

131.672 Collection of delinquent taxes or debts -- Financial institution data match system -- Requirements for implementation of system -- Lien or levy on account assets -- Notice -- Fees -- Erroneous lien or levy -- Administrative regulations.

- (1) To assist the department in the collection of delinquent taxes and debts owed to the Commonwealth, the department shall implement and operate a financial institution match system for the purpose of identifying and seizing the financial assets of delinquent taxpayers and debtors as identified by the department. The provisions of KRS 131.670 to 131.676 shall be applied uniformly to all financial institutions within the Commonwealth holding accounts subject to levy as authorized by KRS 131.500 and shall not be implemented in any financial institution unless and until the department is prepared to implement the system in ninety percent (90%) of all financial institutions within a period of no longer than eighteen (18) months from June 26, 2007, or unless the financial institution in which the system will be implemented and the department agree, in writing, to implement the system sooner in that financial institution.
- (2) The department and the financial institution shall implement and operate the system identified in subsection (1) of this section by use of the data match system operated by the financial institution as required by KRS 205.772 and 205.774 for the purpose of administering the child support enforcement programs of the Commonwealth.
- (3)
 - (a) When the department determines that the name, record address, and either Social Security number or taxpayer identification number of an account with a financial institution matches the name, record address, and either the Social Security number or taxpayer identification number of a delinquent taxpayer or debtor, a lien or levy shall, subject to the provisions of subsection (4) of this section, arise against the assets in the account at the time of receipt of the notice by the financial institution at which the account is maintained.
 - (b) The department shall provide notice of the following to the debtor or delinquent taxpayer and the financial institution:
 1. The match;
 2. The lien or levy arising therefrom; and
 3. The action to be taken to surrender or encumber the account with the lien or levy for delinquent taxes.Notice shall be provided to the debtor or delinquent taxpayer within two (2) business days of the date the notice is sent to the financial institution.
- (4) A financial institution ordered to surrender or encumber an account shall be entitled to collect its normally scheduled account activity fees to maintain the account during the period of time the account is seized or encumbered.
- (5) A financial institution may charge an account levied on by the department a fee of not more than twenty dollars (\$20), which may be deducted from the account prior to remitting any funds to the department.
- (6) The department shall bear the cost or, if paid by the delinquent taxpayer or debtor, reimburse the delinquent taxpayer or debtor for any bank charges incurred as a result of any erroneous lien or levy by the department, provided

the erroneous lien or levy was caused by department error and, prior to the issuance of the erroneous lien or levy, the delinquent taxpayer or debtor timely responded to all contacts by the department and provided information or documentation sufficient to establish his or her position.

- (7) The department shall promulgate administrative regulations to implement KRS 131.670 to 131.676.
- (8) For purposes of this section, "financial institution" has the same meaning as provided in KRS 205.772.

Effective: June 26, 2007

History: Amended 2007 Ky. Acts ch. 68, sec. 1, effective June 26, 2007. -- Created 2006 Ky. Acts ch. 252, Pt. XVII, sec. 2, effective April 25, 2006.