverage Control.
- 26 1. Division of Distilled Spirits.
- 27 2. Division of Malt Beverages.

- 1 3. Division of Enforcement.
- 2 (e) Department of Financial Institutions.
- 3 1. Division of Depository Institutions.
- 4 2. Division of Non-Depository Institutions.
- 5 3. Division of Securities.
- 6 (f) Department of Housing, Buildings and Construction.
- 7 1. Division of Fire Prevention.
- 8 2. Division of Plumbing.
- 9 3. Division of Heating, Ventilation, and Air Conditioning.
- 10 4. Division of Building Code Enforcement.
- 11 (g) Department of Insurance.
- 12 1. Division of Health and Life Insurance and Managed Care.
- 13 2. Division of Property and Casualty Insurance.
- 14 3. Division of Administrative Services.
- 15 4. Division of Financial Standards and Examination.
- 16 5. Division of Licensing.
- 17 6. Division of Insurance Fraud Investigation.
- 18 7. Division of Consumer Protection.
- 19 (h) Department of Professional Licensing.
- 20 1. Real Estate Authority.
- 21 2. Division of Real Property Boards.
- 22 (4) Transportation Cabinet:
- 23 (a) Department of Highways.
- 24 1. Office of Project Development.
- 25 2. Office of Project Delivery and Preservation.
- 26 3. Office of Highway Safety.
- 27 4. Highway District Offices One through Twelve.

- 1 (b) Department of Vehicle Regulation.
- 2 (c) Department of Aviation.
- 3 (d) Department of Rural and Municipal Aid.
 - 4 1. Office of Local Programs.
 - 5 2. Office of Rural and Secondary Roads.
- 6 (e) Office of the Secretary.
 - 7 1. Office of Public Affairs.
 - 8 2. Office for Civil Rights and Small Business Development.
 - 9 3. Office of Budget and Fiscal Management.
 - 10 4. Office of Inspector General.
 - 11 5. Secretary's Office of Safety.
- 12 (f) Office of Support Services.
- 13 (g) Office of Transportation Delivery.
- 14 (h) Office of Audits.
- 15 (i) Office of Human Resource Management.
- 16 (j) Office of Information Technology.
- 17 (k) Office of Legal Services.
- 18 (5) Cabinet for Economic Development:
 - 19 (a) Office of the Secretary.
 - 20 1. Office of Legal Services.
 - 21 2. Department for Business and Community Development.
 - 22 a. Development and Retention Division – West Kentucky.
 - 23 b. Development, Retention, and Administrative Division –
 - 24 Central and East Kentucky.
 - 25 c. Community and Workforce Development Division.
 - 26 3. Department for Financial Services.
 - 27 a. Kentucky Economic Development Finance Authority.

- 1 b. Finance and Personnel Division.
- 2 c. IT and Resource Management Division.
- 3 d. Compliance Division.
- 4 e. Program Administration Division.
- 5 f. Bluegrass State Skills Corporation.
- 6 g. The GRANT Commission.
- 7 4. Office of Strategy and Public Affairs.
- 8 a. Marketing and Communications Division.
- 9 b. Research and Strategy Division.
- 10 5. Office of Entrepreneurship and Innovation.
- 11 a. Commission on Small Business Innovation and Advocacy.
- 12 (6) Cabinet for Health and Family Services:
- 13 (a) Office of the Secretary.
- 14 1. Office of Public Affairs.
- 15 2. Office of Legal Services.
- 16 3. Office of Inspector General.
- 17 4. Office of Human Resource Management.
- 18 5. Office of Finance and Budget.
- 19 6. Office of Legislative and Regulatory Affairs.
- 20 7. Office of Administrative Services.
- 21 8. Office of Application Technology Services.
- 22 9. Office of Data Analytics.
- 23 10. Office of Medical Cannabis.
- 24 a. Division of Enforcement and Compliance.
- 25 b. Division of Licensure and Access.
- 26 (b) Department for Public Health.
- 27 (c) Department for Medicaid Services.

- 1 (d) Department for Behavioral Health, Developmental and Intellectual
- 2 Disabilities.
- 3 (e) Department for Aging and Independent Living.
- 4 (f) Department for Community Based Services.
- 5 (g) Department for Family Resource Centers and Volunteer Services.
- 6 (7) Finance and Administration Cabinet:
- 7 (a) Office of the Secretary.
- 8 (b) Office of the Inspector General.
- 9 (c) Office of Legislative and Intergovernmental Affairs.
- 10 (d) Office of General Counsel.
- 11 (e) Office of the Controller.
- 12 (f) Office of Administrative Services.
- 13 (g) Office of Policy and Audit.
- 14 (h) Department for Facilities and Support Services.
- 15 (i) Department of Revenue.
- 16 (j) Commonwealth Office of Technology.
- 17 (k) State Property and Buildings Commission.
- 18 (l) Office of Equal Employment Opportunity and Contract Compliance.
- 19 (m) Kentucky Employees Retirement Systems.
- 20 (n) Commonwealth Credit Union.
- 21 (o) State Investment Commission.
- 22 (p) Kentucky Housing Corporation.
- 23 (q) Kentucky Local Correctional Facilities Construction Authority.
- 24 (r) Kentucky Turnpike Authority.
- 25 (s) Historic Properties Advisory Commission.
- 26 (t) Kentucky Higher Education Assistance Authority.
- 27 (u) Kentucky River Authority.

- 1 (v) Kentucky Teachers' Retirement System Board of Trustees.
- 2 (w) Executive Branch Ethics Commission.
- 3 (x) Office of Fleet Management.
- 4 (8) Tourism, Arts and Heritage Cabinet:
- 5 (a) Kentucky Department of Tourism.
- 6 1. Division of Tourism Services.
- 7 2. Division of Marketing and Administration.
- 8 3. Division of Communications and Promotions.
- 9 (b) Kentucky Department of Parks.
- 10 1. Division of Information Technology.
- 11 2. Division of Human Resources.
- 12 3. Division of Financial Operations.
- 13 4. Division of Purchasing.
- 14 5. Division of Facilities.
- 15 6. Division of Park Operations.
- 16 7. Division of Sales, Marketing, and Customer Service.
- 17 8. Division of Engagement.
- 18 9. Division of Food Services.
- 19 10. Division of Rangers.
- 20 (c) Department of Fish and Wildlife Resources.
- 21 1. Division of Law Enforcement.
- 22 2. Division of Administrative Services.
- 23 3. Division of Engineering, Infrastructure, and Technology.
- 24 4. Division of Fisheries.
- 25 5. Division of Information and Education.
- 26 6. Division of Wildlife.
- 27 7. Division of Marketing.

- 1 (d) Kentucky Horse Park.
 - 2 1. Division of Support Services.
 - 3 2. Division of Buildings and Grounds.
 - 4 3. Division of Operational Services.
- 5 (e) Kentucky State Fair Board.
 - 6 1. Office of Administrative and Information Technology Services.
 - 7 2. Office of Human Resources and Access Control.
 - 8 3. Division of Expositions.
 - 9 4. Division of Kentucky Exposition Center Operations.
 - 10 5. Division of Kentucky International Convention Center.
 - 11 6. Division of Public Relations and Media.
 - 12 7. Division of Venue Services.
 - 13 8. Division of Personnel Management and Staff Development.
 - 14 9. Division of Sales.
 - 15 10. Division of Security and Traffic Control.
 - 16 11. Division of Information Technology.
 - 17 12. Division of the Louisville Arena.
 - 18 13. Division of Fiscal and Contract Management.
 - 19 14. Division of Access Control.
- 20 (f) Office of the Secretary.
 - 21 1. Office of Finance.
 - 22 2. Office of Government Relations and Administration.
- 23 (g) Office of Legal Affairs.
- 24 (h) Office of Human Resources.
- 25 (i) Office of Public Affairs and Constituent Services.
- 26 (j) Office of Arts and Cultural Heritage.
- 27 (k) Kentucky African-American Heritage Commission.

- 1 (l) Kentucky Foundation for the Arts.
- 2 (m) Kentucky Humanities Council.
- 3 (n) Kentucky Heritage Council.
- 4 (o) Kentucky Arts Council.
- 5 (p) Kentucky Historical Society.
 - 6 1. Division of Museums.
 - 7 2. Division of Oral History and Educational Outreach.
 - 8 3. Division of Research and Publications.
 - 9 4. Division of Administration.
- 10 (q) Kentucky Center for the Arts.
 - 11 1. Division of Governor's School for the Arts.
- 12 (r) Kentucky Artisans Center at Berea.
- 13 (s) Northern Kentucky Convention Center.
- 14 (t) Eastern Kentucky Exposition Center.
- 15 (9) Personnel Cabinet:
 - 16 (a) Office of the Secretary.
 - 17 (b) Department of Human Resources Administration.
 - 18 (c) Office of Employee Relations.
 - 19 (d) Kentucky Public Employees Deferred Compensation Authority.
 - 20 (e) Office of Administrative Services.
 - 21 (f) Office of Legal Services.
 - 22 (g) Governmental Services Center.
 - 23 (h) Department of Employee Insurance.
 - 24 (i) Office of Diversity, Equality, and Training.
 - 25 (j) Office of Public Affairs.
- 26 (10) Education and Labor Cabinet:
 - 27 (a) Office of the Secretary.

- 1 1. Office of Legal Services.
- 2 a. Workplace Standards Legal Division.
- 3 b. Workers' Claims Legal Division.
- 4 c. Workforce Development Legal Division.
- 5 2. Office of Administrative Services.
- 6 a. Division of Human Resources Management.
- 7 b. Division of Fiscal Management.
- 8 c. Division of Operations and Support Services.
- 9 3. Office of Technology Services.
- 10 a. Division of Information Technology Services.
- 11 4. Office of Policy and Audit.
- 12 5. Office of Legislative Services.
- 13 6. Office of Communications.
- 14 7. Office of the Kentucky Center for Statistics.
- 15 8. Board of the Kentucky Center for Statistics.
- 16 9. Early Childhood Advisory Council.
- 17 10. Governors' Scholars Program.
- 18 11. Governor's School for Entrepreneurs Program.
- 19 12. Foundation for Adult Education.
- 20 (b) Department of Education.
- 21 1. Kentucky Board of Education.
- 22 2. Kentucky Technical Education Personnel Board.
- 23 3. Education Professional Standards Board.
- 24 (c) Board of Directors for the Center for School Safety.
- 25 (d) Department for Libraries and Archives.
- 26 (e) Kentucky Environmental Education Council.
- 27 (f) Kentucky Educational Television.

- 1 (g) Kentucky Commission on the Deaf and Hard of Hearing.
- 2 (h) Department of Workforce Development.
 - 3 1. Career Development Office.
 - 4 2. Office of Vocational Rehabilitation.
 - 5 a. Division of Kentucky Business Enterprise.
 - 6 b. Division of the Carl D. Perkins Vocational Training Center.
 - 7 c. Division of Blind Services.
 - 8 d. Division of Field Services.
 - 9 e. Statewide Council for Vocational Rehabilitation.
 - 10 f. Employment First Council.
 - 11 3. Office of Employer and Apprenticeship Services.
 - 12 a. Division of Apprenticeship.
 - 13 4. Kentucky Apprenticeship Council.
 - 14 5. Division of Technical Assistance.
 - 15 6. Office of Adult Education.
 - 16 7. Office of the Kentucky Workforce Innovation Board.
- 17 (i) Department of Workplace Standards.
 - 18 1. Division of Occupational Safety and Health Compliance.
 - 19 2. Division of Occupational Safety and Health Education and
 - 20 Training.
 - 21 3. Division of Wages and Hours.
- 22 (j) Office of Unemployment Insurance.
- 23 (k) Kentucky Unemployment Insurance Commission.
- 24 (l) Department of Workers' Claims.
 - 25 1. Division of Workers' Compensation Funds.
 - 26 2. Office of Administrative Law Judges.
 - 27 3. Division of Claims Processing.

- 1 4. Division of Security and Compliance.
- 2 5. Division of Specialist and Medical Services.
- 3 6. Workers' Compensation Board.
- 4 (m) Workers' Compensation Funding Commission.
- 5 (n) Kentucky Occupational Safety and Health Standards Board.
- 6 (o) State Labor Relations Board.
- 7 (p) Employers' Mutual Insurance Authority.
- 8 (q) Kentucky Occupational Safety and Health Review Commission.
- 9 (r) Workers' Compensation Nominating Committee.
- 10 (s) Office of Educational Programs.
- 11 (t) Kentucky Workforce Innovation Board.
- 12 (u) Kentucky Commission on Proprietary Education.
- 13 (v) Kentucky Work Ready Skills Advisory Committee.
- 14 (w) Kentucky Geographic Education Board.
- 15 (x) Disability Determination Services Program.

16 III. Other departments headed by appointed officers:

- 17 (1) Council on Postsecondary Education.
- 18 (2) Department of Military Affairs.
- 19 (3) Department for Local Government.
- 20 (4) Kentucky Commission on Human Rights.
- 21 (5) Kentucky Commission on Women.
- 22 (6) Department of Veterans' Affairs.
- 23 (7) Kentucky Commission on Military Affairs.
- 24 (8) Office of Minority Empowerment.
- 25 (9) Governor's Council on Wellness and Physical Activity.
- 26 (10) Kentucky Communications Network Authority.
- 27 **(11) Kentucky Tax Tribunal.**

1 ➔ Section 20. KRS 13B.020 is amended to read as follows:

- 2 (1) The provisions of this chapter shall apply to all administrative hearings conducted
3 by an agency, with the exception of those specifically exempted under this section.
4 The provisions of this chapter shall supersede any other provisions of the Kentucky
5 Revised Statutes and administrative regulations, unless exempted under this section,
6 to the extent these other provisions are duplicative or in conflict. This chapter
7 creates only procedural rights and shall not be construed to confer upon any person
8 a right to hearing not expressly provided by law.
- 9 (2) The provisions of this chapter shall not apply to:
- 10 (a) Investigations, hearings to determine probable cause, or any other type of
11 information gathering or fact finding activities;
- 12 (b) Public hearings required in KRS Chapter 13A for the promulgation of
13 administrative regulations;
- 14 (c) Any other public hearing conducted by an administrative agency which is
15 nonadjudicatory in nature and the primary purpose of which is to seek public
16 input on public policy making;
- 17 (d) Military adjudicatory proceedings conducted in accordance with KRS Chapter
18 35;
- 19 (e) Administrative hearings conducted by the legislative and judicial branches of
20 state government;
- 21 (f) Administrative hearings conducted by any city, county, urban-county, charter
22 county, or special district contained in KRS Chapters 65 to 109, or any other
23 unit of local government operating strictly in a local jurisdictional capacity;
- 24 (g) Informal hearings which are part of a multilevel hearing process that affords
25 an administrative hearing at some point in the hearing process if the
26 procedures for informal hearings are approved and promulgated in accordance
27 with subsections (4) and (5) of this section;

- 1 (h) Limited exemptions granted for specific hearing provisions and denoted by
2 reference in the text of the applicable statutes or administrative regulations;
- 3 (i) Administrative hearings exempted pursuant to subsection (3) of this section;
- 4 (j) Administrative hearings exempted, in whole or in part, pursuant to
5 subsections (4) and (5) of this section; and
- 6 (k) Any administrative hearing which was commenced but not completed prior to
7 July 15, 1996.
- 8 (3) The following administrative hearings are exempt from application of this chapter
9 in compliance with 1994 Ky. Acts ch. 382, sec. 19:
- 10 (a) Finance and Administration Cabinet
- 11 1. Higher Education Assistance Authority
- 12 a. Wage garnishment hearings conducted under authority of 20
13 U.S.C. sec. 1095a and 34 C.F.R. sec. 682.410
- 14 b. Offset hearings conducted under authority of 31 U.S.C. sec.
15 3720A and sec. 3716, and 34 C.F.R. sec. 30.33
- 16 2. Department of Revenue
- 17 a. Any licensing and bond revocation hearings conducted under the
18 authority of KRS 138.210 to 138.448 and 234.310 to 234.440
- 19 b. Any license revocation hearings under KRS 131.630 and 138.130
20 to 138.205
- 21 (b) Cabinet for Health and Family Services
- 22 1. Office of the Inspector General
- 23 a. Certificate-of-need hearings and licensure conducted under
24 authority of KRS Chapter 216B
- 25 b. Licensure revocation hearings conducted under authority of KRS
26 Chapter 216B
- 27 2. Department for Community Based Services

- 1 a. Supervised placement revocation hearings conducted under
2 authority of KRS Chapter 630
- 3 3. Department for Medicaid Services
- 4 a. Administrative appeal hearings following an external independent
5 third-party review of a Medicaid managed care organization's final
6 decision that denies, in whole or in part, a health care service to an
7 enrollee or a claim for reimbursement to the provider for a health
8 care service rendered by the provider to an enrollee of the
9 Medicaid managed care organization, conducted under authority of
10 KRS 205.646
- 11 (c) Justice and Public Safety Cabinet
- 12 1. Department of Kentucky State Police
- 13 a. Kentucky State Police Trial Board disciplinary hearings conducted
14 under authority of KRS Chapter 16
- 15 2. Department of Corrections
- 16 a. Parole Board hearings conducted under authority of KRS Chapter
17 439
- 18 b. Prison adjustment committee hearings conducted under authority
19 of KRS Chapter 197
- 20 c. Prison grievance committee hearings conducted under authority of
21 KRS Chapters 196 and 197
- 22 3. Department of Juvenile Justice
- 23 a. Supervised placement revocation hearings conducted under KRS
24 Chapter 635
- 25 (d) Energy and Environment Cabinet
- 26 1. Department for Natural Resources
- 27 a. Surface mining hearings conducted under authority of KRS

- 1 Chapter 350
- 2 b. Oil and gas hearings conducted under the authority of KRS
- 3 Chapter 353, except for those conducted by the Kentucky Oil and
- 4 Gas Conservation Commission pursuant to KRS 353.500 to
- 5 353.720
- 6 c. Explosives and blasting hearings conducted under the authority of
- 7 KRS 351.315 to 351.375
- 8 2. Department for Environmental Protection
- 9 a. Wild River hearings conducted under authority of KRS Chapter
- 10 146
- 11 b. Water resources hearings conducted under authority of KRS
- 12 Chapter 151
- 13 c. Water plant operator and water well driller hearings conducted
- 14 under authority of KRS Chapter 223
- 15 d. Environmental protection hearings conducted under authority of
- 16 KRS Chapter 224
- 17 e. Petroleum Storage Tank Environmental Assurance Fund hearings
- 18 under authority of KRS Chapter 224
- 19 3. Public Service Commission
- 20 a. Utility hearings conducted under authority of KRS Chapters 74,
- 21 278, and 279
- 22 (e) Education and Labor Cabinet
- 23 1. Department of Workers' Claims
- 24 a. Workers' compensation hearings conducted under authority of
- 25 KRS Chapter 342
- 26 2. Kentucky Occupational Safety and Health Review Commission
- 27 a. Occupational safety and health hearings conducted under authority

1 of KRS Chapter 338

2 3. Unemployment insurance hearings conducted under authority of KRS
3 Chapter 341

4 4. Disability determination hearings conducted under authority of 20
5 C.F.R. pt. 404

6 (f) Public Protection Cabinet

7 1. Board of Claims

8 a. Liability hearings conducted under authority of KRS
9 49.020~~(3)~~~~(5)~~ and 49.040 to 49.180

10 (g) State universities and colleges

11 1. Student suspension and expulsion hearings conducted under authority of
12 KRS Chapter 164

13 2. University presidents and faculty removal hearings conducted under
14 authority of KRS Chapter 164

15 3. Campus residency hearings conducted under authority of KRS Chapter
16 164

17 4. Family Education Rights to Privacy Act hearings conducted under
18 authority of 20 U.S.C. sec. 1232 and 34 C.F.R. sec. 99

19 5. Federal Health Care Quality Improvement Act of 1986 hearings
20 conducted under authority of 42 U.S.C. sec. 11101 to 11115 and KRS
21 Chapter 311.

22 (4) Any administrative hearing, or portion thereof, may be certified as exempt by the
23 Attorney General based on the following criteria:

24 (a) The provisions of this chapter conflict with any provision of federal law or
25 regulation with which the agency must comply, or with any federal law or
26 regulation with which the agency must comply to permit the agency or
27 persons within the Commonwealth to receive federal tax benefits or federal

1 funds or other benefits;

2 (b) Conformity with the requirement of this chapter from which exemption is
3 sought would be so unreasonable or so impractical as to deny due process
4 because of undue delay in the conduct of administrative hearings; or

5 (c) The hearing procedures represent informal proceedings which are the
6 preliminary stages or the review stages of a multilevel hearing process, if the
7 provisions of this chapter or the provisions of a substantially equivalent
8 hearing procedure exempted under subsection (3) of this section are applied at
9 some level within the multilevel process.

10 (5) The Attorney General shall not exempt an agency from any requirement of this
11 chapter until the agency establishes alternative procedures by administrative
12 regulation which, insofar as practical, shall be consistent with the intent and
13 purpose of this chapter. When regulations for alternative procedures are submitted
14 to the Administrative Regulation Review Subcommittee, they shall be accompanied
15 by the request for exemption and the approval of exemption from the Attorney
16 General. The decision of the Attorney General, whether affirmative or negative,
17 shall be subject to judicial review in the Franklin Circuit Court within thirty (30)
18 days of the date of issuance. The court shall not overturn a decision of the Attorney
19 General unless the decision was arbitrary or capricious or contrary to law.

20 (6) Except to the extent precluded by another provision of law, a person may waive any
21 procedural right conferred upon that person by this chapter.

22 (7) The provisions of KRS 13B.030(2)(b) shall not apply to administrative hearings
23 held under KRS 11A.100 or 18A.095.

24 ➔Section 21. KRS 49.010 is amended to read as follows:

25 (1) The Office of Claims and Appeals is created within the Public Protection Cabinet
26 and shall constitute a statutory administrative office of the state government within
27 the meaning of KRS Chapter 12.

- 1 (2) The Office of Claims and Appeals shall consist of two (2)~~three (3)~~ separate and
2 distinct administrative boards attached to the office within the meaning of KRS
3 12.020:
- 4 ~~{(a) The Board of Tax Appeals;}~~
5 (a)~~{(b)}~~ The Board of Claims; and
6 (b)~~{(c)}~~ The Crime Victims Compensation Board.
- 7 (3) The executive director of the Office of Claims and Appeals shall be appointed by
8 the secretary of the Public Protection Cabinet with the approval of the Governor in
9 accordance with KRS 12.050. The secretary of the Public Protection Cabinet is the
10 appointing authority for the Office of Claims and Appeals, and the executive
11 director shall be directly responsible to the secretary of the Public Protection
12 Cabinet and shall perform the functions, powers, and duties provided by law and
13 prescribed by the secretary of the Public Protection Cabinet. The executive director
14 shall:
- 15 (a) Carry out the policy and program directives of the boards;
16 (b) Be responsible for the day-to-day operations of the office;
17 (c) Establish appropriate organizational structures and personnel policies;
18 (d) Prepare annual reports on the office's and boards' activities;
19 (e) Prepare budgets;
20 (f) Perform all other duties as directed by the secretary and the boards and
21 necessary for the operations of the office; and
22 (g) Keep written records documenting the completion of training by staff for and
23 members of the Crime Victims Compensation Board.
- 24 (4) The Office of Claims and Appeals shall be authorized to:
- 25 (a) Employ necessary staff, secure adequate office space, and execute other
26 administrative and logistical matters as may be necessary to ensure proper
27 functioning of the office;

- 1 (b) Promulgate, amend, and repeal suitable administrative regulations to carry out
2 the provisions and purposes of the office's statutory authority;
- 3 (c) Publicize widely the functions and purposes of the Office of Claims and
4 Appeals and its attached boards;
- 5 (d) Enter into agreements with any state agency, political subdivision of the state,
6 postsecondary education institution, or other person or entity to enlist
7 assistance to implement the duties and responsibilities of the office; and
- 8 (e) Ensure that staff for the Crime Victims Compensation Board receives trauma-
9 informed training to understand the challenges faced by victims of crime,
10 including factors that may result in the delayed filing of a claim. Staff shall
11 receive six (6) hours of training under this paragraph within thirty (30) days of
12 being hired, and three (3) hours of training each year thereafter. Training
13 pursuant to this paragraph may be developed in collaboration with
14 organizations and agencies that specialize in victim services and victim
15 advocacy.
- 16 (5) The principal office of the Office of Claims and Appeals shall be at Frankfort,
17 Kentucky, and shall be open during regular working hours for the conduct of its
18 business.
- 19 ➔Section 22. KRS 49.020 is amended to read as follows:
- 20 ~~[(1) (a) As used in this section and KRS 49.220, "revenue and taxation agency" means~~
21 ~~and includes any agency of state or county government that issues final~~
22 ~~rulings, orders, or determinations affecting revenue and taxation.~~
- 23 ~~(b) The Board of Tax Appeals created by KRS 49.010 shall have the power and~~
24 ~~authority to hear and determine appeals from final rulings, orders, and~~
25 ~~determinations of any revenue and taxation agency.~~
- 26 ~~(2) (a) The Board of Tax Appeals shall consist of three (3) members appointed by the~~
27 ~~Governor, subject to Senate confirmation in accordance with KRS 11.160 for~~

1 ~~each appointment or reappointment. One (1) member shall be appointed~~
2 ~~initially for a two (2) year term. One (1) member shall be appointed initially~~
3 ~~for a three (3) year term. One (1) member shall be appointed initially for a~~
4 ~~four (4) year term. Thereafter, all appointments to the board shall be for a four~~
5 ~~(4) year term. There shall be no limit to the amount of reappointments a~~
6 ~~member shall receive.~~

7 ~~(b) Vacancies for unexpired terms shall be filled in the same manner as regular~~
8 ~~appointments, but the appointees shall hold office only to the end of the~~
9 ~~unexpired term of the member replaced.~~

10 ~~(c) The Governor shall appoint a chairperson for the board, subject to Senate~~
11 ~~confirmation in accordance with KRS 11.160 for each appointment or~~
12 ~~reappointment. The chairperson shall be appointed for a four (4) year term~~
13 ~~and shall be an attorney with the qualifications required of candidates for~~
14 ~~Circuit Judge. The chairperson shall be the presiding officer over appeals~~
15 ~~heard by the board.~~

16 ~~(d) The Governor shall establish the compensation, not to include benefits, of the~~
17 ~~members of the board pursuant to KRS 64.640.~~

18 ~~(e) Two (2) of the members shall be attorneys with the qualifications required of~~
19 ~~candidates for Circuit Judge. One (1) of the members shall have a background~~
20 ~~in taxation. No member shall engage in any occupation or business~~
21 ~~inconsistent with his or her duties as such a member.]~~

22 (1)~~(3)~~ The Crime Victims Compensation Board created by KRS 49.010 shall have
23 the power and authority to hear and determine all matters relating to a claim by a
24 crime victim or a person authorized by law to act on behalf of a crime victim for
25 compensation.

26 (2)~~(4)~~ (a) The Crime Victims Compensation Board shall consist of three (3)
27 members appointed by the Governor, not all of whom shall be engaged in the

1 same occupation or profession. Appointed board members shall be subject to
2 Senate confirmation in accordance with KRS 11.160 for each appointment or
3 reappointment. Members shall be appointed for a four (4) year term. There
4 shall be no limit to the amount of reappointments a member may receive. One
5 (1) member shall be appointed initially for a two (2) year term. One (1)
6 member shall be appointed initially for a three (3) year term. One (1) member
7 shall be appointed initially for a four (4) year term. Thereafter, all
8 appointments to the board shall be for a four (4) year term. Two (2) of the
9 appointees shall be a victim as defined in KRS 421.500(1), the parent, spouse,
10 sibling, or child of a victim as defined in KRS 421.500(1), whether or not the
11 victim is deceased, or a victim advocate as defined in KRS 421.570(1); and
12 the other appointee shall be an attorney licensed to practice law in this state
13 with two (2) years of experience.

14 (b) Vacancies for unexpired terms shall be filled in the same manner as regular
15 appointments, but the appointees shall hold office only to the end of the
16 unexpired term of the member replaced.

17 (c) The Governor shall appoint a chairperson for the board, subject to Senate
18 confirmation in accordance with KRS 11.160 for each appointment or
19 reappointment. The chairperson shall be appointed for a four (4) year term.

20 (d) The Governor shall establish the compensation, not to include benefits, of the
21 members of the board pursuant to the provisions of KRS 64.640.

22 ~~(3)~~~~(5)}~~ The Board of Claims created by KRS 49.010 shall have the following powers
23 and authority to investigate, hear proof, and compensate persons for damages
24 sustained to either person or property as a proximate result of negligence on the part
25 of the Commonwealth, any of its cabinets, departments, bureaus, or agencies, or
26 any of its officers, agents, or employees while acting within the scope of their
27 employment by the Commonwealth or any of its cabinets, departments, bureaus, or

1 agencies; except, however, regardless of any provision of law to the contrary, the
2 Commonwealth, its cabinets, departments, bureaus, and agencies, and its officers,
3 agents, and employees, while acting within the scope of their employment by the
4 Commonwealth or any of its cabinets, departments, bureaus, or agencies, shall not
5 be liable for collateral or dependent claims which are dependent on loss to another
6 and not the claimant or damages for mental distress or pain or suffering, and
7 compensation shall not be allowed, awarded, or paid for such claims for damages.

8 ~~(4)~~~~(6)~~ (a) The Board of Claims shall consist of three (3) members appointed by the
9 Governor, subject to Senate confirmation in accordance with KRS 11.160 for
10 each appointment or reappointment. One (1) member shall be appointed
11 initially for a two (2) year term. One (1) member shall be appointed initially
12 for a three (3) year term. One (1) member shall be appointed initially for a
13 four (4) year term. Thereafter, all appointments to the board shall be for a four
14 (4) year term. There shall be no limit to the amount of reappointments a
15 member shall receive.

16 (b) Vacancies for unexpired terms shall be filled in the same manner as regular
17 appointments, but the appointees shall hold office only to the end of the
18 unexpired term of the member replaced.

19 (c) The Governor shall appoint a chairperson for the board, subject to Senate
20 confirmation in accordance with KRS 11.160 for each appointment or
21 reappointment. The chairperson shall be appointed for a four (4) year term,
22 and shall be an attorney with the qualifications required of a candidate for
23 Circuit Judge. The chairperson shall be the presiding officer over appeals
24 heard by the board.

25 (d) The Governor shall establish the compensation, not to include benefits, of the
26 members of the board pursuant to the provision of KRS 64.640.

27 (e) Two (2) of the members shall be attorneys with the qualifications required of

1 candidates for Circuit Judge and have a background and working knowledge
2 in Kentucky tort law. One (1) member shall have a background in business.
3 No member shall engage in any occupation or business inconsistent with his
4 or her duties as such a member.

5 ~~(5)(7)~~ The ~~[Board of Tax Appeals, the]~~ Board of Claims~~[,]~~ and the Crime Victims
6 Compensation Board shall each be separately authorized to:

- 7 (a) Promulgate, amend, and repeal suitable administrative regulations to carry out
8 the provisions and purposes of the board's statutory authority;
9 (b) Issue subpoenas and discovery orders, and to petition a court of competent
10 jurisdiction for any order necessary to carry out the board's powers and duties;
11 (c) Take or cause to be taken affidavits or depositions within or without the state;
12 (d) Administer or cause to be administered oaths;
13 (e) Except for the power to issue final decisions on the merits of a claim or
14 appeal, to delegate any of its power or authority to the Office of Claims and
15 Appeals; and
16 (f) Publicize widely the functions and purposes of the board.

17 ~~(6)(8)~~ If any appointed board member has a conflict of interest, as contemplated by
18 KRS 11A.030, involving any matter pending before the board, the secretary of the
19 cabinet shall appoint a member of one (1) of the other boards administered by the
20 Office of Claims and Appeals as a substitute member. Following appointment, the
21 substitute board member shall serve in place of the member who has a conflict for
22 all actions and votes relevant to that matter.

23 ~~(7)(9)~~ Members of the ~~[Board of Tax Appeals,]~~ Board of Claims~~[,]~~ and Crime
24 Victims Compensation Board shall receive new member orientation and annual
25 training to discuss new legislation, pertinent court decisions, and board policies and
26 procedures. Members of the Crime Victims Compensation Board shall receive
27 trauma-informed training to understand the challenges faced by victims of crime,

1 including factors that may result in the delayed filing of a claim. Members shall
2 receive six (6) hours of training under this subsection within thirty (30) days of
3 appointment, and three (3) hours of training each year thereafter. Training pursuant
4 to this subsection may be developed in collaboration with organizations and
5 agencies that specialize in victim services and victim advocacy.

6 ~~(8)~~~~(10)~~ The boards shall meet as often as necessary to perform their statutory
7 responsibilities as outlined in this chapter. A majority of the members of the
8 commission shall constitute a quorum for the transaction of business.}

9 ~~(11) Immediately following June 29, 2021, the Governor shall review the current board,~~
10 ~~determine any members that are no longer qualified, and appoint new members to~~
11 ~~the board if necessary. }~~

12 ➔Section 23. KRS 49.030 is amended to read as follows:

13 KRS 49.040 to 49.180 shall apply to the power and authority of the Board of Claims
14 outlined in KRS 49.020~~(3)~~~~(5)~~.

15 ➔Section 24. KRS 49.090 is amended to read as follows:

16 (1) The Board of Claims may require affected state agencies to investigate claims and
17 the incidents on which they are based and to furnish to the board and the claimant in
18 writing the facts learned by investigation. Such response shall be sufficiently
19 specific to support a decision by the board to pay or deny the claim. If the agency
20 believes the state should refute a claim, the agency shall cite the facts about the
21 incident that support its belief.

22 (2) If the claim is under two thousand five hundred dollars (\$2,500), it may be
23 investigated by the board in-house and if the board believes it needs additional facts
24 before deciding the claim, the parties may provide the needed information by letter
25 or as directed by the board.

26 (3) The board shall hold hearings on contested claims whose value is two thousand five
27 hundred dollars (\$2,500) or greater but may decide claims under two thousand five

1 hundred dollars (\$2,500) without a hearing.

2 (4) At its hearings, the board, or any of its members, or any of its hearing officers
3 appointed by the board shall hear the parties at issue and their representatives and
4 witnesses.

5 (5) The award or order shall be made within thirty (30) days after final submission,
6 except in cases involving large or complicated records or unusual questions of law,
7 and shall be made within ninety (90) days after final submission in any event. The
8 order or award, together with a statement of the findings of fact, rulings of law, and
9 other matters pertinent to the question at issue shall be filed with the record of the
10 claim and a copy of the order or award shall immediately be sent to the parties in
11 dispute.

12 (6) In cases over two thousand five hundred dollars (\$2,500) that have been assigned to
13 a hearing officer or a member, the hearing officer or member shall tender a
14 recommended order to the full board. The final order in any claim heard by a single
15 member or hearing officer shall be made and entered by a majority of the board.

16 (7) In cases of two thousand five hundred dollars (\$2,500) or less decided by a
17 member, a claimant may make an application for review to the full board within
18 fourteen (14) days from the date of the order or award. If an application is made, the
19 full board shall, as soon as practicable, review the evidence, or, if deemed
20 advisable, hear the parties at issue, their representatives and witnesses, and shall
21 make an order or award and file it as specified in subsection (5) above.}

22 ~~(8) The Office of Claims and Appeals may promulgate an administrative regulation~~
23 ~~authorizing a filing fee of no more than two hundred dollars (\$200) for all appeals~~
24 ~~that are brought before the Board of Tax Appeals and the Board of Claims.}~~

25 ➔Section 25. KRS 49.990 is amended to read as follows:

26 Any person who fails or refuses to obey a subpoena or order of ~~the Board of Tax~~
27 ~~Appeals,} the Crime Victims Compensation Board[,} or the Board of Claims made~~

pursuant to KRS Chapter 13B shall be fined not less than twenty-five dollars (\$25) nor more than five hundred dollars (\$500).

➔Section 26. KRS 62.160 is amended to read as follows:

(1) The state officers elected by the voters of the state at large, except the Governor and the Lieutenant Governor, the heads of departments, offices, and cabinets of the state government, the adjutant general, the members of the Public Service Commission, the members of the State Fair Board and Fish and Wildlife Resources Commission, and the members of the ~~Board of Tax Appeals,~~ Board of Claims, Crime Victims Compensation Board, and the Alcoholic Beverage Control Board, shall each give bond. The amounts of the bonds shall be fixed by the Governor, which amounts as to those offices set forth in subsection (2) of this section shall be not less than the amounts set forth for the respective offices. At any time when it appears to be to the interest of the Commonwealth, the Governor may increase the penal sum of any bond or require a renewal of the bond with other or additional surety.

(2) The minimum sum of the bond for the following offices shall be as follows:

Secretary of State.....	\$10,000
Attorney General.....	10,000
State Treasurer	300,000
Secretary for economic development.....	10,000
Commissioner of Agriculture	10,000
Secretary of education and labor.....	10,000
Auditor of Public Accounts	25,000
Adjutant general.....	10,000
Secretary of finance and administration.....	100,000
Commissioner of revenue	50,000
Secretary of transportation.....	50,000
Commissioner of highways.....	50,000

1	Secretary of justice and public safety	50,000
2	Secretary of corrections	25,000
3	Commissioner for public health services	10,000
4	Commissioner for natural resources	50,000
5	State librarian	5,000
6	Commissioner of alcoholic beverage control.....	10,000
7	Commissioner of financial institutions	25,000
8	Secretary for energy and environment	50,000
9	Commissioner of insurance.....	50,000
10	Commissioner of vehicle regulation	10,000
11	Commissioner of fish and wildlife resources.....	5,000
12	Secretary for health and family services	20,000
13	Commissioner of environmental protection.....	10,000
14	Secretary of public protection	10,000
15	Secretary of tourism, arts and heritage.....	25,000
16	Commissioner for community based services	20,000
17	Member of the Public Service Commission	10,000
18	Member of State Fair Board.....	10,000
19	Member of Fish and Wildlife Resources Commission	1,000
20	Member of Board of Tax Appeals	10,000
21	Member of Board of Claims	10,000
22	Member of Crime Victims Compensation Board	10,000
23	Associate member of Alcoholic Beverage Control Board.....	5,000
24	Commissioner of local government	100,000

25 ➔ Section 27. KRS 131.081 is amended to read as follows:

26 The following rules, principles, or requirements shall apply in the administration of all
 27 taxes subject to the jurisdiction of the department:

- 1 (1) The department shall develop and implement a Kentucky tax education and
2 information program that:
- 3 (a) Is directed at new taxpayers, taxpayer and industry groups, and department
4 employees to enhance the understanding of and compliance with Kentucky
5 tax laws;
- 6 (b) Includes information on:
- 7 1. The application of new tax legislation to taxpayer activities; and
8 2. Areas of recurrent taxpayer noncompliance or inconsistency of
9 administration; and
- 10 (c) Is published as part of the administrative writings posted on its official
11 website;
- 12 (2) The department shall publish brief statements in simple and nontechnical language
13 which explain procedures, remedies, and the rights and obligations of taxpayers and
14 the department. These statements shall be provided to taxpayers with the initial
15 notice of audit; each original notice of tax due; each denial or reduction of a refund
16 or credit claimed by a taxpayer; each denial, cancellation, or revocation of any
17 license, permit, or other required authorization applied for or held by a taxpayer;
18 and, if practical and appropriate, in informational publications by the department
19 distributed to the public;
- 20 (3) Taxpayers shall have the right to be assisted or represented by an attorney,
21 accountant, or other person in any conference, hearing, or other matter before the
22 department. The taxpayer shall be informed of this right prior to conduct of any
23 conference or hearing;
- 24 (4) The department shall perform audits and conduct conferences and hearings only at
25 reasonable times and places;
- 26 (5) Taxpayers shall have the right to make audio recordings of any conference with or
27 hearing by the department. The department may make similar audio recordings if

- 1 prior written notice is given to the taxpayer or if the taxpayer records the conference
2 or hearing. The taxpayer shall be entitled to a copy of this department recording or a
3 transcript as provided in KRS 61.874;
- 4 (6) If any taxpayer's failure to submit a timely return or payment to the department is
5 due to the taxpayer's reasonable reliance on written advice from the department, the
6 taxpayer shall be relieved of any penalty or interest with respect thereto, provided
7 the taxpayer requested the advice in writing from the department and the specific
8 facts and circumstances of the activity or transaction were fully described in the
9 taxpayer's request, the department did not subsequently rescind or modify the
10 advice in writing, and there were no subsequent changes in applicable laws or
11 regulations or a final decision of a court which rendered the department's earlier
12 written advice no longer valid;
- 13 (7) Taxpayers shall have the right to receive a copy of any audit of the department by
14 the Auditor of Public Accounts relating to the department's compliance with the
15 provisions of KRS 131.041 to 131.081;
- 16 (8) (a) The department shall include with each notice of tax due a clear and concise
17 description of the basis and amount of any tax, penalty, and interest assessed
18 against the taxpayer and the agent's written narrative setting forth the grounds
19 upon which the assessment is made.
- 20 (b) Copies of the agent's audit workpapers shall be:
- 21 1. Included with the notice of tax due; or
22 2. Delivered electronically to the taxpayer.
- 23 (c) Taxpayers shall be similarly notified regarding the denial or reduction of any
24 refund or credit claim filed by a taxpayer;
- 25 (9) (a) Taxpayers shall have the right to an installment payment agreement for the
26 payment of delinquent taxes, penalties, and interest owed, provided the
27 taxpayer requests the agreement in writing clearly demonstrating:

- 1 1. His or her inability to pay in full; and
- 2 2. That the agreement will facilitate collection by the department of the
- 3 amounts owed.
- 4 (b) The department may modify or terminate an installment payment agreement
- 5 and may pursue statutory remedies against the taxpayer if it determines that:
- 6 1. The taxpayer has not complied with the terms of the agreement,
- 7 including minimum payment requirements established by the
- 8 agreement;
- 9 2. The taxpayers' financial condition has sufficiently changed;
- 10 3. The taxpayer fails to provide any requested financial condition update
- 11 information;
- 12 4. The taxpayer gave false or misleading information in securing the
- 13 agreement; or
- 14 5. The taxpayer fails to timely report and pay any other tax due the
- 15 Commonwealth.
- 16 (c) The department shall give written notice to the taxpayer at least thirty (30)
- 17 days prior to modifying or terminating an installment payment agreement
- 18 unless the department has reason to believe that collection of the amounts
- 19 owed will be jeopardized in whole or in part by delay;
- 20 (10) The department shall not knowingly authorize, require, or conduct any investigation
- 21 or surveillance of any person for nontax administration related purposes, except
- 22 internal security related investigations involving department personnel;
- 23 (11) In addition to the circumstances under which an extension of time for filing reports
- 24 or returns may be granted pursuant to KRS 131.170, taxpayers shall be entitled to
- 25 the same extension of the due date of any comparable Kentucky tax report or return
- 26 for which the taxpayer has secured a written extension from the Internal Revenue
- 27 Service provided the taxpayer notifies the department in writing and provides a

1 copy of the extension at the time and in the manner which the department may
2 require;

3 (12) The department shall bear the cost or, if paid by the taxpayer, reimburse the
4 taxpayer for recording or bank charges as the direct result of any erroneous lien or
5 levy by the department, provided the erroneous lien or levy was caused by
6 department error and, prior to issuance of the erroneous lien or levy, the taxpayer
7 timely responded to all contacts by the department and provided information or
8 documentation sufficient to establish his or her position. When the department
9 releases any erroneous lien or levy, notice of the fact shall be mailed to the taxpayer
10 and, if requested by the taxpayer, a copy of the release, together with an
11 explanation, shall be mailed to the major credit reporting companies located in the
12 county where it was filed;

13 (13) (a) The department shall not evaluate individual officers or employees on the
14 basis of taxes assessed or collected or impose or suggest tax assessment or
15 collection quotas or goals.

16 (b) No arrangement or contract shall be entered into for the service to:

- 17 1. Examine a taxpayer's books and records;
18 2. Collect a tax from a taxpayer; or
19 3. Provide legal representation of the department;

20 if any part of the compensation or other benefits paid or payable for the
21 service is contingent upon or otherwise related to the amount of tax, interest,
22 fee, or penalty assessed against or collected from the taxpayer. Any such
23 arrangement or contract shall be void and unenforceable;

24 (14) Taxpayers shall have the right to bring an action for damages against the
25 Commonwealth to the Kentucky Tax Tribunal~~Board of Tax Appeals~~ for actual
26 and direct monetary damages sustained by the taxpayer as a result of willful,
27 reckless, or intentional disregard by department employees of the rights of

1 taxpayers as set out in KRS 131.041 to 131.081 or in the tax laws administered by
2 the department. In the awarding of damages pursuant to this subsection, the board
3 shall take into consideration the negligence or omissions, if any, on the part of the
4 taxpayer which contributed to the damages. If any proceeding brought by a
5 taxpayer is ruled frivolous by the Kentucky Tax Tribunal~~[Board of Tax Appeals]~~,
6 the department shall be reimbursed by the taxpayer for its costs in defending the
7 action. Any claims brought pursuant to this subsection shall be in accordance with
8 Sections 1 to 17 of this Act~~[KRS 49.040 to 49.180]~~; and

- 9 (15) Taxpayers shall have the right to privacy with regard to the information provided on
10 their Kentucky tax returns and reports, including any attached information or
11 documents. Except as provided in KRS 131.190, no information pertaining to the
12 returns, reports, or the affairs of a person's business shall be divulged by the
13 department to any person or be intentionally and without authorization inspected by
14 any present or former commissioner or employee of the department,~~[member of a~~
15 ~~county board of assessment appeals,]~~ property valuation administrator or employee,
16 or any other person.

17 ➔Section 28. KRS 131.110 is amended to read as follows:

- 18 (1) (a) The department shall mail to the taxpayer a notice of any tax assessed by it.
19 The assessment shall be due and payable if not protested in writing to the
20 department within:
- 21 1. Forty-five (45) days from the date of notice, for assessments issued prior
22 to July 1, 2018; and
 - 23 2. Sixty (60) days from the date of notice, for assessments issued on or
24 after July 1, 2018.
- 25 (b) Claims for refund of paid assessments may be made under KRS 134.580 and
26 denials appealed under Section 7 of this Act~~[KRS 49.220]~~.
- 27 (c) 1. The protest shall be accompanied by a supporting statement setting forth

- 1 the grounds upon which the protest is made.
- 2 2. Upon written request, the department may extend the time for filing the
- 3 supporting statement if it appears the delay is necessary and
- 4 unavoidable.
- 5 3. The refusal of the extension may be reviewed in the same manner as a
- 6 protested assessment.
- 7 (2) After a timely protest has been filed, the taxpayer may request a conference with
- 8 the department. The request shall be granted in writing stating the date and time set
- 9 for the conference. The taxpayer may appear in person or by representative. Further
- 10 conferences may be held by mutual agreement.
- 11 (3) (a) After considering the taxpayer's protest, including any matters presented at the
- 12 final conference, the department shall issue a final ruling on any matter still in
- 13 controversy, which shall be mailed to the taxpayer. The ruling shall state that
- 14 it is a final ruling of the department, generally state the issues in controversy,
- 15 the department's position thereon and set forth the procedure for prosecuting
- 16 an appeal to the Kentucky Tax Tribunal ~~Board of Tax Appeals~~.
- 17 (b) The taxpayer may request in writing a final ruling at any time after filing a
- 18 timely protest and supporting statement. When a final ruling is requested, the
- 19 department shall issue such ruling within thirty (30) days from the date the
- 20 request is received by the department.
- 21 (c) If a taxpayer files a timely protest in dispute of a property tax assessment
- 22 issued under KRS 136.120 to 136.180 and does not receive from the
- 23 department, within one (1) year from the date on which the protest was filed:
- 24 1. A fully executed written agreement to settle the protest as authorized
- 25 under KRS 131.030(3);
- 26 2. A final ruling in accordance with paragraphs (a) or (b) of this
- 27 subsection; or

1 3. Resolution and closure of the protest;
2 the department shall immediately issue a final ruling that accepts the
3 taxpayer's grounds of the protest, including the taxpayer's proposed true value
4 as stated in the protest.

5 (4) After a final ruling has been issued, the taxpayer may appeal to the Kentucky Tax
6 Tribunal~~[Board of Tax Appeals]~~ pursuant to the provisions of Section 7 of this
7 Act~~[KRS 49.220]~~.

8 ➔Section 29. KRS 131.180 is amended to read as follows:

9 The provisions of this section shall be known as the "Uniform Civil Penalty Act."
10 Penalties to be assessed in accordance with this section shall apply as follows unless
11 otherwise provided by law:

12 (1) Any taxpayer who files any return or report after the due date prescribed for filing
13 or the due date as extended by the department shall, unless it is shown to the
14 satisfaction of the department that the failure is due to reasonable cause, pay a
15 penalty equal to two percent (2%) of the total tax due for each thirty (30) days or
16 fraction thereof that the report or return is late. The total penalty levied pursuant to
17 this subsection shall not exceed twenty percent (20%) of the total tax due; however,
18 the penalty shall not be less than ten dollars (\$10);

19 (2) Any taxpayer who fails to withhold or collect any tax as required by law, fails to
20 pay the tax computed due on a return or report on or before the due date prescribed
21 for it or the due date as extended by the department or, excluding underpayments
22 determined under KRS 141.044 or 141.305, fails to have timely paid at least
23 seventy-five percent (75%) of the tax determined due by the department shall,
24 unless it is shown to the satisfaction of the department that the failure is due to
25 reasonable cause, pay a penalty equal to two percent (2%) of the tax not withheld,
26 collected, or timely paid for each thirty (30) days or fraction thereof that the
27 withholding, collection, or payment is late. The total penalty levied pursuant to this

- 1 subsection shall not exceed twenty percent (20%) of the tax not timely withheld,
2 collected, or paid; however, the penalty shall not be less than ten dollars (\$10);
- 3 (3) If any taxpayer fails or refuses to make and file a report or return or furnish any
4 information requested in writing by the department, the department may make an
5 estimate of the tax due from any information in its possession, assess the tax at not
6 more than twice the amount estimated to be due, and add a penalty equal to five
7 percent (5%) of the tax assessed for each thirty (30) days or fraction thereof that the
8 return or report is not filed. The total penalty levied pursuant to this subsection shall
9 not exceed fifty percent (50%) of the tax assessed; however, the penalty shall not be
10 less than one hundred dollars (\$100) unless the taxpayer demonstrates that the
11 failure to file was due to reasonable cause as defined in KRS 131.010(9). This
12 penalty shall be applicable whether or not any tax is determined to be due on a
13 subsequently filed return or if the subsequently filed return results in a refund;
- 14 (4) If any taxpayer fails or refuses to pay within sixty (60) days of the due date any tax
15 assessed by the department which is not protested in accordance with KRS 131.110,
16 there shall be added a penalty equal to two percent (2%) of the unpaid tax for each
17 thirty (30) days or fraction thereof that the tax is final, due, and owing, but not paid;
- 18 (5) Any taxpayer who fails to obtain any identification number, permit, license, or
19 other document of authority from the department within the time required by law
20 shall, unless it is shown to the satisfaction of the department that the failure is due
21 to reasonable cause, pay a penalty equal to ten percent (10%) of any cost or fee
22 required to be paid for the identification number, permit, license, or other document
23 of authority; however, the penalty shall not be less than fifty dollars (\$50);
- 24 (6) If any tax assessed by the department is the result of negligence by a taxpayer or
25 other person, a penalty equal to ten percent (10%) of the tax so assessed shall be
26 paid by the taxpayer or other person who was negligent;
- 27 (7) If any tax assessed by the department is the result of fraud committed by the

- 1 taxpayer or other person, a penalty equal to fifty percent (50%) of the tax so
2 assessed shall be paid by the taxpayer or other person who committed fraud;
- 3 (8) If any check tendered to the department is not paid when presented to the drawee
4 bank for payment, there shall be paid as a penalty by the taxpayer who tendered the
5 check, upon notice and demand of the department, an amount equal to ten percent
6 (10%) of the check. The penalty under this section shall not be less than ten dollars
7 (\$10) nor more than one hundred dollars (\$100). If the taxpayer who tendered the
8 check shows to the department's satisfaction that the failure to honor payment of the
9 check resulted from error by parties other than the taxpayer, the department shall
10 waive the penalty;
- 11 (9) Any person who fails to make any tax report or return or pay any tax within the
12 time, or in the manner required by law, for which a specific civil penalty is not
13 provided by law, shall pay a penalty as provided in this section, with interest from
14 the date due at the tax interest rate as defined in KRS 131.010(6);
- 15 (10) The penalties levied pursuant to subsection (4) of this section shall apply to any tax
16 assessment protested pursuant to KRS 131.110 to the extent that any appeal of the
17 assessment or portion of it is ruled by the Kentucky Tax Tribunal~~Board of Tax~~
18 ~~Appeals~~ or, if appealed from, the court of last resort, as not protested, appealed, or
19 pursued in good faith by the taxpayer;
- 20 (11) Nothing in this section shall be construed to prevent the assessment or collection of
21 more than one (1) of the penalties levied under this section or any other civil or
22 criminal penalty provided for violation of the law for which penalties are imposed;
23 and
- 24 (12) All penalties levied pursuant to this section shall be assessed, collected, and paid in
25 the same manner as taxes. Any corporate officer or other person who becomes
26 liable for payment of any tax assessed by the department shall likewise be liable for
27 all penalties and interest applicable thereto.

1 ➔ Section 30. KRS 131.190 is amended to read as follows:

- 2 (1) No present or former commissioner or employee of the department, ~~[present or~~
3 ~~former member of a county board of assessment appeals,]~~ present or former
4 property valuation administrator or employee, present or former secretary or
5 employee of the Finance and Administration Cabinet, former secretary or employee
6 of the Revenue Cabinet, or any other person, shall intentionally and without
7 authorization inspect or divulge any information acquired by him or her of the
8 affairs of any person, or information regarding the tax schedules, returns, or reports
9 required to be filed with the department or other proper officer, or any information
10 produced by a hearing or investigation, insofar as the information may have to do
11 with the affairs of the person's business.
- 12 (2) The prohibition established by subsection (1) of this section shall not extend to:
- 13 (a) Information required in prosecutions for making false reports or returns of
14 property for taxation, or any other infraction of the tax laws;
- 15 (b) Any matter properly entered upon any assessment record, or in any way made
16 a matter of public record;
- 17 (c) Furnishing any taxpayer or his or her properly authorized agent with
18 information respecting his or her own return;
- 19 (d) Testimony provided by the commissioner or any employee of the department
20 in any court, or the introduction as evidence of returns or reports filed with the
21 department, in an action for violation of state or federal tax laws or in any
22 action challenging state or federal tax laws;
- 23 (e) Providing an owner of unmined coal, oil or gas reserves, and other mineral or
24 energy resources assessed under KRS 132.820, or owners of surface land
25 under which the unmined minerals lie, factual information about the owner's
26 property derived from third-party returns filed for that owner's property, under
27 the provisions of KRS 132.820, that is used to determine the owner's

1 assessment. This information shall be provided to the owner on a confidential
2 basis, and the owner shall be subject to the penalties provided in KRS
3 131.990(2). The third-party filer shall be given prior notice of any disclosure
4 of information to the owner that was provided by the third-party filer;

5 (f) Providing to a third-party purchaser pursuant to an order entered in a
6 foreclosure action filed in a court of competent jurisdiction, factual
7 information related to the owner or lessee of coal, oil, gas reserves, or any
8 other mineral resources assessed under KRS 132.820. The department may
9 promulgate an administrative regulation establishing a fee schedule for the
10 provision of the information described in this paragraph. Any fee imposed
11 shall not exceed the greater of the actual cost of providing the information or
12 ten dollars (\$10);

13 (g) Providing information to a licensing agency, the Transportation Cabinet, or
14 the Kentucky Supreme Court under KRS 131.1817;

15 (h) Statistics of gasoline and special fuels gallonage reported to the department
16 under KRS 138.210 to 138.448;

17 (i) Providing any utility gross receipts license tax return information that is
18 necessary to administer the provisions of KRS 160.613 to 160.617 to
19 applicable school districts on a confidential basis;

20 (j) Providing documents, data, or other information to a third party pursuant to an
21 order issued by a court of competent jurisdiction;

22 (k) Publishing administrative writings on its official website in accordance with
23 KRS 131.020(1)(b); or

24 (l) Providing information to the Legislative Research Commission under:

- 25 1. KRS 139.519 for purposes of the sales and use tax refund on building
26 materials used for disaster recovery;
- 27 2. KRS 141.436 for purposes of the energy efficiency products credits;

- 1 3. KRS 141.437 for purposes of the ENERGY STAR home and the
- 2 ENERGY STAR manufactured home credits;
- 3 4. KRS 141.383 for purposes of the film industry incentives;
- 4 5. KRS 154.26-095 for purposes of the Kentucky industrial revitalization
- 5 tax credits and the job assessment fees;
- 6 6. KRS 141.068 for purposes of the Kentucky investment fund;
- 7 7. KRS 141.396 for purposes of the angel investor tax credit;
- 8 8. KRS 141.389 for purposes of the distilled spirits credit;
- 9 9. KRS 141.408 for purposes of the inventory credit;
- 10 10. KRS 141.390 for purposes of the recycling and composting credit;
- 11 11. KRS 141.3841 for purposes of the selling farmer tax credit;
- 12 12. KRS 141.4231 for purposes of the renewable chemical production tax
- 13 credit;
- 14 13. KRS 141.524 for purposes of the Education Opportunity Account
- 15 Program tax credit;
- 16 14. KRS 141.398 for purposes of the development area tax credit;
- 17 15. KRS 139.516 for the purposes of the sales and use tax exemption on the
- 18 commercial mining of cryptocurrency;
- 19 16. KRS 141.419 for purposes of the decontamination tax credit;
- 20 17. KRS 141.391 for purposes of the qualified broadband investment tax
- 21 credit; and
- 22 18. KRS 139.499 for purposes of the sales tax exemption for a qualified
- 23 data center project.
- 24 (3) The commissioner shall make available any information for official use only and on
- 25 a confidential basis to the proper officer, agency, board or commission of this state,
- 26 any Kentucky county, any Kentucky city, any other state, or the federal
- 27 government, under reciprocal agreements whereby the department shall receive

1 similar or useful information in return.

2 (4) Access to and inspection of information received from the Internal Revenue Service
3 is for department use only, and is restricted to tax administration purposes.
4 Information received from the Internal Revenue Service shall not be made available
5 to any other agency of state government, or any county, city, or other state, and
6 shall not be inspected intentionally and without authorization by any present
7 secretary or employee of the Finance and Administration Cabinet, commissioner or
8 employee of the department, or any other person.

9 (5) Statistics of crude oil as reported to the department under the crude oil excise tax
10 requirements of KRS Chapter 137 and statistics of natural gas production as
11 reported to the department under the natural resources severance tax requirements
12 of KRS Chapter 143A may be made public by the department by release to the
13 Energy and Environment Cabinet, Department for Natural Resources.

14 (6) Notwithstanding any provision of law to the contrary, beginning with mine-map
15 submissions for the 1989 tax year, the department may make public or divulge only
16 those portions of mine maps submitted by taxpayers to the department pursuant to
17 KRS Chapter 132 for ad valorem tax purposes that depict the boundaries of mined-
18 out parcel areas. These electronic maps shall not be relied upon to determine actual
19 boundaries of mined-out parcel areas. Property boundaries contained in mine maps
20 required under KRS Chapters 350 and 352 shall not be construed to constitute land
21 surveying or boundary surveys as defined by KRS 322.010 and any administrative
22 regulations promulgated thereto.

23 ➔Section 31. KRS 131.622 is amended to read as follows:

24 (1) (a) The following shall be contraband and subject to seizure and destruction:

25 1. Any cigarettes that have been affixed with a stamp in this state in
26 violation of KRS 131.612; or

27 2. Any cigarettes in the possession of a retailer from a tobacco product

1 manufacturer or brand family that has been removed from the directory.

2 (b) Whenever any peace officer of this state, or any representative of the
3 department, finds any contraband cigarettes, the cigarettes shall be
4 immediately seized and stored in a depository to be selected by the officer or
5 representative.

6 (c) The seized cigarettes shall be held for a period of twenty (20) days to allow
7 the owner or any person having an interest in the cigarettes to protest the
8 seizure.

9 (d) At the time of seizure, the officer or representative shall:

- 10 1. Notify the department of the nature and quantity of the cigarettes seized ;
11 and
12 2. Deliver to the person in whose custody the cigarettes are found a receipt
13 for the cigarettes. The receipt shall state on its face the date of seizure,
14 and a notice that the cigarettes shall be destroyed if the seizure is not
15 protested in writing to the Department of Revenue, Frankfort, Kentucky,
16 within twenty (20) days from the seizure.

17 (e) The owner or any person having an interest in the seized cigarettes may
18 appeal to the Kentucky Tax Tribunal~~[Board of Tax Appeals]~~ a final
19 determination made by the department pursuant to Section 7 of this Act~~KRS~~
20 ~~49.220~~.

21 (f) If the owner or any person having an interest in the seized cigarettes fails to
22 protest the seizure before the end of the twenty (20) day holding period, the
23 department shall destroy the seized cigarettes.

24 (2) The Attorney General may seek an injunction to restrain a violation of KRS
25 131.612 or 131.616 by a distributor or stamping agent and to compel the distributor
26 or stamping agent to comply with KRS 131.612 and 131.616. In any action brought
27 pursuant to this section, the state shall be entitled to recover the costs of

1 investigation, costs of the action, and attorneys' fees from any distributor or
2 stamping agent found to be in violation of KRS 131.612 or 131.616.

3 (3) No stamping agent, distributor, retailer, or any other person shall sell or distribute
4 cigarettes, or acquire, hold, own, possess, transport, import, or cause to be imported
5 cigarettes that the stamping agent, distributor, retailer, or person knows are intended
6 for distribution or sale in the state in violation of KRS 131.612. A violation of this
7 section is a Class A misdemeanor.

8 (4) Nothing in this section shall prohibit a stamping agent or distributor from
9 possessing unstamped containers of cigarettes held in inventory for delivery to, or
10 for sale in, another state if in possession of proof that the cigarettes are intended for
11 sale in another state.

12 (5) In addition to or in lieu of any other civil or criminal remedy provided by law, upon
13 a determination that a stamping agent or distributor has violated KRS 131.612 or
14 any administrative regulation promulgated pursuant to KRS 131.600 to 131.630, the
15 commissioner may suspend the sale of cigarette stamps to the stamping agent or
16 distributor for failure to comply with the provisions of KRS 131.600 to 131.630.

17 ➔Section 32. KRS 132.310 is amended to read as follows:

18 (1) Any person who has failed to list for taxation any property omitted from
19 assessment, except such as is subject to assessment by the Department of Revenue,
20 may at any time list such property with the property valuation administrator. The
21 property valuation administrator shall proceed to assess any omitted real property
22 and shall within ten (10) days from the date the real property was listed notify the
23 taxpayer of the amount of the assessment. The notice shall be given as provided in
24 KRS 132.450(4). The Department of Revenue shall assess any omitted personal
25 property and provide notice to the taxpayer in the manner provided in KRS
26 131.110.

27 (2) The property valuation administrator may at any time list and assess any real

1 property which may have been omitted from the regular assessment. Immediately
2 upon listing and assessing omitted real property, the property valuation
3 administrator shall notify the taxpayer of the amount of the assessment. The notice
4 shall be given as provided in KRS 132.450(4). If the property valuation
5 administrator fails to assess any omitted real property, the Department of Revenue
6 may initiate assessment and collection procedures under the same provisions it uses
7 for omitted personal property.

8 (3) The notice to the taxpayer required by subsections (1) and (2) of this section shall
9 specify a date and time at which the county board of assessment appeals will hear
10 the taxpayer's protest of the omitted assessment. For purposes of hearing appeals
11 from omitted assessments the county judge/executive shall notify the chairman of
12 the board of assessment appeals of the date set for hearing and may authorize one
13 (1) member of the board to hear the appeal and issue a ruling of his decision on the
14 assessment, which shall be appealable, to the Kentucky Tax Tribunal~~Board of Tax~~
15 ~~Appeals~~ as provided by Section 7 of this Act~~[KRS 49.220(3)]~~.

16 (4) Any property voluntarily listed as omitted property for taxation under this section
17 shall be subject to penalties provided in KRS 132.290(3). Omitted property listed
18 for taxation under this section by the property valuation administrator shall be
19 subject to the penalties provided in KRS 132.290(4).

20 ➔Section 33. KRS 132.460 is amended to read as follows:

21 The property valuation administrator, or an authorized deputy, shall attend all hearings
22 before the county board of assessment appeals and before the Kentucky Tax
23 Tribunal~~Board of Tax Appeals~~ pursuant to Section 7 of this Act~~[KRS 49.200 to~~
24 ~~49.250]~~ relative to his or her assessment and submit to examination and fully disclose to
25 them such information as he or she or she may have and any other matters pertinent to the
26 inquiry being made. He or she shall be entitled to reimbursement from the county for
27 expenses incurred in official business outside his or her county. If the Department of

1 Revenue directs him to perform official duties outside of his or her county, the expenses
2 shall be paid from the appropriation for the payment of the salaries of the property
3 valuation administrators. Such reimbursement shall be paid on the same basis as
4 employees of the Commonwealth are paid for travel expenses.

5 ➔Section 34. KRS 132.470 is amended to read as follows:

6 The property valuation administrator shall assess his or her own property and that of his
7 or her deputies, and shall be governed by the laws applicable to the assessment of the
8 property of other taxpayers. The county board of assessment appeals shall review the
9 assessment of the property of the property valuation administrator and his or her
10 deputies.

11 ➔Section 35. KRS 132.620 is amended to read as follows:

12 (1) The Department of Revenue shall recover from any property valuation
13 administrator all compensation paid to him or her for assessments that were
14 unauthorized or excessive when and to the extent it is determined by a final order of
15 the board of assessment appeals, Kentucky Tax Tribunal~~[Board of Tax Appeals]~~
16 pursuant to Section 7 of this Act~~[KRS 49.200 to 49.250]~~, or a court of competent
17 jurisdiction that such assessments were unauthorized or excessive. Whenever the
18 property valuation administrator fails to render the services required of him or her,
19 or he or she performs any of his or her duties in such a manner as to fail to comply
20 substantially with the requirements of the law, he or she shall be required to pay a
21 sum that will reasonably compensate the Commonwealth of Kentucky for its costs
22 in rendering the duties required to be performed by the property valuation
23 administrator. The Department of Revenue shall notify the property valuation
24 administrator by certified mail, return receipt requested, of any amount charged to
25 be due under this section and a statement of the reasons therefor. The property
26 valuation administrator shall be entitled to a hearing before the Kentucky Tax
27 Tribunal~~[Board of Tax Appeals]~~, and an appeal may be taken from the final action

1 of the tribunal~~board~~ to the courts as provided by law.

2 (2) Any sum that may become due from any property valuation administrator by reason
3 of this section may be deducted from any amount that the Commonwealth of
4 Kentucky may become obliged to pay such property valuation administrator, or it
5 may be collected from the bondsman of the property valuation administrator.

6 ➔Section 36. KRS 133.120 is amended to read as follows:

7 (1) (a) Any taxpayer desiring to appeal an assessment on real property made by the
8 property valuation administrator shall first request a conference with the
9 property valuation administrator or his or her designated deputy. The
10 conference shall be held prior to or during the inspection period provided for
11 in KRS 133.045, or during an extension granted under subsection (2)(d) of
12 this section.

13 (b) 1. Any person receiving compensation to represent a property owner at a
14 conference with the property valuation administrator for a real property
15 assessment shall be:

- 16 a. An attorney;
- 17 b. A certified public accountant;
- 18 c. A certified real estate broker;
- 19 d. A Kentucky licensed real estate broker;
- 20 e. An employee of the property owner;
- 21 f. A licensed or certified Kentucky real estate appraiser;
- 22 g. An appraiser who possesses a temporary practice permit or
23 reciprocal license or certification in Kentucky to perform
24 appraisals and whose license or certification requires him or her to
25 conform to the Uniform Standards of Professional Appraisal
26 Practice; or
- 27 h. Any other individual possessing a professional appraisal

1 designation recognized by the department.

2 2. A person representing a property owner before the property valuation
3 administrator shall present written authorization from the property
4 owner which sets forth his or her professional capacity and shall
5 disclose to the property valuation administrator any personal or private
6 interests he or she may have in the matter, including any contingency
7 fee arrangements, except that attorneys shall not be required to disclose
8 the terms and conditions of any contingency fee arrangement.

9 (c) During this conference, the property valuation administrator or his or her
10 deputy shall provide an explanation to the taxpayer of the constitutional and
11 statutory provisions governing property tax administration, including the
12 appeal process, as well as an explanation of the procedures followed in
13 deriving the assessed value for the taxpayer's property.

14 (d) The property valuation administrator or his or her deputy shall keep a record
15 of each conference which shall include but not be limited to the initial
16 assessed value, the value claimed by the taxpayer, an explanation of any
17 changes offered or agreed to by each party, and a brief account of the outcome
18 of the conference.

19 (e) At the request of the taxpayer, the conference may be held by telephone.

20 (2) (a) Any taxpayer still aggrieved by an assessment on real property made by the
21 property valuation administrator after complying with the provisions of subsection
22 (1) of this section may appeal to the board of assessment appeals.

23 (b) The taxpayer shall appeal his or her assessment by filing in person or sending
24 a letter or other written petition to the county clerk stating the reasons for
25 appeal, identifying the property for which the appeal is filed, and stating the
26 taxpayer's opinion of the fair cash value of the property.

27 (c) The appeal shall be filed no later than one (1) workday following the

1 conclusion of the inspection period provided for in KRS 133.045 or no later
2 than the last day of an extension granted under paragraph (d) of this
3 subsection.

4 (d) A property valuation administrator may make a written request to the
5 department to extend the deadline in his or her county of jurisdiction to allow
6 the completion of the conferences requested during the inspection period
7 required by subsection (1)(a) of this section and to extend the filing deadline
8 for appeals to the board of assessment appeals. If approved by the department,
9 the deadline for the completion of the conferences requested during the
10 inspection period and filing appeals shall be extended for a period not to
11 exceed twenty-five (25) days from the date of the original filing deadline.

12 (e) The county clerk shall notify the department of all assessment appeals and of
13 the date and times of the hearings.

14 (f) The board of assessment appeals may review and change any assessment
15 made by the property valuation administrator upon recommendation of the
16 county judge/executive, mayor of any city using the county assessment, or the
17 superintendent of any school district in which the property is located, if the
18 recommendation is made to the board in writing specifying the individual
19 properties recommended for review and is made no later than one (1) work
20 day following the conclusion of the inspection period provided for in KRS
21 133.045, or no later than the last day of an extension granted under paragraph
22 (d) of this subsection, or upon the written recommendation of the department.
23 If the board of assessment appeals determines that the assessment should be
24 increased, it shall give the taxpayer notice in the manner required by
25 subsection (4) of KRS 132.450, specifying a date when the board will hear the
26 taxpayer, if he or she so desires, in protest of an increase.

27 (g) Any real property owner who has listed his or her property with the property

1 valuation administrator at its fair cash value may ask the county board of
2 assessment appeals to review the assessments of real properties he or she
3 believes to be assessed at less than fair cash value, if he or she specifies in
4 writing the individual properties for which the review is sought and factual
5 information upon which his or her request is based, such as comparable sales
6 or cost data and if the request is made no later than one (1) work day
7 following the conclusion of the inspection period provided for in KRS
8 133.045, or no later than the last day of an extension granted under paragraph
9 (d) of this subsection.

10 (h) Nothing in this section shall be construed as granting any property owner the
11 right to request a blanket review of properties or the board the power to
12 conduct such a review.

13 (3) (a) The board of assessment appeals shall hold a public hearing for each
14 individual taxpayer appeal in protest of the assessment by the property
15 valuation administrator filed in accordance with the provisions of subsection
16 (2) of this section, and after hearing all the evidence, shall fix the assessment
17 of the property at its fair cash value.

18 (b) The department may be present at the hearing and present any pertinent
19 evidence as it pertains to the appeal.

20 (c) The taxpayer shall provide factual evidence to support his or her appeal. If the
21 taxpayer fails to provide reasonable information pertaining to the value of the
22 property requested by the property valuation administrator, the department, or
23 any member of the board, his or her appeal shall be denied.

24 (d) This information shall include but not be limited to the physical
25 characteristics of land and improvements, insurance policies, cost of
26 construction, real estate sales listings and contracts, income and expense
27 statements for commercial property, and loans or mortgages.

1 (e) The board of assessment appeals shall only hear and consider evidence which
2 has been submitted to it in the presence of both the property valuation
3 administrator or his or her designated deputy and the taxpayer or his or her
4 authorized representative.

5 (4) (a) Any person receiving compensation to represent a property owner in an
6 appeal before the board shall be:

- 7 1. An attorney;
- 8 2. A certified public accountant;
- 9 3. A certified real estate broker;
- 10 4. A Kentucky licensed real estate broker;
- 11 5. An employee of the taxpayer;
- 12 6. A licensed or certified Kentucky real estate appraiser;
- 13 7. An appraiser who possesses a temporary practice permit or reciprocal
14 license or certification in Kentucky to perform appraisals and whose
15 license or certification requires him or her to conform to the Uniform
16 Standards of Professional Appraisal Practice; or
- 17 8. Any other individual possessing a professional appraisal designation
18 recognized by the department.

19 (b) A person representing a property owner before the county board of
20 assessment appeals shall present a written authorization from the property
21 owner which sets forth his or her professional capacity and shall disclose to
22 the county board of assessment appeals any personal or private interests he or
23 she may have in the matter, including any contingency fee arrangements,
24 except that attorneys shall not be required to disclose the terms and conditions
25 of any contingency fee arrangement.

26 (5) The board shall provide a written opinion justifying its action for each assessment
27 either decreased or increased in the record of its proceedings and orders required in

- 1 KRS 133.125 on forms or in a format provided or approved by the department.
- 2 (6) The board shall report to the property valuation administrator any real property
3 omitted from the tax roll. The property valuation administrator shall assess the
4 property and immediately give notice to the taxpayer in the manner required by
5 KRS 132.450(4), specifying a date when the board of assessment appeals will hear
6 the taxpayer, if he or she so desires, in protest of the action of the property valuation
7 administrator.
- 8 (7) The board of assessment appeals shall have power to issue subpoenas, compel the
9 attendance of witnesses, and adopt rules and regulations concerning the conduct of
10 its business. Any member of the board shall have power to administer oaths to any
11 witness in proceedings before the board.
- 12 (8) The powers of the board of assessment appeals shall be limited to those specifically
13 granted by this section.
- 14 (9) No appeal shall delay the collection or payment of any taxes based upon the
15 assessment in controversy. The taxpayer shall pay all state, county, and district
16 taxes due on the valuation which he or she claims as true value and stated in the
17 petition of appeal filed in accordance with the provisions of subsection (1) of this
18 section. When the valuation is finally determined upon appeal, the taxpayer shall be
19 billed for any additional tax and interest at the tax interest rate as defined in KRS
20 131.010(6) from the date when the tax would have become due if no appeal had
21 been taken. The provisions of KRS 134.015(6) shall apply to the tax bill.
- 22 (10) Any member of the county board of assessment appeals may be required to give
23 evidence in support of the board's findings in any appeal from its actions to the
24 Board of Tax Appeals pursuant to KRS 49.220. Any persons aggrieved by a
25 decision of the board, including the property valuation administrator, taxpayer, and
26 department, may appeal the decision to the Kentucky Tax Tribunal~~Board of Tax~~
27 ~~Appeals~~ pursuant to Section 7 of this Act~~KRS 49.220~~. Any taxpayer failing to

1 appeal to the county board of assessment appeals, or failing to appear before the
2 board, either in person or by designated representative, shall not be eligible to
3 appeal directly to the Kentucky Tax Tribunal~~[Board of Tax Appeals]~~.

4 (11) The county attorney shall represent the interest of the state and county in all
5 hearings before the board of assessment appeals and on all appeals prosecuted from
6 its decision. If the county attorney is unable to represent the state and county, ~~he or~~
7 ~~she~~ the fiscal court shall arrange for substitute representation.

8 (12) Taxpayers shall have the right to make audio recordings of the hearing before the
9 county board of assessment appeals. The property valuation administrator may
10 make similar audio recordings only if prior written notice is given to the taxpayer.
11 The taxpayer shall be entitled to a copy of the department's recording as provided in
12 KRS 61.874.

13 (13) The county board of assessment appeals shall physically inspect a property upon the
14 request of the property owner or property valuation administrator.

15 ➔Section 37. KRS 133.170 is amended to read as follows:

16 (1) When the Department of Revenue has completed its equalization of the assessment
17 of the property in any county, it shall certify its action to the county
18 judge/executive, with a copy of the certification for the county clerk, to be laid
19 before the fiscal court of the county.

20 (2) If the fiscal court deems it proper to ask for a review of the aggregate equalization
21 of any class or subclass of property, it shall direct the county attorney to prosecute
22 an appeal of the aggregate increase to the Kentucky Tax Tribunal~~[Board of Tax~~
23 ~~Appeals]~~ pursuant to Section 7 of this Act~~[KRS 49.220]~~ within ten (10) days from
24 the date of the certification.

25 (3) Within ten (10) days from the date that the department's aggregate equalization of
26 any or all classes or subclasses of property becomes final by failure of the fiscal
27 court to prosecute an appeal or by order of the Kentucky Tax Tribunal~~[Board of~~

1 ~~Tax Appeals]~~ pursuant to Section 7 of this Act~~[KRS 49.200 to 49.250]~~ or the
2 courts, the fiscal court shall cause to be published, at least one (1) time, in the
3 newspaper having the largest circulation within the county, a public notice of the
4 department's action.

5 (4) Within ten (10) days from the date of the publication of the notice required in
6 subsection (3) of this section, any individual taxpayer whose property assessment is
7 increased above its fair cash value by the equalization action may file with the
8 county clerk an application for exoneration of his property assessment from the
9 increase. The application shall be filed in duplicate and shall include the name and
10 address of the person in whose name the property is assessed; the assessment of the
11 property before the increase; the description and location of the property including
12 the description shown on the tax roll; the property owner's reason for appeal; and all
13 other pertinent facts having a bearing upon its value. The county clerk shall forward
14 one (1) copy, of each application for exoneration to the Department of Revenue and
15 shall exclude the amount of the equalization increase from the assessment in the
16 preparation of the property tax bill for each property for which an application for
17 exoneration has been filed.

18 (5) The county judge/executive shall reconvene the board of supervisors immediately
19 following the close of the period for filing applications for exoneration from the
20 increase. The board shall schedule and conduct hearings on all applications in the
21 manner prescribed for hearing appeals by KRS 133.120; however, the board shall
22 not have authority to reduce any assessment to an amount less than that listed for
23 the property at the time of adjournment of the regular board session.

24 (6) The county clerk shall act as clerk of the reconvened board and shall keep an
25 accurate record of the proceedings in the same manner as provided by KRS
26 133.125. Within five (5) days of the adjournment of the reconvened board, he or
27 she shall notify each property owner in writing of the final action of the board with

1 relation to the equalization increase and shall forward a copy of the proceedings
2 certified by the chairman of the board and attested by him or her to the Department
3 of Revenue and to the other taxing districts participating in the tax.

4 (7) Any taxpayer whose application has been denied, in whole or in part, may appeal to
5 the Kentucky Tax Tribunal~~Board of Tax Appeals~~ as provided in Section 7 of this
6 Act~~[KRS 49.220]~~, and appeals thereafter may be taken to the courts as provided in
7 Section 13 of this Act~~[KRS 49.250]~~.

8 (8) The provisions of KRS 133.120(9) shall apply to the payment of taxes upon any
9 property assessment for which an application for exoneration has been filed.

10 (9) The provisions of subsections (4), (5), (6), (7), and (8) of this section shall only
11 apply to appeals growing out of equalization action by the Department of Revenue
12 under the provisions of KRS 133.150.

13 ➔Section 38. KRS 133.215 is amended to read as follows:

14 The sheriff shall be entitled to the fee prescribed by KRS 64.090 for serving a subpoena
15 for the board of assessment appeals. He or she shall also have a like fee for serving a
16 subpoena or notice for the Kentucky Tax Tribunal~~Board of Tax Appeals~~ regarding any
17 proceeding for the assessment of property subject to local taxation. Said fees shall be paid
18 out of the county levy.

19 ➔Section 39. KRS 134.551 is amended to read as follows:

20 (1) If a certificate of delinquency or personal property certificate of delinquency held
21 by an individual is declared void by a court of competent jurisdiction because of the
22 irregularity of taxing officers, the amount for which the certificate was issued shall
23 be refunded by the state, county, and taxing districts on a pro rata basis. If a school
24 district or county is unable to make the refund currently when requested, it shall be
25 given preference from the next year's revenue. The application for refund must be
26 made within one (1) year after the judgment. The property covered by the void
27 certificate shall be assessed immediately as omitted property and the tax bill shall

1 be payable as soon as prepared.

2 (2) (a) If a certificate of delinquency held by a third-party purchaser who paid the
3 certificate of delinquency to the county clerk:

4 1. Is unenforceable because:

5 a. It is a duplicate certificate of delinquency;

6 b. The tax liability represented by the certificate of delinquency was
7 satisfied prior to the purchase of the certificate of delinquency;

8 c. All or a portion of the certificate of delinquency is exonerated; or

9 d. The property to which the certificate of delinquency applies was
10 not subject to taxes as a matter of law as certified by the property
11 valuation administrator; or

12 2. Should not have been sold because, on the date of the annual sale, the
13 certificate of delinquency met the requirements for inclusion on the
14 protected list pursuant to KRS 134.504(10) and it:

15 a. Was included on the protected list;

16 b. Was mistakenly left off the protected list; or

17 c. Became eligible for inclusion on the protected list between the
18 date the protected list was submitted and the date of sale;

19 the third-party purchaser may apply to the county clerk for a refund.

20 (b) The application for refund filed with the county clerk shall include written
21 proof that one (1) of the situations described in paragraph (a) of this
22 subsection exists with regard to the certificate of delinquency for which a
23 refund is sought.

24 (c) 1. Upon acceptance and approval of the application for refund, the county
25 clerk shall approve a refund of the amount paid to the county clerk by
26 the third-party purchaser in satisfaction of the certificate of delinquency.
27 The refunded amount shall not include any filing fees paid by the third-

- 1 party purchaser to the county clerk.
- 2 2. Amounts refunded to the third-party purchaser shall be deducted from
- 3 amounts in the hands of the county clerk due to the state, county, taxing
- 4 districts, sheriff, county attorney, and the county clerk on a pro rata
- 5 basis, if the county clerk has sufficient funds in his or her hands to make
- 6 the refund.
- 7 3. If the county clerk does not have sufficient funds to make the refund at
- 8 the time the refund is approved, the county clerk may either:
- 9 a. Retain the approved refund claim in his or her office and make the
- 10 refund payment as soon as he or she has sufficient funds in his or
- 11 her hands to make the refund payment; or
- 12 b. Provide a signed letter to the person to whom payment is due,
- 13 which includes the amount due from each taxing jurisdiction or fee
- 14 office, and which directs each taxing jurisdiction or fee official to
- 15 pay to the person the amount due and owing from that taxing
- 16 jurisdiction or fee official as reflected in the letter.
- 17 4. Upon the making of a refund to a third-party purchaser, the county clerk
- 18 shall issue and file a release of the lien on the property assessed for taxes
- 19 as provided in this subparagraph without charge to the third-party
- 20 purchaser. The release shall be linked to the encumbrance in the county
- 21 clerk's indexing system.
- 22 a. The department shall prepare a release form to be used by the
- 23 county clerk when a refund is paid under this paragraph. The form
- 24 shall include, at a minimum, the following:
- 25 i. The name and address of the taxpayer;
- 26 ii. The name and address of the third-party purchaser;
- 27 iii. The book and page number of the third-party purchaser's lis

- 1 pendens filing;
- 2 iv. The property address;
- 3 v. The applicable tax year; and
- 4 vi. The map identification number or tax bill number.
- 5 b. The release form shall be signed by the government official
- 6 responsible for making the correction.
- 7 c. In addition to the signed release form, information filed by the
- 8 county clerk shall include a copy of the documentation provided
- 9 by the government official and a copy of the refund check or letter
- 10 of refund authorization issued to the third-party purchaser. The
- 11 county clerk shall record and file this information without a fee.
- 12 d. The county clerk shall also make any necessary corrections to the
- 13 tax records within the office of the county clerk.
- 14 e. The county clerk shall return the release document to the taxpayer
- 15 and shall provide a copy of the release document to the third-party
- 16 purchaser.
- 17 (d) If the county clerk denies the application for refund, or the property valuation
- 18 administrator fails to certify that property was not subject to taxes as a matter
- 19 of law, the third-party purchaser may appeal the decision of the county clerk
- 20 or the property valuation administrator to the Kentucky Tax Tribunal~~Board~~
- 21 ~~of Tax Appeals~~ pursuant to Section 7 of this Act~~[KRS 49.220]~~.
- 22 ➔Section 40. KRS 134.580 is amended to read as follows:
- 23 (1) As used in this section, unless the context requires otherwise:
- 24 (a) "Agency" means the agency of state government which administers the tax to
- 25 be refunded or credited; and
- 26 (b) "Overpayment" or "payment where no tax was due" means the excess of the
- 27 tax payments made over the correct tax liability determined under the terms of

1 the applicable statute without reference to the constitutionality of the statute.

2 (2) When money has been paid into the State Treasury in payment of any state taxes,
3 except ad valorem taxes, whether payment was made voluntarily or involuntarily,
4 the appropriate agency shall authorize refunds to the person who paid the tax, or to
5 his or her heirs, personal representatives or assigns, of any overpayment of tax and
6 any payment where no tax was due. When a bona fide controversy exists between
7 the agency and the taxpayer as to the liability of the taxpayer for the payment of tax
8 claimed to be due by the agency, the taxpayer may pay the amount claimed by the
9 agency to be due, and if an appeal is taken by the taxpayer from the ruling of the
10 agency within the time provided by Section 7 of this Act~~[KRS 49.220]~~ and it is
11 finally adjudged that the taxpayer was not liable for the payment of the tax or any
12 part thereof, the agency shall authorize the refund or credit as the Kentucky Tax
13 Tribunal~~Board of Tax Appeals~~ or courts may direct.

14 (3) No refund shall be made unless each taxpayer individually files an application or
15 claim for the refund within four (4) years from the date payment was made. Each
16 claim or application for a refund shall be in writing and state the specific grounds
17 upon which it is based. Denials of refund claims or applications may be protested
18 and appealed in accordance with Section 7 of this Act~~[KRS 49.220]~~ and 131.110.

19 (4) Notwithstanding any provision of this section, when an assessment of limited
20 liability entity tax is made under KRS 141.0401 against a pass-through entity as
21 defined in KRS 141.206, the corporation or individual partners, members, or
22 shareholders of the pass-through entity shall have the greater of the time period
23 provided by this section or one hundred eighty (180) days from the date the
24 assessment becomes final to file amended returns requesting any refund of tax for
25 the taxable year of the assessment and to allow for items of income, deduction, and
26 credit to be properly reported on the returns of the partners, members, or
27 shareholders of the pass-through entity subject to adjustment.

- 1 (5) Refunds shall be authorized with interest as provided in KRS 131.183. The refunds
2 authorized by this section shall be made in the same manner as other claims on the
3 State Treasury are paid. They shall not be charged against any appropriation, but
4 shall be deducted from tax receipts for the current fiscal year.
- 5 (6) Nothing in this section shall be construed to authorize the agency to make or cause
6 to be made any refund except within four (4) years of the date prescribed by law for
7 the filing of a return including any extension of time for filing the return, or the date
8 the money was paid into the State Treasury, whichever is the later, except in any
9 case where the assessment period has been extended by written agreement between
10 the taxpayer and the department, the limitation contained in this subsection shall be
11 extended accordingly. Nothing in this section shall be construed as requiring the
12 agency to authorize any refund to a taxpayer without demand from the taxpayer, if
13 in the opinion of the agency the cost to the state of authorizing the refund would be
14 greater than the amount that should be refunded or credited.
- 15 (7) This section shall not apply to any case in which the statute may be held
16 unconstitutional, either in whole or in part.
- 17 (8) In cases in which a statute has been held unconstitutional, taxes paid thereunder
18 may be refunded to the extent provided by KRS 134.590, and by the statute held
19 unconstitutional.
- 20 (9) No person shall secure a refund of motor fuels tax under KRS 134.580 unless the
21 person holds an unrevoked refund permit issued by the department before the
22 purchase of gasoline or special fuels and that permit entitles the person to apply for
23 a refund under KRS 138.344 to 138.355.
- 24 (10) Notwithstanding any provision of the Kentucky Revised Statutes to the contrary:
- 25 (a) The Commonwealth hereby revokes and withdraws its consent to suit in any
26 forum whatsoever on any claim for recovery, refund, or credit of any tax
27 overpayment for any taxable year ending before December 31, 1995, made by

1 an amended return or any other method after December 22, 1994, and based
2 on a change from any initially filed separate return or returns to a combined
3 return under the unitary business concept or to a consolidated return. No such
4 claim shall be effective or recognized for any purpose;

5 (b) Any stated or implied consent for the Commonwealth of Kentucky, or any
6 agent or officer of the Commonwealth of Kentucky, to be sued by any person
7 for any legal, equitable, or other relief with respect to any claim for recovery,
8 refund, or credit of any tax overpayment for any taxable year ending before
9 December 31, 1995, made by an amended return or any other method after
10 December 22, 1994, and based on a change from any initially filed separate
11 return or returns to a combined return under the unitary business concept or to
12 a consolidated return, is hereby withdrawn; and

13 (c) The provisions of this subsection shall apply retroactively for all taxable years
14 ending before December 31, 1995, and shall apply to all claims for such
15 taxable years pending in any judicial or administrative forum.

16 (11) Notwithstanding any provision of the Kentucky Revised Statutes to the contrary:

17 (a) No money shall be drawn from the State Treasury for the payment of any
18 claim for recovery, refund, or credit of any tax overpayment for any taxable
19 year ending before December 31, 1995, made by an amended return or any
20 other method after December 22, 1994, and based on a change from any
21 initially filed separate return or returns to a combined return under the unitary
22 business concept or to a consolidated return; and

23 (b) No provision of the Kentucky Revised Statutes shall constitute an
24 appropriation or mandated appropriation for the payment of any claim for
25 recovery, refund, or credit of any tax overpayment for any taxable year ending
26 before December 31, 1995, made by an amended return or any other method
27 after December 22, 1994, and based on a change from any initially filed

1 separate return or returns to a combined return under the unitary business
2 concept or to a consolidated return.

3 ➔Section 41. KRS 134.590 is amended to read as follows:

- 4 (1) When the appropriate state government agency determines that a taxpayer has paid
5 ad valorem taxes into the state treasury when no taxes were due or has paid under a
6 statute held unconstitutional, the state government agency which administers the tax
7 shall refund the money, or cause it to be refunded, to the person who paid the tax.
8 The state government agency shall not authorize a refund to a person who has paid
9 the tax due on any tract of land unless the taxpayer has paid the entire tax due the
10 state on the land.
- 11 (2) No state government agency shall authorize a refund unless each taxpayer
12 individually applies for a refund within two (2) years from the date the taxpayer
13 paid the tax. Each claim or application for a refund shall be in writing and state the
14 specific grounds upon which it is based. Denials of refund claims or applications
15 may be protested and appealed in accordance with Section 7 of this Act~~KRS~~
16 ~~49.220~~ and 131.110. No state government agency shall refund ad valorem taxes,
17 except those held unconstitutional, unless the taxpayer has properly followed the
18 administrative remedy procedures established through the protest provisions of
19 KRS 131.110, the appeal provisions of KRS 133.120, the correction provisions of
20 KRS 133.110 and 133.130, or other administrative remedy procedures.
- 21 (3) If a taxpayer pays city, urban-county, county, school district, consolidated local
22 government, or special district ad valorem taxes to a city, urban-county, county,
23 school district, consolidated local government, or special district when no taxes
24 were due or the amount paid exceeded the amount finally determined to be due, the
25 taxes shall be refunded to the person who paid the tax.
- 26 (4) Refunds of ad valorem taxes shall be authorized by the mayor or chief finance
27 officer of any city, consolidated local government, or urban-county government for

1 the city, consolidated local government, or urban-county government or for any
2 special district for which the city, consolidated local government, or urban-county
3 government is the levying authority, by the county judge/executive of any county
4 for the county or special district for which the fiscal court is the levying authority,
5 or by the chairman or finance officer of any district board of education.

6 (5) Upon proper authorization, the sheriff or collector shall refund the taxes from
7 current tax collections he or she holds. If there are no such funds, the district's
8 finance officer shall make the refunds. The sheriff or collector shall receive credit
9 on the next collection report to the district for any refunds the sheriff or collector
10 makes.

11 (6) No refund shall be made unless each taxpayer individually applies within two (2)
12 years from the date payment was made. If the amount of taxes due is in litigation,
13 the taxpayer shall individually apply for refund within two (2) years from the date
14 the amount due is finally determined. Each claim or application for a refund shall
15 be in writing and state the specific grounds upon which it is based. No refund for ad
16 valorem taxes, except those held unconstitutional, shall be made unless the taxpayer
17 has properly followed the administrative remedy procedures established through the
18 protest provisions of KRS 131.110, the appeal provisions of KRS 133.120, the
19 correction provisions of KRS 133.110 and 133.130, or other administrative remedy
20 procedures.

21 (7) Notwithstanding other statutory provisions, for property subject to a tax rate that is
22 set each year based on the certified assessment, a taxing district may recover any
23 loss of ad valorem tax revenue it suffers due to the issuance of refunds by adjusting
24 the following tax year's tax rate.

25 ➔Section 42. KRS 136.050 is amended to read as follows:

26 (1) Except where otherwise specially provided, all corporations required to make
27 reports to the Department of Revenue shall pay all taxes due the state from them

1 into the State Treasury at the same time as natural persons are required to pay taxes,
2 and when delinquent shall pay the same rate of interest and penalties as natural
3 persons who are delinquent.

4 (2) All state taxes assessed against any corporation under the provisions of KRS
5 136.120 to 136.200 shall be due and payable as provided in KRS 131.110. All
6 county, city, school, and other taxes so assessed shall be due and payable thirty (30)
7 days after notice of the amount of the tax is given by the collecting officer. The
8 state, county, city, school, and other taxes found to be due on any protested
9 assessment or portion thereof shall begin to bear legal interest on the sixty-first day
10 after the Kentucky Tax Tribunal~~[Board of Tax Appeals]~~ acknowledges receipt of a
11 protest of any assessment or enters an order to certify the unprotested portion of any
12 assessment until paid, except that in no event shall interest begin to accrue prior to
13 January 1 following April 30 of the year in which the report is due. Every
14 corporation so assessed that fails to pay its taxes when due shall be deemed
15 delinquent, a penalty of ten percent (10%) on the amount of the tax shall attach, and
16 thereafter the tax shall bear interest at the tax interest rate as defined in KRS
17 131.010(6).

18 ➔Section 43. KRS 136.658 is amended to read as follows:

19 (1) The Local Distribution Fund Oversight Committee is hereby created and
20 administratively attached to and staffed by the department. The oversight
21 committee shall consist of nine (9) members appointed by the Governor and shall
22 be representative of local government and state government officials. The Governor
23 shall receive recommendations for four (4) members each from the Kentucky
24 Association of Counties and the Kentucky League of Cities from which the
25 Governor shall select two (2) members each. The Governor shall receive
26 recommendations for two (2) members each from the Kentucky School Board
27 Association, the Kentucky Superintendents Association, and the Kentucky School

1 Administrators Association from which the Governor shall select one (1) member
2 each. One (1) member shall be appointed by the Governor to represent the interests
3 of special districts other than school districts. The remaining member shall be the
4 commissioner of the Department for Local Government, who shall serve as
5 chairperson of the oversight committee. The members shall serve for a term of three
6 (3) years. Five (5) members of the oversight committee shall constitute a quorum. A
7 member may be removed for cause in accordance with procedures established by
8 the oversight committee and shall serve without salary but shall be reimbursed for
9 expenses in the same manner as state employees. Any vacancy occurring on the
10 oversight committee shall be filled by the Governor for the unexpired term.

11 (2) The duties of the oversight committee shall be:

12 (a) To monitor the department's implementation and distribution of funds from
13 the gross revenues and excise tax fund and the state baseline and local growth
14 fund and to report its findings to the commissioner of the department; and

15 (b) To act as a finder of fact for the commissioner of the department in disputes in
16 and between political subdivisions, school districts, special districts, and
17 sheriff departments, and between political subdivisions, school districts,
18 special districts, and sheriff departments, and the department regarding the
19 implementation and distribution of funds from the gross revenues and excise
20 tax fund and the state baseline and local growth fund.

21 (3) The department shall provide the oversight committee with an annual report
22 reflecting the amounts distributed to each participating political subdivision, school
23 district, special district, or sheriff department.

24 (4) Any political subdivision, school district, special district, or sheriff department may
25 file a complaint and request a hearing with the oversight committee on a form
26 prescribed by the committee. The oversight committee shall give notice to any
27 political subdivision, school district, special district, or sheriff department that may

1 be affected by the complaint. Any political subdivision, school district, special
2 district, or sheriff department intending to respond to the complaint shall do so in
3 writing within thirty (30) days of notice of the complaint.

4 (5) In conducting its business:

5 (a) The oversight committee shall give due notice of the times and places of its
6 hearings;

7 (b) The parties shall be entitled to be heard, to present evidence, and to examine
8 and cross-examine witnesses;

9 (c) The oversight committee shall act by majority vote;

10 (d) The oversight committee shall adopt and publish rules of procedure and
11 practice regarding its hearings; and

12 (e) The oversight committee shall make written findings and recommendations to
13 the commissioner of the department.

14 (6) The commissioner of the department shall review the findings and
15 recommendations of the oversight committee and issue a final ruling within sixty
16 (60) days of receipt of the recommendations.

17 (7) The parties in the dispute shall have the rights and duties to appeal any final ruling
18 to the Kentucky Tax Tribunal~~[Board of Tax Appeals]~~ under Section 7 of this
19 Act~~[KRS 49.220]~~.

20 (8) Nothing contained in this section shall prevent at any time a written compromise of
21 any matter or matters in dispute, if otherwise lawful, by the parties to the hearing
22 process.

23 ➔Section 44. KRS 137.160 is amended to read as follows:

24 (1) When the Department of Revenue has received the reports provided for in KRS
25 137.130, it shall, upon such reports and such other reports and information as it may
26 secure, assess the value of all grades or kinds of crude petroleum reported for each
27 month.

- 1 (2) Where the report shows no sale of crude petroleum during the month covered by the
2 report, the market value of crude petroleum on the first business day after the tenth
3 day of the month in which the report is made shall be fixed by the department as the
4 assessed value of all crude petroleum covered by the report. Where the report shows
5 that all crude petroleum reported has been sold during the month covered by the
6 report, the market price of such crude petroleum on each day of sale shall be the
7 assessed value of all crude petroleum sold on that date of sale, and the total amount
8 of the tax to be reported as the assessment on the report shall be the total of the
9 assessments made on such sales. If the report shows that part of the crude petroleum
10 reported has been sold and part remains unsold, the market price of the crude
11 petroleum on the first business day after the tenth day of the month following the
12 month covered by the report shall be fixed as the assessed value of the portion of
13 the crude petroleum unsold, the market price of the crude petroleum on each day of
14 sale shall be the assessed value of the portion sold, and the total amount of the tax
15 to be reported as the assessment on the report shall be the total of the assessments
16 made on the sold and unsold crude petroleum. The department, in making its
17 assessments, shall take into consideration transportation charges.
- 18 (3) The department shall, by the last day of the month in which the reports are required
19 to be made, notify each transporter of his or her assessment, and certify the
20 assessment to the county clerk of each county that has reported the levy of a county
21 tax under KRS 137.150. The county clerk shall immediately deliver a copy thereof
22 to the sheriff for collection of the county tax. The transporter so notified of the
23 assessment shall have the right to an appeal to the Kentucky Tax Tribunal~~[Board of~~
24 ~~Tax Appeals]~~ pursuant to Section 7 of this Act~~[KRS 49.220]~~.
- 25 ➔Section 45. KRS 138.132 is amended to read as follows:
- 26 (1) It is the declared legislative intent of KRS 138.130 to 138.205 that any untax-paid
27 tobacco products or vapor products held, owned, possessed, or in control of any

1 person other than as provided in KRS 138.130 to 138.205 are contraband and
2 subject to seizure and forfeiture as set out in this section.

3 (2) (a) If a retailer, who is not a licensed retail distributor, purchases tobacco
4 products or vapor products from a licensed distributor and the purchase
5 invoice does not contain the separate identification and display of the tobacco
6 products tax or vapor products tax, the retailer shall, within twenty-four (24)
7 hours, notify the department in writing.

8 (b) The notification shall include the name and address of the person from whom
9 the tobacco products or vapor products were purchased and a copy of the
10 purchase invoice.

11 (c) The tobacco products or vapor products for which the required information
12 was not included on the invoice shall be retained by the retailer, and not sold,
13 for a period of fifteen (15) days after giving the proper notice as required by
14 this subsection.

15 (d) After the fifteen (15) day period, the retailer may pay the tax due on the
16 tobacco products or vapor products described in paragraph (c) of this
17 subsection according to administrative regulations promulgated by the
18 department, and after which may proceed to sell the tobacco products or vapor
19 products.

20 (3) If a retailer, who is not a licensed retail distributor, purchases tobacco products or
21 vapor products for resale from a person not licensed under KRS 138.195(7), which
22 is prohibited by KRS 138.140(2), the retailer may not sell those tobacco products or
23 vapor products until the retailer applies for and is granted a retail distributor's
24 license under KRS 138.195(7)(b).

25 (4) If, upon examination, the department determines that the retailer has failed to
26 comply with the provisions of subsection (3) of this section, the retailer shall pay all
27 tax and interest and applicable penalties due and the following shall apply:

- 1 (a) For the first offense, an additional penalty shall be assessed equal to ten
2 percent (10%) of the tax due;
- 3 (b) For a second offense within three (3) years or less of the first offense, an
4 additional penalty shall be assessed equal to twenty-five percent (25%) of the
5 tax due; and
- 6 (c) For a third offense or subsequent offense within three (3) years or less of the
7 first offense, the tobacco products or vapor products shall be contraband and
8 subject to seizure and forfeiture as provided in subsection (5) of this section.
- 9 (5) (a) Whenever a representative of the department finds contraband tobacco
10 products or contraband vapor products within the borders of this state, the
11 tobacco products or vapor products shall be immediately seized and stored in
12 a depository to be determined by the representative.
- 13 (b) At the time of seizure, the representative shall deliver to the person in whose
14 custody the tobacco products or vapor products are found a receipt for the
15 seized products. The receipt shall state on its face that any inquiry concerning
16 any tobacco products or vapor products seized shall be directed to the
17 commissioner of the Department of Revenue, Frankfort, Kentucky.
- 18 (c) Immediately upon seizure, the representative shall notify the commissioner of
19 the nature and quantity of the tobacco products or vapor products seized. Any
20 seized tobacco products or vapor products shall be held for a period of twenty
21 (20) days, and if after that period no person has claimed the tobacco products
22 or vapor products as his or her property, the commissioner shall cause the
23 tobacco products or vapor products to be destroyed.
- 24 (6) All fixtures, equipment, materials, and personal property used in substantial
25 connection with the sale or possession of tobacco products or vapor products
26 involved in a knowing and intentional violation of KRS 138.130 to 138.205 shall be
27 contraband and subject to seizure and forfeiture as follows:

- 1 (a) The department's representative shall seize the property and store the property
2 in a safe place selected by the representative; and
- 3 (b) The representative shall proceed as provided in KRS 138.165(2). The
4 commissioner shall cause the property to be sold after notice published
5 pursuant to KRS Chapter 424. The proceeds from the sale shall be applied as
6 provided in KRS 138.165(2).
- 7 (7) The owner or any person having an interest in the fixtures, materials, or personal
8 property that has been seized as provided by subsection (6) of this section may
9 apply to the commissioner for remission of the forfeiture for good cause shown. If it
10 is shown to the satisfaction of the commissioner that the owner or person having an
11 interest in the property was without fault, the department shall remit the forfeiture.
- 12 (8) Any party aggrieved by an order entered under this section may appeal to the
13 Kentucky Tax Tribunal~~[Board of Tax Appeals]~~ pursuant to Section 7 of this
14 Act~~[KRS 49.220]~~.
- 15 ➔Section 46. KRS 138.165 is amended to read as follows:
- 16 (1) It is declared to be the legislative intent of KRS 138.130 to 138.205 that any untax-
17 paid cigarettes held, owned, possessed, or in control of any person other than as
18 provided in KRS 138.130 to 138.205 are contraband and subject to seizure and
19 forfeiture as set out in this section.
- 20 (2) (a) Whenever any peace officer of this state, or any representative of the
21 department, finds any untax-paid cigarettes within the borders of this state in
22 the possession of any person other than a licensee authorized to possess untax-
23 paid cigarettes by the provisions of KRS 138.130 to 138.205, those cigarettes
24 shall be immediately seized and stored in a depository to be selected by the
25 officer or agent.
- 26 (b) At the time of seizure, the officer or agent shall deliver to the person in whose
27 custody the cigarettes are found a receipt for the cigarettes. The receipt shall

1 state on its face that any inquiry concerning any goods seized shall be directed
2 to the commissioner of the Department of Revenue, Frankfort, Kentucky.

3 (c) Immediately upon seizure, the officer or agent shall notify the commissioner
4 of the department of the nature and quantity of the goods seized.

5 (d) Any seized goods shall be held for a period of twenty (20) days and if after
6 that period no person has claimed the cigarettes, the commissioner shall cause
7 the same to be exposed to public sale to any person authorized to purchase
8 untax-paid cigarettes. The sale shall be on notice published pursuant to KRS
9 Chapter 424. All proceeds, less the cost of sale, from the sale shall be paid
10 into the Kentucky State Treasury for general fund purposes.

11 (3) It is declared to be the legislative intent that any vending machine used for
12 dispensing cigarettes on which Kentucky cigarette tax has not been paid is
13 contraband and subject to seizure and forfeiture. In the event any peace officer or
14 agent of the department finds any vending machine within the borders of this state
15 dispensing untax-paid cigarettes, the officer or agent shall immediately seize the
16 vending machine and store the vending machine in a safe place selected by the
17 officer or agent. The officer or agent shall proceed as provided in subsection (2) of
18 this section and the commissioner of the department shall cause the vending
19 machine to be sold, and the proceeds applied, as established in subsection (2) of this
20 section.

21 (4) No untax-paid cigarettes shall be transported within this state by any person other
22 than a manufacturer or a person licensed under the provisions of KRS 138.195. It is
23 declared to be the legislative intent that any motor vehicle used to transport any
24 such cigarettes by other persons is contraband and subject to seizure and forfeiture.
25 If any peace officer or agent of the department finds any such motor vehicle, the
26 vehicle shall be seized immediately and stored in a safe place. The peace officer or
27 agent of the department shall proceed as provided in subsection (2) of this section,

1 and the commissioner of the department shall cause the motor vehicle to be sold,
2 and the proceeds applied, as established in subsection (2) of this section.

3 (5) (a) The owner or any person having an interest in any goods, machines, or
4 vehicles seized as provided under subsections (1) to (4) of this section may
5 apply to the commissioner of the department for remission of the forfeiture for
6 good cause shown.

7 (b) If it is shown to the satisfaction of the department that the owner was without
8 fault in the possession, dispensing, or transportation of the untax-paid
9 cigarettes, the department shall remit the forfeiture.

10 (c) If the department determines that the possession, dispensing, or transportation
11 of untax-paid cigarettes was willful or intentional, the department may
12 nevertheless remit the forfeiture on condition that the owner pay a penalty to
13 be prescribed by the department of not more than fifty percent (50%) of the
14 value of the property forfeited. All taxes due on untax-paid cigarettes shall be
15 paid in addition to the penalty, if any.

16 (6) Any party aggrieved by an order entered hereunder may appeal to the Kentucky
17 Tax Tribunal~~[Board of Tax Appeals]~~ pursuant to Section 7 of this Act~~[KRS~~
18 ~~49.220]~~.

19 ➔Section 47. KRS 138.195 is amended to read as follows:

20 (1) (a) No person other than a manufacturer shall acquire cigarettes in this state on
21 which the Kentucky cigarette tax has not been paid, nor act as a resident
22 wholesaler, nonresident wholesaler, vending machine operator, sub-jobber,
23 transporter or unclassified acquirer of such cigarettes without first obtaining a
24 license from the department as set out in this section.

25 (b) No person shall act as a distributor of tobacco products or vapor products
26 without first obtaining a license from the department as set out in this section.

27 (c) For licenses effective for periods beginning on or after July 1, 2015, no

1 individual, entity, or any other group or combination acting as a unit may be
2 eligible to obtain a license under this section if the individual, or any partner,
3 director, principal officer, or manager of the entity or any other group or
4 combination acting as a unit has been convicted of or entered a plea of guilty
5 or nolo contendere to:

- 6 1. A crime relating to the reporting, distribution, sale, or taxation of
7 cigarettes, tobacco products, or vapor products; or
- 8 2. A crime involving fraud, falsification of records, improper business
9 transactions or reporting;

10 for ten (10) years from the expiration of probation or final discharge from
11 parole or maximum expiration of sentence.

12 (2) (a) Each resident wholesaler shall secure a separate license for each place of
13 business at which cigarette tax evidence is affixed or at which cigarettes on
14 which the Kentucky cigarette tax has not been paid are received.

15 (b) Each nonresident wholesaler shall secure a separate license for each place of
16 business at which evidence of Kentucky cigarette tax is affixed or from where
17 Kentucky cigarette tax is reported and paid.

18 (c) Each license shall be secured on or before July 1 of each year.

19 (d) Each licensee shall pay the sum of five hundred dollars (\$500) for each year,
20 or portion thereof, for which each license is secured.

21 (3) (a) Each sub-jobber shall secure a separate license for each place of business
22 from which cigarettes, upon which the cigarette tax has been paid, are made
23 available to retailers, whether the place of business is located within or
24 without this state.

25 (b) Each license shall be secured on or before July 1 of each year.

26 (c) Each licensee shall pay the sum of five hundred dollars (\$500) for each year,
27 or portion thereof, for which each license is secured.

- 1 (4) (a) Each vending machine operator shall secure a license for the privilege of
2 dispensing cigarettes, on which the cigarette tax has been paid, by vending
3 machines.
- 4 (b) Each license shall be secured on or before July 1 of each year.
- 5 (c) Each licensee shall pay the sum of twenty-five dollars (\$25) for each year, or
6 portion thereof, for which each license is secured.
- 7 (d) No vending machine shall be operated within this Commonwealth without
8 having prominently affixed thereto the name of its operator and the license
9 number assigned to that operator by the department.
- 10 (e) The department shall prescribe by administrative regulation the manner in
11 which the information shall be affixed to the vending machine.
- 12 (5) (a) Each transporter shall secure a license for the privilege of transporting
13 cigarettes within this state.
- 14 (b) Each license shall be secured on or before July 1 of each year.
- 15 (c) Each licensee shall pay the sum of fifty dollars (\$50) for each year, or portion
16 thereof, for which each license is secured.
- 17 (d) No transporter shall transport any cigarettes without having in actual
18 possession an invoice or bill of lading therefor, showing:
- 19 1. The name and address of the consignor and consignee;
20 2. The date acquired by the transporter;
21 3. The name and address of the transporter;
22 4. The quantity of cigarettes being transported; and
23 5. The license number assigned to the transporter by the department.
- 24 (6) Each unclassified acquirer shall secure a license for the privilege of acquiring
25 cigarettes on which the cigarette tax has not been paid. The license shall be secured
26 on or before July 1 of each year. Each licensee shall pay the sum of fifty dollars
27 (\$50) for each year, or portion thereof, for which the license is secured.

- 1 (7) (a) 1. Each distributor shall secure a license for the privilege of selling tobacco
2 products or vapor products in this state. Each license shall be secured on
3 or before July 1 of each year, and each licensee shall pay the sum of five
4 hundred dollars (\$500) for each year, or portion thereof, for which the
5 license is secured.
- 6 2. a. A resident wholesaler, nonresident wholesaler, or subjobber
7 licensed under this section may also obtain and maintain a
8 distributor's license at each place of business at no additional cost
9 each year.
- 10 b. An unclassified acquirer licensed under this section may also
11 obtain and maintain a distributor's license for the privilege of
12 selling tobacco products or vapor products in this state. The
13 license shall be secured on or before July 1 of each year, and each
14 licensee shall pay the sum of four hundred fifty dollars (\$450) for
15 each year, or portion thereof, for which the license is secured.
- 16 3. The department may, upon application, grant a distributor's license to a
17 person other than a retailer and who is not otherwise required to hold a
18 distributor's license under this paragraph. If the department grants the
19 license, the licensee shall pay the sum of five hundred dollars (\$500) for
20 each year, or portion thereof, for which the license is secured, and the
21 licensee shall be subject to the excise tax in the same manner and
22 subject to the same requirements as a distributor required to be licensed
23 under this paragraph.
- 24 (b) The department may, upon application, grant a retail distributor's license to a
25 retailer for the privilege of purchasing tobacco products or vapor products
26 from a distributor not licensed by the department. If the department grants the
27 license, the licensee shall pay the sum of one hundred dollars (\$100) for each

1 year, or portion thereof, for which the license is secured.

2 (8) Nothing in KRS 138.130 to 138.205 shall be construed to prevent the department
3 from requiring a person to purchase more than one (1) license if the nature of that
4 person's business is so diversified as to justify the requirement.

5 (9) (a) The department may by administrative regulation require any person
6 requesting a license or holding a license under this section to supply such
7 information concerning his or her business, sales or any privilege exercised,
8 as is deemed reasonably necessary for the regulation of the licensees, and to
9 protect the revenues of the state.

10 (b) Failure on the part of the applicant or licensee to:

- 11 1. Comply with KRS 131.600 to 131.630, 138.130 to 138.205, 248.752, or
12 248.754 or any administrative regulations promulgated thereunder; or
13 2. Permit an inspection of premises, machines, or vehicles by an authorized
14 agent of the department at any reasonable time;

15 shall be grounds for the denial or revocation of any license issued by the
16 department, after due notice and a hearing by the department.

17 (c) The commissioner may assign a time and place for the hearing and may
18 appoint a conferee who shall conduct a hearing, receive evidence, and hear
19 arguments.

20 (d) The conferee shall thereupon file a report with the commissioner together
21 with a recommendation as to the denial or revocation of the license.

22 (e) From any denial or revocation made by the commissioner on the report, the
23 licensee may prosecute an appeal to the Kentucky Tax Tribunal ~~Board of Tax~~
24 ~~Appeals~~ pursuant to Section 7 of this Act ~~[KRS 49.220]~~.

25 (f) Any person whose license has been revoked for the willful violation of any
26 provision of KRS 131.600 to 131.630, 138.130 to 138.205, 248.752, or
27 248.754 or any administrative regulations promulgated thereunder shall not be

1 entitled to any license provided for in this section, or have any interest in any
2 license, either disclosed or undisclosed, either as an individual, partnership,
3 corporation or otherwise, for a period of two (2) years after the revocation.

4 (10) No license issued pursuant to this section shall be transferable or negotiable, except
5 that a license may be transferred between an individual and a corporation if that
6 individual is the exclusive owner of that corporation, or between a subsidiary
7 corporation and its parent corporation.

8 (11) Every manufacturer located or doing business in this state and the first person to
9 import cigarettes into this state shall keep written records of all shipments of
10 cigarettes to persons within this state, and shall submit to the department monthly
11 reports of such shipments. All books, records, invoices, and documents required by
12 this section shall be preserved in a form prescribed by the department for not less
13 than four (4) years from the making of the records unless the department authorizes,
14 in writing, the destruction of the records.

15 (12) No person licensed under this section except nonresident wholesalers shall either
16 sell to or purchase from any other such licensee untax-paid cigarettes.

17 (13) (a) Licensed distributors of tobacco products or vapor products shall pay and
18 report the tobacco products tax or vapor products tax on or before the
19 twentieth day of the calendar month following the month in which the
20 possession or title of the tobacco products or vapor products are transferred
21 from the licensed distributor to retailers or consumers in this state, as the case
22 may be.

23 (b) Retailers who have applied for and been granted a retail distributor's license
24 for the privilege of purchasing tobacco products or vapor products from a
25 person who is not a distributor licensed under KRS 138.195(7)(a) shall report
26 and pay the tobacco products tax or vapor products tax on or before the
27 twentieth day of the calendar month following the month in which the

1 products are acquired by the licensed retail distributors.

2 (c) If the distributor or retail distributor timely reports and pays the tax due, the
3 distributor or retail distributor may deduct an amount equal to one percent
4 (1%) of the tax due.

5 (d) The department shall promulgate administrative regulations setting forth the
6 details of the reporting requirements.

7 (14) A tax return shall be filed for each reporting period whether or not tax is due.

8 (15) Any license issued by the department under this section shall not be construed to
9 waive or condone any violation that occurred or may have occurred prior to the
10 issuance of the license and shall not prevent subsequent proceedings against the
11 licensee.

12 (16) (a) The department may deny the issuance of a license under this section if:

13 1. The applicant has made any material false statement on the application
14 for the license; or

15 2. The applicant has violated any provision of KRS 131.600 to 131.630,
16 138.130 to 138.205, 248.754, or 248.756 or any administrative
17 regulations promulgated thereunder.

18 (b) If the department denies the applicant a license under this section, the
19 department shall notify the applicant of the grounds for the denial, and the
20 applicant may request a hearing and appeal the denial as provided in
21 subsection (9) of this section.

22 ➔Section 48. KRS 138.340 is amended to read as follows:

23 (1) If any dealer or transporter required to be licensed under KRS 138.310 files a false
24 report of the data or information required by KRS 138.210 to 138.280, or fails,
25 refuses or neglects to file the reports required by those sections, even though no tax
26 is due, or to pay the full amount of tax as required by those sections, or fails to meet
27 the qualifications of a dealer as set out in KRS 138.210, or violates any other

1 provision of this chapter, the license of the dealer or transporter may be revoked by
2 the Department of Revenue. The licensee shall be notified by certified or registered
3 letter or summons. The letter or summons shall apprise the licensee of the charge or
4 charges made against him and he shall have a reasonable opportunity to be heard
5 before his license may be revoked. The summons may be served in the same
6 manner and by the same officers or persons as provided by the Rules of Civil
7 Procedure, or it may be served in that manner by an employee of the Department of
8 Revenue. The hearing shall be set at least five (5) days after the summons is served
9 or the letter delivered. Any aggrieved licensee may appeal from an order of
10 revocation by the Department of Revenue to the Kentucky Tax Tribunal~~[Board of~~
11 ~~Tax Appeals]~~ pursuant to Section 7 of this Act~~[KRS 49.220]~~, subject to the
12 condition that the licensee has made bond sufficient in the opinion of the
13 Department of Revenue to protect the Commonwealth from loss of revenue.

14 (2) The department may cancel the license:

- 15 (a) Upon request in writing from the licensee, the cancellation to become
16 effective sixty (60) days from the date of receipt of the request; or
17 (b) Upon determination that the licensee has had no reportable activity in
18 Kentucky for at least the immediately preceding six (6) consecutive monthly
19 reporting periods.

20 ➔Section 49. KRS 138.354 is amended to read as follows:

- 21 (1) No person shall make a false or fraudulent statement in an application for a refund
22 permit or in a gasoline or special fuel refund invoice, or in an application for a
23 refund of any taxes as set out in KRS 138.344 to 138.355; or fraudulently obtain a
24 refund of such taxes; or knowingly aid or assist in making any such false or
25 fraudulent statement or claim; or having bought gasoline or special fuel under the
26 provisions of KRS 138.344 to 138.355, shall use or permit such gasoline or special
27 fuel or any part thereof to be used for any purpose other than as provided in KRS

1 138.344.

2 (2) The refund permit of any person who shall violate any provision of subsection (1)
3 of this section may be revoked by the Department of Revenue subject to appeal to
4 the Kentucky Tax Tribunal~~Board of Tax Appeals~~ pursuant to Section 7 of this
5 Act~~[KRS 49.220]~~, and may not be reissued until two (2) years have elapsed from
6 the date of such revocation.

7 (3) The refund permit of any person who shall violate any provision of KRS 138.344 to
8 138.355, other than those contained in subsection (1) of this section, may be
9 suspended by the Department of Revenue for any period in its discretion not
10 exceeding six (6) months with the right of appeal to the Kentucky Tax
11 Tribunal~~Board of Tax Appeals~~ pursuant to Section 7 of this Act~~[KRS 49.220]~~.

12 (4) If a dealer violates any provision of KRS 138.344 to 138.355, his or her privilege to
13 sign refund invoices may be suspended by the Department of Revenue for a period
14 of not more than two (2) years subject to appeal to the Kentucky Tax
15 Tribunal~~Board of Tax Appeals~~ pursuant to Section 7 of this Act~~[KRS 49.220]~~.

16 No refund shall be made on gasoline or special fuel purchased from a dealer while a
17 suspension of his privilege to sign refund invoices is in effect.

18 ➔Section 50. KRS 138.355 is amended to read as follows:

19 If the department reasonably believes that any dealer or refund permit holder has been
20 guilty of a violation of KRS 138.344 to 138.355, which would subject the dealer or
21 permit holder to a suspension or revocation of his or her license or permit under KRS
22 138.354(2), (3), or (4), said dealer or permit holder may be cited by the department to
23 show cause at a public hearing before the Department of Revenue why his or her license
24 or permit should not be suspended or revoked. The dealer or refund permit holder shall be
25 notified by certified or registered letter. The letter shall inform the dealer or refund permit
26 holder of the charge or charges made against him or her, and he or she shall have a
27 reasonable opportunity to be heard before his or her license or permit may be revoked or

1 suspended. The hearing shall be set at least five (5) days after the receipt of the letter.
2 Any aggrieved dealer or refund permit holder may appeal any order entered to the
3 Kentucky Tax Tribunal~~[Board of Tax Appeals]~~ pursuant to Section 7 of this Act~~[KRS~~
4 ~~49.220]~~, subject to the condition that he or she make bond sufficient in the opinion of the
5 department to protect the Commonwealth from loss of revenue.

6 ➔Section 51. KRS 138.729 is amended to read as follows:

7 Any final ruling of the Department of Vehicle Regulation with regard to the
8 administration of KRS 138.655 to 138.725 shall be appealed to the Kentucky Tax
9 Tribunal~~[Board of Tax Appeals]~~ pursuant to Section 7 of this Act~~[KRS 49.220]~~.

10 ➔Section 52. KRS 141.516 is amended to read as follows:

11 (1) The department may conduct an audit of an AGO or contract for the auditing of an
12 AGO.

13 (2) (a) In the event that the department determines that there has been a violation of
14 KRS 141.500 to 141.528 by an AGO, the department shall send written notice
15 to the AGO.

16 (b) The AGO that receives written notice of a violation will have sixty (60) days
17 from receipt of notice to correct the violation identified by the department.

18 (c) If the AGO fails or refuses to comply after sixty (60) days, the department
19 may revoke the AGO's certification to participate in the EOA program.

20 (3) An AGO whose certificate has been revoked under this section:

21 (a) May appeal the revocation of its certification to the Kentucky Tax
22 Tribunal~~[Board of Tax Appeals]~~ pursuant to Section 7 of this Act~~[KRS~~
23 ~~49.220]~~;

24 (b) Shall continue administering EOAs that were donated prior to the date of
25 notice stated on the revocation;

26 (c) Shall not accept any further contributions for the purpose of funding EOAs on
27 or after the date of notice stated on the revocation; and

(d) Shall refund any contributions that were received for the purpose of funding EOAs on or after the date of notice stated on the revocation.

➔Section 53. KRS 143.060 is amended to read as follows:

(1) As soon as practicable after each return is received, the department shall examine and audit it. If the amount of tax computed by the department is greater than the amount returned by the taxpayer, the excess shall be assessed within four (4) years from the date the return was filed, except as provided in subsection (2) of this section, and except that in the case of a failure to file a return or of a fraudulent return, the excess may be assessed at any time. A notice of such assessment shall be mailed to the taxpayer. The time herein provided may be extended by agreement between the taxpayer and the department.

(2) For the purpose of subsections (1) and (4) of this section, a return filed before the last day prescribed by law for the filing thereof shall be considered as filed on such last day.

(3) Any final ruling, order or determination of the department with regard to the administration of this chapter may be reviewed only in the manner provided in Sections 1 to 17 of this Act ~~KRS 49.200 to 49.250~~ and 131.110.

(4) Notwithstanding the four (4) year time limitation of subsection (1), in the case of a return where the taxpayer understates the gross value by twenty-five percent (25%) or more, the excess shall be assessed by the department within six (6) years from the date the return was filed.

➔Section 54. KRS 186.070 is amended to read as follows:

(1) (a) Every manufacturer of, or dealer in, motor vehicles in this state shall register with each county clerk in which his or her principal office or place of business and branch office, sub-agent, or agency is located, and pay an annual registration fee of twenty-five dollars (\$25) to each clerk.

(b) Upon receipt of the twenty-five dollar (\$25) fee, the clerk shall issue the

1 manufacturer or dealer a certificate of registration and one (1) dealer plate.
2 Every manufacturer or dealer registered under this section shall be furnished
3 additional dealer's plates upon the payment of fourteen dollars and fifty cents
4 (\$14.50) for each additional plate requested. Three dollars (\$3) shall be
5 retained by the clerk for each additional plate issued.

6 (c) A motor vehicle bearing dealer's plates may be used on the highways only by
7 the following people:

- 8 1. A licensed dealer, bona fide salesman, or employee of the dealer;
- 9 2. A manufacturer or dealer licensed pursuant to the laws of this state
10 transporting a motor vehicle to his or her place of retail business from a
11 manufacturer or wholesale dealer in motor vehicles; and
- 12 3. A bona fide customer of a licensed dealer, or the customer's employees
13 when a motor vehicle is being demonstrated. This provision shall be
14 limited to one (1) trip or demonstration to the same prospective
15 customer.

16 (d) License plates issued under this section shall annually expire on December 31.

17 (e) As used in this section, "bona fide salesman or employee" means a licensed
18 salesman, or an employee, who is actively engaged in and devotes a
19 substantial part of his or her time to the conduct of the dealer business.

20 (f) A vehicle bearing a dealer plate, except when the vehicle is being transported
21 to a dealer's place of business from a manufacturer, shall have, in the case of a
22 new motor vehicle, a "monroney" sticker attached to the vehicle, or, in the
23 case of a used motor vehicle, a Federal Trade Commission buyer's guide
24 sticker attached to the vehicle.

25 (2) (a) Each manufacturer and dealer when making application for dealer's plates
26 shall file a verified statement on at least a quarterly basis with the county
27 clerk, giving the name, address, and Social Security number of each dealer,

1 and each bona fide salesman or employee entitled to the use of the plates for
2 demonstration purposes only. When any bona fide registered salesman or
3 employee is no longer employed by the manufacturer or dealer, the
4 manufacturer or dealer shall file an amended verified statement with the clerk
5 stating that fact, and when any additional salesmen or employees are
6 employed, an amended verified statement showing their names and addresses
7 shall be filed with the clerk so that the records in the clerk's office will at all
8 times show the bona fide salesmen and employees actually in the service of
9 the registered dealer or manufacturer;

10 (b) The names of each dealer and each bona fide salesman and employee shall be
11 entered by the clerk into the AVIS where it will be readily available to law
12 enforcement agencies. The information shall be entered by the clerk
13 immediately after each quarterly filing of the verified statement by the dealer;

14 (c) Any person who is hired as a driver by a motor vehicle dealer for the limited,
15 specific purpose of transporting a motor vehicle to or from that dealer's place
16 of business may, for that purpose only, operate a motor vehicle bearing a
17 dealer plate. For the purpose of that operation, the dealer shall provide to that
18 driver a permit, provided by the Transportation Cabinet. The permit shall be
19 valid for five (5) days from the date of issuance. A fee shall not be charged for
20 the permit.

21 (3) The license of any dealer or manufacturer may be revoked by the Transportation
22 Cabinet for the violation of any of the provisions of this section. The manufacturer
23 or dealer shall be given an opportunity to be heard in defense of the charge that he
24 or she has violated any of the provisions of this section, and the Transportation
25 Cabinet shall promulgate administrative regulations governing the revocation
26 procedure. A manufacturer or dealer whose license is revoked may appeal the
27 revocation to the Kentucky Tax Tribunal~~Board of Tax Appeals~~ pursuant to

1 **Section 7 of this Act**~~[KRS 49.220]~~. The manufacturer or dealer whose license has
2 been suspended shall be prohibited from engaging in the business of selling or
3 buying motor vehicles. The license of any manufacturer or dealer shall be revoked
4 for a period of one (1) year and his or her dealer's plates canceled if he or she
5 violates any of the provisions of this section during this suspension period or has
6 been suspended by the cabinet more than twice for violations of this section. At the
7 end of the revocation or suspension period, the manufacturer or dealer whose
8 license has been revoked or suspended and dealer's plates canceled may follow the
9 provisions of this section and again be registered and secure dealer's plates from the
10 clerk.

- 11 (4) The Transportation Cabinet shall be responsible for the issuance and cancellation of
12 the plates provided for in this section, and the motor vehicle commission shall be
13 responsible for the enforcement of this section, except for the normal
14 responsibilities of law enforcement agencies. The cabinet may promulgate
15 administrative regulations pertaining to the administration of this section.

16 ➔Section 55. KRS 211.392 is amended to read as follows:

- 17 (1) Application for a fluidized bed combustion technology tax exemption certificate
18 shall be filed with the Department of Revenue in the manner and form prescribed
19 by the Department of Revenue and shall contain plans and specifications of the
20 fluidized bed combustion unit, including all materials incorporated and to be
21 incorporated therein and a descriptive list of all equipment acquired or to be
22 acquired by the applicant for the purpose of installing a fluidized bed combustion
23 unit to reduce the sulfur emissions from coal combustion, and any additional
24 information deemed useful by the Department of Revenue for the proper
25 administration of this section. If the Department of Revenue finds that the facility
26 qualifies as a fluidized bed energy production facility, it shall enter a finding and
27 issue a certificate to that effect. The effective date of the certificate shall be the date

1 of issuance of the certificate.

2 (2) Before the denial, revocation, or modification of a fluidized bed combustion
3 technology tax exemption certificate, the Department of Revenue shall give the
4 applicant written notice and shall afford the applicant an opportunity for a
5 conference. The conference shall take place within sixty (60) days following
6 notification. The Department of Revenue shall on its own initiative revoke the
7 certificate when any of the following appears:

8 (a) The certificate was obtained by fraud or misrepresentation;

9 (b) The holder of the certificate has failed substantially to proceed with the
10 construction, reconstruction, installation, or acquisition of the fluidized bed
11 combustion unit; or

12 (c) The fluidized combustion unit to which the certificate relates has ceased to be
13 the major energy source for the primary operations of the plant facility.

14 (3) If the circumstances so require, the Department of Revenue, in lieu of revoking the
15 certificate, may modify it.

16 (4) On mailing of notice of the action of the Department of Revenue revoking or
17 modifying a certificate as provided in subsection (5) of this section, the certificate
18 shall cease to be in force or shall remain in force only as modified as the case may
19 require.

20 (5) A fluidized bed combustion technology tax exemption certificate, when issued,
21 shall be sent by certified mail to the applicant. Notice of an order of the Department
22 of Revenue denying, revoking, or modifying a certificate in the form of certified
23 copies shall be sent by certified mail to the applicant or the holder.

24 (6) The applicant or holder of the certificate aggrieved by the refusal to issue,
25 revocation, or modification of a fluidized bed combustion technology tax
26 exemption certificate may appeal from the final ruling of the Department of
27 Revenue to the Kentucky Tax Tribunal ~~[Board of Tax Appeals]~~ pursuant to Section

1 7 of this Act ~~[KRS 49.220]~~.

2 (7) In the event of the sale, lease, or other transfer of a fluidized bed combustion unit,
3 not involving a different location or use, the holder of the fluidized bed construction
4 technology tax exemption certificate for the facility may transfer the certificate by
5 written instrument to the person who, except for the transfer of the certificate,
6 would be obligated to pay taxes on the facilities. The transferee shall become the
7 holder of the certificate and shall have all rights pertaining thereto, effective as the
8 date of transfer, together with a copy of the instrument of transfer to the Department
9 of Revenue.

10 (8) In the event a fluidized bed combustion unit for which an exemption certificate is
11 held ceases to be used for the purpose of generating energy or is used for a purpose
12 other than that for which the exemption certificate was granted, the holder of the
13 certificate shall give written notice by certified mail of such change to the
14 Department of Revenue.

15 (9) The fluidized bed combustion technology tax exemption certificate, upon approval,
16 shall exempt the facilities from taxes outlined in the provision of this section and
17 KRS Chapters 132, 136, 138, and 139. Each exemption certificate shall remain in
18 force for a period of eight (8) years from the date of issuance and at the end of said
19 period shall lapse. Any fluidized bed combustion unit previously exempt under the
20 terms of this section shall not be eligible for recertification upon completion of the
21 eight (8) year certificate period.

22 ➔Section 56. KRS 224.1-310 is amended to read as follows:

23 (1) Application for a pollution control tax exemption certificate shall be filed with the
24 Department of Revenue in such manner and in such form as may be prescribed by
25 regulations issued by the Department of Revenue and shall contain plans and
26 specifications of the structure or structures including all materials incorporated and
27 to be incorporated therein and a descriptive list of all equipment acquired or to be

1 acquired by the applicant for the purpose of air, noise, waste or water pollution
2 control and any additional information deemed necessary by the Department of
3 Revenue for the proper administration of Acts 1974, Chapter 137. The cabinet shall
4 provide technical assistance and factual information as requested in writing by the
5 Department of Revenue. If the Department of Revenue finds that the facility
6 qualifies as a pollution control facility as defined in KRS 224.1-300(1), it shall
7 enter a finding and issue a certificate to that effect. The effective date of said
8 certificate shall be the date of the making of the application for such certificate.

9 (2) Before issuing a pollution control tax exemption certificate, the Department of
10 Revenue shall give notice in writing by mail to the secretary of the cabinet, and
11 shall afford to the applicant and to the secretary of the cabinet an opportunity for a
12 hearing. On like notice and opportunity for a hearing, the Department of Revenue
13 shall on its own initiative revoke such certificate whenever any of the following
14 appears:

- 15 (a) The certificate was obtained by fraud or misrepresentation;
- 16 (b) The holder of the certificate has failed substantially to proceed with the
17 construction, reconstruction, installation, or acquisition of the pollution
18 control facilities; or
- 19 (c) The structure or equipment or both to which the certificate relates has ceased
20 to be used for the primary purpose of pollution control and is being used for a
21 different purpose.

22 (3) Provided, however, that where the circumstances so require, the Department of
23 Revenue in lieu of revoking such certificate may modify the same.

24 (4) On the mailing of notice of the action of the Department of Revenue revoking or
25 modifying a certificate as provided in subsection (5) of this section, such certificate
26 shall cease to be in force or shall remain in force only as modified as the case may
27 require.

- 1 (5) A pollution control tax exemption certificate, when issued, shall be sent by certified
2 mail to the applicant and notice of such issuance in the form of certified copies
3 thereof shall be sent to the secretary of the cabinet. Notice of an order of the
4 Department of Revenue denying, revoking, or modifying a certificate in the form of
5 certified copies thereof shall be sent by certified mail to the applicant or the holder
6 thereof and shall be sent to the secretary of the cabinet. The applicant or holder and
7 the secretary of the cabinet are deemed parties for the purpose of the review
8 afforded by subsection (6) of this section.
- 9 (6) Any party aggrieved by the issuance, refusal to issue, revocation, or modification of
10 a pollution control tax exemption certificate may appeal from the final ruling of the
11 Department of Revenue to the Kentucky Tax Tribunal~~Board of Tax Appeals~~
12 pursuant to Section 7 of this Act~~KRS 49.220~~.
- 13 (7) In the event of the sale, lease, or other transfer of a pollution control facility, not
14 involving a different location or use, the holder of a pollution control tax exemption
15 certificate for such facility may transfer the certificate by written instrument to the
16 person who, except for the transfer of the certificate, would be obligated to pay
17 taxes on such facility. The transferee shall become the holder of the certificate and
18 shall have all rights pertaining thereto, effective as of the date of transfer of the
19 facility or the date of transfer of the certificate, whichever is earlier. The transferee
20 shall give written notice of the effective date of the transfer, together with a copy of
21 the instrument of transfer to the cabinet and to the Department of Revenue.
- 22 (8) In the event a pollution control facility for which an exemption certificate is held
23 ceases to be used for the primary purpose of pollution control or is used for a
24 different purpose than that for which the exemption certificate was granted, the
25 holder of the certificate shall give written notice by certified mail of such change to
26 the cabinet and to the Department of Revenue.
- 27 ➔Section 57. KRS 234.350 is amended to read as follows:

- 1 (1) If a licensee at any time files a false monthly report of the information required, or
2 fails or refuses to file the monthly report or to pay the full amount of the tax or
3 violates any other provision of KRS 234.310 to 234.440, without a showing that the
4 failure was due to reasonable cause, the department may cancel the license and
5 suspend the privilege of acting as a liquefied petroleum gas motor fuel dealer.
- 6 (2) Upon voluntary surrender of the license or upon receipt of a written request by a
7 licensee, the department may cancel his or her license, effective sixty (60) days
8 from the date of request, but no license shall be canceled upon surrender or request
9 unless the licensee has, prior to the date of cancellation, paid to this state all taxes,
10 penalties, interest, and fines that are due or have accrued, and unless the licensee
11 has surrendered to the department his or her license.
- 12 (3) If upon investigation the department ascertains that any person to whom a license
13 has been issued is no longer engaged as a liquefied petroleum gas motor fuel dealer
14 or a liquefied petroleum gas motor fuel user-seller, and has not been so engaged for
15 a period of six (6) months, the department may cancel the license by giving the
16 person sixty (60) days' notice of cancellation, mailed to his or her last known
17 address in which event the license shall be surrendered to the department.
- 18 (4) Whenever a licensee ceases to engage in business within this state, he or she shall
19 notify the department in writing within fifteen (15) days after discontinuance. All
20 taxes that have accrued under KRS 234.310 to 234.440, whether or not then due,
21 shall become due and payable concurrently with the discontinuance. The licensee
22 shall make a report and pay all such taxes and any interest and penalties thereon,
23 and shall surrender to the department his or her license.
- 24 (5) If the department takes action to cancel a license as provided in this section, the
25 licensee shall be notified by certified or registered letter or summons of the charges
26 against him or her, and he or she shall be afforded an opportunity for an informal
27 hearing on the matter. The hearing shall be set at least five (5) days from the date

1 the letter is delivered or the summons is served. Any licensee aggrieved by a
2 decision to cancel his or her license after the informal hearing may appeal the
3 decision to the Kentucky Tax Tribunal~~[Board of Tax Appeals]~~ pursuant to Section
4 7 of this Act~~[KRS 49.220]~~ where he or she shall be granted an administrative
5 hearing in accordance with KRS Chapter 13B.

- 6 (6) If the license is canceled by the department as provided in this section, and if the
7 licensee has paid to this state all taxes, interest, and penalties under KRS 234.310 to
8 234.440, the department shall cancel the bond filed by the licensee.

9 ➔Section 58. KRS 247.920 is amended to read as follows:

- 10 (1) Application for an alcohol production exemption certificate shall be filed with the
11 Department of Revenue in such manner and in such form as may be prescribed by
12 regulations issued by the Department of Revenue and shall contain plans and
13 specifications of the structure or structures, including all materials incorporated and
14 to be incorporated therein and a descriptive list of all equipment acquired or to be
15 acquired by the applicant for the purpose of producing ethanol for fuel use, and any
16 additional information deemed necessary by the Department of Revenue for the
17 proper administration of KRS 247.910 and this section. The Office of Energy
18 Policy shall provide technical assistance and factual information as requested in
19 writing by the Department of Revenue. If the Department of Revenue finds that the
20 facility qualifies as an alcohol production facility as defined by KRS 247.910, it
21 shall enter a finding and issue a certificate to that effect. The effective date of the
22 certificate shall be the date of issuance of the certificate.

- 23 (2) Before issuing an alcohol production tax exemption certificate, the Department of
24 Revenue shall give notice in writing by mail to the Office of Energy Policy, and
25 shall afford to the applicant and to the Office of Energy Policy an opportunity for a
26 hearing. On like notice and opportunity for a hearing, the Department of Revenue
27 shall on its own initiative revoke the certificate when any of the following appears:

- 1 (a) The certificate was obtained by fraud or misrepresentation;
- 2 (b) The holder of the certificate has failed substantially to proceed with the
- 3 construction, reconstruction, installation, or acquisition of the alcohol
- 4 production facilities; or
- 5 (c) The structure or equipment or both to which the certificate relates has ceased
- 6 to be used for the primary purpose of alcohol production for fuel use and is
- 7 being used for a different purpose.
- 8 (3) If the circumstances so require, the Department of Revenue, in lieu of revoking the
- 9 certificate, may modify it.
- 10 (4) On mailing of notice of the action of the Department of Revenue revoking or
- 11 modifying a certificate as provided in subsection (5) of this section, the certificate
- 12 shall cease to be in force or shall remain in force only as modified as the case may
- 13 require.
- 14 (5) An alcohol production tax exemption certificate, when issued, shall be sent by
- 15 certified mail to the applicant and the notice of issuance in the form of certified
- 16 copies thereof shall be sent to the Office of Energy Policy. Notice of an order of the
- 17 Department of Revenue denying, revoking, or modifying a certificate in the form of
- 18 certified copies thereof shall be sent by certified mail to the applicant or the holder
- 19 and shall be sent to the Office of Energy Policy. The applicant or holder and the
- 20 Office of Energy Policy shall be deemed parties for the purpose of the review
- 21 afforded by subsection (6) of this section.
- 22 (6) Any party aggrieved by the issuance, refusal to issue, revocation, or modification of
- 23 an alcohol production tax exemption certificate may appeal from the final ruling of
- 24 the Department of Revenue to the Kentucky Tax Tribunal~~[Board of Tax Appeals]~~
- 25 pursuant to Section 7 of this Act~~[KRS 49.220]~~.
- 26 (7) In the event of the sale, lease, or other transfer of an alcohol production facility, not
- 27 involving a different location or use, the holder of an alcohol production tax

1 exemption certificate for the facility may transfer the certificate by written
2 instrument to the person who, except for the transfer of the certificate, would be
3 obligated to pay taxes on the facility. The transferee shall become the holder of the
4 certificate and shall have all rights pertaining thereto, effective as of the date of
5 transfer of the certificate. The transferee shall give written notice of the effective
6 date of the transfer, together with a copy of the instrument of transfer to the Office
7 of Energy Policy and the Department of Revenue.

8 (8) In the event an alcohol production facility for which an exemption certificate is held
9 ceases to be used for the primary purpose of alcohol production for fuel use or is
10 used for a different purpose other than that for which the exemption certificate was
11 granted, the holder of the certificate shall give written notice by certified mail of the
12 change to the Office of Energy Policy and to the Department of Revenue.

13 (9) The alcohol production facility exemption certificate, upon approval, shall exempt
14 said facilities from taxes outlined in the provisions of KRS 247.910 and this section
15 and included in KRS Chapters 132, 136, 138, and 139. Each exemption certificate
16 shall remain in force for a period of eight (8) years from the date of issuance and at
17 the end of said period shall lapse. Any alcohol production facility previously
18 exempted under the terms of KRS 247.910 and this section shall not be eligible for
19 recertification upon completion of the eight (8) year certificate period.

20 ➔Section 59. KRS 342.1231 is amended to read as follows:

21 (1) The funding commission may mail to the assessment payer a notice of any
22 assessment assessed by it. The assessment shall be final if not protested in writing
23 to the funding commission within thirty (30) days from the date of notice. Payment
24 for the assessment, penalty and interest, and expenses shall be received by the
25 funding commission within thirty (30) days from the date the notice becomes final.
26 The protest shall be accompanied by a supporting statement setting forth the
27 grounds upon which the protest is made. Upon written request, the funding

- 1 commission may extend the time for filing the supporting statement if it appears the
2 delay is necessary and unavoidable. The refusal of such extension may be reviewed
3 in the same manner as a protested assessment.
- 4 (2) After a timely protest has been filed, the assessment payer may request a conference
5 with the funding commission. The request shall be granted in writing stating the
6 date and time set for the conference. The assessment payer may appear in person or
7 by representative. Further conferences may be held by mutual agreement.
- 8 (3) After considering the assessment payer's protest, including any matters presented at
9 the final conference, the funding commission shall issue a final ruling on any matter
10 still in controversy, which shall be mailed to the assessment payer. The ruling shall
11 state that it is a final ruling of the funding commission, generally state the issues in
12 controversy, the funding commission's position thereon and set forth the procedure
13 for prosecuting an appeal to the Kentucky Tax Tribunal~~[Board of Claims]~~ pursuant
14 to Section 7 of this Act~~[KRS 49.220]~~.
- 15 (4) The assessment payer may request in writing a final ruling at any time after filing a
16 timely protest and supporting statement. When a final ruling is requested, the
17 funding commission shall issue such ruling within sixty (60) days or at the next
18 board of directors meeting, whichever is later, from the date the request is received
19 by the funding commission.
- 20 (5) After a final ruling has been issued, the assessment payer may appeal to the
21 Kentucky Tax Tribunal~~[Board of Claims]~~ pursuant to Section 7 of this Act~~[KRS~~
22 ~~49.220]~~.
- 23 (6) The expenses incurred by the funding commission in conducting audits required in
24 this chapter shall be paid by the audited entities in accordance with administrative
25 regulations promulgated by the funding commission.
- 26 (7) Notwithstanding any provision to the contrary, a notice of assessment under
27 subsection (1) of this section shall not be collected unless the notice of assessment

1 is mailed to the assessment payer not later than five (5) years from the due date of
2 the quarterly premium report or the date the amended quarterly premium report is
3 filed, whichever is later. A quarterly premium report shall not be amended later
4 than one (1) year after the due date of the quarterly premium report.

5 (8) Assessment payers shall preserve, retain, and provide all documents relevant to
6 quarterly premium reports and subject to audits to the funding commission upon
7 request during the completion of the audit.

8 (9) (a) The funding commission may mail the assessment payer notice of a refund
9 amount to be returned to an insured. The insurance carrier shall pay the
10 amount of the refund to the insured within sixty (60) days from the date of
11 notice sent by the funding commission. If, after good-faith efforts, the refund
12 cannot be returned to the insured, the refund amount shall be remitted to the
13 funding commission within thirty (30) days from the last date of attempting
14 the refund.

15 (b) If a refund amount to an insured is unpaid on the date on which it is due, then
16 that amount shall bear a penalty of one and one-half percent (1.5%) per month
17 from that due date. The funding commission shall have the authority to waive
18 part or all of the penalty where failure to pay is shown, to the satisfaction of
19 the funding commission, to be for a reasonable cause.

20 (10) "Assessment payer" as used in this section means insurance carrier, self-insured
21 group, and self-insured employer.

22 ➔Section 60. KRS 365.370 is amended to read as follows:

23 (1) The department shall promulgate administrative regulations for the enforcement of
24 KRS 365.260 to 365.380 and may from time to time undertake and make or cause
25 to be made one (1) or more cost surveys for the state or trading area or areas as it
26 defines. When each survey is made by or approved by the department, it may use
27 the cost survey as provided in KRS 365.320(2) and 365.360(2).

- 1 (2) The department may, upon notice and after hearing, revoke or suspend any license
2 issued under KRS 138.195 and the administrative regulations of the department
3 promulgated thereunder, for failure of any person to comply with any provisions of
4 KRS 365.260 to 365.380 or any administrative regulation adopted thereunder.
- 5 (3) All of the powers vested in the commissioner and Department of Revenue by the
6 provisions of the cigarette tax law shall be available for the enforcement of KRS
7 365.260 to 365.380.
- 8 (4) Any person aggrieved by any decision, order, or finding of the Department of
9 Revenue, suspending or revoking any license, may appeal to the **Kentucky Tax**
10 **Tribunal**~~[Board of Tax Appeals]~~ pursuant to **Section 7 of this Act**~~[KRS 49.220]~~.
- 11 ➔Section 61. KRS 452.505 is amended to read as follows:
- 12 The following actions may be brought in the Franklin Circuit Court, or in the Franklin
13 District Court, or in any other Circuit Court or District Court having venue:
- 14 (1) Actions to collect the revenue and all other claims, demands and penalties due the
15 Commonwealth, or to have satisfaction made of judgments in favor of the
16 Commonwealth, except those actions which are prosecuted by an appeal to the
17 **Kentucky Tax Tribunal**~~[Board of Tax Appeals]~~ under the provisions of **Section 7**
18 **of this Act**~~[KRS 49.220]~~ and 131.110;
- 19 (2) Actions against persons required to collect money due the Commonwealth, to pay
20 money into the State Treasury, or to do any other act connected with the payment of
21 money into the State Treasury after it has been collected, and against the sureties,
22 heirs, devisees or representatives of such persons;
- 23 (3) Actions to surcharge and correct fee bills, accounts, and settlements, with their
24 debits and credits, and all claims against the Treasury allowed and approved by any
25 court in the Commonwealth to any person;
- 26 (4) Actions to recover any fraudulent, erroneous or illegal account, fee bill, charge,
27 credit or claim approved and allowed or paid out of the Treasury to any person; and

(5) The defendant in any action brought in Franklin Circuit Court or Franklin District Court under the provisions of subsection (1) of this section for the collection of taxes assessed under KRS Chapter 141 shall at any time prior to the submission for judgment upon proper motion have a change of venue to the county in which he resides or his principal office or place of business is located at no cost to the defendant in Franklin Circuit Court or Franklin District Court.

➔Section 62. The following KRS sections are repealed:

49.190 KRS 49.200 to 49.250 applicable to power and authority outlined in KRS 49.020(1).

49.200 Record of Board of Tax Appeals.

49.210 Location of hearings -- Expenses of hearings outside offices.

49.220 Exclusive jurisdiction of Board of Tax Appeals -- Notice of rulings of revenue and taxation agencies -- Appeals to board -- Procedure.

49.230 Official records of proceedings of Board of Tax Appeals public in nature -- Exception -- Appeal procedure.

49.240 Effect of final orders of Board of Tax Appeals -- Remand to agency -- Refund.

49.250 Judicial review of final orders of Board of Tax Appeals -- Stay of collection of tax.

➔Section 63. Sections 1 to 17 of this Act take effect on July 1, 2026, and Sections 18 to 63 of this Act shall take effect on January 1, 2027.