

CITY OF CORYDON, HENDERSON COUNTY, KENTUCKY ORDINANCE
FOR AD VALOREM PROPERTY TAX RATES AND COLLECTION PROCEDURES

ORDINANCE NO. 2017.01

WHEREAS, the City of Corydon, Henderson County, Kentucky, has heretofore elected to use different ordinances to set property tax rates, collection dates, delinquency amounts, and collection procedures, and

WHEREAS, the Corydon City Council has deemed it advisable to deal with all property tax issues in one consolidated ordinance, which repeals and replaces any and all previous ordinances regarding ad valorem property tax rates and collection procedures to the extent in direct conflict herewith, and

WHEREAS, nothing in this ordinance shall affect the validity of any annual tax levy ordinance or any other ordinance levying a specific tax, and all such ordinances shall remain in full force and effect under their respective terms and conditions, so long as such ordinance(s) or part(s) thereof have not been specifically superseded by or do not directly conflict with the terms and conditions of this ordinance; and

NOW, THEREFORE, be it ordained by the City of Corydon, Henderson County, Kentucky, hereinafter referred to as "City", by and through the Corydon City Council, said legislative body being fully vested with the authority and power to so act, as follows:

SECTION A: POWER TO TAX AND TAX RATE:

ITEM I: In accordance with KRS 92.280, the City shall provide each year, by this ordinance, for the assessment of all real and personal property within the corporate limits that is subject to taxation for city purposes, and shall levy an ad valorem tax thereon for those purposes.

ITEM II: In accordance with Section 157 of the Kentucky Constitution, the tax rate for the City shall not, at any time, exceed the maximum tax rate for Kentucky cities.

ITEM III: All monies derived from the ad valorem tax provided for and levied herein shall be deposited in the General Fund of the City and shall be used and expended to defray current, general, and incidental expenses of the City as allowed by the Kentucky Revised Statutes and the Kentucky Constitution.¹ The City Clerk, or any designated tax collection agent of the City, shall mail written notice to every taxpayer at every step of the process described in this ordinance.

SECTION B: USE OF COUNTY PVA ASSESSMENT:

ITEM I: In accordance with KRS 132.285, the City hereby adopts, approves, and elects to use the assessment of property by the Henderson County Property Valuation Administrator for property situated within the corporate limits of the City as the basis of the ad valorem tax collected herein. The

¹ Revenues collected pursuant to City of Corydon Ordinance No. 2016.06 as a Special Ad Valorem Tax shall be maintained in a separate bank account for the Sewer Fund. These revenues shall be shown on each annual budget as a separate line item for the installation, maintenance and upkeep of the Wastewater System.

City Clerk has heretofore notified the Commonwealth of Kentucky, Department of Revenue, and the Henderson County Property Valuation Administrator that the City has adopted said assessment. Each year, the City shall appropriate and pay to the office of the Henderson County Property Valuation Administrator a sum as set out by the Kentucky Revised Statutes for the use of said assessment as prescribed by law.

ITEM II: Pursuant to KRS 132.285, the assessment date for the City shall conform to the assessment date for Henderson County; the time for setting the City tax rate, fiscal year, due and delinquency dates for taxes, and other dates, shall enable the effective adoption of the County assessment, notwithstanding any statutory provisions to the contrary.

SECTION C: TIME AND MANNER OF PAYING CITY TAXES

ITEM I: Taxpayers paying bills within Thirty (30) days from the date of the postmark on the tax bill will receive a discount equal to Two Percent (2%) of the face amount of the bill.

ITEM II: Taxpayers paying bills on the Thirty-First (31st) day from the date of the postmark, and before the Ninety-First (91st) day from the date of the postmark, will pay the face amount of the bill.

ITEM III: The City Clerk will accept payment in person or by mail, and the City will accept cash or check. Checks shall be made payable to the City of Corydon, and if mailed, to 130 Main St., Corydon, KY 42406. Service fees as adopted by the City will be charged in the event a check is found to be non-negotiable or returned due to insufficient funds.

ITEM IV: Cash or certified funds are required once tax bills are designated delinquent. Any monies received by the City Clerk for partial payment of delinquent tax bills shall first be applied to penalties and interest due, then to delinquent taxes, starting with the oldest tax year remaining unpaid.

ITEM V: As prescribed in KRS 134.121, upon receipt of a written request by a person who pays taxes on behalf of another to be treated as a transferee and verification that the request meets the requirements of KRS 134.119(3)(d) or (e), the City shall issue a certificate of transfer in accordance with the provisions of KRS 134.121.

SECTION D: ASSESSMENT OF INTEREST, PENALTIES, COSTS AND FEES FOR DELINQUENT CITY TAX BILLS

ITEM I: All bills shall become delinquent on the Ninety-First (91st) day from the date of the postmark and such delinquent bills shall include a penalty of Twenty Percent (20%) of the face amount of tax, plus interest at the rate of Six Percent (6%) per annum of the face amount of the tax plus any penalties assessed, plus any tax collection agent fee, plus any reasonable costs incurred by the City in the collection effort of the delinquent tax bill. Interest shall be calculated on the first day of each month and a fraction of a month shall be counted as an entire month.

ITEM II: In addition to other penalties, fees and costs charged and incurred by the City, there shall be collected a Clerk's Fee of Fifteen Dollars (\$15.00) on all delinquent tax accounts, as well as

an Advertising Fee of Six Dollars (\$6.00) on all delinquent tax accounts included in any publication in the local paper that the City may publish.

ITEM III: All bills designated as delinquent and remaining unpaid after One Hundred Twenty (120) days from the date of the postmark shall be turned over to a designated tax collection agent for the City, said agent to be designated by the Mayor. All such bills shall be assessed a flat fee of Seventy-Five Dollars (\$75.00) to be paid to the tax collecting agent upon collection of the delinquent tax account by the City.

ITEM IV: For court actions involving the collection of city taxes, the court shall determine and order a reasonable attorney fee to be paid and taxed as a court cost.

ITEM V: All assessments, interest, penalties, costs and fees shall become a part of all tax bills and a part of the lien for taxes provided for in KRS 134.420, including, but not limited to, costs prescribed by KRS Chapter 134.

ITEM VI: In accordance with KRS 134.420, said lien for taxes is valid for Eleven (11) years following the date when the taxes become delinquent and shall be of equal rank with that of the state, county, or any other taxing district.

SECTION E: **COLLECTION PROCEDURES FOR DELINQUENT TAX
BILLS AVAILABLE TO THE CITY**

ITEM I: KRS 134.119(1) (b) and 91A.070 recognize the City's right to adopt alternative tax collection processes and procedures, including without limitation, an annual delinquent tax lien sale.

ITEM II: All delinquent tax bills turned over to the tax collection agent mentioned in Section D, Item III immediately above, shall be subject to every collection effort allowed by statute or ordinance including, but not limited to, sale of tax liens to third party purchasers and mass foreclosure. Tax liens on tangible and personal property shall not be sold to third party purchasers.

ITEM III: Round one of the annual delinquent tax lien sale shall incorporate a lottery system as described in KAR Section 103 and KRS Chapter 134, except substituting "city" for "county" and other changes set forth in this ordinance. Round two of said sale shall be an auction sale, subject to the City's approval. Third party purchaser qualifications shall be in accordance with KRS Chapter 134.

ITEM IV: (a) In round one, the tax collection agent shall conduct a lottery, offering all eligible delinquent tax bills for sale to qualified third party purchasers at face value. The successful purchaser of any bill shall receive a certificate of delinquency in the third party purchaser's name alone.

(b) In the auction of round two, if any unsold certificates of delinquency offered to third party purchasers as a certificate of delinquency should bring less than face value, the certificate of delinquency shall be issued in the name of the third party purchaser and the City Clerk. The City Clerk shall not release said certificate until it has been paid in full. The third party purchaser shall record said certificate of delinquency with the County Clerk and pay the County Clerk any required recording fees.

(c) If any tax bill is sold and later defined as invalid, the third party purchaser will be refunded all monies paid by the third party purchaser to the City. The City shall not refund any recording fees paid to the County Clerk or any other costs expended by the third party purchaser associated with the collection effort of said tax bill.

(d) Should funds not be available in the hands of the City sufficient to pay said refund, then the City will make payments as prescribed in KRS 134.551(2)(c)(3).

(e) In an effort to prevent excessive third party purchaser fees, costs and litigation expenses as provided for in KRS Chapter 134, the City will only allow one third party purchaser to hold a lien against any given parcel at any one time; moreover, the lien offered for sale shall include all delinquent taxes for each parcel at the time of sale. The total amount paid for a lien, which may include multiple years of delinquent taxes, is the amount used to determine pre-litigation attorney fees as prescribed in KRS 134.452(1)(c).

(f) If any parcel has been conveyed to a new owner and the new owner also has one or more delinquent tax bills on said parcel at the time of the delinquent tax sale, then the same third party purchaser selecting the subject parcel shall be required to purchase all liens associated with the subject parcel, which shall be considered as one selection in a given lottery round.

ITEM V: (a) In an effort to maintain only one third party purchaser on any one parcel, any third party purchaser holding a certificate of delinquency on a given parcel shall be sent a notice by the tax collection agent when a subject parcel is found delinquent in any subsequent year during the life of the third party purchaser's certificate of delinquency, the only exception being if the delinquent taxpayer is found to be in bankruptcy.

(b) The third party purchaser shall either pay the subsequent delinquent tax on said parcel within Thirty (30) days of said notice or forfeit the current lien on said parcel so that the subsequent delinquent tax can be offered at the next annual delinquent tax sale.

(c) If the third party purchaser chooses to pay the subsequent delinquent tax, then the tax collection agent shall forward a separate certificate of delinquency for the subsequent delinquent tax only. The third party purchaser shall record this certificate of delinquency with the County Clerk, pay any required filing fees, and begin collection efforts pursuant to KRS Chapter 134.

ITEM VI: (a) The original of the release of a certificate of delinquency in round two of the sale with the notarized signature of the third party purchaser shall be mailed to the City Clerk with a copy of same, a postage paid envelope addressed to the County Clerk and a check made payable to the County Clerk for payment of the recording fee of said release. The copy of the release shall be retained by the City Clerk and the original release, along with the check to pay the recording fee, shall be forwarded to County Clerk in the postage paid envelope upon notarized signature of the City Clerk.

(b) A release by the City Clerk is authorized only upon full payment of the total tax debt due to the City on the day of the tax sale. Any release submitted to the County Clerk without the notarized signature of the City Clerk shall in no way defeat the City's lien and right to collect the total tax debt.

(c) In the second round, any unsold delinquent tax bill shall be offered at an opening bid set by the City; thereafter, the unsold delinquent tax bills shall be sold to the highest bidder. Any surplus amount above the total tax due to the City on the day of the tax sale shall be deposited in the City's General Fund. Any surplus amount above the total tax debt shall be non-refundable to the third party purchaser and uncollectible by the delinquent taxpayer or other interested parties.

(d) The successful bidder shall be issued a certificate of delinquency, assigning the total tax debt for the subject parcel for collection and noticing pursuant to KRS Chapter 134 including interest, fees and costs, based on the total tax debt due to the City on the day of the tax sale. All funds collected by the third party purchaser shall be first allocated to pay the City any remaining balance due, up to the amount of the total tax debt.

(e) Provisions documented within this Section E, Item V immediately above, regarding subsequent taxes apply equally to these certificates of delinquency.

(f) Any certificate of delinquency held by a third party purchaser in which a given year of delinquency is set to expire unpaid to the City in a current calendar year will require the third party purchaser to choose to pay the given year's remaining balance owed to the City or forfeit the certificate of delinquency back to the City to be offered at the next annual delinquent tax sale.

ITEM VII: (a) If any tax liens remain unsold after the lottery selection and auction, or at any time as directed by the City, the tax collection agent shall prepare the unsold liens for recording with the County Clerk as certificates of delinquency owned by the City.

(b) The tax collection agent shall supervise any and all subsequent collection efforts provided for in KRS Chapter 134, including legal action.

(c) Attorney fees shall include any monies collected above the total tax debt due to the City on the day of the tax sale. Attorney fees shall include interest, fees and costs as allowed by KRS 134, plus reasonable attorney fees approved by the court.

(d) The City shall pay for the initial recording fee of the certificate of delinquency under this Item VII only, while the retained attorney shall pay any additional costs associated with further collection efforts.

(e) Should an eligible third party purchaser desire to present payment for an assignment of a City owned certificate, the retained attorney shall allow such assignment. Such payment must be sufficient to fully pay the total tax debt due to the City on the day of the tax sale, plus any amounts claimed by the retained attorney in accordance with KRS Chapter 134.

(f) All City owned certificates shall be offered each year at the annual delinquent tax lien sale at the full amount due, including the retained attorney's costs accrued under KRS Chapter 134.

(g) The City may pursue legal action on any delinquent taxes in accordance with KRS Chapter 91 and all other applicable law.


ITEM VIII: In the event of legal action resulting in deficiency in the full collection of the total taxes due to the City, a deficiency judgment in favor of the City may be filed against the delinquent taxpayer as a personal judgment and against any real or personal property owned by the delinquent taxpayer.

SECTION F: **ABANDONED PROPERTY**

ITEM I: The City may elect to impose a separate rate of taxation as prescribed in KRS Chapters 92 and 132 for any property deemed abandoned by the City.

WHEREFORE, this ordinance shall become effective upon its legal adoption and publication.

This 16th day of March, 2017.



Ted Self, Mayor

Attest:



Sharlene Hopewell, City Clerk

Introduced: February 16, 2017
First Reading: February 16, 2017
Second Reading: March 16, 2017
Adopted: March 16, 2017