

COUNTY CLERK'S OFFICE MANUAL

PUBLIC SERVICE (Franchise) COMPANIES & OTHER CENTRALLY ASSESSED COMPANIES



Prepared By The
Public Service Branch
Division of State Valuation
Office of Property Valuation
Department of Revenue

September 30, 2016

This manual has been prepared by the Office of Property Valuation, Division of State Valuation, Public Service Branch to serve as a guide to each county clerk's office regarding their responsibilities for property tax billings of public service (franchise) companies and other centrally assessed companies. Although a number of memorandums and policies addressing various public service tax issues have been issued over the years, no comprehensive manual has been previously prepared for the county clerk's.

Various county clerks have been consulted during the compilation of this manual. It is hoped that you will find this manual to be a valuable resource for all staff members who deal with public service property tax issues. One note of caution needs to be mentioned. Although the material in this manual has been reviewed extensively for accuracy, it does not supersede the statutes that govern the administration of public service (franchise) and centrally assessed company property taxation. Therefore, if a statute is found to contradict something contained in this manual, the statute needs to be followed.

This manual will be available on the county clerk's internet web site and the Kentucky Revenue internet web site. Please visit your site www.revenue.ky.gov/clerknetwork/ to obtain the latest educational materials and news releases from the Department of Revenue.

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KRS 136.120 through KRS 136.990 Public Service Corporation Property Tax

KRS 136.1801 through KRS136.1806 Commercial Watercraft (New)

KRS 132.825 Telecommunication Services

KRS 136.190 Boundary Report of Cities & Taxing Districts

KRS 132.150 Valuation of Distilled Spirits Certified to County Clerk

KRS 134.015 Due Date for Local Tax Bills

KRS 135.590 Refund of State or Local Taxes

OVERVIEW OF CLERK'S RESPONSIBILITIES

In accordance with KRS 133.220, the county clerk is the local official responsible for the preparation of property tax bills each year. In most, if not all counties, the county clerk will contract with a vendor or the property valuation administrator to do the actual printing of the tax bills. However, the county clerk continues to be the local official who obtains the official property tax rates from each taxing district each year. The tax rate information needs to be provided in writing by the appropriate official from each taxing district to the clerk's office. The county clerk should then make sure that the rates have been entered correctly into the computer software program that is used to print the tax bills.

After the tax bills have been prepared, a receipt which details the total amount of taxes due to each district must be prepared. This is normally done through the computer software that is used to print the tax bills. The receipt should be compared to the tax roll certification that is sent to the county clerk's office by the Office of Property Valuation when the county's tax roll was certified. Any large discrepancies need to be investigated. It is important to verify the accuracy of the receipt since the sheriff will be charged with collecting the amounts shown on the receipt.

PUBLIC SERVICE (franchise) TAX BILLS

Public service (franchise) and other centrally assessed companies are handled in Frankfort by the Division of State Valuation, Public Service Branch, within the Department of Revenue. Assessments for these companies can get quite complicated and they can be finalized at any time during the year. This means that the clerk's office will likely receive assessment certifications throughout the year. No statutory mandate exists to require the Department to complete the assessments within a defined time frame. The department, however, attempts successfully to complete all assessments within a twelve month fiscal year between July 1 and June 30.

When these certifications are received by the clerk, a franchise property tax bill needs to be generated as soon as possible. Unlike the regular county tax bills, the State portion of franchise bills is prepared and billed directly from the Department of Revenue. Therefore, only local property taxes will appear on a franchise tax bill that is prepared by the clerk's office. The normal real and personal property tax rates for each local taxing district are applied to each assessment certification received and then the bill is delivered to the sheriff's office for mailing and collecting.

IMPORTANT NOTE: The County Clerk is responsible for forwarding a copy(s) of any certification to those taxing districts that prepare and send their own tax bills. This will include some independent school systems, city taxing districts, and any other special districts that prepare and send their own tax bills.

When a franchise assessment certification is received by the Clerk, he or she will prepare a tax bill and allow the taxpayer thirty (30) days (for DSP and Telecom, ninety (90) days) to pay the tax due. If payment is not made within the thirty day time period, a 10% penalty is applied. If a franchise property tax bill remains delinquent when the sheriff is ready to advertise the regular tax bills that are delinquent, the franchise bills must be advertised and sold by the sheriff in the same manner as a regular county property tax bill. When this occurs, the certificate of delinquency will be filed in the clerk's office in the same manner as all other county tax bills and it is subject to enforcement collection actions by the county attorney.

**TYPES OF CENTRALLY ASSESSED COMPANIES
2005 & Prior Years**

**DEPARTMENT OF REVENUE
DIVISION OF STATE VALUATION
Public Service Section**

All Companies Shown Are Centrally Assessed

**CERTIFIED
PUBLIC SERVICE COMPANIES
Franchise**

TELECOMMUNICATION
CABLETV
RAILROADS
COMMERCIAL AIRLINES
AIR FREIGHT
COMMON CARRIER BARGE LINES
ELECTRIC UTILITIES
ELECTRIC POWER GENERATING
GAS UTILITIES
GAS & OIL TRANSMISSION
GAS MARKETING COMPANIES
RURAL ELECTRIC COOPERATIVES
LANDFILLS Privately Owned
SEWER UTILITIES Privately Owned
WATER UTILITIES Privately Owned

**CERTIFIED
CENTRALLY ASSESSED COMPANIES**

DISTILLED SPIRITS IN BONDED WAREHOUSES

COMMERCIAL WATERCRAFT NonResident

**NON-CERTIFIED
CENTRALLY ASSESSED COMPANIES**

RAILROAD CAR LINES

TENNESSEE VALLEY AUTHORITY (TVA)

ELECTRIC PLANT BOARDS

**CERTIFIED To
COUNTY CLERK**

**CERTIFIED To
COUNTY CLERK**

NO CERTIFICATION

**BILLED By COUNTY CLERK
On
Revenue Form 61A255**

**BILLED By COUNTY CLERK
On
Revenue Form 61A507**

**BILLED By DEPARTMENT OF REVENUE
State & Local Taxes Centrally Collected**

**COUNTY CLERK IS REQUIRED TO FORWARD CERTIFICATION DATA TO ALL
TAXING DISTRICTS THAT PREPARE THEIR OWN TAX BILLS.**

**TYPES OF CENTRALLY ASSESSED COMPANIES
Beginning 2006**

**DEPARTMENT OF REVENUE
DIVISION OF STATE VALUATION
Public Service Section**

All Companies Shown Are Centrally Assessed

**CERTIFIED
PUBLIC SERVICE COMPANIES
Franchise**

RAILROADS
COMMERCIAL AIRLINES
AIR FREIGHT
ELECTRIC UTILITIES
ELECTRIC POWER GENERATING
GAS UTILITIES
GAS & OIL TRANSMISSION
GAS MARKETING COMPANIES
RURAL ELECTRIC COOPERATIVES
SEWER UTILITIES Privately Owned
WATER UTILITIES Privately Owned

**CERTIFIED
CENTRALLY ASSESSED COMPANIES**

DISTILLED SPIRITS IN BONDED WAREHOUSES

TELECOMMUNICATION SERVICE PROVIDERS
Local & Long Distance
Cellular
PCS
Rural Telephone Coops
2-Way Paging
Reseller

MULTICHANNEL VIDEO PROGRAMMING SERVICE
PROVIDERS
Cable TV
Satellite Broadcast
Wireless Cable
LANDFILLS Privately Owned

**NON-CERTIFIED
CENTRALLY ASSESSED COMPANIES**

RAILROAD CAR LINES

TENNESSEE VALLEY AUTHORITY (TVA)

ELECTRIC PLANT BOARDS (EPB)

ALL COMMERCIAL WATERCRAFT (begin 2008)

**CERTIFIED To
COUNTY CLERK**

**CERTIFIED To
COUNTY CLERK**

NO CERTIFICATION

**BILLED By COUNTY CLERK
On
Revenue Form 61A255**

**BILLED By COUNTY CLERK
On
Revenue Form 61A509**

**BILLED By DEPARTMENT OF REVENUE
State & Local Taxes Centrally Collected**

**COUNTY CLERK IS REQUIRED TO FORWARD CERTIFICATION DATA TO ALL
TAXING DISTRICTS THAT PREPARE THEIR OWN TAX BILLS.**

COUNTY CLERK'S Quick Check TAX BILLING STATEMENTS

TYPE COMPANY	TAX YEAR(S)	TAX BILL TO USE	EARLY PAYMENT DISCOUNT
Telecommunication	2006 & Future years	61A509	YES
	2005 & Prior years	61A255	NO
Distilled Spirits (DSP)	2006 & Future years	61A509	YES
All Public Service (Franchise) Companies	ALL YEARS	61A255	NO

Revenue form **61A255 'Public Service Company'** billing statement can be used immediately for all regular public service company billings. This form can be used for any tax year past, present or future.

Revenue form **61A509 'Distilled Spirits & Telecom'** billing statement will be used beginning tax year **2006** and all future tax years. **DO NOT USE THIS FORM FOR THE 2005 TAX YEAR OR ANY OTHER PAST TAX YEARS.**

CERTIFICATE OF DELINQUENCY

Taxpayer _____

Total State Tax _____

Name of Purchaser _____

Real Estate Assessment _____

Street Address _____

Tax Year _____

Post Office _____

Date of Sale _____

City State ZIP Code

Total Taxes..... _____

10% Penalty _____

10% Sheriff's Fee (Applied to Total Taxes plus 10% Penalty)..... _____

Sheriff's Commission..... _____

Other Costs _____

Total of Tax Sale _____

Date _____

Sheriff _____

Resold to: Name _____

Redeemed By: Name _____

Address _____

Address _____

Date _____

Total of Tax Sale _____

County Clerk

12% of Interest from Date of Sale _____

Name _____

TOTAL _____

Address _____

Date _____

Date _____

County Clerk

County Clerk

Signed _____

County Clerk

Payment Received By _____

Sheriff

Date _____ 20 ____ By _____

Deputy

Total Tax	\$
Penalty (10% of total tax if not paid within 30 days).....	\$
Fee (10% sheriff's add-on)	\$
Interest (the tax interest rate per KRS 131.183 per annum if not paid within 30 days).....	\$
Total Tax, Penalty and Interest	\$

PAYMENT INSTRUCTIONS

This statement for public service company property taxes is due and payable 30 days after notice (KRS 136.050(2)). No discount is allowed for early payment. If not paid within 30 days, a 10 percent penalty plus a 10 percent sheriff's add-on fee (KRS 134.119(7)) of total tax and interest at the tax interest rate per KRS 131.183 per annum applies. Make payment to sheriff of county named on statement.

NOTE: The multiplier applies to both real and tangible property for intrastate railroads, designated (RRI) on the certification, and to tangible property only for airlines (A, AF, AK) and interstate railroads (RR). The multiplier applies only to these type companies. Please refer to the certification for more information.

If there is any question regarding this bill, contact _____ at () _____.

INSTRUCTIONS FOR 61A255

Public Service Company Property Tax Statement

ATTENTION: COUNTY CLERKS AND CITY OFFICIALS

- (1) Fill in the name and mailing address of the county Sheriff.
- (2) Include the name to which the taxpayer must make payment to and the office phone number with area code.
- (3) The bill number will be assigned by the County Clerk. Also include the GNC number and the type of Public Service Company. This information is contained on the certification page mailed by the Department of Revenue.
- (4) Fill in the name and address of the taxpayer as shown on the certification. If the address turns out to be incorrect, please contact the Public Service Branch to obtain current address information.
- (5) List each component of the county tax jurisdiction (general, library, extension services, hospital, etc.); each school jurisdiction; and each special jurisdiction shown on the certification.
- (6) Enter the real estate and tangible values from the certification page for the county, school and special jurisdictions.
- (7) Enter the real estate and tangible rate for each component of the county jurisdiction, the school jurisdictions, and the special jurisdictions. The rate is usually stated in cents format e.g. (24.42¢), however, for calculation purposes this must be converted to decimal format, e.g. (.2442). The decimal format shall appear on the bill.
- (8) The multiplier for real estate applies only to companies designated as type company RRI. Enter the multiplier from the certification page. Use either decimal format or percentage format. For example, if the multiplier is 51 percent, enter .51 or 51%. Do not enter .51%. For companies not designated as RRI, enter NA.
- (9) Compute the real estate and tangible tax due by dividing the total assessment by 100, multiply by the rate (in decimal format) and then by the multiplier, if applicable. Example (without multiplier) $\$123,250 \div 100 \times .2442 = \300.98 . Example (with multiplier) $\$123,250 \div 100 \times .2442 \times .51 = \153.50 .
- (10) For companies designated as airlines or railroads (type company A, AF, AK, RR, RRI) enter the multiplier from the certification page. Use either decimal format or percentage format. For example, if the multiplier is 51 percent, enter .51 or 51%. Do not enter .51%. For companies not designated as airlines or railroads, enter NA.
- (11) Add the tax due figure for real estate and tangible for each line completed.
- (12) Add each line completed to get the total tax due.

Beginning for assessment date January 1, 2006, Telecoms as used on this form are broadly defined as: Communications Service Providers and Multi-Channel Video Programming Service Providers.

Specifically, these will include the following:

All Telephone Companies (Local, Long Distance and Wireless).

All Paging Companies.

All Cable Television Companies.

All Direct Broadcast System (DBS) Companies.

All Wireless Cable Direct Broadcast Companies.

All Telegraphic and Teletypewriter Service Companies.

All Coin-Operated Telephone Providers.

Signed _____ <div style="text-align: right; margin-right: 100px;">County Clerk</div>	<table border="1" style="width: 100%;"> <tr> <td colspan="2">Total Tax</td> <td style="text-align: right;">\$</td> </tr> <tr> <td colspan="3">Amount Due If:</td> </tr> <tr> <td>Paid By</td> <td>_____</td> <td style="text-align: right;">2% Discount</td> </tr> <tr> <td>Paid By</td> <td>_____</td> <td style="text-align: right;">Face Amount</td> </tr> <tr> <td>Paid By</td> <td>_____</td> <td style="text-align: right;">5% Penalty</td> </tr> <tr> <td>Paid After</td> <td>_____</td> <td style="text-align: right;">21% Penalty</td> </tr> </table>	Total Tax		\$	Amount Due If:			Paid By	_____	2% Discount	Paid By	_____	Face Amount	Paid By	_____	5% Penalty	Paid After	_____	21% Penalty
Total Tax		\$																	
Amount Due If:																			
Paid By	_____	2% Discount																	
Paid By	_____	Face Amount																	
Paid By	_____	5% Penalty																	
Paid After	_____	21% Penalty																	
Payment Received By _____ <div style="text-align: right; margin-right: 100px;">Sheriff</div>																			
Date _____ By _____ <div style="text-align: right; margin-right: 100px;">Deputy</div>																			

PAYMENT INSTRUCTIONS

This bill is for property taxes on distilled spirits or telecoms. Under KRS 134.015, if paid within 30 days, a 2 percent discount applies. If paid after 30 days but within 60 days, the face amount is due. If paid between 61 and 90 days, a 5 percent penalty will be added. After 90 days, a 10 percent penalty, 10 percent sheriff's fee, will accrue. Make payment to the address in upper left-hand corner of front page.

If there is any question regarding this bill, contact _____
 at () _____.

INSTRUCTIONS FOR 61A509

Distilled Spirits & Telecom Property Tax Statement

Beginning January 1, 2006, Telecom and DSP companies will be allowed a 2% discount on taxes due if paid within 30 days.

ATTENTION: COUNTY CLERKS AND CITY OFFICIALS

- (1) Fill in the name and mailing address of the county Sheriff.
- (2) Include the name of the County Clerk responsible for making the property tax bill and the office phone number.
- (3) The bill number will be assigned by the County Clerk. Also, include the GNC number and the type of Public Service Company. This information is contained on the certification page mailed by the Department of Revenue.
- (4) Fill in the name and address of the taxpayer as shown on the certification. If the address turns out to be incorrect please contact the Public Service Branch to obtain current address information.
- (5) List each component of the county tax jurisdiction (general, library, extension services, hospital, etc.); each school jurisdiction; and each special jurisdiction shown on the certification.
- (6) Enter the tangible values from the certification page for the county, school and special jurisdictions.
- (7) Enter the tangible rate for each component of the county jurisdiction, the school jurisdictions, and the special jurisdictions. The rate is usually stated in cents format, e.g. (24.42¢), however, for calculation purposes this must be converted to decimal format, e.g. (.2442). The decimal format shall appear on the bill.
- (8) Compute the tangible tax due by dividing the total assessment by 100, then multiply by the rate (in decimal format). Example: $\$123,250 \div 100 \times .2442 = \300.98 .
- (9) Compute the tangible tax due by dividing the total assessment by 100, then multiply by the rate (in decimal format). Example: $\$192,653 \div 100 \times .3845 = \740.75 .
- (10) Add each line completed to get the total tax due.

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF REVENUE
 OFFICE OF PROPERTY VALUATION
 PUBLIC SERVICE SECTION
 501 High Street, 4th Floor, Station 32
 Frankfort, Kentucky 40620
 Phone (502) 564-8175 Fax (502) 564-8192

CERTIFICATION OF PROPERTY ASSESSMENT
 TAX YEAR 2008

COAL & GAS UTILITIES CO

PO BOX 210
LOUISVILLE, KY 40232

GNC: 000000
TYPE CO: EU
TAX TYPE: 035
TAX ID:
PRINT DATE: 03/26/2009

The Department of Revenue certifies this assessment to the County Clerk in accordance with KRS 136.180. This assessment is subject to all tax levies as explained below.

Original Certification Date: 12/17/2008

TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
ADAIR COUNTY			
GENERAL	79,212.00	1,731,575.00	1,810,787.00
SCHOOL			
ADAIR COUNTY GENERAL	79,212.00	1,731,575.00	1,810,787.00
CITY			
COLUMBIA	77,152.00	1,057,021.00	1,134,173.00

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CERTIFICATION OF PROPERTY ASSESSMENT
 TAX YEAR 2008

ANYWHERE COMMUNICATIONS INC

100 N MAIN ST
MYRTLE BEACH, SC 29601-2719

GNC: 000000
TYPE CO: TEL
TAX TYPE: 104
TAX ID:
PRINT DATE: 03/26/2009

The Department of Revenue certifies this assessment to the County Clerk in accordance with KRS 136.180. This assessment is subject to all tax levies as explained below.

In accordance with KRS 134.015, companies paying local property taxes for telecommunication service providers are entitled to a 2% discount if the bill is paid within 30 days. If paid after 30 days but within 60 days, the face amount of the bill is due. If paid after 60 days but within 90 days, a 5% penalty should be charged. After 90 days, the bill should accrue a 10% penalty and applicable interest.

Original Certification Date: 10/27/2008

TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
FAYETTE COUNTY			
GENERAL	0.00	2,784,124.00	2,784,124.00
SCHOOL			
FAYETTE COUNTY GENERAL	0.00	2,784,124.00	2,784,124.00

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF REVENUE
 OFFICE OF PROPERTY VALUATION
 PUBLIC SERVICE SECTION
 501 High Street, 4th Floor, Station 32
 Frankfort, Kentucky 40620
 Phone (502) 564-8175 Fax (502) 564-8192

CERTIFICATION OF PROPERTY ASSESSMENT
 TAX YEAR 2008

RAIL TRANSPORTATION INC

PROP TAX DEPT
100 FIRST ST
DAYTONA, FL 32202

GNC: 000000
TYPE CO: RR
TAX TYPE: 035
TAX ID:
PRINT DATE: 03/26/2009

The Department of Revenue certifies this assessment to the County Clerk in accordance with KRS 136.180. This assessment is subject to all tax levies as explained below.

In accordance with KRS 136.180(2), the Department of Revenue shall provide to all local taxing districts a multiplier for use in establishing the local tax rate for the operating property of commercial airline, air freight and interstate railroad companies that operate within Kentucky. THE 2008 MULTIPLIER IS 51 PERCENT (51%). The multiplier is to be applied ONLY TO THE TANGIBLE PERSONAL PROPERTY of the local taxing jurisdictions for commercial airline, air freight and interstate railroad companies. See Revenue form 61A255 'Public Service Company Property Tax Statement' for instructions and proper application. Real estate is taxable at 100%, no multiplier is applied to the real estate.

Original Certification Date: 2/3/2009

TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
BARREN COUNTY			
GENERAL	2,665,595.00	2,035,745.00	4,701,340.00
SCHOOL			
BARREN COUNTY GENERAL	2,039,003.00	1,239,806.00	3,278,809.00
CAVERNA INDEPENDENT GENERAL	483,322.00	790,867.00	1,274,189.00
GLASGOW INDEPENDENT GENERAL	143,270.00	5,071.00	148,341.00
CITY			
CAVE CITY	98,693.00	151,543.00	250,236.00
PARK CITY	291,773.00	290,569.00	582,342.00

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF REVENUE
 OFFICE OF PROPERTY VALUATION
 PUBLIC SERVICE SECTION
 501 High Street, 4th Floor, Station 32
 Frankfort, Kentucky 40620
 Phone (502) 564-8175 Fax (502) 564-8192

CERTIFICATION OF PROPERTY ASSESSMENT
 TAX YEAR 2008

SKY HIGH AIRLINES CO

P O BOX 1
FT WORTH, TX 75235

GNC: 000000
TYPE CO: A
TAX TYPE: 035
TAX ID:
PRINT DATE: 03/26/2009

The Department of Revenue certifies this assessment to the County Clerk in accordance with KRS 136.180. This assessment is subject to all tax levies as explained below.

In accordance with KRS 136.180(2), the Department of Revenue shall provide to all local taxing districts a multiplier for use in establishing the local tax rate for the operating property of commercial airline, air freight and interstate railroad companies that operate within Kentucky. THE 2008 MULTIPLIER IS 51 PERCENT (51%). The multiplier is to be applied ONLY TO THE TANGIBLE PERSONAL PROPERTY of the local taxing jurisdictions for commercial airline, air freight and interstate railroad companies. See Revenue form 61A255 'Public Service Company Property Tax Statement' for instructions and proper application. Real estate is taxable at 100%, no multiplier is applied to the real estate.

Original Certification Date: 2/18/2009

TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
JEFFERSON COUNTY			
GENERAL	10,197,462.00	32,546,851.00	42,744,313.00
SCHOOL			
JEFFERSON COUNTY GENERAL	10,197,462.00	32,546,851.00	42,744,313.00
SPECIAL			
URBAN SERVICES DISTRICT LOUISVILLE	10,197,462.00	32,546,851.00	42,744,313.00

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF REVENUE
 OFFICE OF PROPERTY VALUATION
 PUBLIC SERVICE SECTION
 501 High Street, 4th Floor, Station 32
 Frankfort, Kentucky 40620
 Phone (502) 564-8175 Fax (502) 564-8192

CERTIFICATION OF PROPERTY ASSESSMENT
 TAX YEAR 2008

HEAVY LOAD RAILROAD CO

P O BOX 100
ANYWHERE, KY 40340

GNC: 000000
TYPE CO: RRI
TAX TYPE: 035
TAX ID:
PRINT DATE: 03/26/2009

The Department of Revenue certifies this assessment to the County Clerk in accordance with KRS 136.180. This assessment is subject to all tax levies as explained below.

In accordance with KRS 136.180(2), the Department of Revenue shall provide to all local taxing districts a multiplier for use in establishing the local tax rate for the operating property of intrastate railroad or railway companies that operate within Kentucky. THE 2008 MULTIPLIER IS 51 PERCENT (51%). The multiplier is to be applied TO BOTH THE REAL ESTATE AND TANGIBLE PERSONAL PROPERTY of the local taxing jurisdictions for intrastate railroad and railway companies. See Revenue form 61A255 'Public Service Company Property Tax Statement' for instructions and proper application.

Original Certification Date: 1/5/2009

TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
CLARK COUNTY			
GENERAL	360,183.00	279,877.00	640,060.00
SCHOOL			
CLARK COUNTY GENERAL	360,183.00	279,877.00	640,060.00
CITY			
WINCHESTER	48,432.00	37,634.00	86,066.00

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF REVENUE
 OFFICE OF PROPERTY VALUATION
 PUBLIC SERVICE SECTION
 501 High Street, 4th Floor, Station 32
 Frankfort, Kentucky 40620
 Phone (502) 564-8175 Fax (502) 564-8192

CERTIFICATION OF PROPERTY ASSESSMENT
 TAX YEAR 2008

DRINKER'S DISTILLERY

P O BOX 500
ANYWHERE, KY 40600

GNC: 000000
TYPE CO: DSP
TAX TYPE: 041
TAX ID:
PRINT DATE: 03/26/2009

The Department of Revenue certifies this assessment to the County Clerk in accordance with KRS 136.180. This assessment is subject to all tax levies as explained below.

In accordance with KRS 134.015, companies paying local property taxes for distilled spirits in bonded warehouses are entitled to a 2% discount if the bill is paid within 30 days. If paid after 30 days but within 60 days, the face amount of the bill is due. If paid after 60 days but within 90 days, a 5% penalty should be charged. After 90 days, the bill should accrue a 10% penalty and applicable interest.

Original Certification Date: 5/14/2008

TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
FRANKLIN COUNTY			
GENERAL	0.00	69,956,199.00	76,165,960.00
SCHOOL			
FRANKLIN COUNTY GENERAL	0.00	69,956,199.00	76,165,960.00

In accordance with KRS 132.099 the following districts are to tax the tangible property value below at the tangible personal property tax rates they set for 2008 tax year. These values are in addition to the values listed above.

HEALTH	0.00	6,209,761.00	6,209,761.00
EXTENSION SERVICES	0.00	6,209,761.00	6,209,761.00
LIBRARY	0.00	6,209,761.00	6,209,761.00

APPLICATION OF LOCAL '4R' MULTIPLIERS

Public service (franchise) companies generally must be taxed at the same rate as other taxpayers per KRS 136.180(2). However, federal laws (sometimes known as the 4-R Act) state that railroads and commercial airlines cannot be taxed at a higher level than the average commercial and industrial tangible property.

LOCAL MULTIPLIERS

Local Kentucky taxes are brought into compliance with these federal laws using a factor called the local multiplier. The local multiplier for 2015 was 51%. For 2016, the local multiplier was 52%.

Intrastate railroads receive the local multiplier for both real and tangible operating property. Interstate railroads and commercial passenger and freight airline companies receive the local multiplier for only operating tangible property. The assessment certification provided by the Public Service Section gives the County Clerk and city jurisdictions this information on a company by company basis so the person computing the bill does not have to guess when or against which property the multiplier applies.

The local multiplier is used to adjust the tax rate not the tax assessment. Thus the local jurisdiction uses the full assessment that is certified when computing a local tax bill.

The bill is computed as:

$$\{(Tax Rate \times (Full Assessment / 100) \times Local Multiplier)\} = Tax Due$$

**MINIMUM TAX BILLS
FOR PUBLIC SERVICE (Franchise) COMPANIES**

In April, 1993, the Department of Revenue issued a memorandum setting a \$5.00 minimum for state and local property tax bills. While the constitution does not provide relief for minimum bills, the minimum has been established to insure the best use of governmental resources. Since the purpose of tax collection is to provide revenues to operate governmental programs for the benefit of the taxpayer, taxes should only be collected when the amount collected at least covers the cost of collecting the tax. In late 2001, the Department of Revenue changed the state minimum to \$10.00.

There are some exceptions to this policy. First, the policy of a \$5.00 or \$10.00 minimum is a recommendation, not a hard and fast rule. Local jurisdictions do not have to comply with it. Second, the minimum does not apply to all types of property. For example, no minimum applies to MOTAX bills.

Public service company assessments must be certified to local taxing jurisdictions as required by KRS 136.180(1). Local rates are generally higher than state rates; therefore, small assessments may generate a \$5.00 local bill even when the state portion of the bill is less than \$10.00. If the tentative assessment is not sent but only certified, the taxpayer's right to protest the assessment has effectively been taken away. So a notice of assessment for local taxes only has been created for these types of issues.

Since 1994, the Public Service Branch has been collecting state and local monies for car lines. The minimum for these bills is also at the \$10.00 minimum.

Recommendation: Check to see if the bill is under the \$10.00 minimum recommended tax bill. If under, do not create a bill, instead write "Under \$10 bill" on face of certification and file the bill in a safe and secure place for auditors to view.

**PROCEDURES TO HANDLE
CERTIFICATIONS
For
TELECOMMUNICATION, PUBLIC SERVICE (Franchise),
NONRESIDENT WATERCRAFT and DISTILLED SPIRITS**

When a certification is received, a property tax bill needs to be generated as soon as possible. Unlike the regular county tax bills, the state portion of franchise bills is prepared and billed directly from the Department of Revenue. Therefore, only local property taxes will appear on a franchise tax bill that is prepared by the county clerk. The normal real and personal property tax rates for each local taxing jurisdiction are applied to each assessment shown on the certification.

Certifications should be handled in the following manner:

- 1) Read the certification carefully!**
- 2) Certify to other taxing jurisdictions within the county that do their own billing:**
 - Under KRS 136.180(4), the Clerk is responsible for forwarding a copy of the Certification to those taxing jurisdictions within the county that the County Clerk is not responsible for billing and the Sheriff is not responsible for collecting. Do this as quickly as possible.
- 3) Check the tax year that the certification is for:**
 - If the tax rate has been set for that year, prepare the bill and give it to the Sheriff to mail.
 - If no rate has yet been set, hold the certification until a rate is set.
- 4) Check to see if it is an amended certification or not:**
 - If the Certification is amended, check to see if a previous bill has been prepared.
 - If the bill has been prepared, check to see if bill has been paid.
 - If the bill is paid, determine if a supplemental bill should be prepared or a refund is due based on the change in the assessment. Prepare a supplemental bill if needed. If a supplemental bill is required, create a second bill for the increased assessment difference only. If a refund is due, send information to the appropriate office which does the refund (Sheriff, etc.) per local policy.
 - If the bill is unpaid and has not gone delinquent, void the previous original bill and reissue a corrected bill.
 - If the bill is unpaid and has gone delinquent, the original bill must be collected with penalties, interest and fees. Do not void the original tax bill. Further, a supplemental bill should be prepared for the increased assessment difference.
- 5) Prepare a tax bill:**
 - Prepare the bill using the correct tax rate against the proper classification of property for the correct tax year.
 - The real estate rate is applied to the real property assessment, etc. There is no such thing as a public service company rate; KRS 136.120 only applies to the assessment of property, not the rate structure.
 - Apply the multiplier against real and tangible property for intrastate railroad property and against tangible property only for interstate railroads and airlines as instructed on the certification.
 - Apply a 2% discount to distilled spirit bills, non-resident watercraft bills (2005 tax year & prior years only) and telecommunication bills (2006 tax year & future years only). **Do not apply the 2% discount to any other public service company bills.**
 - Check to see if bill is under \$10.00 minimum recommended tax bill. If under, do not create bill, instead write "Under \$10 bill" on face of certification and file away for auditors to view.

REMINDERS

Effective January 1, 2006 all nonresident watercraft (NRW) franchise taxes were to be billed and collected by the Department of Revenue, Office of Property Valuation, State Valuation Branch.

Effective January 1, 2006, real property of all telecommunication companies (cable TV, satellite providers, paging companies, telephone & telegraph and all other similar companies) formerly assessed under KRS 136.120 must be reported to and locally taxed by the Property Valuation Administrator (PVA) in the county of situs.

Effective January 1, 2008 all resident and nonresident commercial watercraft (which includes barge lines) operating on and through the waterways of Kentucky are to be centrally assessed and taxed by the Department of Revenue, Division of State Valuation, Public Service Branch. All state and local taxes are to be collected centrally and the local taxes distributed quarterly to each affected taxing jurisdiction.

Also, effective January 1, 2008, real property of barge lines formerly assessed under KRS 136.120 must be reported locally to the Property Valuation Administrator (PVA) in the county of situs.

2% DISCOUNT
Applied To
TELECOMMUNICATION and DISTILLED SPIRITS TAX BILLS

- 1) Always read the certification carefully!
- 2) The 2% discount is only applied to Telecommunication and Distilled Spirits tax bills
 - The guiding statute is KRS 134.015(6).
 - The 2% discount is NOT granted or applied to Public Service Company (Franchise) tax bills.
 - Telecommunication and Distilled Spirit companies are entitled to a 2% discount if the tax bill is paid within 30 days.
- 3) The 2% discount is only applied to original certifications.
 - The 2% discount is granted or applied to the “first” original certifications issued by the DOR. These include those “first” original certifications that represent the un-protested (claimed) values due to protesting their state generated assessments.
- 4) The 2% discount is voided on original certifications in which the taxpayer filed a late or omitted state tax return.
 - The 2% discount is NOT granted or applied to original certifications in which the taxpayer failed to file their state personal property tax return at the required time or that they failed to file (omitted) a return at all.
- 5) The 2% discount is NOT applied to amended certifications.
 - The 2% discount is NOT granted or applied to amended certifications that represent the final/ settled value certifications that result from a finalization of a taxpayer’s protest.

NOTE:

City taxing jurisdictions that typically do their own billings are not legally bound to provide a 2% discount. The city may or may not allow a 2% discount for early payment. The decision to allow or disallow the 2% discount rests with the city officials and its citizens.

PROCEDURES TO HANDLE

UNPROTESTED (Claimed) VALUES & FINAL (Settled) VALUES OF PROTESTED TAX BILLS

Special attention must be paid by the county clerk and city taxing jurisdictions that do their own billings when handling the billing of an un-protested certification (claimed value) and an amended (final) certification (settled value) involving a protested tax bill. Presented below is information to help you handle this difficult situation.

STATUTES

KRS 136.180; KRS 134.015(6)

BILL PREPARATION & COLLECTION PROCEDURES

- When a franchise assessment is protested, the cabinet will now certify the assessment in two parts: first, the un-protested (claimed value) portion and second, on the final or settled value. KRS 136.180(2)
- Franchise tax bills on the un-protested portion (claimed value) are billable when certified and are due in 30 days.
- Franchise tax bills on the difference between the un-protested portion (claimed value) and the final (settlement) value plus interest due are billable when certified and are due in 30 days.
- The taxpayer is considered to have paid within 30 days if the payment is post marked within 30 days.

PENALTIES

- Delinquent bills of the difference between the un-protested value and the final value receive a 21% penalty 30 days after the notice is given by the collecting officers unless paid timely. The penalty is computed on tax and interest due per KRS 134.015(6).

INTEREST

- Interest is due on the difference between the un-protested portion (claimed value) and the final (settlement) value from the 31st day after the bill on the un-protested portion was billed or January 1 following the tax year for which the taxes are due, which ever is later per KRS 136.180(2). Interest is billed using the state interest rates.

PROCEDURES TO COLLECT

PUBLIC SERVICE (Franchise) & CENTRALLY ASSESSED COMPANY TAX BILLS

- 1) The County Clerk will prepare the franchise tax bill and submit the bill to the Sheriff. The Sheriff will then mail a copy to the taxpayer and maintain a copy for collection. KRS 136.180(2)
- 2) The Sheriff will collect the face value of the franchise tax bill up to 30 days after the tax bill has been prepared and sent to the taxpayer. No discounts are calculated on franchise tax bills.
- 3) The franchise tax bill will become delinquent after the 30 days has passed if the taxpayer has not paid the tax bill or if the post-mark of the payment is beyond the 30 days period.
- 4) After the initial 30 day period, the Sheriff will assess a 10% add-on penalty (KRS 134.430) on the franchise tax bill, in addition to the 10% penalty (KRS 136.050) and interest (KRS 131.183) calculation. The taxpayer will have up to the time of the date the tax bills are transferred to the County Clerk's office to pay the franchise tax in the Sheriff's office. **Please note, if the taxpayer has not had at least 30 days to pay the franchise tax bill between the date the tax bill was sent and the date the tax bills are transferred to the County Clerk, the Sheriff should keep the franchise tax bill and include it in the next year's settlement. The Sheriff will calculate penalties and interest on the tax bill as usual. The Sheriff may actually hold a franchise tax bill for several months before turning it over to the Clerk as delinquent.**
- 5) Any **real estate** franchise tax bill that becomes delinquent after the 30 days period and remains delinquent up to the time the Sheriff transfers the tax bills to the County Clerk should be given to the County Clerk as well.
- 6) After the Sheriff turns over the franchise tax bills to the County Clerk, these taxes should be calculated and collected in the same manner as real estate and tangible tax bills.
- 7) The same delinquent penalties that apply to "regular" tax bills apply to these bills.

**PAYMENT AMOUNTS AT VARIOUS STAGES OF THE DELINQUENT
TAX COLLECTION PROCESS**

The following payment scenarios will illustrate the various amounts due at different phases during the collection process in the county clerk's office. A tax bill with a face amount due of \$1,000 will have the following amounts added to it when it is transferred from the sheriff to the county clerk:

Face amount of the tax bill	\$1,000.00
10% penalty	100.00
Sheriff's add on fee	110.00
Sheriff's commission*	44.00
 Total of Certificate of Delinquency	 \$1,254.00

* An assumed commission of 4% was applied to \$1,100 (\$1,000 + \$100) to arrive at \$44.00. The sheriff's actual commission rates need to be used to arrive at the amount to add to the total due.

Payment Example #1 - This delinquency was transferred to the county clerk's office on April 16, 2012. If it was paid on April 18, 2012, the following amount would be due:

Base amount of certificate of delinquency	\$1,254.00
Interest (\$1,254.00 x 1%)	12.54
County clerk's commission (\$1,112.54 x 10%)*	111.25
Lien recording and release fee	10.00
 Total amount due on April 18, 2012	 \$1,387.79

* The county clerk's fee is 10% of the sum of the tax + 10% penalty + interest. The county attorney's fee is waived since the certificate of delinquency was paid within 5 business days of the clerk's receipt of the delinquencies from the sheriff's office.

Payment Example #2 - If the certificate of delinquency is paid on April 30, 2012, the following amount would be due:

Base amount of certificate of delinquency	\$1,254.00
Interest (\$1,254.00 x 1%)	12.54
County clerk's commission (\$1,112.54 x 10%)	111.25
County atty. commission (\$1,112.54 x 20%)	222.51
Postage due to county atty. for first notice	1.00
Lien recording and release fee	10.00
 Total amount due on April 30, 2012	 \$1,611.30

Payment Example #3- If the certificate of delinquency is paid on May 31, 2012, the following amount would be due:

Base amount of certificate of delinquency	\$1,254.00
Interest (\$1,254.00 x 2%)	25.08
County clerk's commission (\$1,125.08 x 10%)	112.51
County atty. commission (\$1,125.08 x 20%)	225.02
Postage due to county atty. for first notice	1.00
Lien recording and release fee	10.00
Total amount due on May 31, 2012	\$1,627.61

Payment Example #4- Assuming the certificates of delinquency are advertised on June 15, 2012, if a certificate of delinquency is paid on June 30, 2012, prior to the county clerk's sale, the following amount would be due:

Base amount of certificate of delinquency	\$1,254.00
Interest (\$1,254.00 x 3%)	37.62
County clerk's commission (\$1,137.62 x 10%)	113.76
County atty. commission (\$1,137.62 x 20%)	227.52
Postage due for first and second notice	2.00
County clerk's fee	5.00
Assumed advertising cost	10.00
Lien recording and release fee	10.00
Total amount due on June 30, 2012	\$1,659.90

Payment Example #5- Assuming the sale of certificates of delinquency conducted by the county clerk is held on July 18, 2012 and this certificate of delinquency is paid by a third party purchaser; the following amount would be due:

Base amount of certificate of delinquency	\$1,254.00
Interest (\$1,254.00 x 4%)	50.16
County clerk's commission (\$1,150.16 x 10%)	115.02
County atty. commission (\$1,150.16 x 20%)	230.03
Postage due for first and second notice	2.00
County clerk's fee	5.00
Assumed advertising cost	10.00
Original lien recording and release fee	10.00
Assignment, recording and indexing fee	28.00
Total amount due on July 18, 2012	\$1,704.21

PROCEDURES TO HANDLE

DELINQUENT PUBLIC SERVICE (Franchise) & CENTRALLY ASSESSED COMPANY TAX BILLS

These guidelines apply to public service (franchise) companies as well as distilled spirit companies. It also applies to nonresident watercraft delinquent tax bills.

STATUTE: KRS 136.050

COLLECTION PROCEDURES

- **FIRST**, make sure the name and address is correct! Many companies change names, change ownership and move to new addresses. Contact the Public Service Section for the latest information. **SECOND**, if the address was incorrect, make the necessary corrections to the tax bill and resend the bill.
- Local tax bills are delinquent locally after 30 days. Distilled Spirit and Telecommunication tax bills are delinquent locally after 90 days.
- The taxpayer is considered to have paid within 30 days if the payment is post marked within 30 days.
- All delinquent bills are subject to the same collection procedures as all other property tax bills.
- All delinquent bills should remain in the sheriff's control until after the tax sale and settlement because the sheriff has been charged with the bills.
- Once a franchise bill becomes delinquent, then the sheriff should collect applicable interest, penalties and fees as detailed below.
- After the tax sale and settlement, any remaining delinquent bills are transferred to the county clerk's office and the county attorney is responsible for enforcing collection

BILLS CONTAINING REAL ESTATE ASSESSMENTS

- Delinquent bills containing a real estate assessment should be advertised in the same manner as the other delinquencies.

BILLS CONTAINING PERSONAL PROPERTY ONLY

- Delinquent tax bills with only personal property assessments should be handled in the same manner as all other tax bills that contain only personal property tax amounts.

PENALTIES

- Delinquent franchise bills receive a 10% penalty 30 days after the notice is given by the collecting officers unless paid timely. The sheriff is allowed to add an additional 10% fee at the time the 10% penalty is applied.
- Delinquent distilled spirit bills (all years), nonresident watercraft bills (2005 and prior) and telecommunication bills (2006 & future) receive the 2% discount, face value, 5% penalty and 10% penalty schedule as other taxpayers.

INTEREST

- Interest on delinquent bills accrues on the latest of either January 1 following the tax year for which the taxes are due or 30 days after the notice is given.

For example, if 2001 taxes are billed by December 1, 2001, the interest could not begin to accrue until January 1, 2002. But if 2001 taxes are billed after December 1, 2001, then the interest would not begin to accrue until 30 days from the date of the bill.

- The interest rate applicable to delinquent tax bills is pursuant to KRS 131.010(6) and is the same rate as used by the State of Kentucky. Contact the Public Service Branch at 502-564-8175 for a sheet containing the current and prior interest rates.

**LOCAL REFUNDS
OF
PUBLIC SERVICE (Franchise) & CENTRALLY ASSESSED COMPANY TAXES**

The sheriff does not have the right to automatically refund nor are they specifically obligated to refund local jurisdiction monies. KRS 134.590 and KRS 134.551 says the sheriff “may” refund. Local jurisdictions do not have to allow the sheriff to refund.

First, the refund should be evaluated to see if it is due the taxpayer, meets timeliness guidelines, etc. If a refund of property taxes is properly requested, the sheriff must answer 2 questions:

- 1) Does the sheriff have the authority from the taxing jurisdictions to make the refund?

Local valuation recommends that each sheriff have an agreement with each taxing jurisdiction regarding refunds for that district, stating the amount of money that the sheriff can refund. For example, the Commonwealth allows refunds of up to \$1,000 of state monies collected by the sheriff for all counties except Fayette (\$5,000) and Jefferson (\$10,000); above that amount the refund request must be reviewed by local valuation. Since the sheriff collects no state property taxes for a franchise company, that issue is not relevant to refunds for our companies.

- 2) Does the sheriff have available funds with which to make the refund?

Since refunds even of prior year’s payments are from current monies, the sheriff must determine by taxing jurisdiction whether or not the funds are available.

For the taxing jurisdictions where the answers to questions 1 and 2 are both “YES”, the sheriff completes the refund. For the taxing jurisdictions where the answer to questions 1 and/or 2 are “NO”, the taxpayer is notified of the amount due from that taxing jurisdiction and the address of the jurisdiction so the request can be made directly to the jurisdiction.

COLLECTION OF LOCAL TAX RATES & TAX BOUNDARIES

As stated earlier, the county clerk is the local official responsible for the preparation of Public Service Company (franchise) & centrally assessed company property tax bills each year. The tax rate information needs to be provided in writing by the appropriate official from each taxing district to the clerk's office. The clerk should also obtain a copy of the final legally written tax ordinance that established the tax rates for that given tax year. A copy of this document should be sent to the Office of Property Valuation, Division of State Valuation for verification purposes. The county clerk should then make sure that the rates have been entered correctly into the computer software program that is used to print the tax bills. This is very important since every year calls are received by the Office of Property Valuation from counties that have printed bills with an incorrect tax rate and new tax bill forms are needed.

According to KRS 136.190, the County Clerk is notified and furnished tax jurisdiction boundary information from all school, city, fire and other special districts. The tax boundary information needs to be provided in writing by the appropriate official from each taxing district and delivered to the clerk's office. The clerk should receive a map and a legal description of the established jurisdiction. A copy of this information should be forwarded to the Office of Property Valuation, Division of State Valuation.

Remember, the Department of Revenue maintains several computer systems that contain local tax rate information on all viable taxing jurisdictions in Kentucky. These systems are used to collect and distribute current and omitted personal property taxes, public service company taxes, TVA taxes, gross receipts taxes and motor vehicle taxes for the local governments. Collection and verification of both the tax rates and the tax boundaries are imperative and vital in assuring that local tax collection and distribution at the state level is accurate. Further, with respect to public service company local certifications, it is critical that the Public Service Branch, Division of State Valuation be notified of any changes in the tax boundaries of existing jurisdictions and/or the creation of new jurisdictions. Keeping up with these changes will assure that the local certifications are accurate and thus the affected local governments will receive their proper share of taxes.

State Contacts - Local Taxing Jurisdiction Information

Any person receiving information about changes for local taxing jurisdictions notify all of the following persons:

Sandra Penny & Teresa Woodside, Motor Vehicle Branch (MOTAX)

Patti Royster, Minerals Taxation & GIS Services Branch

Cathy Thompson & Jehna Cornish, Personal Property Branch

Laura Steele, Division of State Valuation

Mike Baker & Jack Thomas, Public Service Branch

All of these contact persons work with state database systems which need to be maintained with the most accurate data regarding local tax rates and jurisdictions. Everyone must be informed about additions, deletions or mergers of jurisdictions. Also, everyone needs to be aware of tax rate errors. Only the Public Service Branch and the Minerals Taxation & GIS Services Branch need data relating to the tax district boundaries and the changes due to annexation or merger.

**COMPUTING INTEREST
FOR PUBLIC SERVICE (Franchise) & CENTRALLY ASSESSED COMPANY TAX BILLS**

Statutes: KRS 136.050, 136.180(2), 134.015(6)

Note: There is an application on Revweb for calculating interest; choose the “Compute Interest Payable on Refunds/Collectibles”.

DETERMING THE BEGINNING DATE OF INTEREST

State Interest – Unprotested Assessment

State Interest – Unprotested Portion of an Assessment

Interest is billable from the 46st day after the taxes were first billed or January 1 following the tax year for which the taxes are due, which ever is later.

State Interest – Settled Portion of a Protested Assessment where Unprotested Portion is Greater Than \$0

Interest is billable on the difference between the unprotested portion (claimed value) and the final (settlement) value from the 46th day after the taxes on the unprotested portion were first billed or January 1 following the tax year for which the taxes are due, which ever is later.

State Interest – Settled Portion of a Protested Assessment where Unprotested Portion is \$0

Interest is billable on the difference between the unprotested portion (claimed value) and the final (settlement) value from the 46th day after the assessment was protested or January 1 following the tax year for which the taxes are due, which ever is later. The protest date is considered to be the billing date for the \$0 taxes due from a \$0 assessment.

Local Interest – Unprotested Assessment

Local Interest – Unprotested Portion of an Assessment

Interest is billable from the 31st day after the taxes were first billed or January 1 following the tax year for which the taxes are due, which ever is later.

Local Interest – Settled Portion of a Protested Assessment where Unprotested Portion is Greater Than \$0

Interest is billable on the difference between the unprotested portion (claimed value) and the final (settlement) value from the 31th day after the taxes on the unprotested portion were first billed or January 1 following the tax year for which the taxes are due, which ever is later.

Local Interest – Settled Portion of a Protested Assessment where Unprotested Portion is \$0

Interest is billable on the difference between the unprotested portion (claimed value) and the final (settlement) value from the 31th day after the taxes on the unprotested portion were first billed or January 1 following the tax year for which the taxes are due, which ever is later. The protest date is considered to be the billing date for the \$0 taxes due from a \$0 assessment. Taxing jurisdictions will have to be told of this date because we only certify \$0 values when it is an amendment.

DETERMINING THE ENDING DATE OF INTEREST

State Interest – Unprotected Assessment State Interest

State Interest – Unprotected Portion of an Assessment

Interest ends when the tax is paid. CARS will project interest for the end date if the tax is not paid within 45 days.

State Interest – Settled Portion of a Protested Assessment where Unprotected Portion is Greater Than \$0

State Interest – Settled Portion of a Protested Assessment where Unprotected Portion is \$0

Interest ends when the tax is paid. CARS will project interest when the bill is entered.

Local Interest – Unprotected Assessment

Local Interest – Unprotected Portion of an Assessment

Local Interest – Settled Portion of a Protested Assessment where Unprotected Portion is Greater Than \$0

Local Interest – Settled Portion of a Protested Assessment where Unprotected Portion is \$0

Interest ends when the tax is paid. Local officials should project interest due on the bill due date or 30 days from the billing date when creating the bill.

INTEREST RATE APPLICABLE

State and Local

Both state and local jurisdictions are required to use the state interest rate. See the enclosed rate table for the yearly interest rates.

COMPUTING THE INTEREST

Interest is computed on tax only. Each year is considered to have 365 days. Interest is calculated on a daily rate from the date due to the date paid.

Compute interest for a year as follows:

$$\text{Taxes due} * \text{Number of days outstanding in a year}/365 * \text{Rate for that year}$$

If interest is due for the entire year, then compute as follows:

$$\text{Taxes due} * \text{Rate for that year}$$

If the difference between the interest beginning date and the interest ending date spans more than one year, the total interest is:

Sum of interest due for each year outstanding as computed above.

EXAMPLE 1:

Tax = \$1,000 Interest Beginning Date = 02/01/2001 Interest Ending Date = 04/01/2001
2001 Rate = 10.0%

$$\text{Interest} = 2001 \text{ interest only} = 1000 * 61/365 * .10 = \$16.72$$

EXAMPLE 2:

Tax = \$1,000 Interest Beginning Date = 02/01/2000 Interest Ending Date = 04/01/2001
2000 Rate = 8.0%
2001 Rate = 10.0%

$$\text{Interest} = 2000 \text{ interest} + 2001 \text{ interest} = (1000 * 335/365 * .08) + (1000 * 90/365 * .10) = \$98.09$$

EXAMPLE 3:

Tax = \$1,000 Interest Beginning Date = 02/01/1999 Interest Ending Date = 04/01/2001
1999 Rate = 8.0%
2000 Rate = 8.0%
2001 Rate = 10.0%

$$\text{Interest} = 1999 \text{ interest} + 2000 \text{ interest} + 2001 \text{ interest} = (1000 * 335/365 * .08) + (1000 * 365/365 * .08) + (1000 * 90/365 * .10) = \$178.37$$

These examples may not EXACTLY match the calculations in the Revweb application but either are acceptable. The difference is due to rounding differences in the calculations.

INTEREST & TAX RATE TABLE - 2016 THROUGH 1980

TAX YEAR	INTEREST RATE	REAL ESTATE RATE	TANGIBLE RATE	STATE 4-R RATE	WTD AVERAGE STATE RATE	LOCAL 4-R MULTIPLIER
2016	6%****	12.20	45.00	22.37	65.71	52.00%
2015	6%****	12.20	45.00	22.38	64.32	51.00%
2014	6%****	12.20	45.00	22.67	64.37	51.00%
2013	6%****	12.20	45.00	22.66	64.98	51.00%
2012	4%****	12.20	45.00	22.82	66.01	51.00%
2011	3%***	12.20	45.00	23.19	66.27	51.00%
2010	3%***	12.20	45.00	23.08	65.35	51.00%
2009	7%**	12.20	45.00	22.51	64.26	50.00%
2008	8%*	12.20	45.00	22.74	65.26	51.00%
2007	8.00%	12.40	45.00	22.30	66.45	53.00%
2006	7.00%	12.80	45.00	22.70	65.05	50.00%
2005	5.00%	13.10	45.00	24.62	71.12	56.00%
2004	4.00%	13.10	45.00	24.03	70.03	56.00%
2003	5.00%	13.30	45.00	23.64	68.35	55.00%
2002	6.00%	13.50	45.00	23.49	66.98	53.00%
2001	10.00%	13.60	45.00	23.14	67.14	52.00%
2000	8.00%	14.10	45.00	23.21	67.58	53.00%
1999	8.00%	14.80	45.00	22.10	65.74	52.00%
1998	9.00%	15.30	45.00	22.28	65.38	52.00%
1997	8.00%	15.70	45.00	22.76	63.46	52.00%
1996	9.00%	16.30	45.00	24.22	68.65	57.00%
1995	8.00%	16.70	45.00	24.09	71.13	56.00%
1994	7.00%	17.20	45.00	24.65	72.18	57.00%
1993	7.00%	18.00	45.00	24.50	67.50	57.00%
1992	8.00%	18.40	45.00	24.20		54.00%
1991	10.00%	18.70	45.00	23.70		57.00%
1990	11.00%	18.90	45.00	23.30		
1989	10.00%	20.30	45.00	21.60		
1988	9.00%	20.70	45.00			
1987	8.00%	21.40	45.00			
1986	10.00%	21.60	45.00			
1985	13.00%	22.00	45.00			
1984	11.00%	22.00	45.00			
1983	13.00%	22.10	45.00			
1982	16.00%	22.40	45.00			
1981		22.90	45.00			
1980		24.10	45.00			

* 1/1/08 to 4/30/08 interest rate was *5, Beginning May 1 the interest owed on tax bills became 10% (8% + 2%). Interest rate calculation was changed by the 2008 General Assembly.

** Interest owed to the state is calculated at 7% (5% Prime Rate plus 2%), Interest paid by the State is calculated at 3% (5% Prime Rate less 2%).

*** 2010 & 2011 Interest owed to the state is calculated at 5% (3% Prime Rate plus 2%), Interest paid by the State is calculated at 1% (3% Prime Rate less 2%).

****2012, 2013, 2014, 2015 & 2016 Interest owed to the state is calculated at 6% (4% Prime Rate plus 2%), Interest paid by the State is calculated at 2% (4% Prime Rate less 2%).

REVENUE CIRCULAR 62C112

PROPERTY TAX

December 1, 2015

TO PROPERTY VALUATION ADMINISTRATORS,
COUNTY CLERKS AND SHERIFFS:

Duties in Taxing Omitted Real Property

This circular replaces Circular 62C112 dated December 15, 2014

This circular sets out the responsibilities of each county official in the assessment, preparation of tax bills and the collection of omitted property taxes.

Any real property which has not been listed for taxation, for any year in which it is taxable, by the time the Board of Assessment Appeals completes its work for that year shall be deemed omitted property.

Responsibilities of the Property Valuation Administrator

Real Property:

KRS 132.310 reads in part:

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

“(2) The property valuation administrator may at any time list and assess any real property which may have been omitted from the regular assessment. Immediately upon listing and assessing omitted real property, the property valuation administrator shall notify the taxpayer of the amount of the assessment. The notice shall be given as provided in KRS 132.450(4).”

Tangible Personal Property:

The property valuation administrator is not authorized to assess omitted tangible property (KRS 132.320). He or she must forward to the Office of Property Valuation a list of any omitted tangible property discovered or voluntarily listed by a taxpayer. The office will assess the property and bill the taxpayer direct. Omitted tangible assessments are not certified to the clerk by the property valuation administrator.

Responsibilities of the County Clerk

The county clerk is the only county official who can legally prepare a property tax bill and then only upon proper certification. Regular tax bills shall be prepared only after certification by the Office of Property Valuation or as directed by Order Correcting Erroneous Assessment, Revenue Form 62A366, signed by the property valuation administrator. Omitted real property tax bills may be prepared only on receipt of Listing of Omitted Property, Revenue Form 62A379, from the property valuation administrator. Tax bills following litigation shall be prepared on the basis of orders from the Kentucky Board of Tax Appeals or court orders from the circuit court or the Court of Appeals.

Additional property tax bills or supplemental bills directed to be prepared on the basis of orders from the Kentucky Board of Tax Appeals or court orders from the circuit court or the Court of Appeals shall be listed on the reverse side of Authorization for Preparing Additional/Supplemental Property Tax Bills, Revenue Form 62A367. The clerk shall complete the face of this receipt for the total of taxes due each taxing district and give the bills to the sheriff for collection after the sheriff signs the three copies of the receipt.

The form for listing omitted property (Revenue Form 62A379) provides space for indicating whether the property is voluntarily or involuntarily listed. The clerk shall add a 10 percent penalty if voluntarily listed or a 20 percent penalty for omission if the property has been involuntarily listed by the property valuation administrator. In addition to the penalty, the clerk shall add interest accruing from the date the tax would have become delinquent (if the property had been listed as required by law) to the date the tax bill is collected. Interest rates which are set for each year beginning January 1, are based on the prime interest rate for the preceding September. If the prime interest rate varies as much as one percentage point from the existing tax interest rate, then the tax interest rate is adjusted accordingly.

As authorized by legislation enacted in 2008, the interest rate that applies to omitted real property tax bills is two percentage points higher than the statutory tax interest rate.

The tax interest rate for 2012, 2013, 2014, 2015 and 2016 (for assessments of property owned on January 1, 2011, January 1, 2012, January 1, 2013, January 1, 2014 and January 1, 2015) is 4 percent. This means that the interest rate that will be applied to omitted 2011, 2012, 2013, 2014 and 2015 property tax bills will be 6 percent (the tax interest rate plus 2 percent). The interest is figured as follows:

$6\% \div 366 \text{ days} = .01639344\% \text{ per day for 2012 and 2016}$

$6\% \div 365 \text{ days} = .01643836\% \text{ per day for 2013, 2014 and 2015}$

The following example will demonstrate how to calculate the state's portion of an omitted tax bill issued June 1, 2016. The interest will be calculated through June 30, 2016 in accordance with the legislative change made by the 2002 General Assembly on omitted tax bill procedures. Assume the assessment was omitted beginning with the 2011 tax year and the assessed value each year is \$10,000.

	Del. Date	State Tax Rate	Tax	Penalty	Interest*	Total
2011	2012	12.2	12.20	1.22	3.28	16.70
2012	2013	12.2	12.20	1.22	2.55	15.97
2013	2014	12.2	12.20	1.22	1.82	15.24
2014	2015	12.2	12.20	1.22	1.09	14.51
2015	2016	12.2	12.20	1.22	.36	13.78
TOTAL TAX BILLS			61.00	+ 6.10	+ 9.10	= \$76.20

**Interest figured from the time the bill became delinquent as prescribed in KRS 132.290(4) as follows:*

Interest Starts Jan. 1	Days		Interest Factor	=	Interest Percentage	x	Original Tax Amount	=	Total Interest
2011 Bill									
2012	366	x	.01639344%	=	6%	x	12.20	=	.73
2013	365	x	.01643836%	=	6%	x	12.20	=	.73
2014	365	x	.01643836%	=	6%	x	12.20	=	.73
2015	365	x	.01643866%	=	6%	x	12.20	=	.73
2016	182	x	.01639344%	=	2.98%	x	12.20	=	.36
									\$3.28
2012 Bill									
2013	365	x	.01643836%	=	6%	x	12.20	=	.73
2014	365	x	.01643836%	=	6%	x	12.20	=	.73
2015	365	x	.01643836%	=	6%	x	12.20	=	.73
2016	182	x	.01639344%	=	2.98%	x	12.20	=	.36
									\$2.55
2013 Bill									
2014	365	x	.01643836%	=	6%	x	12.20	=	.73
2015	365	x	.01643836%	=	6%	x	12.20	=	.73
2016	182	x	.01639344%	=	2.98%	x	12.20	=	.36
									\$1.82
2014 Bill									
2015	365	x	.01643836%	=	6%	x	12.20	=	\$.73
2016	182	x	.01639344%	=	2.98%	x	12.20	=	.36
									\$1.09
2015 Bill									
2016	182	x	.01639344%	=	2.98%	x	12.20	=	.36

From the information contained on the Listing of Omitted Property, Revenue Form 62A379, the clerk prepares a separate Omitted Real Estate Tax Bill, Revenue Form 62A301-S, for each year that the property was omitted. The clerk places the omitted tax bill number, the date issued and signature in the spaces provided at the bottom of the Listing of Omitted Property. **The Sheriff's Official Receipt for Omitted Property Tax Bills on the reverse side of the listing form is then prepared. The three copies of the receipt are presented to the sheriff with three copies of each omitted tax bill. The fourth copy, "Clerk's Copy," of the omitted bill remains in the book as a permanent record. If the sheriff accepts the omitted bills as prepared, he must acknowledge acceptance by signing the receipt. The clerk must acknowledge the sheriff's signature and complete the certification at the bottom of the receipt.**

The clerk then returns one copy of the Listing of Omitted Property with the completed receipt on the reverse side to the property valuation administrator, retains one copy for the permanent file and mails one copy to the Office of Property Valuation at the end of each month attached to the County Clerk's Monthly Report of Omitted Assessments, Revenue Form 62A364.

Responsibilities of the Sheriff

Sheriffs must not accept any omitted tax bills which do not include penalty and interest computed according to law. The sheriff will be charged with all penalty and interest on his final settlement whether or not it was collected from the taxpayer.

The taxpayer has 30 days from the date of the bill to pay without additional penalty and interest. Any omitted tax bill not paid within this period is subject to additional interest based upon the tax amount, an additional 10 percent penalty on the tax, penalty and interest and an additional sheriff's fee of 10 percent based upon the tax and 10 percent penalties. A delinquent omitted tax bill must be transferred to the County Clerk's Office three months and fifteen days after the initial thirty day payment period.

The sheriff receives three copies of Omitted Real Estate Tax Bill, Revenue Form 62A301-S, from the county clerk. He immediately mails the third copy, "Taxpayer's Notice," to the taxpayer. The first copy, "Taxpayer's Receipt," is to be given to the taxpayer at the time the bill is paid. The second copy, "Sheriff's Copy," is retained as the permanent record of the sheriff. All collections of omitted real estate taxes must be reported monthly in the spaces provided on Sheriff's Monthly Report of Property Tax Collections, Revenue Form 62A394.

Office of Property Valuation
Department of Revenue

IMPORTANT WEB SITES

www.revenue.ky.gov

www.revenue.ky.gov/pvanetwork

www.revenue.ky.gov/clerknetwork