GENERAL ASSEMBLY
COMMONWEALTH OF KENTUCKY

2016 REGULAR SESSION

SENATE BILL NO. 230

AS ENACTED

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SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY K. Adler

1 AN ACT relating to blighted and deteriorated properties.

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

3 ➔Section 1. KRS 99.700 is amended to read as follows:

4 (1) It is hereby found:

5 (a) That there ***exist within the jurisdiction of***~~[exists in]~~ many ***local***
6 ***governments***~~[cities and in counties containing a city of the first class or~~
7 ~~consolidated local government]~~ in this Commonwealth blighted and
8 deteriorated properties in neighborhoods which cause the deterioration of
9 those and contiguous neighborhoods and constitute a serious and growing
10 menace which is injurious to the public health, safety, morals, and general
11 welfare of the residents of the Commonwealth, and are beyond remedy and
12 control solely by regulatory process in the exercise of the police power;

13 (b) That the existence of blighted and deteriorated properties within
14 neighborhoods, and the growth and spread of blight and deterioration or the
15 threatened deterioration of other neighborhoods and properties:

16 1. Contribute substantially and increasingly to the spread of disease and
17 crime, and to losses by fire and accident;

18 2. Necessitate expensive and disproportionate expenditures of public funds
19 for the preservation of the public health and safety, for crime prevention,
20 correction, prosecution, and punishment, for the treatment of juvenile
21 delinquency, for the maintenance of adequate police, fire and accident
22 protection, and for other public services and facilities;

23 3. Constitute an economic and social liability;

24 4. Substantially impair or arrest the sound growth of the community;

25 5. Retard the provision of decent, safe, and sanitary housing
26 accommodations;

27 6. Depreciate assessable values;

1 7. Cause an abnormal exodus of families from these neighborhoods; and
2 8. Are detrimental to the health, the well-being, and the dignity of many
3 residents of these neighborhoods;
4 (c) That this menace cannot be effectively dealt with by private enterprise without
5 the aids provided herein; and
6 (d) That the benefits which would result from eliminating the blighted properties
7 that cause the blight and deterioration of neighborhoods will accrue to the
8 inhabitants of the neighborhoods in which these conditions exist and to the
9 inhabitants of this Commonwealth generally.
10 (2) It is hereby declared:
11 (a) That it is the policy of this Commonwealth to protect and promote the health,
12 safety, and welfare of the people of the Commonwealth by eliminating the
13 blight and deterioration of neighborhoods through the elimination of blighted
14 and deteriorated properties within these neighborhoods;
15 (b) That the elimination of such blight and deterioration and the preparation of the
16 properties for sale or lease, for development or redevelopment, constitute a
17 public use and purpose for which public money may be expended and private
18 property acquired and are governmental functions in the interest of the health,
19 safety, and welfare of the people of the Commonwealth; and
20 (c) That the necessity in the public interest for the provisions enacted herein is
21 hereby declared to be a legislative determination.
22 ➔Section 2. KRS 99.705 is amended to read as follows:
23 ***As used in KRS 99.700 to 99.730***[~~Unless the context otherwise requires~~]:
24 (1) ***"Alternative government entity" means an entity established by the legislative***
25 ***body of a local government pursuant to KRS 65.350 to 65.375, 99.330 to 99.510,***
26 ***99.520 to 99.590, or 99.610 to 99.680, with a purpose compatible with the***
27 ***purposes expressed in KRS 99.700;***

1 ***(2)*** "Blighted" or "deteriorated" property means any vacant structure or vacant or
2 unimproved lot or parcel of ground in a predominantly built-up neighborhood:
3 (a) Which because of physical condition or use is regarded as a public nuisance at
4 common law or has been declared a public nuisance in accordance~~[with a city~~
5 ~~of any class, or in counties containing a city of the first class or consolidated~~
6 ~~local government,]~~ with the housing, building, plumbing, fire, ***nuisance,*** or
7 related codes;
8 (b) Which because of physical condition, use, or occupancy is considered an
9 attractive nuisance to children, including but not limited to abandoned wells,
10 shafts, basements, excavations, and unsafe fences or structures;
11 (c) Which, because it is dilapidated, unsanitary, unsafe, vermin-infested, or
12 lacking in the facilities and equipment required by the ***housing or***
13 ***nuisance***~~[housing]~~ code of ***the local government in which it is located***~~[a city~~
14 ~~or county containing a city of the first class or consolidated local government]~~,
15 has been designated by the department responsible for enforcement of the
16 ***housing or nuisance*** code as unfit for human habitation;
17 (d) Which is a fire hazard, or is otherwise dangerous to the safety of persons or
18 property;
19 (e) From which the utilities, plumbing, heating, sewerage, or other facilities have
20 been disconnected, destroyed, removed, or rendered ineffective so that the
21 property is unfit for its intended use;
22 (f) Which by reason of neglect or lack of maintenance has become a place for
23 accumulation of trash and debris, or a haven for rodents or other vermin;
24 (g) Which has been tax delinquent for a period of at least three (3) years; or
25 (h) Which has not been ***brought into compliance with the housing, building,***
26 ***plumbing, electrical, fire, or nuisance code of the local government within***
27 ***which it is located***~~[rehabilitated]~~ within the time constraints placed upon the

1 owner by the appropriate code enforcement agency[.]***;***

2 ***(3)***[(2)] ***"Commission" means a vacant property review commission established***

3 ***under Section 3 of this Act;***

4 ***(4) "Local government" means any city, county, urban-county government,***

5 ***consolidated local government, unified local government, or charter county;***

6 ***(5) "Nuisance code" means an ordinance or ordinances adopted by a local***

7 ***government pursuant to KRS 82.700 to 82.725 or a similar ordinance or***

8 ***ordinances adopted by a local government pursuant to any other authority; and***

9 ***(6)*** "Redevelopment" means the planning or replanning, design or redesign, acquisition,

10 clearance, development, and disposal or any combination of these, of a property in

11 the preparation of such property for residential***, commercial, public, or*** [and]related

12 uses, as may be appropriate or necessary.

13 ~~[(3)] "Residential and related use" shall mean residential property for sale or rental and~~

14 ~~related uses; including but not limited to park and recreation areas, neighborhood~~

15 ~~community service, and neighborhood parking lots.~~

16 ~~(4) "Vacant property review commission" means a commission established by~~

17 ~~ordinance to review vacant properties to make a written determination of blight and~~

18 ~~deterioration.]~~

19 ➔Section 3. KRS 99.710 is amended to read as follows:

20 (1) If the legislative body of a[consolidated] local government[, a city of any class, or a

21 county containing a city of the first class] finds and declares that there ***exist within***[

22 exists in] the ***jurisdiction of the***[consolidated] local government[, city of any class,

23 or county containing a city of the first class] blighted or deteriorated properties and

24 that there is need [in the city or county]for the exercise of powers, functions, and

25 duties conferred by KRS ***99.700***[99.705] to 99.730 ***within the jurisdiction of the***

26 ***local government***, the legislative body may adopt the provisions of KRS

27 ***99.700***[99.705] to 99.730 by ordinance.

1 (2) The ordinance adopting the provisions of KRS ***99.700***[~~99.705~~] to 99.730 shall***:***
2 ***(a)*** [~~also~~]Establish a vacant property review commission***,*** which shall certify
3 properties as blighted or deteriorated to the legislative body. The ordinance
4 shall specify the duties of, the number of members that will serve on, the
5 requirements of membership, and the makeup of the commission. Members ***of***
6 ***the commission*** shall be appointed by the mayor ***or the county***
7 ***judge/executive, as the case may be,*** and approved by the legislative body***; or***
8 ***(b) Assign the duties that would otherwise be fulfilled by a vacant property***
9 ***review commission under KRS 99.700 to 99.730 to an alternative***
10 ***government entity***.
11 ***(3) The governing body of a local government adopting the provisions of KRS 99.700***
12 ***to 99.730 may also, by ordinance, authorize the commission or alternative***
13 ***government entity to identify and certify properties for inclusion in a tax***
14 ***delinquency diversion program established by the local government as provided***
15 ***in Section 8 of this Act.***
16 ***(4)*** No officer or employee of the [~~consolidated~~]local government[~~, city of any class, or~~
17 ~~county containing a city of the first class~~] whose duties include enforcement of
18 housing, building, plumbing, fire, ***nuisance,*** or related codes shall be appointed to
19 the commission ***or serve on the governing body of an alternative government***
20 ***entity***.
21 ➔Section 4. KRS 99.715 is amended to read as follows:
22 A [~~city of any class, county containing a city of the first class, or consolidated~~]local
23 government may acquire***,*** by[~~,~~] eminent domain pursuant to KRS Chapter 416, any
24 property determined to be blighted or deteriorated pursuant to KRS ***99.700***[~~99.705~~] to
25 99.730, and shall have the power to hold, clear, manage, or dispose of property so
26 acquired[~~ for residential and related use,~~] pursuant to the provisions of KRS
27 ***99.700***[~~99.705~~] to 99.730.

1 ➔Section 5. KRS 99.720 is amended to read as follows:
2 (1) The legislative body shall not institute eminent domain proceedings pursuant to
3 KRS ***99.700***[~~99.705~~] to 99.730 unless the commission ***or alternative government***
4 ***entity*** has certified that the property is blighted or deteriorated. A property which
5 has been referred to the commission ***or alternative government entity*** by a[~~ city~~
6 ~~agency of any class of city, or by an agency in a county containing a city of the first~~
7 ~~class or consolidated~~] local government[~~,~~] as blighted or deteriorated may only be
8 certified to the legislative body as blighted or deteriorated after the commission ***or***
9 ***alternative government entity*** has determined:
10 (a) That the owner of the property or designated agent has been sent an order by
11 the appropriate [~~city, consolidated~~]local government[~~, or county~~] agency to
12 eliminate the conditions which are in violation of local codes or law;
13 (b) That the property is vacant;
14 (c) That the property is blighted and deteriorated;***and***
15 (d) That the commission ***or alternative government entity*** has notified the
16 property owner or designated agent that the property has been determined to
17 be blighted or deteriorated and the time period for correction of such condition
18 has expired and the property owner or agent has failed to comply with the
19 notice[~~; and~~
20 ~~(e) That, in cities of any class, counties containing a city of the first class, or~~
21 ~~consolidated local governments that are within a planning unit established~~
22 ~~pursuant to KRS Chapter 100, the planning commission has determined that~~
23 ~~the reuse of the property for residential and related use is in keeping with the~~
24 ~~comprehensive plan~~].
25 (2) The findings required by subsection (1) of this section shall be in writing and
26 included in the report to the legislative body.
27 (3) ***(a)*** The commission ***or alternative government entity*** shall notify the owner of

1 the property or a designated agent that a determination of blight or
2 deterioration has been made and that failure to eliminate the conditions
3 causing the blight shall render the property subject to condemnation by the
4 ~~[city, consolidated]~~local government~~[, or county]~~ under KRS ***99.700***~~[99.705]~~
5 to 99.730.
6 ***(b)*** Notice shall be mailed to the owner or designated agent by certified mail,
7 return receipt requested. However, if the address of the owner or a designated
8 agent is unknown and cannot be ascertained by the commission ***or alternative***
9 ***government entity*** in the exercise of reasonable diligence, copies of the notice
10 shall be posted in a conspicuous place on the property affected.
11 ***(c)*** The written notice sent to the owner or his ***or her*** agent ***or posted on the***
12 ***property*** shall describe the conditions that render the property blighted and
13 deteriorated, and shall demand abatement of the conditions within ninety (90)
14 days of the receipt of such notice.
15 (4) An extension of the ninety (90) day time period may be granted by the commission
16 ***or alternative government entity*** if the owner or designated agent demonstrates that
17 such period is insufficient to correct the conditions cited in the notice.
18 ➔Section 6. KRS 99.725 is amended to read as follows:
19 The legislative body of the ~~[city of any class, county containing a city of the first class, or~~
20 ~~consolidated]~~local government may institute eminent domain proceedings pursuant to
21 KRS Chapter 416 against any property which has been certified as blighted or
22 deteriorated by the commission ***or alternative government entity*** if it finds:
23 (1) That such property has deteriorated to such an extent as to constitute a serious and
24 growing menace to the public health, safety and welfare;
25 (2) That such property is likely to continue to deteriorate unless corrected;
26 (3) That the continued deterioration of such property may contribute to the blighting or
27 deterioration of the area immediately surrounding the property; and

1 (4) That the owner of such property has failed to correct the deterioration of the
2 property.
3 ➔Section 7. KRS 99.730 is amended to read as follows:
4 ***(1)*** No officer or employee of a ~~[city of any class, county containing a city of the first~~
5 ~~class, or consolidated]~~local government, ~~[or of]~~the vacant property review
6 commission, ***or an alternative government entity,*** who in the course of his or her
7 duties is required to participate in the determination of property blight or
8 deterioration or the issuance of notices on code violations which may lead to a
9 determination of blight or deterioration, shall acquire any interest in any property
10 declared to be blighted or deteriorated.
11 ***(2)*** If any such officer or employee owns or has financial interest, direct or indirect, in
12 any property certified to be blighted or deteriorated, he or she shall immediately
13 disclose, in writing, such interest to the commission ***or alternative government***
14 ***entity*** and to the legislative body, and such disclosure shall be entered in the
15 minutes of the commission ***or alternative government entity*** and of the legislative
16 body. Failure to so disclose such interest shall constitute misconduct in office.
17 ***(3)*** No payment shall be made to any officer or employee for any property or interest
18 ~~[therein]~~acquired by the ~~[city of any class, consolidated]~~local government~~[, or~~
19 ~~county containing a city of the first class]~~ from such officer or employee unless the
20 amount of such payment is fixed by court order in eminent domain proceedings, or
21 unless payment is unanimously approved by the legislative body.
22 ➔SECTION 8. A NEW SECTION OF KRS 99.700 TO 99.730 IS CREATED TO
23 READ AS FOLLOWS:
24 ***(1) As used in this section:***
25 ***(a) "Census block" means an area within the jurisdiction of a local***
26 ***government identified by the United States Census Bureau using a unique***
27 ***four (4) digit number;***

1 *(b) "Certificate of delinquency" has the same meaning as in KRS 134.010;*
2 *(c) "Individual parcel" means a parcel of property not located in a priority*
3 *project area that has been designated by the commission or alternative*
4 *government entity as blighted, and for which the area in which the property*
5 *is located:*
6 *1. Exhibits conditions that are favorable for development;*
7 *2. Has the resources needed for urban redevelopment; and*
8 *3. Has characteristics that can be promoted as part of a campaign to*
9 *retain existing residents and attract new residents to the area; and*
10 *(d) "Priority project area" means a specific group of properties identified by*
11 *census block, which are located in an area where:*
12 *1. There are a significant number of blighted properties;*
13 *2. Existing conditions are favorable for development;*
14 *3. Existing resources needed for urban redevelopment are present; and*
15 *4. Existing characteristics of the area can be promoted as part of a*
16 *campaign to retain existing residents and attract new residents to the*
17 *area.*
18 *(2) The legislative body of a consolidated local government may, by ordinance,*
19 *establish a tax delinquency diversion program for blighted property.*
20 *(3) The ordinance establishing the program shall designate the commission or an*
21 *alternative government entity as the body responsible for identifying and*
22 *certifying priority project areas and individual parcels of property for inclusion in*
23 *the tax delinquency diversion program.*
24 *(4) The commission or alternative government entity shall submit recommended*
25 *priority project areas and qualifying individual parcels of property to the*
26 *governing body of the consolidated local government for consideration.*
27 *(5) Certificates of delinquency related to property approved by the governing body of*

1 ***the consolidated local government for inclusion in the tax delinquency diversion***
2 ***program shall not be available for purchase by any person for a period of up to***
3 ***five (5) years following the year in which the property is placed in the tax***
4 ***delinquency diversion program.***
5 ***(6) The commission or alternative government entity shall provide to the county***
6 ***attorney a list of all properties included in the tax delinquency diversion plan,***
7 ***and the county attorney shall place the identified properties on the protected list***
8 ***required by subsection (10) of Section 12 of this Act.***
9 ➔Section 9. KRS 416.540 is amended to read as follows:
10 ***As used in KRS 416.540 to 416.670:***
11 (1) "Condemn" means to take private property for a public use under the right of
12 eminent domain;
13 (2) "Condemnor" shall mean and include any person, corporation or entity, including
14 the Commonwealth of Kentucky, its agencies and departments, county, municipality
15 and taxing district authorized and empowered by law to exercise the right of
16 eminent domain;
17 (3) "Condemnee" means the owner of the property interest being taken;
18 (4) "Court" means the Circuit Court;
19 (5) ***"Eminent domain" means the right of the Commonwealth to take for public use***
20 ***and shall include the right of private persons, corporations, or business entities to***
21 ***do so under authority of law;***
22 ***(6) "Government lien" means any lien established by or in favor of the***
23 ***Commonwealth or a local government under KRS Chapter 65, 82, 91, 91A, or***
24 ***134;***
25 ***(7) "Local government" means any city, county, urban-county government,***
26 ***consolidated local government, unified local government, or charter county; and***
27 ***(8)*** "Property" means real or personal property, or both, of any nature or kind that is

1 subject to condemnation[~~;~~

2 ~~(6) "Eminent domain" means the right of the Commonwealth to take for a public use~~

3 ~~and shall include the right of private persons, corporations or business entities to do~~

4 ~~so under authority of law~~].

5 ➔Section 10. KRS 416.580 is amended to read as follows:

6 (1) ***(a)*** The Circuit Court, or in the absence of the Circuit Judge from the county, the

7 Circuit Court Clerk, shall appoint as commissioners three (3) impartial

8 housekeepers of the county who are owners of land. They shall be sworn to

9 faithfully and impartially discharge their duties under this section. The

10 commissioners shall view the land or material sought to be condemned and

11 award to the owner or owners such a sum as will fairly represent the reduction

12 in the market value of the entire property, all of or a portion of which is sought

13 to be condemned, said sum being the difference between the market value of

14 the entire property immediately before the taking and the market value of the

15 remainder of the property immediately after the taking thereof, together with

16 the fair rental value of any temporary easements sought to be condemned.

17 Within fifteen (15) days from the date of their appointment they shall return a

18 written report to the office of the Circuit Court, stating the above values in

19 their award and shall describe in their report the property sought to be

20 condemned. They shall be allowed a reasonable fee which shall be taxed as

21 costs.

22 ***(b)***[~~(2)~~] ***If***[~~In the event~~] any person appointed to serve as commissioner fails,

23 refuses or becomes incapable of acting, the court, or judge thereof shall

24 forthwith appoint a qualified person to fill the vacancy. A majority of the

25 commissioners appointed and qualified have the power to act and to make and

26 sign the award and report. If a majority of the commissioners do not agree on

27 a decision, three (3) new commissioners shall be appointed by the court on

1 application by any of the parties to the action.
2 ***(2) In eminent domain proceedings instituted pursuant to KRS 99.700 to 99.730, in***
3 ***determining the market of value blighted or deteriorated property, the***
4 ***commissioners shall consider:***
5 ***(a) The estimated cost of repairs necessary to bring the property up to the***
6 ***minimum standards of the local housing or nuisance code as determined by***
7 ***an independent appraiser, general building or residential contractor or***
8 ***inspector; or***
9 ***(b) The cost of demolition of the property, if the commissioners determine that***
10 ***demolition would be the most cost-effective manner of addressing the***
11 ***blighted or deteriorated structures on the property.***
12 ➔Section 11. KRS 134.128 is amended to read as follows:
13 (1) The sale of certificates of delinquency by county clerks to persons other than those
14 listed in KRS 134.127(1)(a) shall be conducted in accordance with the provisions of
15 this section.
16 (2) The department shall promulgate administrative regulations to establish a process
17 for the purchase and sale of certificates of delinquency to third parties. The process
18 developed by the department shall:
19 (a) 1. Establish an annual statewide schedule for the sale of certificates of
20 delinquency in each county. The schedule shall be published on the
21 department's Web site at least ten (10) days prior to the first sale. The
22 sale in each county shall be administered by the county clerk.
23 2. The sale in each county shall be scheduled at least ninety (90) days but
24 not more than one hundred thirty-five (135) days after the unpaid tax
25 claims are filed by the sheriff with the county clerk, unless the
26 provisions of subparagraph 3. of this paragraph apply. The department
27 may stagger the schedule so that sales are conducted on different dates

1 and times in different counties.
2 3. A county clerk who:
3 a. Due to the assessment schedule established by the department,
4 anticipates receiving certificates of delinquency relating to
5 unmined coal, oil or gas reserves, or any other mineral or energy
6 resources assessed separately from the surface real property
7 pursuant to KRS 132.820 too late to be included in the annual sale
8 scheduled during the timeframes established by subparagraph 2. of
9 this paragraph; and
10 b. Wants to include those certificates in the annual sale for the year in
11 which the certificates of delinquency are created;
12 may submit a request to the department to hold the annual sale for that
13 county up to one hundred ninety-five (195) days after the bulk of the
14 unpaid tax claims are filed by the sheriff with the county clerk in
15 accordance with KRS 134.122;
16 (b) Except as provided in KRS 134.127(1)(a), prohibit the payment of any newly
17 filed certificates of delinquency by a third party prior to the scheduled annual
18 sale of certificates of delinquency for that year for that county;
19 (c) Prohibit the payment of any certificates of delinquency:
20 1. Involved in bankruptcy litigation in which the county attorney or
21 department has filed a claim;
22 2. Involved in other litigation initiated by the county attorney or the
23 department, or in which the county attorney or department responds or
24 files a claim;~~[or]~~
25 3. Under a payment plan that has been agreed to by the taxpayer and the
26 county attorney or the department, and on which the payment agreement
27 is in good standing***; or***

1 ***4. Related to property included in a tax delinquency diversion program***
2 ***established pursuant to Section 8 of this Act***;
3 (d) Establish a process to be used by county clerks in determining the order in
4 which interested third-party purchasers may select and pay available
5 certificates of delinquency at the annual sale. The process shall, at a
6 minimum:
7 1. Be uniform in all counties to the extent practicable;
8 2. Establish a process, if there is more than one (1) purchaser registered to
9 purchase certificates of delinquency at the sale, that allows all interested
10 purchasers an opportunity to purchase certificates of delinquency on an
11 equitable basis. The sale shall not be structured in such a manner to
12 allow one (1) third party to purchase all of the certificates of delinquency
13 if there are other properly registered third parties that are also interested
14 in purchasing certificates of delinquency;
15 3. Establish fairness for all participants by prohibiting the participation of
16 multiple related entities, or multiple individuals representing related
17 interests as separate entities in the selection process at an annual sale.
18 The department shall define "related entities" and "related interests" as
19 part of the regulatory process; and
20 4. Establish a process to be used by county clerks in identifying, verifying,
21 and selling priority certificates of delinquency. The process shall:
22 a. Require third-party purchasers to submit a list of priority
23 certificates of delinquency to the county clerk up to ten (10) days
24 before the annual sale so that the clerk may identify and allocate
25 priority certificates of delinquency to third-party purchasers prior
26 to the annual sale;
27 b. Require that all priority certificates of delinquency allocated to a

1 third-party purchaser prior to the annual sale be removed from the
2 annual sale;
3 c. Allow any third-party purchaser holding a certificate of
4 delinquency on a parcel of property from a prior year to submit a
5 priority list and purchase any priority certificates of delinquency to
6 which the third-party purchaser is entitled, notwithstanding that the
7 third-party purchaser may be related to another third-party
8 purchaser participating in the sale; and
9 d. Give priority to the third-party purchaser holding a certificate of
10 delinquency from the most recent tax year if more than one (1)
11 third party holds an outstanding certificate of delinquency on a
12 parcel of property;
13 (e) Require all potential participants in the sale to register at least one (1) week in
14 advance with the county clerk;
15 (f) Require a review of the list of registered participants, either by the county
16 clerk or the department, prior to the sale to ensure that:
17 1. All registered participants seeking to pay multiple certificates of
18 delinquency are properly registered with the department as required by
19 KRS 134.129; and
20 2. No registered participants or related entities or related interests
21 prohibited from separate participation in the annual sale pursuant to the
22 provisions of paragraph (d)3. of this subsection and the administrative
23 regulations promulgated thereunder have separately registered to
24 participate in the annual sale;
25 (g) Establish advance deposit requirements for registered participants based upon
26 the maximum amount the registered participant may pay for desired
27 certificates of delinquency;

1 (h) Establish a registration fee to be paid to the clerk. The registration fee paid to
2 each county shall not exceed two hundred fifty dollars ($250) annually and
3 may be tiered;
4 (i) Establish payment requirements, which may include nullification of the
5 payment and forfeiture of the advance deposit if a third-party purchaser fails
6 to produce full payment within the specified time; and
7 (j) Establish payment methods.
8 (3) Any person who, in any calendar year:
9 (a) Pays or plans to pay more than five (5) certificates of delinquency statewide;
10 (b) Pays or plans to pay more than three (3) certificates of delinquency in any
11 county; or
12 (c) Invests or plans to invest more than ten thousand dollars ($10,000) in the
13 payment of certificates of delinquency on a statewide basis in any calendar
14 year;
15 shall register with the department annually as provided in KRS 134.129.
16 (4) The department shall be responsible for monitoring the sale of certificates of
17 delinquency.
18 (5) (a) At least thirty (30) but not more than forty-five (45) days before the scheduled
19 sale date, the county clerk shall cause a notice to be published in accordance
20 with the provisions of KRS Chapter 424. The notice shall list by property
21 owner, property address, and if available, parcel number or lot number, all
22 certificates of delinquency available for sale. The notice shall provide the date,
23 time, and location of the sale. In addition, the notice shall list, in a separate
24 section, all personal property certificates of delinquency held by the county
25 clerk.
26 (b) As compensation for advertising the sale, the county clerk shall receive five
27 dollars ($5) for each certificate of delinquency and personal property

1 certificate of delinquency advertised. The fee shall be added to the amount of
2 the certificate of delinquency or personal property certificate of delinquency
3 and shall be paid by the person paying the certificate of delinquency or
4 personal property certificate of delinquency.
5 (c) The cost of placing the advertisement shall be paid by the county. The cost
6 shall be added to the amount of the certificate of delinquency or personal
7 property certificate of delinquency and shall be paid by the person paying the
8 certificate of delinquency or personal property certificate of delinquency. The
9 department shall establish a formula that may be used by counties in
10 allocating the advertising costs among the delinquent tax claims. The formula
11 shall take into account that a percentage of delinquent tax claims remains
12 unpaid.
13 (6) Any certificate of delinquency not paid at the annual sale, not subject to a payment
14 plan with the department or county attorney, and not known to be in litigation may
15 be paid to the county clerk at any time by any person after the sale, provided that:
16 (a) Any person required by KRS 134.129 to register with the department shall
17 hold a current certificate of registration at the time of purchase;
18 (b) Any person not previously registered with the county clerk during the calendar
19 year shall register with the county clerk and shall pay the registration fee
20 established by administrative regulation pursuant to subsection (2)(h) of this
21 section; and
22 (c) Any person previously registered with the county clerk during the calendar
23 year who has not paid the maximum registration fee for that year shall pay the
24 appropriate amount for each certificate of delinquency paid, as established by
25 administrative regulation pursuant to subsection (2)(h) of this section, until the
26 maximum registration has been paid.
27 (7) Any certificate of delinquency received by the county clerk too late to be included

1 in the annual sale in any year shall be retained by the clerk until the next scheduled
2 annual sale. During that time period, the clerk may accept payment on the certificate
3 of delinquency only from those individuals and entities listed in KRS 134.127(1)(a).
4 ➔Section 12. KRS 134.504 is amended to read as follows:
5 (1) The department shall be responsible for the collection of certificates of delinquency
6 and personal property certificates of delinquency. The provisions of this section
7 relating to certificates of delinquency shall also apply to personal property
8 certificates of delinquency unless otherwise specifically noted. The department shall
9 offer the collection duties related to certificates of delinquency and personal
10 property certificates of delinquency to the county attorney in each county, unless the
11 department determines that a county attorney has previously failed to perform
12 collection duties in a reasonable and acceptable manner.
13 (2) Any county attorney desiring to perform the collection duties shall enter into a
14 contract with the department on an annual basis.
15 (3) The terms of the contract shall specify the duties to be undertaken by the county
16 attorney, which shall include, at a minimum, the duties set forth in subsection (4) of
17 this section. The terms of the contract shall also provide that, if the county attorney
18 fails to perform the duties required by the contract during the contract period, the
19 department may assume all collection responsibilities.
20 (4) The following duties shall be performed by the department or the county attorney,
21 as the case may be, with regard to each certificate of delinquency:
22 (a) Within thirty (30) days after the establishment of a certificate of delinquency,
23 the county attorney or the department shall mail a notice by regular mail to the
24 owner of record on the assessment date at the address on the records of the
25 property valuation administrator, or to the in-care-of address if an in-care-of
26 address is provided as required by subsection (5) of this section. The notice
27 shall:

1. Include the name, address, and telephone number of a contact person in the county attorney's office or the department, as the case may be;
2. Advise that:
   a. The certificate of delinquency is a lien of record against the property on which the taxes are due;
   b. The amounts due are a personal obligation of the taxpayer on the assessment date; and
   c. The certificate bears interest at the rate of twelve percent (12%) and, if not paid, will be subject to collection by the county attorney or the department as provided by law;
3. Include the total amount due as of the date of the notice;
4. Advise that anytime after ninety (90) days from the creation of the certificate of delinquency, the certificate of delinquency may be paid by a third-party purchaser and, that if so paid, the certificate of delinquency will be subject to collection by the third-party purchaser as provided by law. The notice shall also advise that a third-party purchaser may impose substantial additional administrative costs and fees associated with collection in addition to the amount due on the certificate of delinquency, and that collection actions may include foreclosure. This provision shall not be included in notices sent for personal property certificates of delinquency; and
5. Advise that the taxpayer may qualify for a payment plan with the county attorney or the department, if the taxpayer meets the requirements established by the county attorney or the department, and if terms are agreed to prior to the date of the sale;

(b) The county attorney or the department shall file in the office of the county clerk a list of the names and addresses to which the thirty (30) day notice was

1 mailed along with a certificate attesting that the notices were mailed in
2 accordance with the requirements of this section;
3 (c) 1. All thirty (30) day notices returned as undeliverable shall be submitted
4 by the county attorney or department to the property valuation
5 administrator, and a list of the returned notices shall be filed with the
6 county clerk, who shall record the list in the order book of the county.
7 2. The property valuation administrator shall attempt to correct inadequate
8 or erroneous addresses and, if property has been transferred, shall
9 determine the new owner, current mailing address, and in-care-of
10 address, if any, as provided in KRS 382.135.
11 3. The property valuation administrator shall return the notices with the
12 corrected information to the county attorney or the department within
13 twenty (20) days of receipt.
14 4. Upon receipt of the new information from the property valuation
15 administrator, the county attorney or the department shall resend the
16 notice required by paragraph (a) of this subsection using the updated
17 information;
18 (d) 1. At least twenty (20) days after the mailing of the thirty (30) day notice
19 required by paragraph (a) of this subsection, but within sixty (60) days
20 of the establishment of a certificate of delinquency, the county attorney
21 or department shall send a second notice, by regular mail, to owners of
22 record whose tax bills remain delinquent, or to the in-care-of addresses
23 or corrected address, if information regarding a new property owner has
24 been received by the county attorney or the department under the
25 provisions of paragraph (c) of this subsection. The notice shall include,
26 at a minimum, the following information:
27 a. The name, address, and telephone number of a contact person in

1 the county attorney's office or the department, as the case may be;
2 b. A statement that a sale of tax claims will be held by the county
3 clerk on the date established by the department for the sale. The
4 text of the statement shall include the actual sale date, as well as a
5 statement noting that the certificate of delinquency may be paid by
6 a third-party purchaser at the sale, and if the certificate of
7 delinquency is paid by a third-party purchaser, it will be subject to
8 collection by the third-party purchaser as provided by law, that
9 significant additional collection fees will be imposed by the third-
10 party purchaser, and that collection actions may include
11 foreclosure. This statement shall not be included in notices sent to
12 owners of property subject to a personal property certificate of
13 delinquency; and
14 c. A statement that the taxpayer may qualify for a payment plan with
15 the county attorney or the department, if the taxpayer meets the
16 requirements established by the county attorney or the department
17 and if terms are agreed to prior to the date of the sale.
18 2. The county attorney or the department shall file in the office of the
19 county clerk a list of the names and addresses to which the sixty (60) day
20 notice was mailed, along with a certificate attesting that the notices were
21 mailed in accordance with the requirements of this section.
22 3. If the notice required by paragraph (c) of this subsection is returned as
23 undeliverable, and the property valuation administrator is not able to
24 provide a corrected or updated address, the county attorney or the
25 department shall address the sixty (60) day notice to "Occupant" and
26 shall mail the notice to the address of the property to which the
27 certificate of delinquency applies;

1 (e) The county attorney or the department shall deliver to the property valuation
2 administrator, at the same time the notice required by paragraph (d) of this
3 subsection is sent, a list of the owners whose tax bills remain delinquent. The
4 property valuation administrator shall review this list in accordance with KRS
5 132.220 to establish that the properties on the list can be identified and
6 physically located; and
7 (f) Anytime after the expiration of the one (1) year tolling period established by
8 KRS 134.546, the county attorney or department may institute an action to
9 collect the amount due on a certificate of delinquency owned by the taxing
10 jurisdictions and in the possession of the county clerk. At least forty-five (45)
11 days before instituting a legal action, the county attorney or department shall
12 send, by regular mail, a notice of intent to initiate legal action to enforce the
13 lien. The notice shall be sent to the owner of record of the property or to the
14 in-care-of address or corrected address if either has been provided pursuant to
15 this section.
16 (5) If property subject to a certificate of delinquency has been transferred in any year
17 after the assessment date, the property valuation administrator shall determine the
18 in-care-of address supplied in the deed pursuant to KRS 382.135 and shall provide
19 that information to the county attorney or the department.
20 (6) (a) Failure of the county attorney or the department to mail the notices required in
21 subsection (4) of this section shall not affect the validity of the claim of the
22 state, county, school district, and taxing district. However, the county attorney
23 or the department shall not receive any compensation, commission, or
24 payment related to any certificate of delinquency for which the notices
25 required by the provisions of subsection (4) of this section are not sent.
26 (b) For each notice mailed, one dollar ($1) shall be added to the amount of the
27 certificate of delinquency, to offset the cost of mailing, and, upon collection,

1 the county attorney or the department shall be paid such amounts as
2 reimbursement for mailing costs.
3 (7) (a) As compensation for the collection duties performed pursuant to a contract
4 with the department, a county attorney shall be paid twenty percent (20%) of
5 the amount due each taxing unit during the contract period, whether the
6 amount is paid voluntarily, through sale, or under court order, and whether the
7 amount is paid to the county clerk or the county attorney. The fee for the
8 county attorney shall be added to the amount of the certificate of delinquency
9 and shall be paid by the person paying the certificate of delinquency.
10 (b) If payment in full is voluntarily made by the taxpayer to the county attorney or
11 county clerk within five (5) days of the filing of the tax claim with the county
12 clerk, the county attorney fee shall be waived.
13 (c) If a county attorney files a court action or files a cross-claim, the county
14 attorney shall be paid an additional fee of thirteen percent (13%) of the
15 amount of the certificate of delinquency and shall be reimbursed for costs
16 incident to the court action. The additional fee and costs incident to the
17 litigation shall be added to the certificate of delinquency and shall be paid by
18 the person paying the certificate of delinquency.
19 (d) If more than one (1) county attorney renders necessary services to collect on a
20 certificate of delinquency, the county attorney serving the last notice or
21 rendering the last substantial service preceding collection shall be entitled to
22 the fee.
23 (8) (a) The county attorney shall establish a system to accept installment payments
24 from delinquent taxpayers. The county attorney may, during the contract
25 period, enter into an agreement with a delinquent taxpayer to accept
26 installment payments on the certificates of delinquency. The agreement shall
27 not waive the county attorney's right to initiate court action or other authorized

1 collection activities if the taxpayer does not make payments in accordance
2 with the agreement.
3 (b) The county attorney may, upon written request of the taxpayer for good cause
4 and with agreement of the affected taxing jurisdiction or fee recipient, waive
5 or reduce fees and penalties that are part of a certificate of delinquency during
6 settlement or negotiation with a taxpayer in accordance with guidance
7 provided by the department.
8 (9) Any action by the county attorney authorized by this chapter shall be filed on
9 relation of the commissioner. A copy of any judgment obtained by the county
10 attorney shall be sent to the department.
11 (10) (a) The county attorney shall notify the county clerk and the department of the
12 filing of a suit at the time the suit is filed and of payment agreements at the
13 time such agreements are entered into. The county clerk shall note on the
14 certificate of delinquency the filing of the lawsuit or the existence of the
15 payment agreement, and these certificates of delinquency shall not be
16 available for purchase or payment by a third-party purchaser.
17 (b) The county attorney shall provide to the county clerk at least ten (10) days but
18 not more than twenty (20) days prior to the annual sale date for the county
19 established pursuant to KRS 134.128, a protected list of current year
20 certificates of delinquency that are:
21 1. Under a payment plan with the county attorney on which payments are
22 current;
23 2. Involved in litigation initiated by the county attorney or in which the
24 county attorney responds or files an answer;~~[or]~~
25 3. Involved in bankruptcy litigation in which the county attorney has filed a
26 claim***; or***
27 ***4. Included on a list of protected properties submitted to the county***

1 ***attorney by a vacant property review commission or an alternative***
2 ***government entity as provided in Section 8 of this Act***.
3 The list shall include sufficient detail for the county clerk to accurately
4 identify the property.
5 (c) The county attorney shall notify the county clerk of the failure of any payment
6 agreement and, upon notification to the clerk, the certificate of delinquency
7 shall be available for purchase.
8 (11) The department may make its delinquent tax collection databases and other
9 technical resources, including but not limited to tax refund offsetting, available to
10 the county attorney upon request from the county attorney. The county attorney
11 seeking assistance shall enter into any agreements required by the department to
12 protect taxpayer confidentiality, to ensure database integrity, or to address the
13 concerns of the department.
14 (12) (a) If a county attorney chooses not to contract for collection duties, or if a county
15 attorney fails to perform the duties required by the contract, the department
16 shall assume responsibility for all uncollected certificates of delinquency and
17 personal property certificates of delinquency, including, at the option of the
18 department, those with pending court action or for which the county attorney
19 has entered into an installment payment agreement.
20 (b) If the department assumes or retains responsibility for the collection of
21 certificates of delinquency and personal property certificates of delinquency,
22 the twenty percent (20%) fee that would have been paid to the county attorney
23 under subsection (7) of this section, and any other fees or costs established by
24 this section for the county attorney shall be paid to the department for deposit
25 in the delinquent tax fund provided for under KRS 134.552.
26 ➔Section 13. KRS 92.305 is amended to read as follows:
27 (1) Any urban-county government or city of the home rule class which finds and

1 declares that there exists abandoned urban property as defined in KRS 132.012
2 within the urban-county government or city, or which finds that there exists blighted
3 or deteriorated property pursuant to KRS ***99.700***[~~99.705~~] to 99.730, may levy a
4 separate rate of taxation on abandoned urban property pursuant to KRS 132.012.
5 (2) Prior to levying a tax upon abandoned urban property, the legislative body of the
6 urban-county government or the city of the home rule class shall delegate to the
7 vacant properties review commission, if established pursuant to KRS 99.710, or
8 another department or agency of the urban-county or city government, the
9 responsibility of determining which properties within the urban-county government
10 or city are abandoned urban properties. A list of abandoned urban properties shall
11 be furnished to the county property valuation administrator prior to the date fixed
12 for the annual assessment of real property within the county. If a property classified
13 as abandoned urban property is repaired, rehabilitated, or otherwise returned to
14 productive use, the owner shall notify the urban-county government or city which
15 shall, if it finds the property is no longer abandoned urban property, notify the
16 property valuation administrator to strike the property from the list of abandoned
17 urban properties.
18 ➔Section 14. KRS 91.285 is amended to read as follows:
19 (1) Any city of the first class which finds and declares that there exists abandoned
20 urban property as defined in KRS 132.012(1) within the city or which finds that
21 there exists blighted or deteriorated property pursuant to KRS ***99.700 to***
22 ***99.730***[~~99.710 et seq.,~~] may levy a separate rate of taxation on abandoned urban
23 property pursuant to KRS 132.012(2).
24 (2) Prior to levying a tax upon abandoned urban property, the legislative body of a city
25 of the first class shall delegate to the vacant properties review commission, if
26 established pursuant to KRS ***99.700 to 99.730***[~~99.710 et seq.,~~] or another
27 department or agency of city government, the responsibility of determining which

1 properties within the city are abandoned urban properties. A list of abandoned urban
2 properties shall be furnished to the county property valuation administrator prior to
3 the date fixed for the annual assessment of real property within the county. If a
4 property classified as abandoned urban property is repaired, rehabilitated or
5 otherwise returned to productive use, the owner shall notify the city which shall, if
6 it finds the property is no longer abandoned urban property, notify the property
7 valuation administrator to strike the property from the list of abandoned urban
8 properties.

President of Senate

Speaker-House of Representatives

Attest: Chief Clerk of Senate

Approved Governor

Date 13 APRIL 2016