

# Kentucky Tax Alert

## 2011 SEATA CONFERENCE

From June 26 through June 29, approximately 300 delegates convened at the Galt House Hotel in Louisville for the 61st Annual Conference of the Southeastern Association of Tax Administrators (SEATA).

At Monday's opening ceremony, delegates were welcomed by Bill Samuels (Maker's Mark) with a brief and entertaining history of Kentucky's bourbon industry. Delegates then heard from keynote speaker Cletus



Coughlin of the Federal Reserve Bank of St. Louis and Bill Fox of the University of Tennessee. On Monday afternoon the SEATA Commissioners

and Industry Council hosted a roundtable, followed by breakout sessions on subjects such as *Top 10-20 SALT Cases* from Stephen Kranz and Mark F. Sommer, Chairman of the Industry Council, and *Income Tax Developments* from William Townsend and Loren Chumley.

Tuesday began with the *State of the States* presented by Paul Frankel of Morrison & Foerster and Richard Pomp of the University of Connecticut. They were followed by Sissy Meredith of the Kentucky Personnel Cabinet with her presentation, *Generations at Work*, and Joe Huddleston of the Multistate Tax Commission speaking on *National Developments in State Business Taxation*. Tuesday afternoon featured several breakout sessions including Scott Peterson's *Streamlined Sales Tax Update*, Arthur Rosen's Report from Washington and the *State Reciprocal Program* from Horace Tate, FMS.

The 2011 SEATA conference wrapped up on Tuesday night with a closing reception and banquet during which delegates were introduced to the host of the 2012 SEATA Conference, Craig Griffith of West Virginia. Commissioner Griffith invited the delegates to attend next year's SEATA Conference from July 22 to July 25, 2012 at The Greenbrier Resort in White Sulphur Springs, West Virginia.

## PROHIBITED SALES TAX ADVERTISING

The Department of Revenue has noticed several incidents recently where advertisements have occurred in violation of KRS 139.220. In place since 1960, this law prohibits any retailer from advertising or holding out or stating to the public or customer, directly or indirectly, that the sales tax required to be collected from the customer

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(KRS 139.240) will be assumed or absorbed by the retailer or the tax will not be added or not refunded if added. The department strives to immediately address those incidents when reported or found. Violators will be contacted to immediately correct or retract the advertisement. Willful violation of this law may result in penalties.

## STATE PROPERTY TAX RATE SET AT 12.2 CENTS FOR 2011

The Kentucky Department of Revenue (DOR) has set the 2011 State Real Property Tax Rate at 12.2 cents per \$100 of assessed value. Kentucky Revised Statute 132.020 requires the DOR to set the real property rate no later than July 1 of each year.

This rate is based on the revenue generated from the increase in taxable real property assessments from 2010 to 2011. If the increase in revenue is more than 4 percent after the exclusion of new

property added to the tax roll during 2011, then the prior year rate must be reduced. Because the assessment increase for 2011 is estimated at 1.05 percent, the state rate will remain the same as the 2010 rate, 12.2 cents per \$100 of assessed value.

All of the revenue generated from the state property tax rate will go into the state's General Fund.

## GASOLINE EXCISE RATE INCREASES

For the quarter July 1 through Sept. 30, 2011, the combined tax rate for the Kentucky variable motor fuels normal tax and "Supplemental Highway User Motor Fuel" tax will increase to 26.4 cents per gallon on gasoline and liquefied petroleum gas. The rate will increase to 23.4 cents per gallon on special fuels.



The Petroleum Storage Tank Environmental Assurance Fee for the same quarter remains 1.4 cents per gallon.

Kentucky Tax Alert comments and suggestions should be addressed to the Office of Public Information, Finance Secretary's Office, Frankfort, Kentucky, (502) 564-0937.

**STEVEN L. BESHEAR, Governor**

**LORI FLANERY, Secretary  
Finance and Administration Cabinet**

**THOMAS B. MILLER, Commissioner  
Department of Revenue**

**Cindy Lanham, Editor  
Sarah Gilkison, Publications Coordinator  
Production/Design: Support Services**

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