

Kentucky Tax Alert

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2007 State Property Tax Rate Set at 12.4 Cents

The Kentucky Department of Revenue (DOR) has set the 2007 State Real Property Tax Rate at 12.4 cents per \$100 of assessed value. KRS 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 percentage increase of taxable real property from 2006 to 2007. If this increase is more than 4 percent after the exclusion of property newly added to the tax roll during 2007, then the prior year rate must be reduced to limit the revenue increase to 4 percent. Since the assessment increase for 2007 is estimated at 6.8 percent, the state rate must decline from 12.8 to 12.4 cents per \$100 of assessed value.

Gasoline Excise Tax Rate

Under KRS 138.210 and KRS 138.220, the Department of Revenue (DOR) is responsible for establishing the average wholesale price (AWP) of gasoline for the purpose of calculating the gasoline excise tax rate. The current price calculation is based on sales data accumulated during April 2007 and a grade and formulation weighted average reflecting gasoline consumption patterns. For the quarter commencing July 1, 2007, the DOR has determined the AWP of gasoline increased to \$1.624. Therefore, the rate is now 21 cents per gallon for gasoline and 18 cents per gallon for special fuels and is inclusive of the 1.4 cents Petroleum Storage Tank Environmental Assurance Fee. Additionally, the rate for liquefied petroleum increased to 19.6 cents per gallon.

List of Delinquent Debtors

The Department of Revenue (DOR) has the statutory authority to post lists of delinquent debtors on the Internet. DOR first posted lists of individual and business delinquent debtors in February 2005. The initial listings included some of the most delinquent debtors

who were reviewed and selected manually by DOR staff. That manual process was continued for nearly two years and resulted in nearly \$2.5 million dollars in additional collections.

DOR has now unveiled an automated version of the listings of delinquent debtors. The process starts with debtors against whom a lien has been filed. The statute has very specific guidelines as to which liens qualify to be posted, and any liens not qualifying are excluded. For example, debtors who are in bankruptcy or who are making installment payments are excluded from the listings. The resulting list of qualifying liens will be split into three different listings: Individual Debtors, Business Debtors and Child Support Debtors being collected by DOR. Because of a number of statutory exclusions, the listings do not include all debtors against whom a lien is filed.



Each listing will show the debtor's name, lien balance, address and county in which the lien is filed. Each listing may be searched and sorted based on any of these fields allowing for users to customize the view of the list. Additional information, such as the deed book and page in which the lien is filed and the date of filing, is also available. **The lien balance that is posted on the Internet may not include all liabilities that are due and must be paid to obtain a lien release, due to specific exclusions included in the statute.**

The Web site is called *Listing of Delinquent Debtors* and may be found at <http://ilp.ky.gov/>.

Telephone inquiries regarding debtors who are posted should be directed to (502) 564-4921, ext. 5367.



Use tax collection changes for tangible property effective July 23

HB 380 authorizes county clerks to collect tax on property purchased from out-of-state retailers

Beginning Monday, July 23, 2007, a procedural change took effect when taxpayers title or register certain tangible personal property purchased outside Kentucky.

Taxpayers should be prepared to pay the 6 percent use tax on items purchased at retail from out-of-state vendors such as boats, trailers, ATVs and manufactured homes, when presenting the property for titling or first-time registration with their local county clerk's office.

House Bill 380, passed during the 2006 Kentucky General Assembly, authorizes local county clerks to collect the 6 percent use tax owed on tangible personal property purchased from out-of-state vendors for use in Kentucky. The use tax imposed on these purchases from out-of-state retailers is complementary to the sales tax imposed on in-state purchases to ensure equal tax treatment of retail transactions regardless of where the items are purchased.

If proper documentation is provided, the clerk will allow credit for the out-of-state sales tax previously paid on the property or accept any applicable sales and use tax exemptions that may apply to the specific property being presented for processing by the clerk.

This new procedure allows taxpayers to pay their tax liability in a timely manner rather than paying interest and possible penalties when contacted by the Department of Revenue after titling and/or first-time registration has occurred.

For further information on the collection of use tax on out-of-state purchases of tangible personal property, please call the Division of Sales and Use Tax at (502)564-5170 or e-mail KRCWebresponseSalesTax@ky.gov.

Kentucky Tax Alert comments and suggestions should be addressed to the Office of Public Information, Finance Secretary's Office, Frankfort, Kentucky, (502) 564-9165, ext. 4500.

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The Department of Revenue can be found at www.revenue.ky.gov.