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2006 UNMINED COAL PROPERTY TAX INFORMATION RETURN

Only file this return if you acquired, surrendered or assigned control of properties through ownership or lease last year, or if you have not listed your coal properties previously. However, if you have geological data that has not been submitted to the Department of Revenue, you must file Schedule G of the return and submit the data.

TO KENTUCKY TAXPAYERS:

The Kentucky Department of Revenue is responsible for valuing coal and other mineral resources. This property tax return must be submitted to the Office of Property Valuation by April 17, 2006. Upon completion of the valuation process, an assessment notice will be mailed. This will not be a bill. All property owners will have full appeal rights. **Tax bills will be mailed by the sheriff of each county.**

All information contained in the return and all accompanying documentation (including maps) is strictly confidential (KRS 131.190).

Assistance can be obtained from the Office of Property Valuation, Division of Minerals Taxation and GIS Services, Frankfort, Kentucky 40620, (502) 564-8334 or 564-8335, fax (502) 564-5977, or from the Department of Revenue's Web site at www.revenue.ky.gov.

The tax forms can also be obtained in a pdf format at the Web site listed below. They are listed under Unmined Minerals Forms.

IMPORTANT INFORMATION FOR 2006

- A **complete** 2006 return must be submitted for **only** those properties where control was acquired or surrendered through ownership or lease last year, or for coal properties not previously listed. However, if you have geological data that has not been submitted to the Department of Revenue, you must file Schedule G of the return and submit the geological data.
- Maps are required for any properties where schedules are required or if geological information is submitted.
- Complete Schedule F if you qualify for the farm exception as defined by HB 243 (KRS 132.820(1)).
- Returns **not** filed by the April 17, 2006, deadline will be considered late and subject to possible penalties under the **omitted** statute (KRS 132.290).

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.

FILING INSTRUCTIONS

Only file for properties where control was acquired or surrendered during 2005 and/or to submit geological information that has not previously been submitted.

1. Who must file this return?

Corporations, partnerships, individuals or other entities (natural or legal) described under one or more of the following categories as of January 1.

- A. Holders of a coal mining and reclamation permit anywhere in the Commonwealth of Kentucky. (This includes contract miners who hold a permit.)
- B. Owners of coal property.
- C. Holders of coal leases.
- D. Filers for the prior year who no longer own coal properties, or hold coal leases or mine permits (Schedule D or E).

NOTE: Contract miners who do not own or lease mineral properties and who do not hold mining permits are *not* required to file.

2. What schedule(s) do I file?

Fee Property Ownership	Schedule A
Mineral Property Ownership	Schedule B
Leased Property (property leased from other party)	Schedule C
Property or Stock Transfers	Schedule D
Lease Terminations, Transfers or Assignments	Schedule E
Farm Exception	Schedule F
Geologic Information	Schedule G

3. What coal properties are to be included in this return?

- A. All properties either owned or leased if they have not been previously listed.
- B. Coal properties acquired or divested by sale, inheritance, gift or any other transaction.
- C. Coal leases acquired, surrendered or transferred by lease, lease termination, assignment or any other transaction.



4. How do I report property located in more than one county?

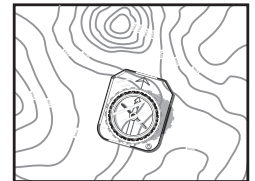
Complete returns must be filed for each county. Those parcels located in two or more counties must be reported in each county with the appropriate acreage adjustments.

5. What mapping information do I file?

A. Map Specifications (for all maps submitted)

The base maps may be purchased from Kentucky Geological Survey, 228 Mining and Mineral Resources Building, Lexington, Kentucky 40506-0107, (859) 257-5500.

- 1. Map base must be either:
 - a. U.S.G.S. (7.5' topographic quadrangle)
 - b. U.S.G.S. Planimetric (7.5' quadrangle)
- 2. All maps must be 1:24,000 (1 inch = 2,000 feet).
- 3. All maps must include a legend which clearly identifies the information provided. Any colors or symbols used for coding purposes must be defined.



NOTE: Map base must be a complete individual quad. (Partial quad maps or maps with quads combined are not acceptable.) Individual owners who cannot obtain base maps as outlined in a and b above may provide any map that accurately identifies property boundaries and location. Maps must indicate nearby landmarks (roads, rivers, etc.).

B. Map Types

There are **four distinct types of maps** (i.e., fee or mineral ownership, lessee, lessor and reserve). The type of map(s) you submit will be dependent upon your filing status. Review the categories below to determine which map(s) should be filed and what information must be included for each type of map.

1. **Fee or Mineral Property Ownership Maps.** These maps are required only for properties purchased during the previous year or if maps that depict your mineral holdings have not previously been submitted.
 - a. Each individual fee or mineral parcel boundary must be clearly outlined. Both fee and mineral properties can be shown on one map if the parcels are clearly identified as fee or mineral. If the boundaries of the ownership in a seam(s) are different from the others in a given parcel, they must be submitted on a separate seam map for identification purposes.
 - b. Each parcel must contain only **one** unique identifier and match the information reported on Schedule A or B.
 - c. Identify the type of ownership (mineral or fee).
 - d. Oil and gas well locations may be plotted and the type of status must be indicated (inactive, active or unknown). A separate map must be submitted if the information becomes cluttered. This information requirement is optional.
 - e. Geologic core holes and other exploration data points with identifications and exact locations must be plotted (if not previously submitted).
 - f. Legend must include:
 - (1) filer's name, filer's federal I.D. or Social Security number;
 - (2) quadrangle name and tax year;
 - (3) type of map (fee or mineral); and
 - (4) coal seam information (the status of ownership of each coal seam must be clearly indicated).

Example: Parcel A — all coal seams are owned
Parcel B — all coal seams, except Elkhorn 3 are owned
Parcel C — coal seam 1 only is owned

If the legend information cannot be shown on the map itself, attach an additional sheet to the map which lists the requested information.

2. Lessee Maps

These maps are required only for properties leased during the previous year or if maps of your leased property were not previously submitted.

- a. Leased boundaries must be clearly outlined. Properties of different ownership cannot be combined and identified as one parcel. Each individual ownership parcel must be outlined and a unique parcel identifier assigned. Undivided ownership on a distinct property must be identified as one parcel.
- b. A separate map must be submitted where the lease boundaries of a seam or seams are different on each individual parcel.
- c. Each parcel must contain **one** unique identifier and match the information reported on Schedule C.
- d. Oil and gas well locations may be plotted and type and status must be indicated (inactive, active or unknown). A separate map must be submitted if the information becomes cluttered. This information requirement is optional.
- e. Geologic core holes and other exploration data points with identifications and exact locations must be plotted (if not previously submitted).
- f. Legend must include:
 - (1) filer's name, filer's federal I.D. or Social Security number;
 - (2) quadrangle name and tax year;
 - (3) type of map (lessee); and
 - (4) coal seam information (the status of each coal seam leased within each individual parcel must be clearly indicated).

Example: Parcel A — all coal seams are leased
Parcel B — all coal seams, except Elkhorn 3 are leased
Parcel C — only coal seam, Elkhorn 3, is leased

If the legend information cannot be shown on the map itself, attach an additional sheet to the map which lists the above requested information.

3. Lessor Maps

These maps are required only for properties leased during the previous year or if maps of your leased property were not previously submitted.

NOTE: If the entire parcel is leased to one lessee, a separate map is not required. However, the information requested below must be shown on the fee and mineral ownership map.

- a. Lease boundaries must be clearly outlined and lessee's name indicated for coal property leased.
- b. Legend must include:
 - (1) filer's name, filer's federal I.D. or Social Security number;
 - (2) quadrangle name and tax year;
 - (3) type of map (lessor); and
 - (4) coal seam information (**seams leased for each property must be clearly indicated**).

Example: Lessee A — all coal seams are leased
Lessee B — all coal seams, except Elkhorn 3 are leased
Lessee C — only coal seam, Elkhorn 3, is leased

If the legend information cannot be shown on the map itself, attach an additional sheet to the map which lists the above requested information.

4. Reserve Maps

These maps are required only for properties acquired during the previous year or if your maps have not been previously submitted.

- a. Outline of areas of previously mined out coal reserves.
- b. Outline of the entire area of mineable coal reserves.
- c. Outline of areas of coal seams that have been determined unmineable. **Examples:** Bad top, faults, wetlands, steep slopes, soft/poor floor conditions, insufficient depth of cover, excessive depth of cover, oil well barrier, coal sterilized by mining in close vertical proximity (above or below), old works barrier, areas where a permit has been denied due to environmental constraints, excessive parting (where the thickness of rock or clay parting exceeds 28 percent of the total seam height), etc. **You must supply separate, specific documentation supporting your determination of unmineable areas.**
- d. Legend must include:
 - (1) filer's name, filer's federal I.D. or Social Security number;
 - (2) quadrangle name and tax year;
 - (3) type of map (reserve);
 - (4) coal seam identification (name); and
 - (5) colors and symbols must be defined.

6. How do I report property and stock transfers?

Complete Schedule D.

7. How do I provide geological information?

Complete Schedule G. Information previously submitted to the Department of Revenue should not be resubmitted.

8. How do I report leases which were terminated or assigned during the previous year?

Complete Schedule E for leases terminated or assigned during the previous year.

9. How do I report farm property in Kentucky?

Complete Schedule F of the Unmined Coal Property Tax Information Return. When requesting the farm exception, the surface owner must complete one schedule for each parcel applicable. The farm exception is only applicable for parcels whose primary use is for the purpose of raising for sale agricultural crops, including planted and managed timberlands, livestock or poultry.

10. Who is responsible for paying this tax?

The owner (lessor) of the coal is legally responsible for paying the tax; however, if a leasehold interest exists, the lessee may also have a taxable interest in the property. In addition, contractual agreements between lessor and lessee may specify which party is responsible, although **this does not relieve the owner from the tax liability.**

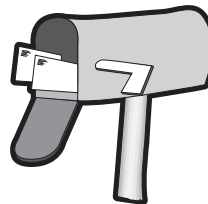
11. How do I obtain additional copies of this return?

Any part of this return may be photocopied if necessary. Additional returns and schedules may be obtained from the Office of Property Valuation, Division of Minerals Taxation and GIS Services, Station 33, 200 Fair Oaks Lane, Frankfort, Kentucky 40620, (502) 564-8334 or 564-8335. Visit the Department of Revenue's Web site at www.revenue.ky.gov to download forms.



13. Where do I send the completed return?

Send the completed return to:
Department of Revenue
Office of Property Valuation
Division of Minerals Taxation and GIS Services
Station 33
200 Fair Oaks Lane
Frankfort, Kentucky 40620



DEFINITIONS

- **Assessment Date**—The assessment date for all unmined coal is January 1.
- **Barren Areas**—Areas where a coal seam is absent due to subcrop, nondeposition or erosion and replacement by rock (nontaxable—must be illustrated on reserve maps).
- **Fee Property Ownership**—Ownership of both surface and minerals for a defined area of real property.
- **Lease**—An agreement granting use and mining rights for a property from a lessor to a lessee.
- **Leasehold Interest**—Lessee has a valuable economic interest in a leased property because the royalty that he is obligated to pay under the terms of a lease is less than current market royalty for similar properties.
- **Lessee**—Any person, company, corporation, partnership or other entity (either natural or legal) who obtains **from another party** coal mineral rights or mining rights by lease.
- **Lessor**—Any person, company, corporation, partnership or other entity (either natural or legal) who grants to another party coal mineral rights or mining rights by lease.
- **Mineable Coal**—Coal reserves which meet the mining and quality criteria outlined below. However, coal reserves which do not meet the criteria below but which have similar characteristics to those being mined in substantial quantities from the coal field (East or West) where they are located must be classified as mineable. All permitted coal, regardless of characteristics, must be classified as mineable unless documentation is provided that supports an unmineable classification.

A. Mining Criteria:

East Kentucky

Deep Mining Reserves (shaft or slope access)

- 36 inches or more in coal thickness excluding parting

Deep or Auger Mining Reserves (highwall or drift access)

- 30 inches or more in coal thickness excluding parting

Surface Mining

- Mountain top or area mining—Ratio of 15 bank cubic yards or less (overburden and interburden) to 1 ton (in-place coal) any seam or combination of seams which would be recovered during mining.
- Contour—Ratio of 10 bank cubic yards or less (overburden and interburden) to 1 ton (in-place coal) any seam or combination of seams which would be recovered during mining.

West Kentucky

Deep Mining Reserves (shaft or slope access)

- 48 inches or more in coal thickness excluding parting

Deep or Auger Mining Reserves (highwall or drift access)

- 36 inches or more in coal thickness excluding parting

Surface Mining

- Area Mining—Ratio of 15 bank cubic yards or less (overburden and interburden) to 1 ton (in-place coal) any seam or combination of seams which would be recovered during mining.
- Contour—Ratio of 10 bank cubic yards or less (overburden and interburden) to 1 ton (in-place coal) any seam or combination of seams which would be recovered during mining.

B. Quality Criteria:

- Coal reserves which have similar quality characteristics (as measured by BTU, moisture content, sulphur content and ash content) to coal reserves being mined and sold in substantial quantities from the coal field (East or West) where they are located.

- **Mined Out Coal**—The portion of the coal reserves which have been subjected to some form or degree of mining extraction. If secondary mining is anticipated, such reserves must be classified as mineable coal.
- **Mineral Property Ownership**—Ownership of mineral rights for a defined area of real property, where the surface is owned by another party.
- **Owner**—Any person, company, corporation, partnership or any other entity (either natural or legal) who owns any interest in coal reserves in Kentucky, either fee or mineral rights.
- **Parcel**—A single, discrete unit of mineral property having defined boundaries. Adjoining tracts or parcels under the same ownership should be combined into one parcel even though their acquisition may have been in two or more deeds and at different times.
- **Sublessee**—Any person, company, corporation, partnership or other entity (either natural or legal) who obtains coal mineral rights or mining rights from a lessee by lease.
- **Taxable Coal**—Reserves or resources which, if offered at a fair and voluntary sale, would bring a cash value in some amount.
- **Taxpayer's Value**—Estimated dollar amount of the value of the coal ownership. This must be provided by the owner when there is not sufficient technical information available to calculate an assessment. This value should be based on other information available to the owner such as purchase price, value of other comparable properties, etc.
- **Unmineable Coal**—Coal reserves which are not mineable.



2006 UNMINED COAL PROPERTY TAX INFORMATION RETURN

Commonwealth of Kentucky
DEPARTMENT OF REVENUE

File a Separate Return for Each County



TAX YEAR 2006

FILER INFORMATION

Name _____

Mailing address _____

City _____ State _____ ZIP code _____

Telephone (____) _____ - _____ Fax (____) _____ - _____

Social Security number ____-____-____ or federal I.D. number ____-____-____

County where property is located _____

Review your return carefully. All applicable schedules must be completed as requested. Incomplete filings will not be accepted.

VERIFICATION

Under penalties of perjury, I do solemnly swear or affirm that I have examined this report, including accompanying schedules, statements and maps, and to the best of my knowledge, information and belief, it is a true, correct and complete return. I acknowledge under these same conditions that any and all documentation supporting and/or requesting an assessment adjustment is incorporated by reference into this return and made a part hereof.

Dated this _____ day of _____, _____.

Authorized Name and Title (Print or Type)

Preparer's Name, Title and Mailing Address

Authorized Signature

Preparer's Signature

Mail completed return to:
Department of Revenue
Office of Property Valuation
Station 33
200 Fair Oaks Lane
Frankfort, KY 40620

FILER
NAME _____

**SCHEDULE A
FEE PROPERTY OWNERSHIP**

Owners must complete this form for **each fee ownership parcel** outlined on the property map.

1. Name and address of owner _____

Percent of ownership _____ Social Security/federal I.D. number _____

If the parcel is owned by several parties holding an undivided interest, list their names, addresses, percentages of ownership and federal I.D. or Social Security numbers of owners. *Attach separate sheet with this information.*

2. Owner's parcel identifier (as submitted to the Department of Revenue) _____

3. Property location (county) _____ 4. U.S.G.S. quadrangle name(s) _____

5. Area in acres _____ 6. Deed book and page number _____

7. Do you own all of the coal seams in this parcel? **If this section is not completed, the Department of Revenue will assume that you own all seams.** Yes No. If no, list the seams owned _____

If you know who owns the other seams, provide name and address. _____

If the parcel is leased to another party(s), complete questions 1 through 12 and the reverse of this schedule for each separate lease. Attach additional Schedules A if necessary.

1. Advance royalty paid when the lease was executed \$ _____

2. Annual minimum royalty \$ _____

3. Execution date of lease _____ 4. Expiration date of lease _____

5. Was this lease an arm's-length transaction between unrelated parties? Yes No

6. Name and address of lessee _____

7. Lessee parcel I.D. _____

8. Royalty per ton \$ _____ 9. Royalty percentage of sales _____ %

10. County of record _____ 11. Area in acres _____

12. Leased seams (name) _____

If seam names are not listed, then it will be assumed that all seams are leased.

Complete the reverse of this schedule.

FILER
NAME _____

**SCHEDULE B
MINERAL PROPERTY OWNERSHIP (COAL ONLY)**

Owners must complete this form for **each mineral parcel** owned.

1. Name and address of owner _____

Percent of ownership _____ Social Security/federal I.D. number _____

If the parcel is owned by several parties holding an undivided interest, list their names, addresses, percentages of ownership and federal I.D. or Social Security numbers of owners. *Attach separate sheet with this information.*

2. Owner's parcel identifier (as submitted to the Department of Revenue) _____

3. Property location (county) _____

4. U.S.G.S. quadrangle name(s) _____

5. Area in acres _____

6. Do you own all of the coal seams in this parcel? **If this section is not completed, the Department of Revenue will assume that you own all seams.** Yes No. If no, list the seams owned _____

If you know who owns the other seams, provide name and address. _____

If the parcel is leased to another party(s), complete questions 1 through 12 and the reverse of this schedule for each separate lease. Attach additional Schedules B if necessary.

1. Advance royalty paid when the lease was executed \$ _____

2. Annual minimum royalty \$ _____

3. Execution date of lease _____ 4. Expiration date of lease _____

5. Was this lease an arm's-length transaction between unrelated parties? Yes No

6. Name and address of lessee _____

7. Lessee parcel I.D. _____

8. Royalty per ton \$ _____ 9. Royalty percentage of sales _____ %

10. County of record _____ 11. Area in acres _____

12. Leased seams (name) _____

If seam names are not listed, then it will be assumed that all seams are leased.

Complete the reverse of this schedule.

FILER
NAME _____

**SCHEDULE C
LEASED PROPERTY**

All lessees and sublessees must complete this property schedule for each parcel **leased from another party**. This return must also be completed when the terms of a lease are revised.

1. Name and address of owner _____

Percent of ownership _____ Social Security/federal I.D. number _____

If the parcel is leased from several parties holding an undivided interest, list their names, addresses, percentages of ownership and federal I.D. or Social Security numbers of owners. *Attach separate sheet with this information.*

2. Name and address of lessor if different from owner _____

3. Owner parcel identifier (as submitted to the Department of Revenue) _____

Type of ownership (fee/mineral) _____

Complete the following if you have subleased any part of this property to another party.

1. Name and address of sublessee _____

Social Security/federal I.D. number _____

2. Sublessee parcel identifier (as submitted to the Department of Revenue) _____

3. Area in acres subleased _____

4. Name of seams subleased _____

5. Royalty rate received from sublessee: Dollar per ton \$ _____ Percentage _____ %

Complete the following and the reverse of this schedule.

1. Filer (your) parcel identifier as identified on the lessee map _____

2. Execution date of lease _____ 3. Expiration date of lease _____

4. County of record _____ 5. Deed book and page number _____

6. U.S.G.S. quadrangle name(s) _____ 7. Number of leased acres _____

8. Leased seams (name) _____

If seam names are not listed, then it will be assumed that all seams are leased.

FILER
NAME _____

**SCHEDULE D
PROPERTY OR STOCK TRANSFERS**

1. Type of transaction or exchange: Purchase Sale Stock Inheritance Gift Exchange
 Other (explain) _____

2. Grantee _____ Social Security or federal I.D. number _____

Address _____ State _____ ZIP code _____

3. Grantor _____ Social Security or federal I.D. number _____

Address _____ State _____ ZIP code _____

4. Date of transaction _____

5. Total transaction price _____

a. Price for coal acreage (in-place tons) _____

b. Price for surface acreage and improvements _____

c. Oil and gas _____

d. Other _____

6. List any significant liabilities which affected sale price _____

7. Was this an arm's-length transaction? Yes No

8. Parcel identifier of previous owner if known (as identified on return and maps) _____

New parcel identifier (if known) _____

a. Quadrangle _____

b. County _____

Use Schedule D continuation sheet if necessary.

9. Total parcel acreage _____

10. Coal seams included in transaction _____

11. Supply a copy of the deed or sales transaction agreement and the appropriate maps for each individual parcel.

NOTE: The new owner must file Schedule A or B with appropriate maps.

FILER
NAME _____

SCHEDULE F
FARM EXCEPTION TO UNMINED MINERALS TAX

KRS 132.820(1) was amended by House Bill 243 during the 2002 legislative session to provide exceptions to the unmined minerals tax "If (a) The unmined coal, oil and gas reserves, and other mineral or energy resources are owned in their entirety by the surface owner; (b) The surface owner is neither engaged in the severance, extraction, processing, or leasing of mineral or other energy resources nor is he an affiliate of a person who engages in those activities; and (c) The surface is being used by the surface owner primarily for the purpose of raising for sale agricultural crops, including planted and managed timberland, or livestock or poultry." For purposes of this section, "affiliate" means a person who directly or indirectly owns or controls, is owned or controlled by, or is under common ownership or control with, another individual, partnership, committee, association, corporation, or any other organization or group of persons.

If you qualify for the exception under KRS 132.820(1), complete this form.

1. Name and address of owner _____

2. Owner's parcel identification (as submitted to the Department of Revenue) _____
3. Property location (county) _____
4. U.S.G.S. quadrangle name(s) _____
5. Do you own both the surface of this property and the mineral resources in their entirety?
 Yes No (not eligible for exception)
6. Are you engaged in or affiliated with anyone engaged in the severance, extraction, processing or leasing of coal?
 Yes (not eligible for exception) No
7. Do you use the surface primarily for the purpose of raising for sale agricultural crops, including planted and managed timberlands, or livestock or poultry?
 Yes (submit last year's federal Form 1040, Schedule F or other verification) No (not eligible for exception)
8. A fee ownership map must be submitted for this property if not previously submitted.

SCHEDULE G
GEOLOGICAL INFORMATION
BY COUNTY

First-time filer(s) must complete this schedule in its entirety. Filers need only provide information that has not been previously submitted.

Additional or new data submitted? Yes No

All data submitted for first time? Yes No

A. EXPLORATION INFORMATION

For each core/rotary drill hole, prospect pit/trench or point of information identified on the map submitted.

1. Type of opening (core hole, rotary hole, prospect sample, etc.).
2. Collar elevation of drill hole or elevation of prospect opening.
3. Copy of complete core log or driller's log. For rotary holes and other openings where no log is available, provide a summary which lists the seam name, total seam thickness, total partings, thickness and bottom of coal elevation.
4. Indicate if the hole was electrically logged and provide a copy of the geophysical log in addition to the core log.
5. Submit a map, at 1inch = 2,000 feet scale, with data point identifications and exact locations clearly depicted.

B. ANALYTICAL INFORMATION

For each coal seam identified on the exploration and prospecting records furnished under Part A above, supply a complete summary or copies of laboratory analyses outlining the following information:

1. Data point identification number.
2. Standard proximate analysis results: moisture, BTU, ash, sulphur, fixed carbon and volatile, on an as-received basis. Other tests on the sample (FSI, fusion, Arnaud, etc.).
3. If float-sink was done on the sample, provide the results of this test including BTU, ash, fixed carbon, volatile and sulphur values of the float material on a dry basis.

YOUR RIGHTS AS A KENTUCKY TAXPAYER

The mission of the Kentucky Department of Revenue (DOR) 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.

As a Kentucky taxpayer, you have the right to expect the DOR to honor its mission and uphold your rights every time you contact or are contacted by the DOR.

RIGHTS OF TAXPAYER

Privacy—You have the right to privacy of information provided to the DOR.

Assistance—You have the right to advice and assistance from the DOR in complying with state tax laws.

Explanation—You have the right to a clear and concise explanation of:

- basis of assessment of additional taxes, interest and penalties, or the denial or reduction of any refund or credit claim;
- procedure for protest and appeal of a determination of the DOR; and
- tax laws and changes in tax laws so that you can comply with the law.

Protest and Appeal—You have the right to protest and appeal a determination of the DOR if you disagree with an assessment of tax or penalty, reduction or a denial of a refund, a revocation of a license or permit, or other determination made by the DOR.

Conference—You have the right to a conference to discuss a tax matter.

Representation—You have the right to representation by your authorized agent (attorney, accountant or other person) in any hearing or conference with the DOR. You have the right to be informed of this right prior to the conference or hearing. If you intend for your representative to attend the conference or hearing in your place, you may be required to give your representative a power of attorney before the DOR can discuss tax matters with your authorized agent.

Recordings—You have the right to make an audio recording of any meeting, conference or hearing with the DOR, or to be notified in advance if the DOR plans to record the proceedings and to receive a copy of any recording.

Consideration—You have the right to consideration of:

- waiver of penalties or collection fees if "reasonable cause" for reduction or waiver is given ("reasonable cause" is defined in KRS 131.010(9) as: "an event, happening, or circumstance entirely beyond the knowledge or control of a taxpayer who has exercised due care and prudence in the filing of a return or report or the payment of monies due the department pursuant to law or administrative regulation");
- installment payments of delinquent taxes, interest and penalties;
- waiver of interest and penalties, but not taxes, resulting from incorrect written advice from the DOR if all facts were given and the law did not change or the courts did not issue a ruling to the contrary;
- extension of time for filing reports or returns; and
- payment of charges incurred resulting from an erroneous filing of a lien or levy by the DOR.

Guarantee—You have the right to a guarantee that DOR employees are not paid, evaluated or promoted based on taxes assessed or collected, or a tax assessment or collection quota or goal imposed or suggested.

Damages—You have the right to file a claim for actual and direct monetary damages with the Kentucky Board of Claims if a DOR employee willfully, recklessly and intentionally disregards your rights as a Kentucky taxpayer.

Interest—You have the right to receive interest on an overpayment of tax, except delinquent property tax, payable at the same rate you would pay if you underpaid your tax.

DEPARTMENT OF REVENUE RESPONSIBILITIES

The DOR has the responsibility to:

- perform audits, conduct conferences and hearings with you at reasonable times and places;
- authorize, require or conduct an investigation or surveillance of you only if it relates to a tax matter;
- make a written request for payment of delinquent taxes which are due and payable at least 30 days prior to seizure and sale of your assets;
- conduct educational and informational programs to help you understand and comply with the laws;
- publish clear and simple statements to explain tax procedures, remedies, your rights and obligations, and the rights and obligations of the DOR;
- notify you in writing when an erroneous lien or levy is released and, if requested, notify major credit reporting companies in counties where lien was filed;
- advise you of procedures, remedies and your rights and obligations with an original notice of audit or when an original notice of tax due is issued, a refund or credit is denied or reduced, or whenever a license or permit is denied, revoked or canceled;
- notify you in writing prior to termination or modification of a payment agreement;
- furnish copies of the agent's audit workpapers and a written narrative explaining the reason(s) for the assessment;
- resolve tax controversies on a fair and equitable basis at the administrative level whenever possible; and
- notify you in writing at your last known address at least 60 days prior to publishing your name on a list of delinquent taxpayers for which a tax or judgment lien has been filed.

The DOR has a Taxpayer Ombudsman's Office which consists of the Ombudsman and a staff whose job is to serve as an advocate for taxpayers' rights. One of the main functions of the office is to ensure that your rights as a Kentucky taxpayer are protected by the DOR.

The Taxpayer Ombudsman's Office may be contacted by telephone at (502) 564-7822 (between 8:00 a.m. and 4:30 p.m. weekdays). From a Telecommunication Device for the Deaf (TDD), call (502) 564-3058. The mailing address is: Office of Taxpayer Ombudsman, P.O. Box 930, Frankfort, Kentucky 40602-0930.

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This information merely summarizes your rights as a Kentucky taxpayer and the responsibilities of the Department of Revenue. The Kentucky Taxpayers' Bill of Rights may be found in the Kentucky Revised Statutes (KRS) at Chapter 131.041—131.081. Additional rights and responsibilities are provided for in KRS 131.020, 131.110, 131.170, 131.183, 131.500, 133.120, 133.130, 134.580 and 134.590.