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Ferdinand Hogroian  
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February 20, 2017

Ms. Penny Gold  
Chief Executive Officer  
Kentucky Society of Certified Public Accountants

*Via E-mail*

**Re: COST's Support for H.B. 245 and S.B. 185, Tax Administration Improvements**

Dear Ms. Gold:

On behalf of the Council On State Taxation (COST), I am writing to express COST's support for two legislative measures, H.B. 245 and S.B. 185, that would improve tax administration in the Commonwealth of Kentucky. COST appreciates the efforts of the Kentucky Society of Certified Public Accountants in support of these measures.

**About COST**

COST is a nonprofit trade association consisting of approximately 600 multistate corporations engaged in interstate and international business. COST's objective is to preserve and promote equitable and nondiscriminatory state and local taxation of multijurisdictional business entities.

**COST's "Scorecard" for State Tax Administration**

COST regularly evaluates state tax appeals processes and administrative practices. In December 2016, COST published its sixth Scorecard, titled "The Best and Worst of State Tax Administration."<sup>1</sup> Unfortunately, Kentucky received a "C-" grade and a "bottom-states" ranking in this most recent Scorecard.

COST supports H.B. 245 and S.B. 185 as taking meaningful steps to improve the fairness of state tax administration in the Commonwealth. H.B. 245 would provide the Department with the ability to respond to taxpayers' questions and publish its responses without going through the formal rulemaking process. We anticipate that this will improve the timeliness and quality of guidance provided to taxpayers. Transparency in tax guidance is one of the categories of good state tax administration examined in the COST Scorecard.

S.B. 185 would clarify that no bond is required for tax appeals to the Circuit Court, removing this "pay to play" feature of Kentucky's appeals system and improving Kentucky's Scorecard evaluation. Other provisions contained in S.B. 185 include common-sense rules for good state tax administration, such as requiring the Department of Revenue to notify taxpayers of tax overpayments and providing the Department with the ability to abate all or part of any interest that accrues on a deficiency due to an error or delay by the Department.

<sup>1</sup> The COST Scorecard is available at <http://www.cost.org/WorkArea/DownloadAsset.aspx?id=94726>.

COST looks forward to supporting these and other measures to improve tax administration in the Commonwealth.

Sincerely,

A handwritten signature in black ink, appearing to read 'F. Hogroian', with a large, sweeping flourish extending to the right.

Ferdinand Hogroian

cc: COST Board of Directors  
Douglas L. Lindholm, COST President & Executive Director