

**REAL PROPERTY TAX DUTIES  
OF THE  
COUNTY CLERK'S OFFICE**

**PREPARED BY THE  
OFFICE OF PROPERTY VALUATION**

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This manual has been prepared by the Office of Property Valuation to serve as a guide to each county clerk's office for their duties with respect to delinquent real property taxes. Various county clerks have been consulted during the compilation of this manual. Additionally, the officers of the County Clerk's Association have reviewed preliminary drafts for accuracy and completeness. It is hoped that you will find this manual to be a valuable resource for all staff members who deal with real 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 real property taxation. Therefore, if a statute is found to contradict something contained in this manual, the statute needs to be followed.

## **THE KENTUCKY PROPERTY TAX CALENDAR**

The Kentucky property tax calendar provides a general outline of the major statutory due dates for various parts of the property tax assessment and collection cycle. These dates have been established by the Legislature in an attempt to provide for continuity throughout the year across the State as well as to provide for the equitable and timely levy and collection of property taxes. Although the county clerk is not directly involved in the property tax assessment process and the sheriff is the initial collector of property taxes, it is important that personnel in the county clerk's office understand the requirements of the property tax calendar.

### **Overview of the Tax Calendar**

The assessment date of both real and personal property is January 1 of each year. The official name on the property tax bill is the January 1<sup>st</sup> property owner. Real property owners can list their property with the property valuation administrator between January 1 and March 1, while tangible personal property must be listed between January 1 and May 15.

The preliminary real property assessment totals are scheduled to be submitted by the property valuation administrator to the Office of Property Valuation by the first Monday in April. These totals are evaluated to ensure they meet the fair cash value standards that have been established. If the totals are accepted, the next phase of the property tax calendar may begin. If the totals are rejected, the property valuation administrator will receive specific instructions regarding what must be done to be accepted.

The tax roll inspection period is scheduled to begin on the first Monday in May and continue for thirteen days. The tax roll must be open for six days per week – including Saturdays – and is scheduled to conclude on the third Monday in May. Alternate schedules may have to be used for the inspection period. For example, the inspection period does not have to begin on a Monday; however, the applicable statute does provide that the last day of the inspection period cannot be a Saturday, Sunday or legal holiday.

During the tax roll inspection period, property owners may file assessment appeals in the county clerk's office. The county clerk needs to ensure that the property owner has had a conference with the property valuation administrator and has listed his or her opinion of value for the property in question before accepting the appeal. Taxpayers who have had a conference with the property valuation administrator have until the close of business of the day following the last day of the inspection period to file an appeal.

Within three working days after the close of the inspection period, the county clerk's office is required to provide a summary of all appeals filed to the property valuation administrator. The property valuation administrator then has three more working days to make the necessary changes to the tax roll due to the appeal filings and submit a final summary of the real property assessments to the Office of Property Valuation.

The local board of assessment appeals convenes no earlier than twenty-five and not later than thirty-five calendar days following the conclusion of the tax roll inspection period. If no appeals have been filed, the board meets for only one day to review the assessments of property owned by the property valuation administrator and the deputies in the office. The board meets for no more than five days unless an extension has been granted by the Office of Property Valuation. The clerk or an authorized representative of the clerk's office serves as clerk of the local board of assessment appeals. A separate section of this manual provides additional details of the county clerk's responsibilities in this area.

After the assessments of all property in a county have been finalized and certified by the Office of Property Valuation, local tax rates can be set and tax bills can be prepared and mailed. The property tax calendar provides for delivery of the tax bills to the sheriff by September 15 of each year; however, many counties wait until October 1 or November 1 to mail their tax bills. If tax bills are mailed by October 1, taxpayers have until November 1 to pay their bill with a 2% discount. The face amount of the tax bill is due from November 2 to December 31. In January, a 5% penalty is added to the total amount due and beginning February 1 the penalty increases to 21% of the tax due. On April 15, all unpaid tax bills are transferred from the sheriff's office to the county clerk's office as of the close of business. The county attorney is then responsible for sending out notices to the delinquent taxpayers while the county clerk processes and distributes payments received, advertises the delinquent tax bills and conducts a sale of the delinquencies to third party purchasers. A separate section of this manual will provide a detailed explanation of the county clerk's responsibilities in this area.

A diagram of the property tax calendar is shown on the following page.

# KENTUCKY PROPERTY TAX CALENDAR

## REAL ESTATE PERSONALPROPERTY

Assessment Date	January 1	January 1
Listing Period	January 1 - March 1	January 1 - May 15
First Recap to Office of Property Valuation	First Monday in April	
Public Inspection of Tax Roll/PVA Conferences	13 Days Beginning First Monday in May (6 days per week, including Saturday)	
Final Recap to Office of Property Valuation	No Later Than 6 Work Days After the Close of Inspection	
Property Valuation Certification	Upon Completion of Action by Department of Revenue	Upon Completion of Action by Department of Revenue
Board of Assessment Appeals	5 Days Beginning 25 to 35 Days After Inspection	
Tax Bills Delivered to Sheriff	By September 15	By September 15
Pay With Discount	By November 1	By November 1
Pay Without Discount	November 2 - December 31	November 2 - December 31
Tax Bills Delinquent	January 1	January 1
Pay With 5 Percent Penalty	January 1 - January 31	January 1 - January 31
Pay With 10 Percent Penalty and 10 percent Sheriff's add-on fee.	After January 31	After January 31
Transfer of Delinquent Tax Bills from the Sheriff to the County Clerk	April 15 – Sheriff collects tax through the close of business.	April 15 – Sheriff collects tax through the close of business.
County Clerk's Sale of Certificates of Delinquency	July 14 through August 28	
Sheriff's Settlement	By September 1	

## **PREPARATION OF PROPERTY TAX BILLS**

In accordance with KRS 133.220, the county clerk is the local official responsible for the preparation of the 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. The tax rate information needs to be provided in writing by the appropriate official of the 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 (Revenue Form 62A385 Sheriff's Official 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 totals that are sent to the county clerk's office by the Office of Property Valuation. 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. This receipt is signed by the sheriff and county clerk and entered into the fiscal court order book. Copies of the receipt are distributed according to the Office of Property Valuation's guidelines.

The county clerk must additionally prepare the County Clerk's Claim for Preparing Tax Bills (Revenue Form 62A363) to receive the state's portion of the reimbursement due to the clerk's office for printing the tax bills.

Copies of the Sheriff's Official Receipt and the County Clerk's Claim for Preparing Tax Bills can be found in the appendix of this manual and on the county clerk's website at [www.revenue.ky.gov/clerknetwork](http://www.revenue.ky.gov/clerknetwork) .

## **SALES OF DELINQUENT REAL PROPERTY TAX BILLS**

The beginning of the county clerk's real property tax collection duties for each year's bills starts when the sheriff completes his collection efforts by transferring the delinquent tax bills to the county clerk as of the close of business on April 15<sup>th</sup> – or the fifteenth day of the fourth month after the date the taxes were due under an alternative collection schedule. After the bills have been received in the county clerk's office there will be a period of at least 90 days before the county clerk will conduct the tax sale. During this time frame the following activities must occur:

The county clerk and Office of Property Valuation must set a tax sale date;

The county attorney is required to mail a 30 day notice to the delinquent taxpayers and – if necessary – another notice within 60 days;

The county clerk will advertise the delinquent real property tax bills at least 30 days but not more than 45 days prior to the tax sale date in both the local newspaper and on a county sponsored website;

The county clerk will register third party purchasers who desire to participate in the delinquent tax sale;

The county clerk and county attorney will communicate regularly concerning delinquent taxpayers who have entered into and / or defaulted on an installment payment plan; and

The county clerk will process all payments made by delinquent taxpayers prior to the tax sale.

Each of these duties will be discussed in detail in the following sections.

### **Establishment of a Tax Sale Date**

KRS 134.128 establishes that all tax sales shall be scheduled at least 90 days but not more than 135 days after the delinquent tax bills have been transferred from the sheriff's office to the county clerk's office. In a county with a normal collection schedule this means a tax sale can be scheduled any business day between July 14<sup>th</sup> and August 28<sup>th</sup>. All tax sale date requests will be processed by the Office of Property Valuation on a "first come first served" basis. Every effort will be made to accommodate the sale date selected by the county clerk, but the tax sales will need to be spread out as evenly as possible throughout the 45 day tax sale period. For this reason, it may be necessary to change the initial sale date request submitted by the county clerk. A tax sale date may be requested by calling Tom Crawford at 502-564-7179 or by email at [tom.crawford@ky.gov](mailto:tom.crawford@ky.gov).

After a sale date for a county has been established, the county attorney should be informed so that this information can be included in the notices that must be sent to the delinquent taxpayers. In addition, by working back from the sale date, the advertising deadlines imposed upon the county clerk will then be known.

## **Mailing of Delinquent Notices**

Within 30 days of the delinquent tax bills being transferred to the county clerk's office, the county attorney is required to mail a notice – by regular mail – to the delinquent taxpayer or to the in care of address if the property was sold during the tax year. The information that must be included in the notice by the county attorney is detailed in KRS 134.504. A copy of this statute is included in the appendix of this manual. The county attorney is required to file in the county clerk's office a list of the names and addresses to which the 30 day notices were mailed along with a certificate attesting that the notices were mailed in accordance with the requirements of the statute.

All 30 day notices returned as undeliverable shall be submitted by the county attorney to the property valuation administrator so that the property valuation administrator can attempt to find a better address. A list of the returned notices shall be filed with the county clerk's office.

Within 60 days of the delinquent tax bills being transferred to the county clerk's office, the county attorney is required to send a second notice – by regular mail – to delinquent taxpayers whose tax bills remain unpaid. The information that is required to be contained in this notice is similar to the 30 day notice; however, this notice will inform the delinquent taxpayer of the actual tax sale date as well as a statement that informs the delinquent taxpayer that the certificate of delinquency is subject to being purchased by a third party purchaser at the sale. This notice will also advise the delinquent taxpayer that a third party purchaser may impose substantial additional fees to the total amount due. The county attorney must file in the county clerk's office a list of the names and addresses to which a 60 day notice was mailed along with a certificate attesting that the notices were mailed in accordance with the requirements of the statute.

## **Advertisement of Certificates of Delinquency**

KRS 134.128 (5) requires the county clerk to advertise the tax sale at least 30 days but not more than 45 days before the scheduled date. The certificates of delinquency must be listed on a county sponsored website and in the local newspaper with the largest paid circulation. The week before the individual certificates of delinquency are advertised, a one-half page advertisement must be published. This advertisement must state that a list of the delinquent taxes is available for public inspection in accordance with KRS 424.330 during normal business hours at the business address of the county clerk and on an identified internet web site. The specific address for the county clerk's office, the hours of operation and the Uniform Resource Locator (URL) for the web site must be included in the advertisement.

The week after the half page advertisement appears, the listing of certificates of delinquency is published both in the local newspaper and on the county sponsored web site. The information required to be included in the listing is the bill number, the name of the property owner, the property address, the parcel number or lot number if available and the total amount due. The notice shall also list the date, time and location of the tax sale.

The cost of placing the advertisements is paid by the county. The total cost of the advertisements is allocated to each certificate of delinquency in accordance with a formula developed by the Office of Property Valuation and will be paid by the person paying the certificate of delinquency. The formula is designed to take into account that a percentage of the certificates of delinquency will remain unpaid. The current advertising formula computations are shown in the appendix to this manual.

The county clerk's office receives \$5.00 for each certificate of delinquency advertised. This fee is also added to the total amount due and is paid by the person paying the certificate of delinquency.

### **Registration Process for Third Party Purchasers**

All third party purchasers who meet any of the following conditions must register with the county clerk before being allowed to participate in the tax sale:

- Plans to pay 5 or more certificates of delinquency statewide;
- Plans to pay 3 or more certificates of delinquency in any county; or
- Plans to invest more than \$10,000 statewide in any calendar year.

The county clerk must set a registration deadline for third party purchasers at least ten days but not more than twenty-one days prior to the tax sale date. Each third party purchaser must provide the following information at the time of registration:

- The purchaser's name, physical address, mailing address and telephone number;
- The purchaser's State registration number received from the Department of Revenue;
- A list of the priority certificates of delinquency the purchaser intends to acquire;
- A list of the current year certificates of delinquency the purchaser would like to acquire; and
- All registration fees and deposits required by the county clerk.

### **Priority Certificates of Delinquency**

The list of priority certificates of delinquency is to be clearly marked as such and it needs to include the following information:

- The current year's tax bill number;
- The name on the tax bill;
- The amount due on the certificate of delinquency;
- The prior year certificate of delinquency's bill number;
- The prior year certificate of delinquency's tax year;
- The book and page number where the prior year certificate of delinquency is filed, if applicable;
- The account or parcel identification number if used by the county to identify specific properties; and
- Upon request of the county clerk, a copy of the prior year certificate of delinquency.

A deposit of 100% of the value of each priority certificate of delinquency must accompany the list. The county clerk can specify the form of payment that will be required of each third party purchaser for this deposit.

### **Current Year Certificates of Delinquency**

The list of current year certificates of delinquency shall be prepared by the third party purchasers in an order and format as required by the county clerk and shall include the following information:

- The tax bill number;
- The taxpayer name;
- The amount due on each certificate of delinquency; and
- The following sworn statement: “I hereby certify that I am not participating in this sale in conjunction with any related person or related entity to obtain any advantage over other potential purchasers at the sale.”

A deposit of up to 25% of the total value of the certificates of delinquency on this list can be required by the county clerk; however, it is acceptable for the county clerk to not require any deposit to accompany this list. The county clerk can specify the form of payment that will be required of each third party purchaser if a deposit is required.

### **Registration Fees**

In addition to the deposits required by the county clerk, each third party purchaser must pay a registration fee. A fee of \$5.00 for each certificate of delinquency included on the purchaser’s priority list and \$10.00 for each certificate of delinquency included on the purchaser’s current year list must be paid at the time of registration. The total combined registration fee shall not exceed \$250.00.

### **Review of Registration Information and Priority Lists of Certificates**

Upon receipt of all registration information from the various third party purchasers, the county clerk will review all documentation supplied to make sure that each third party purchaser has properly registered with the Department of Revenue. Additionally, if the county clerk has any information that a third party purchaser may be attempting to subvert the fairness of the tax sale all relevant materials need to be forwarded to the county attorney and Department of Revenue for further review. This does not prevent the sale from going forward and does not necessarily prohibit the third party purchaser in question from participating in the sale. The county clerk will receive specific guidance from the Department of Revenue should this issue arise.

The time period between the registration deadline and the tax sale date should also be used to review the lists of priority certificates of delinquency submitted by third party purchasers. The county clerk needs to verify that the registrant actually has a priority right to purchase the listed certificates of delinquency. There will likely be instances where multiple third party purchasers include the same priority certificate of delinquency on their lists. Keep in mind that the purchaser holding the prior year claim for the most recent year is entitled to purchase the current year’s certificate of delinquency for the same property. However, if the third party purchaser with the most recent year fails to

include the current year certificate of delinquency on his or her list, the priority will transfer to the purchaser with the next most recent year who has included the certificate on his or her priority list.

### **Communication Between the County Clerk and County Attorney**

In accordance with KRS 134.504, the county attorney is required to inform delinquent taxpayers in both the 30 day and 60 day notices that they may qualify for an installment payment plan. If the county attorney and delinquent taxpayer agree to a payment plan, the certificate of delinquency in question will be removed from the tax sale as long as the taxpayer is meeting the requirements of the payment plan. Regular communication between the county attorney and county clerk offices will be crucial from the time the delinquent tax bills are transferred to the county clerk's office to the tax sale date in order to ensure certificates of delinquency under a payment plan are excluded from the sale. Conversely, if a taxpayer has defaulted on a payment plan prior to the tax sale, the county attorney needs to immediately inform the county clerk's office so that the certificate of delinquency can be added to the pool of bills available at the tax sale.

### **Processing of Payments Received Prior to the Tax Sale**

Many certificates of delinquency will be paid in the county clerk's office by the taxpayers prior to the tax sale. KRS 134.127 authorizes the county clerk to accept payment from only the following persons/entities: the taxpayer, a person/entity paying on behalf of the taxpayer, any person having a legal or equitable estate, a tenant or lawful occupant of real property, or a bailee or person in possession of any personal property; or a person having a mortgage on real property or a security interest in real or personal property. All penalties, sheriff fees and commissions, county clerk fees, county attorney fees, interest and lien recording and release fees need to be collected unless a waiver of all or part of the penalties and fees has been agreed to by the various local officials. Additionally, keep in mind that if the certificate of delinquency is paid within the first 5 business days after being transferred to the county clerk's office, the county attorney's fee is automatically waived by statute. The county clerk is responsible for collecting the proper amount and distributing the amounts due each taxing district and local official by the 10<sup>th</sup> of the following month.

### **Cut off for Payments Prior to the Tax Sale**

If a taxpayer's payment has not been received – either in person or via mail delivery – by the advertised start time of the tax sale, the certificate of delinquency is officially eligible to be acquired by a third party purchaser. Any payments tendered by a taxpayer after the tax sale has started cannot be accepted by the county clerk's office. If the certificate of delinquency is purchased by a third party, the taxpayer will have to make payment to that third party purchaser. If the taxpayer's certificate of delinquency was not purchased at the tax sale, the taxpayer can then remit the appropriate amount due to the county clerk's office.

## **PROCEDURES TO USE FOR THE DELINQUENT PROPERTY TAX SALE**

To begin the tax sale, the county clerk will first allocate the requested priority certificates of delinquency to the various purchasers who timely submitted a list. If this will be a lengthy process, the county clerk has the option of assigning the priority certificates of delinquency as soon as practicable after the tax sale.

The remaining certificates of delinquency will be sold in a predetermined lot size. The selection order by registered purchasers is determined by a random drawing on the day of the tax sale. Purchasers shall select lots to purchase in order based on the random drawing from the lowest to the highest number. Registered purchasers who are not present for the random drawing, but show up late, shall be placed at the bottom of the selection list.

The certificates of delinquency shall be sold in the following lot sizes:

In counties with 500 or fewer certificates of delinquency to be sold, the certificates may be sold in lots of up to 5;

In counties with more than 500 and less than 1,000 certificates of delinquency to be sold, the certificates may be sold in lots of up to 10;

In counties with at least 1,000 and not more than 2,500 certificates of delinquency to be sold, the certificates may be sold in lots of up to 25;

In counties with at least 2,500 and not more than 7,500 certificates of delinquency to be sold, the certificates may be sold in lots of up to 50; and

In counties with more than 7,500 certificates of delinquency to be sold, the certificates may be sold in lots of no more than 50 for the first 4 rounds. For all subsequent rounds, the certificates may be sold in lots not to exceed 2% of the total number of certificates of delinquency included in the pool for sale.

Notwithstanding the lot sizes established above, the county clerk will adjust the lot size to ensure that all purchasers receive an equal or as near equal as possible-number of certificates in the last round. For example, if the lot size is 10 and there are 7 purchasers and at the beginning of the final round there are only 35 certificates remaining, the county clerk will adjust the lot size to 5 for the final round so that each purchaser will be allowed to participate in the final round.

Purchasers are eligible to select only those certificates of delinquency included on their list of current year certificates of delinquency that have previously been submitted to the county clerk.

A purchaser may withdraw from the tax sale at any time prior to the completion of the sale. If a purchaser acquires less than a full lot of certificates during any round, the purchaser shall be considered to have withdrawn from the sale after the partial lot purchase. No other purchaser may take the place of the withdrawing purchaser.

The county clerk may impose a reasonable time limit for purchasers to make their selections during each round.

The county clerk shall apply the purchaser's deposit – if any was required – to the total amount due for the certificates of delinquency purchased. The third party purchaser shall pay any additional funds required in the manner determined by the county clerk by the payment deadline established. The total amount due shall include all county clerk's fees for the recording, assignment and release of each certificate of delinquency. Any deposit amount remaining after the sale shall be refunded to the third party purchaser in a timely manner.

After the tax sale has been completed, any remaining certificates of delinquency may be purchased at any time by any third party purchaser. However, all third party purchasers must continue to meet the registration requirements of KRS 134.129.

Any questions or controversies relating to the tax sale will be addressed by the county clerk.

### **BANKRUPTCY ISSUES**

KRS 134.128 provides that any certificate of delinquency known to be involved in litigation shall be prohibited from being sold by the county clerk. The primary type of litigation that would prevent a certificate of delinquency from being included in the county clerk's tax sale is a bankruptcy filing; however, local officials are often not informed timely of these filings. For this reason, third party purchasers should be cautioned to do their own research before purchasing certificates of delinquency at a tax sale. A subscription service known as "PACER" can be utilized by third party purchasers to get up to date information about bankruptcy filings. Third party purchasers can be directed to the following website to obtain more information about this service: [www.pacer.psc.uscourts.gov](http://www.pacer.psc.uscourts.gov) .

Unless it can be shown that the county clerk knew or should have known prior to the tax sale about a bankruptcy filing involving a certificate of delinquency that was sold to a third party purchaser, no refunds are required to be made to a third party purchaser for a certificate that turns out to be involved in bankruptcy. Although this general policy will cover most bankruptcy situations, please do not hesitate to contact the Office of Property Valuation if you need guidance on a specific situation.

### **REFUNDS TO THIRD PARTY PURCHASERS**

Refunds to third party purchasers are governed by KRS 134.551. When a certificate of delinquency held by a third party purchaser is unenforceable because it is a duplicate certificate of delinquency, because the liability represented by the certificate of delinquency was satisfied prior to the third party's purchase or due to the exoneration of all or a portion of the certificate of delinquency, the third party purchaser may apply to the county clerk for a refund. The refund application submitted by the third party purchaser must include written documentation of the situation that caused the certificate of delinquency to be unenforceable.

Upon approval of the refund application, the county clerk is authorized to issue a refund of the amount paid by the third party purchaser. No interest or any additional fees are entitled to be recovered by the third party purchaser.

The amount refunded by the county clerk will be deducted from the amounts distributed to the various taxing districts and local officials on the next monthly collection report.

If the county clerk does not have sufficient funds to make the refund, the clerk may do one of the following:

Retain the approved refund claim and make the refund as soon as sufficient funds are on hand; or

Provide a signed letter to the person due the refund which includes the amount due from each taxing jurisdiction and fee office. The letter will also direct each taxing jurisdiction and fee office to pay the appropriate amount due to the third party purchaser.

There is no two year statute of limitation on refunds applied for under the provisions of KRS 134.551.

Any third party purchaser who has received a refund under these provisions is required to release any liens on the property in question within 30 days of receiving the refund.

This statute also outlines the refund process when a certificate of delinquency is declared void by a court due to the irregularity of taxing officers. When a court ruling of this type has been made, the third party purchaser must apply for a refund within one year of the date of the judgment.

A copy of KRS 134.551 is included in the appendix of this manual for your review.

### **DIFFICULTY LOCATING A THIRD PARTY PURCHASER**

Despite all of the notice requirements now imposed upon third party purchasers, there will continue to be instances where a delinquent taxpayer cannot make contact with the third party who purchased his or her certificate of delinquency. KRS 134.127 (3) (e) 1 details the procedure to be followed when this situation occurs.

The delinquent taxpayer must first send a registered letter to the third party purchaser to the address reflected in the most recent notice received from the third party purchaser or – if no notice has been received – to the address shown in the records of the county clerk. If the letter is returned unclaimed or if the third party purchaser fails to respond in writing within 30 days, the taxpayer can present to the county clerk the certified mail receipt that indicates the letter was mailed to the correct address and the date it was mailed. If the letter was returned, then that document also needs to be presented to the county clerk. The delinquent taxpayer shall attest to the actions taken and an attestation form to use is included in the Appendix of this manual.

Upon acceptance of the documentation and attestation by the county clerk, the delinquent taxpayer may pay the full amount due as reflected in the records of the county clerk plus any applicable interest. The county clerk will then make the necessary lien release.

The county clerk then deposits the amount paid in an escrow account and the name of the bank in which the money is deposited shall be noted on the certificate of delinquency. The county clerk deducts a \$20.00 fee for this service

A copy of the certificate of delinquency is then mailed by regular mail to the third party purchaser to the address on record.

A copy of KRS 134.127 is included in the Appendix of this manual.

### **RECORDING FEES ADDED TO CERTIFICATES OF DELINQUENCY**

When a certificate of delinquency is initially received from the sheriff's office, the county clerk is required to add a \$10.00 fee for recording and ultimately releasing the lien represented by the certificate of delinquency. This fee will be paid by the delinquent taxpayer for all payments made in the county clerk's office prior to the tax sale date.

For all certificates of delinquency sold to third party purchasers, in addition to the \$10.00 lien on/lien off fee the county clerk's office is required to collect a fee of \$27.00 for noting the assignment of a certificate of delinquency and recording and indexing the encumbrance. An additional \$1.00 is added for mailing the appropriate document to the third party purchaser. The fee to release the encumbrance of the certificate of delinquency when the third party purchaser has been paid is \$12.00. Third party purchasers have informed the Department of Revenue that they want to pay this fee at the time of the tax sale as well. This means the total lien recording and release fees that can be collected from a third party purchaser are as follows;

Original recording and release fees	\$10.00
Assignment, recording and indexing fee	27.00
Release of encumbrance fee	12.00
Mailing costs	1.00
Total to collect	\$50.00

A copy of the applicable portions of KRS 64.012 is included in the appendix to this manual.

**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. You would use your county's actual commission rates 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 15, 2010. If it was paid on April 18, 2010, 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 commission (\$1,112.54 x 10%)*	111.25
Lien recording and release fee	10.00
 Total amount due on April 18, 2010	 \$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, 2010, the following amount would be due:

Base amount of certificate of delinquency	\$1,254.00
Interest (\$1,254 x 1%)	12.54
County clerk 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, 2010	 \$1,611.30

Payment Example #3 - If the certificate of delinquency is paid on May 31, 2010, the following amount would be due:

Base amount of certificate of delinquency	\$1,254.00
Interest (\$1,254 x 2%)	25.08
County clerk 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, 2010	 \$1,627.61

Payment Example #4 - Assuming the certificates of delinquency are advertised on June 15, 2010, if a certificate of delinquency is paid on June 30, 2010, 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 x 3%)	37.62
County clerk commission (\$1,137.62 x 10%)	113.76
County atty. commission (\$1,137.62 x 20%)	227.52
Postage due for first and second notices	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, 2010	 \$1,659.90

Payment Example #5 - Assuming the sale of certificates of delinquency conducted by the county clerk is held on July 17, 2010 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 x 4%)	50.16
County clerk commission (\$1,150.16 x 10%)	115.02
County atty. commission (\$1,150.15 x 20%)	230.03
Postage due for first and second notices	2.00
County clerk's fee	5.00
Assumed advertising cost	10.00
Original lien recording and release fee	10.00
Lien fees and assignment fees	40.00
 Total amount due on July 17, 2010	 \$1,716.21

### **ADDITIONAL, SUPPLEMENTAL AND OMITTED TAX BILLS**

In addition to the regular property tax bills that are prepared, the county clerk's office is also responsible for the preparation of tax bills which address special situations. The different types of tax bills that may need to be prepared are additional, supplemental and

omitted property tax bills. The following sections discuss what each of these bill types are and the procedures to follow when preparing them.

### **Additional Property Tax Bills**

Additional property tax bills are prepared when a taxpayer does not receive a tax bill even though all information about the property was available in the property valuation administrator's office. Regardless of what phase the tax collection schedule is in, a thirty day time period must be offered for each collection period (2% discount, face amount, 5% penalty and 21% penalty).

Any delinquent additional tax bills that were issued by November 1 can continue to be transferred by the sheriff to the county clerk as of the close of business on April 15 since the full collection cycle will have been completed. In all other instances, a delinquent additional bill will need to be retained by the sheriff until the following year's delinquent property tax bills are transferred to the county clerk's office.

### **Supplemental Property Tax Bills**

Supplemental property tax bills result from the property assessment appeals process. While an appeal is pending, KRS 133.120(9) entitles a taxpayer to pay property tax on his or her claim of value. When a final decision has been reached for the assessed value, if it is higher than the taxpayer's claim of value, a supplemental tax bill must be prepared. A supplemental tax bill may also have interest added to the total due if it is issued after the regular tax bills have entered the penalty phase of the collection schedule (typically starting in January). The following example will illustrate the proper way to prepare a supplemental tax bill.

### **Supplemental Tax Bill Example**

The property valuation administrator assessed Mr. Smith's house and lot at \$150,000. Mr. Smith disagreed with the assessed value and, after having a conference with the property valuation administrator, he filed an appeal in the county clerk's office. Mr. Smith listed a value of \$100,000 in his appeal petition. The local board of assessment appeals upheld the property valuation administrator's value and Mr. Smith continued his appeal to the Kentucky Board of Tax Appeals (KBTA). Prior to his hearing before the KBTA, the regular county property tax bills were prepared and Mr. Smith's tax bill was based upon his \$100,000 claim of value. In February, the KBTA heard Mr. Smith's appeal and it determined the property should be assessed at \$140,000. This decision was not appealed further by Mr. Smith and it became final on March 15<sup>th</sup>.

Based upon the above information, Mr. Smith must now receive a supplemental property tax bill based upon the \$40,000 assessment difference between his claim of value and the final determination made by the KBTA. The appropriate state and local tax rates are applied to the \$40,000 assessed value to arrive at the proper amount of tax Mr. Smith must now pay. Additionally, interest at the statutory tax interest rate must be calculated and added to the tax amount. Assuming the tax bill was prepared on March 15<sup>th</sup> and a tax interest rate of 5%, the interest rate to apply to the tax due is 1.01%. This is calculated by using a daily interest factor of .01369863% (5%/365) and multiplying that factor by 74 days (January 1-March 15).

Supplemental property tax bills are due on the day they are prepared and are subject to a penalty of 21% if they are not paid within thirty days after they become due. Additionally, all delinquent penalties that apply to regular property tax bills will apply to unpaid supplemental tax bills.

### **Omitted Property Tax Bills**

Omitted real property tax bills are prepared when the property valuation administrator has determined that a parcel has been left off of the property tax roll. Omitted property taxes can be levied against a taxpayer for up to five years. The taxpayer must first be notified by the property valuation administrator of the omitted assessment and given an opportunity to appeal the assessed value. When the omitted assessment has been finalized, an omitted property tax bill must be prepared by the county clerk's office.

An omitted property tax bill will consist of tax, penalty and interest. The applicable state and local tax rates must first be used to calculate the tax due for an omitted tax bill. If the property valuation administrator has determined that the omitted assessment was voluntarily listed by the taxpayer, the penalty to apply to the omitted tax bill will be 10% of the tax due. If it has been determined that the assessment was involuntarily listed by the property valuation administrator, the penalty will be 20% of the tax due. Finally, interest at the statutory tax interest rate must be added to the omitted bill. Since the tax interest rate usually fluctuates from year to year, it is likely that different interest rates will have to be used for an omitted bill that covers more than one year. The following example will demonstrate how to properly calculate an omitted property tax bill.

### **Omitted Property Tax Bill Example**

In the spring of 2010, the property valuation administrator discovered a house that was completed in 2007 was not on the tax roll. This house was considered to be omitted beginning with the 2008 assessment year. An omitted assessment notice was prepared and sent to the taxpayer and an omitted assessment of \$150,000 was agreed upon. The property valuation administrator considers this omitted assessment to have been involuntarily listed. On May 1, 2010, the county clerk prepared an omitted property tax bill in the following manner.

The property tax rates (expressed as cents per \$100 of assessed valuation) in effect for 2008 and 2009 were as follows:

	State	County	School	Total
2008	12.2	12.7	42.7	67.6
2009	12.2	12.6	42.6	67.4

The tax amount due for each year would be calculated in the following manner:

$$\begin{aligned} 2008 & - 150,000 \times 67.6 \text{ cents per } \$100 = \$1,014.00 \\ 2009 & - 150,000 \times 67.4 \text{ cents per } \$100 = \$1,011.00 \end{aligned}$$

Since the omitted assessment has been considered to be involuntarily listed, a 20% penalty will be applied against the total tax due for each year. This would result in a penalty of \$202.80 for the 2008 tax year (\$1,014.00 x 20%) and \$202.20 for the 2009 tax year (\$1,011.00 x 20%).

The final step is to calculate the interest due for each year. Interest on omitted real property tax bills runs from the time the bill would have been considered to be delinquent had it been issued in the normal manner to the date it is paid. In this example, it will be assumed that the regular tax bills were issued timely each year and would have been considered to be delinquent on the January 1 following their issue date. This would cause interest to begin on January 1, 2009 for the 2008 omitted bill and January 1, 2010 for the 2009 omitted bill. Since the omitted tax bills are being issued on May 1, 2010, interest should be calculated through May 31, 2010, to allow the taxpayer thirty days to pay the bill.

The tax interest rates applied to tax bills for the years in question are as follows:

2009 - 7%  
2010 - 5%

**2008 Omitted Property Tax Bill**

Interest on the 2008 omitted tax bill will run from January 1, 2009 through May 31, 2010 and it is calculated as follows:

2009:  $1,014 \times 7\% = \$70.98$

2010:  $1,014 \times 2.07\%* = \underline{\$20.99}$

Total Interest      \$91.97

\*The tax interest rate for 2010 is 5%; therefore the daily factor will be  $5\% \div 365$  days = .01369863%. January 1-May 31, 2010 is 151 days. The interest rate for this time period is  $151 \times .01369863\% = 2.07\%$ .

The total amount due on the 2008 omitted real property tax bill will be:

Tax	\$1,014.00
Penalty	202.80
Interest	<u>91.97</u>
Total	\$1,308.77

## **2009 Omitted Property Tax Bill**

Interest on the 2009 omitted tax bill will run from January 1, 2010 through May 31, 2010 and it is calculated as follows:

$1,011.00 \times 2.07\% = 20.93$  (See the interest rate calculation explanation in the previous example for the 2.07% interest factor used.)

The total amount due on the 2009 omitted real property tax bill will be:

Tax	\$1,011.00
Penalty	202.20
Interest	<u>20.93</u>
Total	\$1,234.13

A circular which details the various tax interest rates and provides an example of how to compute omitted property tax bills is prepared by the Department of Revenue each December and distributed to all county clerk offices.

## **Transfer of Delinquent Supplemental and Omitted Tax Bills**

Supplemental and omitted tax bills are due the date they are prepared and the taxpayer has only 30 days to pay these types of bills without incurring further penalties. Due to this short collection cycle, only a supplemental or omitted tax bill that is issued less than 30 days prior to the date the “regular” bills are transferred from the sheriff to the county clerk will remain in the sheriff’s office. A tax bill of this type will be transferred to the county clerk’s office the following year if it remains unpaid.

## **PERSONAL PROPERTY TAX BILLS**

The county clerk’s office will also receive payments on delinquent tangible personal property tax bills. The interest and fees added to these delinquencies are the same as those added to delinquent real estate tax bills. Payments on these types of delinquencies can be included on the appropriate form that is used to report delinquent real property tax payments. However, please keep in mind that these type of bills are not to be offered for sale at the county clerk’s tax sale.

## **LOCAL BOARD OF ASSESSMENT APPEAL DUTIES**

In accordance with KRS 133.125, the clerk or a member of the clerk’s staff is required to serve as the clerk of the local board of assessment appeals each year. This board is comprised of three property owners in the county who are knowledgeable about local real estate values. Property owners who believe their property’s assessed value is too high can file an appeal of the assessment after meeting with the property valuation administrator. These appeals are filed in the county clerk’s office any time before and no later than one workday following the close of the real property tax roll inspection period. Taxpayers may file an appeal in person or by sending a letter or other written petition to the office. A facsimile or electronic image of a written petition can be accepted by the

clerk's office. The appeal must state the reason for the appeal, identify the property for which the appeal is being filed and the taxpayer's opinion of the property's value. The clerk prepares a summary of all appeals filed for the property valuation administrator within three working days after the close of the tax roll inspection period.

At the local board hearings the county clerk, or an authorized deputy, serves as clerk of the board of assessment appeals. The minutes maintained by the clerk shall show the name of the property owner, description of the property, the property valuation administrator's assessment of the property and the change in assessment (if any) made by the board. Copies of the board minutes shall be filed with the property valuation administrator and the Department of Revenue within five days of the adjournment of the board.

The county clerk is required to notify the taxpayer of the local board's decision by certified mail within three working days from the date of the decision. The notice sent should also inform the taxpayer how to appeal to the Kentucky Board of Tax Appeals (KBTA) if they are dissatisfied with the local board's decision and that any appeal must be filed with the KBTA within thirty days of the local board's decision.

The county clerk must certify to the county judge executive the number of days the local board was in session. The clerk or authorized deputy and each board member are entitled to receive \$100 for each day served on the board. One half of the amount due is paid by the county and one half is paid by the State. A reimbursement claim form is provided by the Department of Revenue for the clerk's use to obtain the State's share of the Local Board's cost.

### **FRANCHISE TAX BILL DUTIES**

Franchise or public service companies are assessed in Frankfort by a Division within the Department of Revenue. Companies that typically fall into this category include airlines railroads and utilities. 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.

When these certifications are received, 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. When a franchise assessment certification is received, thirty days should be allowed for payment of the tax due. If payment is not made within the thirty day time period, a 21% penalty and interest at the tax interest rate is added to the total due.

If a franchise property tax bill remains delinquent when the sheriff is ready to transfer the regular tax bills that are delinquent, the franchise bills must be transferred by the sheriff in the same manner as a regular county property tax bill to the county clerk's office. 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 and all franchise bills with the real property assessment may be included in the pool of delinquent bills offered for sale by the county clerk.

### **BILLS FOR TELECOMMUNICATIONS COMPANIES, NON-RESIDENT WATERCRAFT AND DISTILLED SPIRITS**

Tangible personal property owned by telecommunications companies, non-resident watercraft and distilled spirits are all assessed centrally by the same staff which assesses public service companies. The assessment certifications will be received by the county clerk's office in the same manner as public service company assessments. However, the tax bills prepared for these assessment categories will follow the standard property tax collection schedule in place for the county's regular property tax bills. If these bills must be issued at a different time than the regular tax bills then thirty days must be allowed for the 2% discount, face amount, 5% penalty and 21% penalty collection periods.

If these types of bills have gone through the full collection cycle and remain delinquent when the sheriff turns over the other delinquent tangible bills to the county clerk's office, these bills can be sent to the clerk's office for filing in the same manner as all other delinquent tangible tax bills.

### **PENALTY WAIVER GUIDELINES**

In November of 2009, the Office of Property Valuation updated its guidelines for the waiver of penalty, fees and – in one instance – interest that apply to delinquent property tax bills. These guidelines are included in the appendix of this manual.

While the tax bills are the responsibility of the sheriff's office to collect, only the sheriff, or an authorized deputy, will be involved in making a penalty waiver decision. After the delinquent tax bills have been transferred to the county clerk's office the county attorney is the local official charged with enforcing the collection of certificates of delinquency and the majority of waiver requests will be initiated by that office. However, the county attorney will likely consult with both the sheriff and county clerk before any final decision is made since fees due to each office are included in the total due on a certificate of delinquency. Included with the guidelines is a form that can be used to document why a waiver was granted. This form includes a signature line for the county clerk, county attorney and sheriff to indicate their agreement with the waiver decision made.

If the local officials are unsure if a waiver should be granted for a particular situation, all documentation can be forwarded to the Office of Property Valuation. After all information has been reviewed, a letter will be sent to both the taxpayer and the local officials detailing the decision made.

## **APPENDIX**

## PARTIAL PAYMENT CALCULATION EXAMPLE

With county attorneys now required to offer installment payment plans, county clerks will likely have to process partial payments on a more frequent basis. The following example will illustrate how to apply a partial payment to a certificate of delinquency.

Assume the following information:

Tax Amount	\$500.00
10% Delinquent Penalty	50.00
Sheriff's Add On Fee	55.00
Sheriff's Commission	<u>22.00</u>
 Total of Certificate of Delinquency	 \$627.00

The county clerk's office must then add interest and fees to the amount due when it is transferred from the sheriff's office to arrive at the grand total due. The first calculation the clerk must do is to compute the interest due. For the first month, the total due would be multiplied by .01 or 1% to determine the amount of interest due. In this example, interest through the end of April would be \$6.27 ( $\$627.00 \times .01$ ).

After figuring the interest to charge, you can then calculate the county attorney's 20% fee and your office's 10% fee. KRS 134.126 and KRS 134.504 require that these fees be calculated on the amount due each taxing unit. This means that these fees are calculated on the total of the tax, 10% penalty and interest. In this example, the amounts to use would be as follows: \$500.00 tax amount, \$50.00 penalty and \$6.27 in interest for a total of \$556.27. Using this amount as the basis for each fee, the county attorney's fee would be \$111.25 ( $\$556.27 \times 20\%$ ) and the county clerk's fee would be \$55.63 ( $\$556.27 \times 10\%$ ).

A summary of the total amounts to charge in this example is as follows:

Tax Amount	\$500.00
10% Penalty	50.00
Sheriff's Add On Fee	55.00
Sheriff's Commission	22.00
Interest	6.27
County Attorney Commission	111.25
County Clerk Commission	55.63
Postage Due County Attorney for First Notice	1.00
Lien Recording and Release Fee	<u>10.00</u>
	\$811.15

If a taxpayer, under an installment payment agreement made a \$200.00 partial payment on the total due, the following procedures need to be followed:

Total Due in First Month	\$811.15
Partial Payment in First Month	<u>&lt;200.00&gt;</u>
Amount Due at the End of First Month	\$611.15

Detail of amount due at the end of the first month:

Tax Amount	\$300.00 (\$500.00-\$200.00)
10% Penalty	50.00
Sheriff's Add On Fee	55.00
Sheriff's Commission	22.00
Interest	6.27
County Attorney Commission	111.25
County Clerk Commission	55.63
Postage Due County Attorney	1.00
Lien Recording and Release Fee	<u>10.00</u>
Total Due	\$611.15

Calculations for the second month:

Interest would be computed as follows:

Remaining Tax Amount	\$300.00
10% Penalty	50.00
Sheriff's Add On Fee	55.00
Sheriff's Commission	22.00
Interest	10.54 (6.27+4.27)
County Attorney Commission	112.11 (500+50+10.54)x 20%
County Clerk Commission	56.05 (500+50+10.54)x 10%
Postage Due County Attorney	1.00
Lien Recording and Release Fee	<u>10.00</u>
Total Due for Second Month	\$616.70

This process would continue until the partial payments paid off the tax and penalty. At that time, payments would then be applied to the various interest and fee amounts until they are paid in full.

**COMPUTATION TO DETERMINE ADVERTISING COSTS  
TO ADD TO CERTIFICATES OF DELINQUENCY**

The cost incurred for advertising the certificates of delinquency can be added to each certificate on a pro-rata basis. In accordance with KRS 134.128 (5)(c), a formula that takes into account that a percentage of the delinquent tax claims will remain unpaid shall be developed by the Department of Revenue for use by the county clerk in allocating the advertising costs among each certificate of delinquency. The current formula to use is as follows:

Step 1 – Total Advertising Costs Incurred divided by the Number of Certificates of Delinquency.

Step 2 – The result in Step 1 is then multiplied by 1.10 to increase the amount by 10%.

Step 3 – The amount arrived at in Step 2 can then be rounded up to the next even dollar.

The following example will illustrate the use of the above formula. If it costs \$4,250 to advertise 650 certificates of delinquency, the advertising cost that can be added to each certificate is computed as follows:

Step 1 -  $\$4,250 / 650 = \$6.54$

Step 2 -  $\$6.54 \times 1.10 = \$7.19$

Step 3 - \$7.19 can then be rounded up to \$8.00

Therefore, \$8.00 would be the appropriate advertising fee to add to each certificate of delinquency in this example.

Keep in mind that the factor used in Step 2 may be updated by the Department of Revenue as more information about the number of certificates of delinquency that remain unpaid after completing the tax sale becomes available.

**ATTESTATION FORM FOR USE WHEN  
TAXPAYER CANNOT MAKE CONTACT WITH  
A THIRD PARTY PURCHASER**

I \_\_\_\_\_ hereby swear / affirm to the following actions:

A registered letter was mailed to the third party purchaser of record at the address reflected in the most recent notice received from the third party purchaser or at the address reflected in the records of the county clerk in which I indicated my desire to make payment;

The letter has been returned by the postal service as unclaimed or thirty days have elapsed and I have received no response from the third party purchaser; and

I have provided the county clerk with the certified mail receipts stamped by the post office that document the certified letter was sent to the last known correct address and the date it was mailed. If the letter was returned, I provided the returned letter to the county clerk as well.

I understand that any false statement or omission herein is a violation of KRS 523.040 and that I may be subject to criminal prosecution. Further, I acknowledge that this form is a public record and may be disseminated as such.

\_\_\_\_\_

Date Signed

\_\_\_\_\_

Signature of Taxpayer

Personally appeared before me, \_\_\_\_\_, who being duly  
NAME OF INDIVIDUAL

Sworn according to law, deposes and says that the statements contained in this application are true and correct.

Sworn and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_

NOTARY PUBLIC

# **PENALTY WAIVER GUIDELINES**

**DEPARTMENT OF REVENUE CIRCULAR  
FOR OMITTED REAL PROPERTY TAX BILLS**

**REVENUE CIRCULAR  
62C112**

**PROPERTY TAX**

November 13, 2009

TO PROPERTY VALUATION ADMINISTRATORS,  
COUNTY CLERKS AND SHERIFFS:

**Duties in Taxing Omitted Real Property**

This circular replaces Circular 62C112 dated December 5, 2008.

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 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 and Intangible Personal Property:*

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

The interest rate for 2006 (for assessments of property owned on January 1, 2005) is 7 percent. The interest is figured as follows:

$$7\% \div 365 \text{ days} = .01917808\% \text{ per day}$$

The interest rate for 2007 (for assessments of property owned on January 1, 2006) is 8 percent. The interest is figured as follows:

$$8\% \div 365 \text{ days} = .02191781\% \text{ per day}$$

The interest rate for 2008 (for assessments of property owned on January 1, 2007) is 8 percent. However, the 2008 General Assembly amended KRS 131.183 to require interest to accrue at the tax interest rate plus 2 percent. This provision is effective beginning on May 1, 2008. This means that an omitted 2007 property tax bill will have interest added to the total due at the rate of 8 percent from January 1, 2008 to April 30, 2008. From May 1, 2008 through December 31, 2008, interest will be added at the rate of 10 percent. The interest is figured as follows:

$$8\% \div 366 \text{ days} = .02185792\% \text{ per day (for January 1-April 30, 2008)}$$

$$10\% \div 366 \text{ days} = .02732240\% \text{ per day (for May 1-December 31, 2008)}$$

The interest rate for 2009 (for assessments of property owned on January 1, 2008) is 5 percent. This means that the interest rate that will be applied to omitted 2008 property tax bills will be 7 percent (the tax interest rate plus 2 percent). The interest is figured as follows:

$$7\% \div 365 \text{ days} = .01917808\% \text{ per day}$$

The interest rate for 2010 (for assessments of property owned on January 1, 2009) is 3 percent. This means that the interest rate that will be applied to omitted 2009 property tax bills will be 5 percent (the tax interest rate plus 2 percent). The interest is figured as follows:

$$5\% \div 365 \text{ days} = .01369863\% \text{ per day}$$

The following example will demonstrate how to calculate the state's portion of an omitted tax bill issued June 1, 2010. The interest will be calculated through June 30, 2010 in accordance with the legislative change made by the 2002 General Assembly on omitted tax bill procedures. (Specific instructions on this change were issued to all local officials in a memorandum dated June 17, 2002). Assume the assessment was omitted beginning with the 2005 tax year and the assessed value each year is \$10,000.

	Del. Date	State Tax Rate	Tax	Penalty	Interest*	Total
2005	2006	13.1	13.10	1.31	4.44	18.85
2006	2007	12.8	12.80	1.28	3.44	17.52
2007	2008	12.4	12.40	1.24	2.34	15.98
2008	2009	12.2	12.20	1.22	1.15	14.57
2009	2010	12.2	12.20	1.22	.30	13.72
<b>TOTAL TAX BILLS</b>			<b>62.70 +</b>	<b>6.27 +</b>	<b>11.67 =</b>	<b>\$80.64</b>

\*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	Original Tax Amount	Total Interest
<b>2005 Bill</b>					
2006	365	x .01917808% =	7% x	13.10 =	.92
2007	365	x .02191781% =	8% x	13.10 =	1.05
2008	Jan. 1-April 30				
	121	x .02185792% =	2.64% x	13.10 =	.35
	May 1-December 31				
	245	x .02732240% =	6.69% x	13.10 =	.88
2009	365	x .01917808% =	7% x	13.10 =	.92
2010	181	x .01369863% =	2.48% x	13.10 =	.32
					<b>\$4.44</b>
<b>2006 Bill</b>					
2007	365	x .02191781% =	8% x	12.80 =	1.02
2008	Jan. 1-April 30				
	121	x .02185792% =	2.64% x	12.80 =	.34
	May 1-December 31				
	245	x .02732240% =	6.69% x	12.80 =	.86
2009	365	x .01917808% =	7% x	12.80 =	.90
2010	181	x .01369863% =	2.48% x	12.80 =	.32
					<b>\$3.44</b>
<b>2007 Bill</b>					
2008	Jan. 1-April 30				
	121	x .02185792% =	2.64% x	12.40 =	.33
	May 1-December 31				
	245	x .02732240% =	6.69% x	12.40 =	.83
2009	365	x .01917808% =	7% x	12.40 =	.87
2010	181	x .01369863% =	2.48% x	12.40 =	.31
					<b>\$2.34</b>
<b>2008 Bill</b>					
2009	365	x .01917808% =	7% x	12.20 =	.85
2010	181	x .01369863% =	2.48% x	12.20 =	.30
					<b>\$1.15</b>
<b>2009 Bill</b>					
2010	181	x .01369863% =	2.48% x	12.20 =	\$.30

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. He places the omitted tax bill number, the date issued and his signature in the spaces provided at the bottom of the Listing of Omitted Property. **He then prepares Sheriff's Official Receipt for Omitted Property Tax Bills on the reverse side of the listing form. 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 his permanent file and mails one copy to the Office of Property Valuation at the end of each month attached to his County Clerk's Monthly Report of Omitted Assessments, Revenue Form 62A364.

If no omitted tax bills are issued during the month, the clerk must file a negative report.

#### **Responsibilities of 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 with all other delinquent real property tax bills to the County Clerk's Office.

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," of the receipted bill must be given to the taxpayer at the time the bill is paid. The second copy, "Sheriff's Copy," is retained for 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

**VARIOUS REAL PROPERTY TAX FORMS  
USED BY COUNTY CLERK OFFICES**

**VARIOUS STATUTES GOVERNING REAL  
PROPERTY TAX DUTIES PERFORMED  
BY COUNTY CLERK OFFICES**

## CONTACT INFORMATION FOR GENERAL PROPERTY TAX ISSUES

Department of Revenue  
Office of Property Valuation  
P. O. Box 1202  
Frankfort, KY 40602-1202

Telephone: (502) 564-7196 – Cherie Mertz  
(502) 564-7179 – Tom Crawford

Fax: 502-564-8368

## CONTACT INFORMATION FOR BANKRUPTCY ISSUES

Department of Revenue  
Office of Processing and Enforcement  
501 High Street  
Frankfort, KY 40620

Telephone: (502) 564-4921 ext. 4440  
Fax: (502) 564-7348

County Clerk Website:  
[www.revenue.ky.gov/clerknetwork](http://www.revenue.ky.gov/clerknetwork)