

**MEMO# 22641**

June 25, 2008

## **Conference Call Scheduled for Tuesday, July 1, 2008 to Discuss Kentucky's Data Match Program**

[22641]

June 25, 2008

TO: ADVISER DISTRIBUTOR TAX ISSUES TASK FORCE No. 10-08  
BANK, TRUST AND RECORDKEEPER ADVISORY COMMITTEE No. 18-08  
BROKER/DEALER ADVISORY COMMITTEE No. 18-08  
TAX COMMITTEE No. 21-08 TRANSFER AGENT ADVISORY COMMITTEE No. 30-08 RE:  
CONFERENCE CALL SCHEDULED FOR TUESDAY, JULY 1, 2008 TO DISCUSS KENTUCKY'S  
DATA MATCH PROGRAM

A conference call has been scheduled for Tuesday, July 1, 2008 at 2:00 pm (Eastern) to discuss Kentucky's Data Match Program (the "Program"). During the scheduled conference call we will discuss the impact of the Program on regulated investment companies and their service providers. To participate in the call, please complete the attached response form and return it to Ezella Wynn by e-mail ([ewynn@ici.org](mailto:ewynn@ici.org)) or fax (202-326-5841) no later than 2:00 pm (Eastern) on Monday, June 30, 2008. The dial-in number for the call is 800-621-7762 and the passcode is 46216.

Chapter 131.674 of Kentucky's Revenue and Taxation statute requires financial institutions doing business in Kentucky to provide information quarterly to the Department of Revenue ("DOR") regarding taxpayers who owe delinquent taxes or other debts to the state. For purposes of the Program, Chapter 131.670(5)(c) defines the term "financial institution" to include "any benefit association, insurance company, safe deposit company, money market mutual fund, brokerage firm, trust company, or similar entity authorized to do business" in Kentucky.

Chapter 131.672 provides that DOR shall not implement the Program unless and until DOR is prepared to implement the system in ninety percent (90%) of all financial institutions within a period of no longer than eighteen months from June 26, 2007 or sooner, if both DOR and a financial institution agree. If and when DOR implements the Program, DOR and the financial institution will exchange information using the same data match program used by Kentucky to administer its child support enforcement programs.

If DOR determines that its identifying information for a delinquent taxpayer matches identifying information for one or more financial institution accounts, DOR will notify both the taxpayer and the financial institution regarding lien or levy action and requirements for the financial institution to encumber or surrender account assets. Chapter 131.672 describes the general state requirements for implementing the Program and levying taxpayer accounts.

Chapter 131.990(6) provides that DOR can impose fines of no less than one thousand dollars (\$1,000) and no more than five thousand dollars (\$5,000) for each full month of noncompliance on financial institutions that fail to comply with the Program (unless noncompliance is due to reasonable cause) within ninety (90) days after being notified by DOR. Financial institutions that fail or refuse to comply with the Program (unless noncompliance is due to reasonable cause) also may forfeit their right to do business with and within Kentucky until they comply. To read relevant sections of Chapter 131 go to <http://www.lrc.ky.gov/KRS/131-00/CHAPTER.HTM>.

Lisa Robinson  
Associate Counsel

[Attachment](#)