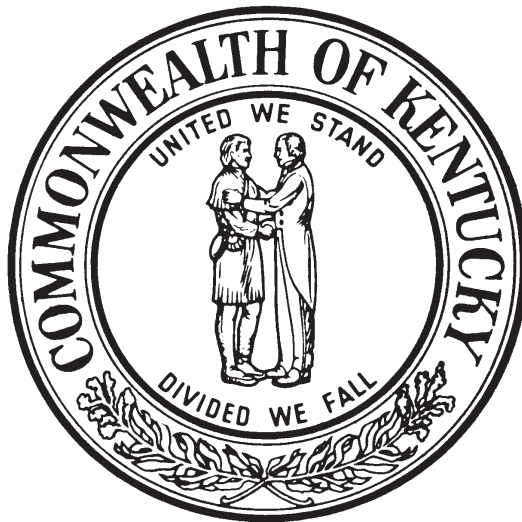


**NONRESIDENT WATERCRAFT
PROPERTY TAX RETURN
2006**



COMMONWEALTH OF KENTUCKY
OFFICE OF PROPERTY VALUATION
DEPARTMENT OF REVENUE



KENTUCKY REVISED STATUTES

136.181 Watercraft assessment, taxation; allocation; value determination

Boats, tugs, barges and other watercraft of any nonresident person, corporation, partnership, or any other business association whose route or system is partly within this state and partly within another state or states, shall be valued by the Department of Revenue for purposes of taxation and shall be assessed as of January 1 each year by the Department of Revenue; and the department shall bill and collect all ad valorem taxes on these watercraft and then fairly divide, allocate, and distribute the tax receipts to each county, city, town, or other taxing district within this state, within or through which such route or system is operated, the division, allocation and distribution to be determined in the following manner:

- (1) The proportion of the value of the property which the length of the lines or route operated in this state bears to the total length of lines or route operated in this state and elsewhere, shall be considered in fixing the value of the property for taxation in this state. Any other reasonable evidence of value shall be considered in fixing the value, but such evidence must be prescribed by department regulations;
- (2) After ascertaining the portion of the system valuation of such property attributable to this state, the Department of Revenue shall allocate the value of the property and distribute the tax receipts among the counties, cities, towns and other taxing districts. The proportion which the length of line or route operated in that jurisdiction or taxing district bears to the total length of lines or route operated in this state shall be considered in this allocation and such other reasonable evidence of value as the Department of Revenue may by regulations prescribe;
- (3) The Department of Revenue shall be permitted to retain as an administration fee 2 percent of the amount due to each recipient of local taxes collected and distributed under this section.

136.187 Exemption of persons or entities covered by KRS 136.120

KRS 136.181 to 136.187 shall not apply to any person, corporation, partnership or other business association coming within the purview of KRS 136.120

136.182 Nonresident owner or operator of watercraft to furnish description of property and of route or system traversed

On or before March 1, 1955, and each year thereafter, each nonresident person, corporation, partnership or other business association owning or operating boats, tugs, barges, or other watercraft whose route or system is partly within this state and partly within another state or states, shall on forms provided by the Department of Revenue provide the Department of Revenue with a detailed description of all such property as well as a detailed description of the entire route or system traversed and such other information as the Department of Revenue may by regulation prescribe.

136.183 When taxes on watercraft are due and payable; collection

The state and local taxes on the above property shall become due 45 days from the date of the notice of assessment and shall be collected directly by the Department of Revenue.

136.184 Protest against tentative assessment of watercraft

Any taxpayer who has been assessed by the Department of Revenue in the manner outlined above shall have 45 days from the date of the department's notice of the tentative assessment in which to protest and ask for a change thereof in the manner provided by KRS 131.110.

The Kentucky Department of Revenue Mission Statement

The mission of the Kentucky Department of Revenue is to . . .

administer tax laws, collect revenue, and provide services in a fair, courteous, and efficient manner for the benefit of the Commonwealth and its citizens.

The Kentucky Department of Revenue does not discriminate on the basis of race, color, national origin, sex, religion, age or disability in employment or the provision of services.

INSTRUCTIONS FOR FILING NONRESIDENT WATERCRAFT PROPERTY TAX RETURN

INTRODUCTION

This packet has been designed for nonresident watercraft companies who are required by KRS 136.181 through KRS 136.187 to file a Kentucky property tax return. It contains the necessary returns, schedules and instructions for this purpose.

WHO MUST FILE (KRS 136.181)

In accordance with state law, the Department of Revenue has the authority to assess boats, tugs, barges and other watercraft of any person, corporation, partnership or any other business association whose route or system is partly within this state and partly within another state or states.

EXEMPTIONS (KRS 136.187)

KRS 136.181 to KRS 136.187 shall not apply to any person, corporation, partnership or any other business association identified and coming within the purview of KRS 136.120. Commercial common carrier bargelines are identified as and subject to taxation as public service companies in KRS 136.120.

WHAT TO FILE (KRS 136.182)

All nonresident entities performing commercial activity within and upon the waterways of Kentucky are required to file **(1) Revenue Form 61A207, Nonresident Watercraft Property Tax Return, and all accompanying schedules**, **(2) all entities must submit a report of charter companies** hired and performing commercial activity within and upon the waterways of Kentucky, and **(3) all entities must submit a complete copy of their U.S. Army Corps of Engineers Activity Reports** for the 12 months of 2004.

WHEN TO FILE (KRS 136.182)

All nonresident entities as specified in KRS 136.181 shall make, file and deliver to the Office of Property Valuation on or before March 1 of each year the required tax return covering the movement of all watercraft in Kentucky during the preceding calendar year.

WHERE TO FILE

All tax returns must be mailed to the following address:
Kentucky Department of Revenue
Office of Property Valuation
Public Service Branch, Station 32, Fourth Floor
200 Fair Oaks Lane
Frankfort, KY 40620

FILING EXTENSIONS

A taxpayer may be granted a 30-day extension for filing the nonresident watercraft property tax return if requested in writing

before March 1. Upon written application, the Office of Property Valuation **may** grant an extension when in its judgment an extension is deemed necessary and proper.

PENALTIES—LATE FILING, OMITTED FILING AND NONCOMPLIANCE (KRS 136.183, KRS 136.990, KRS 132.290(4))

Any taxpayer failing to timely complete, file and deliver the required tax return, schedules and regulatory reports on or before March 1 of each year, shall pay a minimum penalty of 10 percent of the total taxes due. If any taxpayer fails to report as required, the Office of Property Valuation shall ascertain the required facts and determine the assessment values in such a manner and by such means as it deems proper. The penalty for such failure to file is 20 percent of the total taxes due.

Furthermore, any taxpayer, or officer thereof, that willfully fails or refuses to make, file and deliver reports as required by KRS 136.182 shall be fined \$1,000, and \$50 for each day the reports are not made after March 1 of each tax year. In addition, civil action may be brought to compel the company or officer thereof to make the required reports.

NOTIFICATION OF THE ASSESSMENT (KRS 136.184)

Each year the Office of Property Valuation shall determine the assessed value of the nonresident watercraft and notify the owner by mail of the assessment amount.

Once the valuation has been finalized, the Office of Property Valuation shall bill the state and local taxes.

PROTESTING YOUR ASSESSMENT (KRS 136.184 and KRS 131.110)

The assessment shall be final if not protested in writing to the Office of Property Valuation within 45 days from the date of the notice. Such protest shall be accompanied by a supporting written statement setting forth the grounds upon which the protest is made. The supporting statement must set forth whether the protest is based on a factual disagreement and/or disagreement in the interpretation of the applicable statutes. If there are disputed factual issues, the taxpayer must provide financial statements, records, assessments or other documents which will allow the Kentucky Department of Revenue some basis for reconsideration. Further, the statement must clearly identify the specific portion(s) of the assessment to which the protest relates.

No appeal shall delay the collection or payment of taxes based upon the assessment in controversy. The taxpayer shall pay all state, county and other local jurisdictional taxes due on the valuation which the taxpayer claims as the true value as stated in the protest filed under KRS 131.110. Once the appeal is finalized

and the valuation finally determined, the taxpayer shall be billed for any additional tax and interest (at the rate as defined in KRS 131.010(6)) from the date the tax would have become due if no appeal had been taken. The provisions of KRS 134.390 shall apply to the tax bill.

Any unprotested portion (your claimed value) of the assessment becomes final at the end of the 45-day period. After the 45-day protest period expires, a notice of tax due for state and local taxes will be prepared for billing. Therefore, your protest letter must contain (1) a statement of claimed watercraft value, (2) the Kentucky allocation factor, (3) the Kentucky assessment value, and (4) the basis by which the said values were derived.

After a timely protest has been filed, the taxpayer **may** request a conference with the department. The taxpayer may appear in person or by representative. All taxpayers represented by attorney or tax agent must file a power of attorney with the department. Further conferences may be held by mutual agreement. Consideration is given to additional information presented by the taxpayer at the conference.

If the taxpayer's protest of an assessment or refund denial cannot be resolved through correspondence and/or conferences, the Department of Revenue shall issue a written final ruling on any matter still in controversy to be mailed to the taxpayer. The ruling shall state that it is a final ruling of the department, the issues of controversy, the taxpayer's position, the department's position and the procedure for prosecuting an appeal to the Kentucky Board of Tax Appeals (KBTA).

The taxpayer may request a final ruling from the Department of Revenue at any time after filing a timely protest. When it is requested, the department shall issue such ruling within 30 days from the date the request is received.

After the final ruling has been issued, the taxpayer may appeal to the KBTA.

KENTUCKY BOARD OF TAX APPEALS (KRS 131.340—KRS 131.370, KRS 136.050, 103 KAR 1:010)

If a taxpayer desires to appeal a final ruling of the Department of Revenue, the taxpayer must apply for a hearing before the KBTA within 30 days from the date of issuance of the final ruling.

The appeal must be filed in quintuplicate; contain a brief statement of the law and the facts in issue; contain the petitioner's position regarding the law, facts or both; and must contain the petitioner's position regarding the Department of Revenue. The board will set a date for a formal hearing and notify the taxpayer.

On the basis of the hearing, briefs and other documents, the board will issue a written order which will affirm, reverse, modify or remand the final ruling, and will forward a copy of the order to the taxpayer and the Department of Revenue.

Assessments upheld by the board shall be due and payable 30 days after the date of the board's order. All taxes (state, county, school, city and other special taxing jurisdictions) found to be due on any protested assessment or portion thereof shall begin to bear interest at the appropriate rate per annum on the 61st day after the KBTA acknowledges receipt of the protest, but in no event shall interest begin to accrue prior to January 1 following April 30 of the year in which the returns, schedules and regulatory reports are due.

Any party aggrieved by a final order of the KBTA may, within 30 days after such order becomes final, file an appeal with the Franklin Circuit Court or the circuit court of the county in which the aggrieved party resides or conducts his place of business.

PAYMENT OF TAX (KRS 136.183, KRS 134.020, KRS 131.110 and KRS 136.050)

All taxes assessed against any taxpayer under the provisions of KRS 136.181 to KRS 136.187 shall be due and payable 45 days after the state assessment has become final, unless protested. The taxes are payable to the "Kentucky State Treasurer."

All state, county, school, city and other special taxes shall be billed, collected and distributed by the Department of Revenue.

FAILURE TO PAY TAX (KRS 134.020 and KRS 136.990)

Every taxpayer that fails to pay its state, county, school, city and other special taxes beyond 90 days of the due date shall be deemed delinquent, subject to a 10 percent penalty on the tax due, a 10 percent sheriff's fee and thereafter subject to interest at the appropriate rate as defined in KRS 131.010(6). In addition, a 25 percent cost of collection fee will be added to state liabilities that have become final, due and owing. Other local fees and penalties may apply.

Furthermore, any taxpayer that willfully fails to pay its taxes, penalty and interest, shall be fined \$1,000 and \$50 for each day the same remains unpaid to be recovered by indictment or civil action, of which the Franklin Circuit Court shall have jurisdiction.

AMENDED RETURNS

Adjustments to assessments will only be considered if amended data is supplied before the protest period expires or as part of the supporting documentation included with a protest.

To amend any portion of the return, submit a new schedule with "AMENDED," the date submitted and a signature and title of the person filing the amendment written on each page of the amended schedule or on a cover page.

Forms may be obtained from:

www.revenue.ky.gov (Internet)

Taxpayer Assistance and Mailing Address

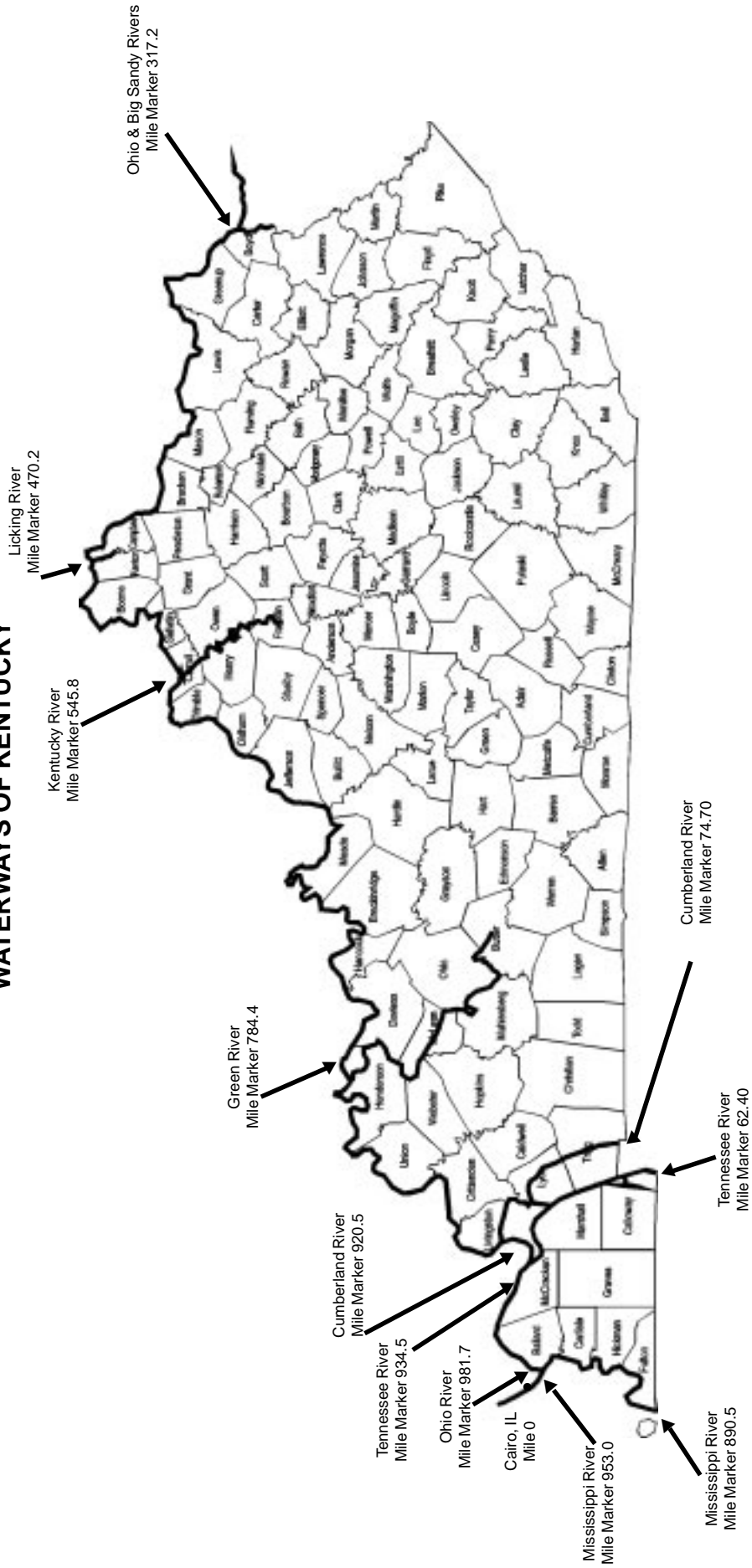
Kentucky Department of Revenue
Office of Property Valuation
Public Service Branch, Station 32, Fourth Floor
200 Fair Oaks Lane
Frankfort, KY 40620
(502) 564-8175
(502) 564-8192 (fax)
www.revenue.ky.gov (Internet)
krcwebresponsepublicservice@mail.state.ky.us (e-mail)

★★★ IMPORTANT MESSAGE TO TAXPAYER ★★★

When reporting actual operated miles, the miles should include *all* miles traveled by *all* vessels you operated, whether owned or leased, during the 12 months of 2005. This will include *all* miles traveled by *all* vessels you operated in 2005, including those vessels you no longer own or lease at the end of the year.

When reporting fleet vessels on the Valuation Worksheet, Schedule A and Schedule B, list *only* those vessels (owned or leased) that remain in your control and possession as of the assessment date of January 1, 2006.

WATERWAYS OF KENTUCKY



River Traveled	Beginning Mile Marker	Ending Mile Marker	Total Navigable Kentucky Miles	Kentucky Territory Percent	Assessment Miles
Ohio	MM 317.2 Near Catlettsburg, KY	MM 981.7 Near Cairo, IL	664.50	90	598.05
Cumberland	Ohio River at Mile 920.5	MM 74.70 Near Linton, KY	74.70	100	74.70
Tennessee	Ohio River at Mile 934.5	MM 62.40 Near Ft. Henry	62.40	100	62.40
Mississippi	MM 890.5 at New Madrid, KY	MM 953.0 Near Cairo, IL	63.50	50	31.75
Kentucky	Ohio River at Mile 545.8	MM 76.00 at Frankfort, KY	76.00	100	76.00
Green	Ohio River at Mile 784.4	MM 143.00 near Morgantown, KY	143.00	100	143.00
Licking	Ohio River at Mile 470.2	Mile Marker 8.00	8.00	100	8.00
Big Sandy	Ohio River at Mile 317.2	Mile Marker 14.20	14.20	50	7.10

61A207 (11-05)
 Commonwealth of Kentucky
 DEPARTMENT OF REVENUE
 Office of Property Valuation
 Public Service Branch
 200 Fair Oaks Lane, Fourth Floor
 Station 32
 Frankfort, Kentucky 40620
 (502) 564-8175

2006 NONRESIDENT WATERCRAFT PROPERTY TAX RETURN

► For owners of commercial watercraft operating in Kentucky waters.

Property Assessed January 1, 2006

*This return must be filed with
 the Office of Property Valuation
 between January 1 and
 March 1, 2006.*

MARCH 2006						
S	M	T	W	T	F	S
			1	2	3	4
5	6		9	10	11	
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Federal ID Number _____</td> <td rowspan="3" style="width: 50%; text-align: center; vertical-align: middle;">Organization</td> </tr> <tr> <td>Social Security Number _____</td> </tr> <tr> <td>Year Kentucky Operations Commenced: _____</td> </tr> </table>	Federal ID Number _____	Organization	Social Security Number _____	Year Kentucky Operations Commenced: _____	<input type="checkbox"/> Individual <input type="checkbox"/> Joint (Co-Owners) <input type="checkbox"/> Partnership/LLP <input type="checkbox"/> Domestic Corp./LLC <input type="checkbox"/> Foreign Corp./LLC <input type="checkbox"/> S Corporation <input type="checkbox"/> Other:
Federal ID Number _____	Organization				
Social Security Number _____					
Year Kentucky Operations Commenced: _____					
Taxpayer Name 1					
LEAVE BLANK					
Name 2					
Address 1					
Address 2					
City	State	ZIP Code			
Contact Person					
Phone ()	Fax ()	E-Mail			
Tax Agent Name 1					
Name 2					
Address 1					
Address 2					
City	State	ZIP Code			
Contact Person					
Phone ()	Fax ()	E-Mail			
Which address above is to be used for mailing the assessment notice, tax bills and certifications? <input type="checkbox"/> Taxpayer Address <input type="checkbox"/> Other _____ <input type="checkbox"/> Tax Agent Address					
Is your company affiliated with any other companies? (Parent/Subs) <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, submit organizational chart and informational reports. (KRS 136.130 and 136.140)					
Has an independent authority or agency valued your property? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, submit a copy of the appraisal report. (KRS 136.130 and 136.140)					
Has the company or a fraction thereof sold, been purchased or merged within the last year? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, complete the appropriate informational report, Revenue Form 61A209 or Revenue Form 61A210, included in this packet.					
Has your company filed bankruptcy within the last 3 years? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, provide the district in which the case was filed, the petition date and the case number _____.					
I declare under the penalties of perjury that this return, including any accompanying schedules and statements, has been examined by me and to the best of my knowledge and belief is a true, correct and complete return.					
Signature _____	Title _____	Date _____			

**Taxpayers completing
 this return must
 complete the agency
 portion in order to
 maintain an agent
 status.**

**Agents completing this
 return must have a
 current power of
 attorney on file with the
 Kentucky Department
 of Revenue or include
 one.**

REPORT OF KENTUCKY WATERWAY OPERATIONS

12 Months Ending December 31, 2005

Please indicate the Kentucky waterways traveled during the calendar year of 2005. Indicate the beginning and ending mile marker for each waterway. *Note: The ending mile marker is the farthest point traveled for any trip during the entire year.*

River Traveled	Beginning Mile Marker	Ending Mile Marker	
Mississippi			If you travel the entire length of the waterway, enter "Full Length."
Ohio			
Big Sandy			
Cumberland			
Tennessee			
Green			
Licking			
Kentucky			

Waterways Traveled by Taxpayer (Enter the total annual actual miles traveled in Kentucky for each waterway, then multiply by the Kentucky territory percent to arrive at the adjusted Kentucky miles.)

River Traveled	Actual Kentucky Operated Miles	Kentucky Territory Percent	Adjusted Actual Kentucky Operated Miles
Mississippi		50%	
Ohio		90%	
Big Sandy		50%	
Cumberland		100%	
Tennessee		100%	
Green		100%	
Licking		100%	
Kentucky		100%	
Total			

Actual Kentucky Operated Miles

Adjusted Actual Kentucky Miles (A)	Actual Miles Elsewhere (B)	Total System Actual Miles (C)	Kentucky Actual Mile Percent $\frac{A}{C}$

Submit a description or a map of your routes within the United States.

Kentucky Route Miles

Kentucky Route Miles (A)	Route Miles Elsewhere (B)	Total System Route Miles (C)	Kentucky Route Mile Percent $\frac{A}{C}$

VALUATION WORKSHEET

INSTRUCTIONS: The original cost of both owned and leased (operated) watercraft including costs of major improvements must be aggregated by age and multiplied by the factor to arrive at the assessed value. For example, the original cost of all property purchased or leased during the preceding calendar year would be aggregated in the original cost column for age 1 and then multiplied by the corresponding factor for age 1 to arrive at the assessed value. If used property is purchased or leased, its age for purposes of this return are as follows: used equipment purchased or leased during the preceding calendar year is age 1; used equipment purchased or leased the second preceding year is age 2; and so forth. All property purchased or leased during second preceding year is to be aggregated in the original cost column for age 2 and then multiplied by the corresponding factor for age 2. Complete this process through age 27. Watercraft 27 years of age and older should be aggregated in the original cost column for age 27. The total for the original cost column must equal the amounts listed on Schedules A and B. The sum of the assessed value column represents the total assessed value of your company's taxable watercraft.

Age	Original Cost	Factor	Assessed Value
1	_____	x .994	_____
2	_____	x .962	_____
3	_____	x .925	_____
4	_____	x .871	_____
5	_____	x .812	_____
6	_____	x .753	_____
7	_____	x .712	_____
8	_____	x .661	_____
9	_____	x .616	_____
10	_____	x .579	_____
11	_____	x .544	_____
12	_____	x .521	_____
13	_____	x .496	_____
14	_____	x .467	_____
15	_____	x .438	_____
16	_____	x .413	_____
17	_____	x .392	_____
18	_____	x .382	_____
19	_____	x .369	_____
20	_____	x .346	_____
21	_____	x .323	_____
22	_____	x .303	_____
23	_____	x .288	_____
24	_____	x .271	_____
25	_____	x .263	_____
26	_____	x .268	_____
27	_____	x .273	_____
27+	_____	x .276	_____
Totals	_____		_____

**SCHEDULE A
REPORT OF OPERATING VESSELS OWNED**

List all vessels owned in your fleet as of January 1, 2006, except vessels listed on Schedule C.

Vessel Name/Number	Coast Guard Number	Type (Boat, Tig, Barge)	Year Acquired	Year Rebuilt/ Improved	Original Cost Purchase Price	Original Cost of Rebuild/ Improvements
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						
13.						
14.						
15.						
16.						
17.						
18.						
TOTAL ▶					\$	\$

**SCHEDULE B
REPORT OF OPERATING VESSELS LEASED FROM OTHERS**

List all vessels leased as of January 1, 2006, except vessels listed on Schedule C.

Vessel Name/Number	Coast Guard Number	Type <i>(Boat, Tug, Barge)</i>	Year Acquired	Year Rebuilt/ Improved	Original Cost Purchase Price	Original Cost of Rebuild/ Improvements	Annual Lease Payment	Name of Lessor
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								
9.								
10.								
11.								
12.								
13.								
14.								
15.								
16.								
17.								
18.								
TOTAL ▶					\$	\$	\$	

**SCHEDULE C
REPORT OF OPERATING VESSELS LEASED TO OTHERS**

List all vessels you owned or leased and have leased to another entity as of January 1, 2006.

Vessel Name/Number	Coast Guard Number	Type (Boat, Tug, Barge)	Year Acquired	Year Rebuilt/Improved	Original Cost Purchase Price	Original Cost of Rebuild/Improvements	Annual Lease Payment	Name of Lessor
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								
9.								
10.								
11.								
12.								
13.								
14.								
15.								
16.								
17.								
18.								
TOTAL								\$
TOTAL								\$
TOTAL								\$

DEPARTMENT OF REVENUE
OFFICE OF PROPERTY VALUATION
FRANKFORT, KENTUCKY 40620

IMPORTANT—DO NOT DESTROY

(This packet contains Property Tax Returns and Instructions)