AN ACT relating to property valuation and declaring an emergency.

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

➔Section 1. KRS 132.690 is amended to read as follows:

(1) ***(a)*** Each parcel of taxable real property or interest therein subject to assessment by the property valuation administrator shall be revalued during each year of each term of office by the property valuation administrator at its fair cash value in accordance with standards ***and procedures*** prescribed by the department~~[of Revenue]~~ and shall be~~[physically]~~ examined no less than once every four (4) years by the property valuation administrator~~[or his assessing personnel]~~.

(b) For any real property upon which any improvements have been made since the prior examination, the property valuation administrator or his or her deputy shall perform an on-site, in-person visual examination of the real property and the improvements. The examination shall be conducted in a manner approved by the department and for the purpose of gathering any necessary information related to the characteristics of the real property and the improvements for purposes of assessing their value. Any subsequent examination of the real property for purposes of assessing its value by the property valuation administrator or his or her deputy shall be performed by:

1. On-site, in-person visual examination;

2. Use of digital imaging technology as defined by the International Association of Assessing Officer's Standard on Mass Appraisal of Real Property; or

3. Any other examination method approved by the department.

(c) In accordance with ***standards and*** procedures prescribed by the department~~[of Revenue]~~, the property valuation administrator shall submit an assessment schedule to the department and shall maintain a record of ***the***~~[physical]~~

examination and revaluation for each parcel of real property which ***shall include the inspection dates and any***~~[includes, in addition to]~~ other relevant information~~[, the inspection dates]~~.

(2) The right of any individual to appeal the assessment on his property in any year as provided in KRS 133.120 shall in no way be affected by this section.

(3) If the property valuation administrator fails to revalue property as required by this section, the department~~[of Revenue]~~ shall have the authority to order an emergency revaluation in the same manner as provided for emergency assessments by KRS 132.660. Any property valuation administrator willfully violating the provisions of subsection (1) of this section or who refuses to comply with the directions of the department~~[of Revenue]~~ to correct the assessment shall have his compensation suspended by the department and shall be subject to removal from office as provided by KRS 132.370(4) and shall be subject to the provisions of KRS 132.620 and 61.120.

(4) Nothing in this section shall prohibit action by the department~~[of Revenue]~~ under the provisions of KRS 133.150 or 132.660 in any year in which the department determines such action to be necessary.

➔Section 2. KRS 133.120 is amended to read as follows:

(1) (a) Any taxpayer desiring to appeal an assessment on real property made by the property valuation administrator shall first request a conference with the property valuation administrator or his or her designated deputy. The conference shall be held prior to or during the inspection period provided for in KRS 133.045***, or during an extension granted under subsection (2)(d) of this section***.

(b) 1. Any person receiving compensation to represent a property owner at a conference with the property valuation administrator for a real property assessment shall be:

a. An attorney;

b. A certified public accountant;

c. A certified real estate broker;

d. A Kentucky licensed real estate broker;

e. An employee of the property owner;

f. A licensed or certified Kentucky real estate appraiser;

g. An appraiser who possesses a temporary practice permit or reciprocal license or certification in Kentucky to perform appraisals and whose license or certification requires him or her to conform to the Uniform Standards of Professional Appraisal Practice; or

h. Any other individual possessing a professional appraisal designation recognized by the department.

2. A person representing a property owner before the property valuation administrator shall present written authorization from the property owner which sets forth his or her professional capacity and shall disclose to the property valuation administrator any personal or private interests he or she may have in the matter, including any contingency fee arrangements, except that attorneys shall not be required to disclose the terms and conditions of any contingency fee arrangement.

(c) During this conference, the property valuation administrator or his or her deputy shall provide an explanation to the taxpayer of the constitutional and statutory provisions governing property tax administration, including the appeal process, as well as an explanation of the procedures followed in deriving the assessed value for the taxpayer's property.

(d) The property valuation administrator or his or her deputy shall keep a record of each conference which shall include but not be limited to the initial

assessed value, the value claimed by the taxpayer, an explanation of any changes offered or agreed to by each party, and a brief account of the outcome of the conference.

(e) At the request of the taxpayer, the conference may be held by telephone.

(2) (a) Any taxpayer still aggrieved by an assessment on real property made by the property valuation administrator after complying with the provisions of subsection (1) of this section may appeal to the board of assessment appeals.

(b) The taxpayer shall appeal his or her assessment by filing in person or sending a letter or other written petition to the county clerk stating the reasons for appeal, identifying the property for which the appeal is filed, and stating the taxpayer's opinion of the fair cash value of the property.

(c) The appeal shall be filed no later than one (1) workday following the conclusion of the inspection period provided for in KRS 133.045 ***or no later than the last day of an extension granted under paragraph (d) of this subsection***.

(d) ***A property valuation administrator may make a written request to the department to extend the deadline in his or her county of jurisdiction to allow the completion of the conferences requested during the inspection period required by subsection (1)(a) of this section and to extend the filing deadline for appeals to the board of assessment appeals. If approved by the department, the deadline for the completion of the conferences requested during the inspection period and filing appeals shall be extended for a period not to exceed twenty-five (25) days from the date of the original filing deadline.***

(e) The county clerk shall notify the department of all assessment appeals and of the date and times of the hearings.

(f)~~[(e)]~~ The board of assessment appeals may review and change any assessment

made by the property valuation administrator upon recommendation of the county judge/executive, mayor of any city using the county assessment, or the superintendent of any school district in which the property is located, if the recommendation is made to the board in writing specifying the individual properties recommended for review and is made no later than one (1) work day following the conclusion of the inspection period provided for in KRS 133.045***, or no later than the last day of an extension granted under paragraph (d) of this subsection***, or upon the written recommendation of the department. If the board of assessment appeals determines that the assessment should be increased, it shall give the taxpayer notice in the manner required by subsection (4) of KRS 132.450, specifying a date when the board will hear the taxpayer, if he or she so desires, in protest of an increase.

(g)[~~(f)~~] Any real property owner who has listed his or her property with the property valuation administrator at its fair cash value may ask the county board of assessment appeals to review the assessments of real properties he or she believes to be assessed at less than fair cash value, if he or she specifies in writing the individual properties for which the review is sought and factual information upon which his or her request is based, such as comparable sales or cost data and if the request is made no later than one (1) work day following the conclusion of the inspection period provided for in KRS 133.045***, or no later than the last day of an extension granted under paragraph (d) of this subsection***.

(h)[~~(g)~~] Nothing in this section shall be construed as granting any property owner the right to request a blanket review of properties or the board the power to conduct such a review.

(3) (a) The board of assessment appeals shall hold a public hearing for each individual taxpayer appeal in protest of the assessment by the property

valuation administrator filed in accordance with the provisions of subsection (2) of this section, and after hearing all the evidence, shall fix the assessment of the property at its fair cash value.

(b) The department may be present at the hearing and present any pertinent evidence as it pertains to the appeal.

(c) The taxpayer shall provide factual evidence to support his or her appeal. If the taxpayer fails to provide reasonable information pertaining to the value of the property requested by the property valuation administrator, the department, or any member of the board, his or her appeal shall be denied.

(d) This information shall include but not be limited to the physical characteristics of land and improvements, insurance policies, cost of construction, real estate sales listings and contracts, income and expense statements for commercial property, and loans or mortgages.

(e) The board of assessment appeals shall only hear and consider evidence which has been submitted to it in the presence of both the property valuation administrator or his or her designated deputy and the taxpayer or his or her authorized representative.

(4) (a) Any person receiving compensation to represent a property owner in an appeal before the board shall be:

1. An attorney;
2. A certified public accountant;
3. A certified real estate broker;
4. A Kentucky licensed real estate broker;
5. An employee of the taxpayer;
6 A licensed or certified Kentucky real estate appraiser;
7. An appraiser who possesses a temporary practice permit or reciprocal license or certification in Kentucky to perform appraisals and whose

license or certification requires him or her to conform to the Uniform Standards of Professional Appraisal Practice; or

8. Any other individual possessing a professional appraisal designation recognized by the department.

(b) A person representing a property owner before the county board of assessment appeals shall present a written authorization from the property owner which sets forth his or her professional capacity and shall disclose to the county board of assessment appeals any personal or private interests he or she may have in the matter, including any contingency fee arrangements, except that attorneys shall not be required to disclose the terms and conditions of any contingency fee arrangement.

(5) The board shall provide a written opinion justifying its action for each assessment either decreased or increased in the record of its proceedings and orders required in KRS 133.125 on forms or in a format provided or approved by the department.

(6) The board shall report to the property valuation administrator any real property omitted from the tax roll. The property valuation administrator shall assess the property and immediately give notice to the taxpayer in the manner required by KRS 132.450(4), specifying a date when the board of assessment appeals will hear the taxpayer, if he or she so desires, in protest of the action of the property valuation administrator.

(7) The board of assessment appeals shall have power to issue subpoenas, compel the attendance of witnesses, and adopt rules and regulations concerning the conduct of its business. Any member of the board shall have power to administer oaths to any witness in proceedings before the board.

(8) The powers of the board of assessment appeals shall be limited to those specifically granted by this section.

(9) No appeal shall delay the collection or payment of any taxes based upon the

assessment in controversy. The taxpayer shall pay all state, county, and district taxes due on the valuation which he or she claims as true value and stated in the petition of appeal filed in accordance with the provisions of subsection (1) of this section. When the valuation is finally determined upon appeal, the taxpayer shall be billed for any additional tax and interest at the tax interest rate as defined in KRS 131.010(6) from the date when the tax would have become due if no appeal had been taken. The provisions of KRS 134.015(6) shall apply to the tax bill.

(10) Any member of the county board of assessment appeals may be required to give evidence in support of the board's findings in any appeal from its actions to the Kentucky Board of Tax Appeals. Any persons aggrieved by a decision of the board, including the property valuation administrator, taxpayer, and department, may appeal the decision to the Kentucky Board of Tax Appeals. Any taxpayer failing to appeal to the county board of assessment appeals, or failing to appear before the board, either in person or by designated representative, shall not be eligible to appeal directly to the Kentucky Board of Tax Appeals.

(11) The county attorney shall represent the interest of the state and county in all hearings before the board of assessment appeals and on all appeals prosecuted from its decision. If the county attorney is unable to represent the state and county, he or she the fiscal court shall arrange for substitute representation.

(12) Taxpayers shall have the right to make audio recordings of the hearing before the county board of assessment appeals. The property valuation administrator may make similar audio recordings only if prior written notice is given to the taxpayer. The taxpayer shall be entitled to a copy of the department's recording as provided in KRS 61.874.

(13) The county board of assessment appeals shall physically inspect a property upon the request of the property owner or property valuation administrator.

➔Section 3. KRS 133.030 is amended to read as follows:

(1) The county board of assessment appeals shall convene each year at the county seat no earlier than twenty-five (25) days and no later than thirty-five (35) days following the conclusion of the tax roll inspection period provided for in KRS 133.045***. When a property valuation administrator has received permission to extend the appeal filing deadline as set out in subsection (2)(d) of Section 2 of this Act, the county board of assessment appeals shall convene no earlier than twenty-five (25) days and no later than thirty-five (35) days after the approved filing deadline.***[~~; except that~~] No meeting shall be held until the tax roll has been completed and the inspection period has been held as provided by law, or until revaluation of the property has been completed by the property valuation administrator at the direction of the Department of Revenue as provided by KRS 132.690 or by the department itself as provided by KRS 133.150. All records of the property valuation administrator, including all data concerning property sales within the preceding year, shall be available to the board while meeting.

(2) The first regular meeting day of the board shall be devoted to the orientation and training program provided for in KRS 133.020(5), to a review of the assessment of the property valuation administrator and his deputies, and to a review of the appeals filed with the county clerk as clerk of the board, including a review of recent sales of comparable properties provided in accordance with the provisions of subsection (1) of this section, and an inspection of the properties involved in the appeals when in the opinion of the board such inspection will assist in the proper determination of fair cash value.

(3) The board of assessment appeals shall continue in session only such time as is necessary to hear appeals. The board shall not continue in session more than one (1) day, if there are no appeals to be heard, nor more than five (5) days after it convenes in each year, unless an extension of time is authorized by the Department of Revenue upon request of the county judge/executive. Each board member shall be

paid one hundred dollars ($100) for each day he serves. This compensation shall be paid one-half (1/2) out of the county levy and the other half out of the State Treasury.

(4) Members of temporary panels of the board shall serve the time necessary for hearing appeals but in no case more than five (5) days except upon approval of an extension of time by the Department of Revenue. Compensation of panel members shall be in the same manner and at the same rate as provided for members of the board.

➔Section 4. KRS 133.125 is amended to read as follows:

(1) No later than three (3) working days after the expiration of the inspection period provided for in KRS 133.045***, or three (3) working days after any extension of a filing deadline for appeals as set out in subsection (2)(d) of Section 2 of this Act***, the county clerk shall provide a copy to the property valuation administrator of each appeal petition and a summary of the appeals filed with the county board of assessment appeals. The summary shall be in a format, or on a form, provided or approved by the Department of Revenue. The property valuation administrator shall, within three (3) working days of receipt of the summary, prepare and submit to the Department of Revenue a final recapitulation of the real property tax roll incorporating all changes made since the submission of the first recapitulation. Those properties under appeal shall be listed for recapitulation and certification purposes at the value claimed by the taxpayer. After submission of the final recapitulation to the Department of Revenue, assessments shall not be amended except for adjustments ordered by the board and for corrections made under the provisions of KRS 133.110 and KRS 133.130.

(2) The county clerk, or an authorized deputy, shall act as clerk of the board of assessment appeals; and where additional board panels are appointed, as provided by law, one (1) authorized deputy shall act as clerk for each panel. An accurate

record of the proceedings and orders of the board and of each of its authorized panels shall be kept and shall show the name of the owner of the property, the description, the type of property, the amount of the assessment the property valuation administrator placed on the property, and the amount of change made in the assessment by the board. A copy certified by the chairman of the board and attested by the county clerk shall be filed by the clerk with the property valuation administrator and with the Department of Revenue within five (5) days after the adjournment of the board.

(3) The county clerk shall certify to the county judge/executive the number of days during which the board was in session, and the court shall enter this fact of record along with the amount due the board members for their services. On a presentation of a copy of the order, the Finance and Administration Cabinet shall draw a warrant on the State Treasurer in favor of the board members and clerk for the amount due for their services.

(4) The county clerk and any authorized deputies serving as clerk of the board or a panel thereof shall be allowed the same compensation per day for their services as is allowed to members of the board of their county, and they shall be paid in the same manner as members of the board are paid. The county clerk and his authorized deputies shall be allowed compensation for completing and filing the record of the board in the same manner as allowed for their services while acting as clerk of the board or clerk of a panel of the board.

➔Section 5. KRS 132.220 is amended to read as follows:

(1) (a) All taxable property and all interests in taxable property, unless otherwise specifically provided by law, shall be listed, assessed, and valued as of January 1 of each year.

(b) 1. It shall be the duty of the holder of the first freehold estate in any real property taxable in this state to list or have listed the property with the

property valuation administrator of the county where it is located between January 1 and March 1 in each year, except as otherwise provided by law.

2. It shall be the duty of all persons owning any tangible personal property taxable in this state to list or have listed the property with the property valuation administrator of the county of taxable situs or with the department between January 1 and May 15 in each year, except as otherwise prescribed by law.

3. The holder of legal title, the holder of equitable title, and the claimant or bailee in possession of the property on the assessment date as provided by law shall be liable for the taxes thereon, and the property may be assessed in any of their names. But, as between them, the holder of the equitable title shall pay the taxes thereon, whether or not the property is in his or her possession at the time of payment.

4. All persons in whose name property is properly assessed shall remain bound for the tax, notwithstanding they may have sold or parted with it.

(2) Any taxpayer may list his or her property in person before the property valuation administrator or his deputy, or may file a property tax return by first class mail. Any real property correctly and completely described in the assessment record for the previous year, or purchased during the preceding year and for which a value was stated in the deed according to the provisions of KRS 382.135, may be considered by the owner to be listed for the current year if no changes that could potentially affect the assessed value have been made to the property. However, if requested in writing by the property valuation administrator or by the department, any real property owner shall submit a property tax return to verify existing information or to provide additional information for assessment purposes. Any real property which has been underassessed as a result of the owner intentionally failing to provide

information, or intentionally providing erroneous information, shall be subject to revaluation, and the difference in value shall be assessed as omitted property under the provisions of KRS 132.290.

(3) If the owner fails to list the property, the property valuation administrator shall nevertheless assess it. The property valuation administrator may swear witnesses in order to ascertain the person in whose name to make the list. The property valuation administrator, his or her employee, or employees of the department may physically inspect***, or inspect using any other method approved by the department,*** and revalue land and buildings in the absence of the property owner or resident. The exterior dimensions of buildings may be measured and building photographs may be taken; however, with the exception of buildings under construction or not yet occupied, an interior inspection of residential and farm buildings, and of the nonpublic portions of commercial buildings shall not be conducted in the absence or without the permission of the owner or resident.

(4) Real property shall be assessed in the name of the owner, if ascertainable by the property valuation administrator, otherwise in the name of the occupant, if ascertainable, and otherwise to "unknown owner." The undivided real estate of any deceased person may be assessed to the heirs or devisees of the person without designating them by name.

(5) (a) Real property tax roll entries for which tax bills have not been collected at the expiration of the one (1) year tolling period provided for in KRS 134.546, and for which the property valuation administrator cannot physically locate and identify the real property, shall be deleted from the tax roll and the assessment shall be exonerated.

(b) The property valuation administrator shall keep a record of these exonerations, which shall be open under the provisions of KRS 61.870 to 61.884.

(c) If, at any time, one of these entries is determined to represent a valid parcel of

property it shall be assessed as omitted property under the provisions of KRS 132.290.

(d) Notwithstanding other provisions of the Kentucky Revised Statutes to the contrary, any loss of ad valorem tax revenue suffered by a taxing district due to the exoneration of these uncollectable tax bills may be recovered through an adjustment in the tax rate for the following year.

(6) All real property exempt from taxation by Section 170 of the Constitution shall be listed with the property valuation administrator in the same manner and at the same time as taxable real property. The property valuation administrator shall maintain an inventory record of the tax-exempt property, but the property shall not be placed on the tax rolls. A copy of this tax-exempt inventory shall be filed annually with the department within thirty (30) days of the close of the listing period. This inventory shall be in the form prescribed by the department. The department shall make an annual report itemizing all exempt properties to the Governor and the Legislative Research Commission within sixty (60) days of the close of the listing period.

(7) Each property valuation administrator, under the direction of the department, shall review annually all real property listed with him or her under subsection (6) of this section and claimed to be exempt from taxation by Section 170 of the Constitution. The property valuation administrator shall place on the tax rolls all property that is not exempt. Any property valuation administrator who fails to comply with this subsection shall be subject to the penalties prescribed in KRS 132.990(2).

➔Section 6. KRS 133.045 is amended to read as follows:

(1) The real property tax roll being prepared by the property valuation administrator for the current year, shall be open for inspection in the property valuation administrator's office for thirteen (13) days beginning on the first Monday in May of each year and shall be open for inspection for six (6) days each week, one (1) of which shall be Saturday. In case of necessity, the department may order a reasonable

extension of time for the inspection period of the tax roll or it may order that the inspection period be at a different time than that provided in this section. However, the final day of the inspection period shall not be Saturday, Sunday, or a legal holiday.

(2) The property valuation administrator shall cause to be published once during the week before the beginning of the inspection period, as provided in subsection (1) of this section, in a display type advertisement, the following information:

(a) The fact that the real property tax roll is open for public inspection;

(b) The dates of the inspection period;

(c) The times available for public review of the real property tax roll;

(d) The fact that any taxpayer desiring to appeal an assessment shall first request a conference with the property valuation administrator to be held prior to or during the inspection period ***or completed during an extension granted under Section 2 of this Act***; and

(e) Instructions which provide details on the manner in which a taxpayer who has had a conference with the property valuation administrator may file an appeal, if he is aggrieved by an assessment made by the property valuation administrator.

The cost of the notice shall be paid by the fiscal court of the county. The notice shall also be posted at the courthouse door. Failure to publish or post notices when the inspection period is at the regular time as provided in this section shall not invalidate assessments made by the property valuation administrator and recorded on the tax roll prior to the inspection period.

➔Section 7. Whereas to allow property valuation administrators to potentially take advantage of the provisions of this Act for this tax cycle, an emergency is declared to exist and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.