GENERAL ASSEMBLY
COMMONWEALTH OF KENTUCKY

2005 REGULAR SESSION

HOUSE BILL NO. 350

AS ENACTED

TUESDAY, MARCH 8, 2005

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TREY GRAYSON
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY R. Adler

AN ACT relating to the revenues and expenditures of the Commonwealth, making an appropriation therefor and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

1 Section 1. KRS 136.180 is amended to read as follows:

2 (1) The Revenue Cabinet shall, immediately after fixing the assessed value of the
3 operating property and other property of a public service corporation for taxation,
4 notify the corporation of the valuation and the amount of assessment for state and
5 local purposes. When the valuation has been finally determined, the cabinet shall
6 immediately certify, unless otherwise specified, to the county clerk of each county
7 in which any of the operating property or nonoperating tangible property assessment
8 of the corporation is liable to local taxation, the amount of property liable for
9 county, city, or district tax.

10 (2) No appeal shall delay the collection or payment of taxes based upon the assessment
11 in controversy. The taxpayer shall pay all state, county, and district taxes due on the
12 valuation which the taxpayer claims as the true value as stated in the protest filed
13 under KRS 131.110. When the valuation is finally determined upon appeal, the
14 taxpayer shall be billed for any additional tax and interest at the tax interest rate as
15 defined in KRS 131.010(6), from the date the tax would have become due if no
16 appeal had been taken. The provisions of KRS 134.390 shall apply to the tax bill.

17 (3) The Revenue Cabinet shall compute annually a multiplier for use in establishing the
18 local tax rate for the operating property of railroads or railway companies that
19 operate solely within the Commonwealth. The applicable local tax rates on the
20 operating property shall be adjusted by the multiplier. The multiplier shall be
21 calculated by dividing the statewide locally taxable business tangible personal
22 property by the total statewide business tangible personal property.

23 (4) The Revenue Cabinet shall annually calculate an aggregate local rate for each local
24 taxing district to be used in determining local taxes to be collected for railroad

1 carlines. The rate shall be the statewide tangible tax rate for each type of local
2 taxing district multiplied by a fraction, the numerator of which is the commercial
3 and industrial tangible property assessment subject to full local rates and the
4 denominator of which is the total commercial and industrial tangible personal
5 property assessment. Effective January 1, 1994, state and local taxes on railroad
6 carline property shall become due forty-five (45) days from the date of notice and
7 shall be collected directly by the Revenue Cabinet. The local taxes collected by the
8 Revenue Cabinet shall be distributed to each local taxing district levying a tax on
9 railroad carlines based on the statewide average rate for each type of local taxing
10 district. However, prior to distribution any fees owed to the Revenue Cabinet by any
11 local taxing district under the provisions of subsection (4) of this section shall be
12 deducted.
13 (5) ***The Revenue Cabinet shall bill, collect, and distribute all state and local property***
14 ***taxes for common carrier water transportation companies. Any fees owed to the***
15 ***Revenue Cabinet by any local taxing district shall be deducted before any***
16 ***distribution is made to any local taxing district under the provisions of this***
17 ***subsection.***
18 *(6)* The certification of valuation shall be filed by each county clerk in his office, and
19 shall be certified by the county clerk to the proper collecting officer of the county,
20 city, or taxing district for collection. Any district which has the value certified by
21 the cabinet shall pay an annual fee to the cabinet which represents an allocation of
22 cabinet operating and overhead expenses incurred in generating the valuations. This
23 fee shall be determined by the cabinet and shall apply to valuations for tax periods
24 beginning on or after December 31, 1981.
25 Section 2. KRS 136.181 is amended to read as follows:
26 Boats, tugs, barges, and other watercraft of any nonresident person, corporation,
27 partnership, or any other business association whose route or system is partly within this

state and partly within another state or states, shall be valued by the Revenue Cabinet for purposes of taxation and shall be assessed as of January 1 each year by the Revenue Cabinet; and the cabinet shall ***bill and collect all ad valorem taxes on these watercraft and then*** fairly divide, allocate, and ***distribute the tax receipts***~~[certify such assessments]~~ to each county, city, town, or other taxing district within this state, within or through which such route or system is operated, the division, allocation, and ***distribution***~~[certification]~~ to be determined in the following manner:

(1) The proportion of the value of the property which the length of the lines or route operated in this state bears to the total length of lines or route operated in this state and elsewhere, shall be considered in fixing the value of the property for taxation in this state. Any other reasonable evidence of value shall be considered in fixing the value, but such evidence must be prescribed by cabinet regulations;

(2) After ascertaining the portion of the system valuation of such property attributable to this state, the Revenue Cabinet shall allocate the value of the property ***and distribute the tax receipts*** among the counties, cities, towns, and other taxing districts. The proportion which the length of line or route operated in that jurisdiction or taxing district bears to the total length of lines or route operated in this state shall be considered in this allocation and such other reasonable evidence of value as the Revenue Cabinet may by regulations prescribe***;***

(3) The Revenue Cabinet shall be permitted to retain as an administration fee two percent (2%) of the amount due to each recipient of local taxes collected and distributed under this section.

Section 3. KRS 136.183 is amended to read as follows:

The ***state and local*** taxes on the above property shall become due ***forty-five (45) days from the date of the notice of assessment and***~~[at the same time and shall be subject to the same discount and penalties as provided by KRS 134.020, and shall be collected in the same manner as taxes on other tangible property; except that the state tax on such~~

1 ~~property]~~ shall be collected directly by the Revenue Cabinet.

2 Section 4. KRS 136.184 is amended to read as follows:

3 Any taxpayer who has been assessed by the Revenue Cabinet in the manner outlined
4 above shall have ***forty-five (45)***~~[thirty (30)]~~ days from the date of the cabinet's notice of~~[~~
5 ~~the tentative]~~ assessment in which to protest and ask for a change thereof in the manner
6 provided by KRS 131.110.

7 Section 5. KRS 136.1877 is amended to read as follows:

8 (1) The Revenue Cabinet shall immediately, after fixing the assessed value of the
9 trucks, tractors, trailers, semitrailers, and buses, notify the taxpayer of the valuation
10 determined. Any taxpayer who has been assessed by the cabinet in the manner
11 outlined in KRS 136.1873 shall have forty-five (45) days from the date of the
12 cabinet's notice of the tentative assessment to protest as provided by KRS 131.110.

13 (2) No appeal shall delay the collection or payment of taxes based upon the assessment
14 in controversy. The taxpayer shall pay all state, county, and district taxes due on the
15 valuation which the taxpayer claims as the true value as stated in the protest filed
16 under KRS 131.110. When the valuation is finally determined upon appeal, the
17 taxpayer shall be billed for any additional tax and interest at the tax interest rate as
18 defined in KRS 131.010(6), from the date the tax would have become due if no
19 appeal had been taken. The provisions of KRS 134.390 shall apply to the tax bill.

20 (3) The state and local taxes on the property are due forty-five (45) days from the date
21 of notice and shall be collected directly by the Revenue Cabinet.

22 (4) The Revenue Cabinet shall annually calculate an aggregate local rate to be used in
23 determining the local taxes to be collected. The rate shall be the statewide average
24 motor vehicle tax rate for each type of local taxing district multiplied by a fraction,
25 the numerator of which is the commercial and industrial tangible personal property
26 assessment subject to full local rates and the denominator of which is the total
27 commercial and industrial tangible personal property assessment.

1 (5) The local taxes collected by the Revenue Cabinet shall be distributed to each local
2 taxing district levying a tax on motor vehicles based on the statewide average rate
3 for each type of local taxing district. However, prior to distribution any fees owed to
4 the Revenue Cabinet by any local taxing district under the provisions of KRS
5 136.180***(6)***[~~(5)~~] shall be deducted.
6 Section 6. KRS 138.510 is amended to read as follows:
7 (1) Except for the conduct of harness racing at a county fair, an excise tax is imposed
8 on all tracks conducting pari-mutuel racing under the jurisdiction of the Kentucky
9 Horse Racing Authority. For each track with a daily average handle of one million
10 two hundred thousand dollars ($1,200,000) or above, the tax shall be in the amount
11 of three and one-half percent (3.5%) of all money wagered during the fiscal year. A
12 fiscal year as used in this subsection and subsection (3) of this section shall begin at
13 12:01 a.m. July 1 and end at 12 midnight June 30. For each track with a daily
14 average handle under one million two hundred thousand dollars ($1,200,000) the
15 tax shall be an amount equal to one and one-half percent (1.5%) of all money
16 wagered during the fiscal year. However, effective January 1, ***2006***[~~2001~~], if a host
17 track located in this state is the location for the conduct of a one (1) day
18 international horse racing event that distributes in excess of a total of ten million
19 dollars ($10,000,000) in purses, an excise tax shall not be imposed on pari-mutuel
20 wagering on live racing conducted that day at the race track. This tax exemption
21 shall remain in effect for any succeeding one (1) day international horse racing
22 event if the event returns within three (3) years of the previously-held event. For the
23 purposes of this subsection, the daily average handle shall be computed from the
24 amount wagered only at the host track on live racing and shall not include money
25 wagered:
26 (a) At a receiving track;
27 (b) At a simulcast facility;

1 (c) On telephone account wagering; or
2 (d) At a track participating as a receiving track or simulcast facility displaying
3 simulcasts and conducting interstate wagering as permitted by KRS 230.3771
4 and 230.3773.
5 Money shall be deducted from the tax paid by host tracks and deposited to the
6 respective development funds in the amount of three-quarters of one percent
7 (0.75%) of the total live racing handle for thoroughbred racing and one percent
8 (1%) of the total live handle for harness racing.
9 (2) An excise tax is imposed on:
10 (a) All licensed tracks conducting telephone account wagering;
11 (b) All tracks participating as receiving tracks in intertrack wagering under the
12 jurisdiction of the Kentucky Horse Racing Authority; and
13 (c) All tracks participating as receiving tracks displaying simulcasts and
14 conducting interstate wagering thereon.
15 (3) The tax imposed in subsection (2) of this section shall be in the amount of three
16 percent (3%) of all money wagered under subsection (2) of this section during the
17 fiscal year. A noncontiguous track facility approved by the Kentucky Horse Racing
18 Authority on or after January 1, 1999, shall be exempt from the tax imposed under
19 this subsection, if the facility is established and operated by a licensed track which
20 has a total annual handle on live racing of two hundred fifty thousand dollars
21 ($250,000) or less. The amount of money exempted under this subsection shall be
22 retained by the noncontiguous track facility, KRS 230.3771 and 230.378
23 notwithstanding.
24 (4) An amount equal to two percent (2%) of the amount wagered shall be deducted
25 from the tax imposed in subsection (2) of this section and deposited as follows:
26 (a) If the money is deducted from taxes imposed under subsection (2)(a) and (b)
27 of this section, it shall be deposited in the thoroughbred development fund if

1 the host track is conducting a thoroughbred race meeting or the Kentucky
2 standardbred, quarter horse, Appaloosa, and Arabian development fund, if the
3 host track is conducting a harness race meeting; or
4 (b) If the money is deducted from taxes imposed under subsection (2)(c) of this
5 section, to the thoroughbred development fund if interstate wagering is
6 conducted on a thoroughbred race meeting or to the Kentucky standardbred,
7 quarter horse, Appaloosa, and Arabian development fund, if interstate
8 wagering is being conducted on a harness race meeting.
9 (5) Two-tenths of one percent (0.2%) of the total amount wagered on live racing in
10 Kentucky shall be deducted from the pari-mutuel tax levied in subsection (1) of this
11 section, and one-twentieth of one percent (0.05%) of the total amount wagered on
12 intertrack wagering shall be deducted for the pari-mutuel tax levied in subsection
13 (2) of this section, and allocated to the equine industry program trust and revolving
14 fund to be used for funding the equine industry program at the University of
15 Louisville.
16 (6) One-tenth of one percent (0.1%) of the total amount wagered in Kentucky shall be
17 deducted from the pari-mutuel tax levied in subsections (1), (2), and (3) of this
18 section and deposited to a trust and revolving fund to be used for the construction,
19 expansion, or renovation of facilities or the purchase of equipment for equine
20 programs at state universities. These funds shall not be used for salaries or for
21 operating funds for teaching, research, or administration. Funds allocated under this
22 subsection shall not replace other funds for capital purposes or operation of equine
23 programs at state universities. The Kentucky Council on Postsecondary Education
24 shall serve as the administrative agent and shall establish an advisory committee of
25 interested parties, including all universities with established equine programs, to
26 evaluate proposals and make recommendations for the awarding of funds. The
27 Kentucky Council on Postsecondary Education may by administrative regulation

1 establish procedures for administering the program and criteria for evaluating and
2 awarding grants.
3 Section 7. (1) There is hereby appropriated from the General Fund to the
4 Department of Education $96,000 in fiscal year 2005-2006 for debt service for
5 $2,000,000 in new bonding authority to support the construction and facility upgrade of
6 the Letcher County Central Vocational Center.
7 (2) There is hereby appropriated from the General Fund to the Department of
8 Education $165,000 in fiscal year 2005-2006 for debt service for $3,500,000 in new
9 bonding authority to support facility maintenance and an upgrade to the Russell County
10 Learning Center.
11 Section 8. There is hereby appropriated from the General Fund to the Education
12 Cabinet $72,000 in fiscal year 2005-2006 for debt service for $1,500,000 in new bonding
13 authority to support the facility upgrade of the Butler County Area Vocational Center.
14 Section 9. (1) There is hereby appropriated from the General fund to the
15 Governor's Office for Local Development $35,000 in fiscal year 2005-2006 for debt
16 service for $700,000 in new bonding authority to support the Louisville Science Center.
17 (2) There is hereby appropriated from the General fund to the Governor's Office
18 for Local Development $22,000 in fiscal year 2005-2006 for debt service for $400,000 in
19 new bonding authority to support the E.P. Tom Sawyer Park.
20 (3) There is hereby appropriated from the General fund to the Governor's Office
21 for Local Development $38,000 in fiscal year 2005-2006 for debt service for $750,000 in
22 new bonding authority to support the Louisville Zoo.
23 Section 10. The funds transfers provided for in 2005 House Bill 267, Part V,
24 Funds Transfer, Section A. General Government, beginning with item 10., Accountancy,
25 through item 42., Veterinary Examiners, and also provided for in 2005 House Joint
26 Resolution 92, as reflected in Volume 1, pages 7 and 8 of the Conference Budget Report
27 for House Bill 267/FCCR, shall not be made, but shall instead be retained by the entity

1 from which the transfers were directed to be made for use as provided by law. For
2 additional clarification, those funds transfers are reflected in 2005 House Bill 267/EN
3 beginning on page 232, line 21, through page 235, line 6.
4 SECTION 11. A NEW SECTION OF KRS CHAPTER 424 IS CREATED TO
5 READ AS FOLLOWS:
6 ***Notwithstanding KRS 65.070, 83A.060, 91A.040, 160.463, 424.180, 424.190, 424.220,***
7 ***424.230, 424.250, 424.260, 424.270, 424.330, any public agency required to advertise***
8 ***or publish notices or documents in a newspaper shall be charged the lowest rate***
9 ***generally charged for advertising by the newspaper.***
10 Section 12. Because Section 10 of this Act relates to provisions of the
11 State/Executive Branch Budget Bill that would be effective prior to the regular effective
12 date of legislation enacted by the 2005 General Assembly, an emergency is declared to
13 exist, and the provisions of Section 10 of this Act take effect upon its passage and
14 approval by the Governor or upon its otherwise becoming a law.
15 Section 13. The following KRS section is repealed:
16 136.186 Cabinet to certify valuation of watercraft to county clerks -- Filing of
17 certification.

Jody Richards
Speaker-House of Representatives

President of the Senate

Attest: Lois Quillin
Chief Clerk of House of Representatives

Approved Ernie Fletcher
Governor

Date March 18, 2005