

1 AN ACT relating to property fees.

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

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 75 IS CREATED TO  
4 READ AS FOLLOWS:

5 *(1) As used in this section, "premises" has the same meaning as in KRS 138.208.*

6 *(2) (a) The board of trustees of a fire protection district or subdistrict, or a*  
7 *volunteer fire department district, may assess a fee against a premises*  
8 *within its jurisdiction to cover the actual costs of services and materials*  
9 *required to maintain necessary fire protection measures for that premises.*

10 *(b) In setting the amount of the fee authorized by paragraph (a) of this*  
11 *subsection, the board of trustees shall determine expenses related to fire*  
12 *protection measures for the premises, including but not limited to:*

13 *1. Fire prevention inspections;*

14 *2. Firefighting equipment purchases and maintenance;*

15 *3. The actual resources used for fire protection services;*

16 *4. The market value of materials used; and*

17 *5. Any other measures deemed essential in providing fire protection to*  
18 *the premises.*

19 *(3) The board of trustees may:*

20 *(a) Directly bill the owner of the premises for the fee authorized by subsection*  
21 *(2) of this section. In addition, the board of trustees may set a monetary*  
22 *penalty for nonpayment or late payment of the fee, and may issue a lien on*  
23 *the property against which the fee was levied; or*

24 *(b) 1. Request the fiscal court of the county in which the fire protection*  
25 *district or subdistrict, or volunteer fire department district, has*  
26 *territory containing the premises to adopt an ordinance to add the fee*  
27 *to the property tax bill sent to the owner of the premises.*

- 1           2. In any county where the fiscal court has adopted an ordinance under  
2           this paragraph, the county clerk shall add the fee to the tax bills of the  
3           owner of the premises in a place separate from the taxes and other  
4           fees on the bill so that the taxpayer can ascertain the amount of the  
5           fee apart from the taxes and other fees on the bill.
- 6           3. Fees added to property tax bills under this paragraph shall be  
7           collected and distributed by the sheriff to the applicable board of  
8           trustees in the same manner as other taxes on the bill. Unpaid fees  
9           shall bear the same penalty as general state and county property taxes,  
10           and this shall be a lien on the property against which is levied from  
11           the time of the levy. The fiscal court shall, in the ordinance, and in  
12           consultation with the sheriff and the applicable board of trustees, set a  
13           collection fee for the sheriff to retain in an amount not to exceed four  
14           and one-fourth percent (4.25%) of the fee collected.
- 15       (4) (a) If the board of trustees directly bills the owner of the premises for the fee  
16           authorized by subsection (2) of this section, the board shall issue a detailed  
17           invoice specifying the incurred costs to the owner of the respective premises.  
18           The invoice shall notify the owner of the premises of the appeals process set  
19           out in subsection (5) of this section and include contact information for the  
20           Kentucky Fire Commission to initiate an appeal.
- 21       (b) If the county fiscal court has adopted an ordinance placing the fee  
22           authorized by subsection (2) of this section on the county tax bill, then the  
23           board of trustees shall issue a document detailing the incurred costs to the  
24           owner of the respective premises that also explains that the fee will be added  
25           to the tax bill. The document shall be issued no later than September 1 of  
26           each year. The document shall notify the owner of the premises of the  
27           appeals process set out in subsection (5) of this section and include contact

1 information for the Kentucky Fire Commission to initiate an appeal.

2 (5) (a) The owner of a premises who believes the fee assessed against the premises  
3 pursuant to this section is unjust or inaccurately assessed may appeal the  
4 fee and have the issue brought before the Kentucky Fire Commission for  
5 arbitration. The appeal shall be entered within sixty (60) days of the  
6 issuance of the invoice under subsection (4)(a) of this section, or within  
7 sixty (60) days of the issuance of the document set out in subsection (4)(b)  
8 of this section.

9 (b) The board of trustees shall immediately reimburse the owners of the  
10 premises of any fee paid and adjusted in favor of the owner of the premises.  
11 Any penalties levied for nonpayment of the fee billed by the board or added  
12 to a tax bill shall be adjusted to reflect the judgment of the Kentucky Fire  
13 Commission after arbitration.

14 (c) The Kentucky Fire Commission shall promulgate administrative regulations  
15 in accordance with KRS Chapter 13A to provide for the arbitration process  
16 set out in this section.

17 (6) No later than December 31 of each year, the board of trustees collecting a fee  
18 under this section shall transmit a report to the Kentucky Fire Commission  
19 containing:

20 (a) Every invoice or document sent to the owners of each premises as set out in  
21 subsection (4) of this section, including any adjustments made as a result of  
22 an appeal set out in subsection (5) of this section;

23 (b) An incident report listing when the fire protection district or subdistrict, or  
24 volunteer fire department district responded to a premises during that year  
25 or provided any inspections or other services directly to that premises; and

26 (c) A discussion of any difficulties faced by the board of trustees in  
27 implementing this section.

1           ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 75A IS CREATED TO  
2 READ AS FOLLOWS:

3 (1) As used in this section, "premises" has the same meaning as in KRS 138.208.

4 (2) (a) The board of a district may assess a fee against a premises within its  
5 jurisdiction to cover the actual costs of services and materials required to  
6 maintain necessary fire protection measures for that premises.

7 (b) In setting the amount of the fee authorized by paragraph (a) of this  
8 subsection, the board shall determine expenses related to fire protection  
9 measures for the premises, including but not limited to:

10 1. Fire prevention inspections;

11 2. Firefighting equipment purchases and maintenance;

12 3. The actual resources used for fire protection services;

13 4. The market value of materials used; and

14 5. Any other measures deemed essential in providing fire protection to  
15 the premises.

16 (3) The board may:

17 (a) Directly bill the owner of the premises for the fee authorized by subsection  
18 (2) of this section. In addition, the board may set a monetary penalty for  
19 nonpayment or late payment of the fee, and may issue a lien on the property  
20 against which the fee was levied; or

21 (b) 1. Request the fiscal court of the county in which the district has territory  
22 containing the premises to adopt an ordinance to add the fee to the  
23 property tax bill sent to the owner of the premises.

24 2. In any county where the fiscal court has adopted an ordinance under  
25 this paragraph, the county clerk shall add the fee to the tax bills of the  
26 owner of the premises in a place separate from the taxes and other  
27 fees on the bill so that the taxpayer can ascertain the amount of the

1                   fee apart from the taxes and other fees on the bill.

2                   3. Fees added to property tax bills under this paragraph shall be  
3                   collected and distributed by the sheriff to the applicable board in the  
4                   same manner as other taxes on the bill. Unpaid fees shall bear the  
5                   same penalty as general state and county property taxes, and this shall  
6                   be a lien on the property against which is levied from the time of the  
7                   levy. The fiscal court shall, in the ordinance, and in consultation with  
8                   the sheriff and the applicable board, set a collection fee for the sheriff  
9                   to retain in an amount not to exceed four and one-fourth percent  
10                  (4.25%) of the fee collected.

11               (4) (a) If the board directly bills the owner of the premises for the fee authorized by  
12               subsection (2) of this section, the board shall issue a detailed invoice  
13               specifying the incurred costs to the owner of the respective premises. The  
14               invoice shall notify the owner of the premises of the appeals process set out  
15               in subsection (5) of this section and include contact information for the  
16               Kentucky Fire Commission to initiate an appeal.

17               (b) If the county fiscal court has adopted an ordinance placing the fee  
18               authorized by subsection (2) of this section on the county tax bill, then the  
19               board shall issue a document detailing the incurred costs to the owner of the  
20               respective premises that also explains that the fee will be added to the tax  
21               bill. The document shall be issued no later than September 1 of each year.  
22               The document shall notify the owner of the premises of the appeals process  
23               set out in subsection (5) of this section and include contact information for  
24               the Kentucky Fire Commission to initiate an appeal.

25               (5) (a) The owner of a premises who believes the fee assessed against the premises  
26               pursuant to this section is unjust or inaccurately assessed may appeal the  
27               fee and have the issue brought before the Kentucky Fire Commission for

1           arbitration. The appeal shall be entered within sixty (60) days of the  
2           issuance of the invoice under subsection (4)(a) of this section, or within  
3           sixty (60) days of the issuance of the document set out in subsection (4)(b)  
4           of this section.

5           (b) The board shall immediately reimburse the owners of the premises of any  
6           fee paid and adjusted in favor of the owner of the premises. Any penalties  
7           levied for nonpayment of the fee billed by the board or added to a tax bill  
8           shall be adjusted to reflect the judgment of the Kentucky Fire Commission  
9           after arbitration.

10          (c) The Kentucky Fire Commission shall promulgate administrative regulations  
11          in accordance with KRS Chapter 13A to provide for the arbitration process  
12          set out in this section.

13          (6) No later than December 31 of each year, the board collecting a fee under this  
14          section shall transmit a report to the Kentucky Fire Commission containing:

15          (a) Every invoice or document sent to the owners of each premises as set out in  
16          subsection (4) of this section, including any adjustments made as a result of  
17          an appeal set out in subsection (5) of this section;

18          (b) An incident report listing when the district responded to a premises during  
19          that year or provided any inspections or other services directly to that  
20          premises; and

21          (c) A discussion of any difficulties faced by the board in implementing this  
22          section.

23          ➔SECTION 3. A NEW SECTION OF KRS CHAPTER 244 IS CREATED TO  
24 READ AS FOLLOWS:

25          (1) As used in this section and Section 5 of this Act:

26          (a) "Angel dust" means the fungus Baudoinia compniacensis, commonly  
27          known as whiskey fungus;

- 1        (b) "Licensee" means the holder of a distiller's license or any other license  
2        issued under KRS Chapters 241 to 244, that has ownership or control over a  
3        premises containing one (1) or more rickhouses;
- 4        (c) "Premises" has the same meaning as in KRS 138.208; and
- 5        (d) "Rickhouse" means a structure used for the storage and aging of distilled  
6        spirits barrels, if the aging of those distilled spirits is a known factor in the  
7        development of angel dust.
- 8        (2) The department shall promulgate administrative regulations in accordance with  
9        KRS Chapter 13A to develop and implement a program to reimburse property  
10       owners on an annual basis for cleaning expenses related to accumulated angel  
11       dust if the affected property is located within a three (3) mile radius of a distillery  
12       or a premises with a rickhouse.
- 13       (3) (a) The cleaning expenses for a property shall be determined based on cleaning  
14       costs incurred by the property owner. A property owner seeking  
15       reimbursement shall provide clear documentation of cleaning expenses  
16       attributed to angel dust.
- 17       (b) Verification of cleaning expenses shall be conducted by an independent  
18       entity mutually agreed upon by the licensee and affected property owners. If  
19       the licensee and property owners fail to agree, the department shall  
20       determine the appropriate cleaning expenses.
- 21       (4) (a) The annual reimbursement process shall commence within thirty (30) days  
22       of a property owner submitting the required documentation for that year.
- 23       (b) A licensee that fails to fully and timely comply with the reimbursement  
24       requirements outlined in this section for a property shall be subject to a fine  
25       equal to twenty-five percent (25%) of the verified cleaning costs for that  
26       property, in addition to the reimbursement due, and shall also be subject to  
27       any other penalties authorized under KRS Chapters 241 to 244. The

1 department shall undertake necessary collections actions to enforce  
 2 reimbursement and fines.

3 (c) Fines under this subsection shall be imposed and collected by the  
 4 department, which shall deposit these moneys into the distilled spirits  
 5 environmental fund established in Section 5 of this Act.

6 (5) Reimbursement funds for each qualifying property owner shall be paid from the  
 7 distilled spirits environmental fund established in Section 5 of this Act.

8 (6) The department shall regulate and enforce this section and Section 5 of this Act,  
 9 and shall ensure fair and equitable reimbursement practices.

10 (7) (a) Any party aggrieved by a decision of the department related to this section  
 11 and Section 5 of this Act may request a hearing in accordance with KRS  
 12 Chapters 241 to 244 and KRS Chapter 13B.

13 (b) Any final order of the department related to this section and Section 5 of  
 14 this Act may be appealed to Franklin Circuit Court in accordance with KRS  
 15 Chapter 13B.

16 ➔SECTION 4. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO  
 17 READ AS FOLLOWS:

18 (1) As used in this section:

19 (a) "Department" means the Department of Revenue;

20 (b) "Licensee" has the same meaning as in Section 3 of this Act; and

21 (c) "Premises" has the same meaning as in KRS 138.208.

22 (2) (a) Each licensee shall annually pay to the department an environmental fee of  
 23 twenty-five cents (\$0.25) for each barrel of distilled spirits stored in a  
 24 premises on January 1.

25 (b) The fee shall be paid:

26 1. Into the State Treasury and transferred to the distilled spirits  
 27 environmental fund established in Section 5 of this Act;



- 1           2. On the twentieth day of October of each year; and
- 2           3. Either by use of a form prescribed by the department or an electronic
- 3           fund transfer.
- 4           (c) The number of barrels of distilled spirits shall be the same number reported
- 5           for property tax purposes under KRS 132.160.
- 6           (3) All provisions of KRS Chapter 131 shall apply to the environmental fee, including
- 7           but not limited to provisions regarding:
- 8           (a) Extensions of time for filing reports and returns;
- 9           (b) Uniform civil penalties imposed under KRS 131.180;
- 10           (c) The tax interest rate;
- 11           (d) The period for which records are to be preserved; and
- 12           (e) Procedures for protest of an assessment by the department.
- 13           (4) The environmental fee shall be deposited into the distilled spirits environmental
- 14           fund established in Section 5 of this Act.
- 15           ➔SECTION 5. A NEW SECTION OF KRS CHAPTER 244 IS CREATED TO
- 16           READ AS FOLLOWS:
- 17           (1) There is hereby established in the State Treasury a trust and agency account to be
- 18           known as the distilled spirits environmental fund. The fund shall consist of
- 19           moneys received from the environmental fee imposed by Section 4 of this Act,
- 20           finances imposed under Section 3 of this Act, state appropriations, gifts, grants, and
- 21           federal funds.
- 22           (2) The fund shall be administered by the department.
- 23           (3) Amounts deposited in the fund shall be used to reimburse qualifying property
- 24           owners for cleaning costs incurred to remove angel dust caused by aging distilled
- 25           spirits and for no other purpose.
- 26           (4) Notwithstanding KRS 45.229, fund amounts not expended at the close of a fiscal
- 27           year shall not lapse but shall be carried forward into the next fiscal year.

1           ➔Section 6. Sections 3, 4, and 5 of this Act take effect January 1, 2026.