

**154.20-262 Penalties and interest -- Liability of investors -- Powers and duties of Department of Revenue.**

- (1) An investment fund that violates the provisions of KRS 154.20-250 to 154.20-284 shall pay to the State Treasurer a penalty in an amount equal to the amount of all credits claimed by the investors when these credits are determined to be derived from unqualified investments, plus interest at the rate of two percent (2%) per month, compounded monthly, from the date the credits were taken. If the investment fund fails to pay the penalty and interest in full as required by the Department of Revenue, each investor shall be personally liable to the Department of Revenue for that investor's share of the unpaid penalty, which shall be determined by the amount of credits received and utilized by the investor and all applicable interest. Any payment of unpaid penalty by an investor shall be included with the investor's state tax return for the period in which the failure or violation occurred. The commissioner of the Department of Revenue shall give notice in writing to the authority, the investment fund manager, and the investors of any penalties imposed. The commissioner of the Department of Revenue may abate any imposed penalty upon written request, if the investment fund manager establishes reasonable cause for the failure to make qualified investments in small businesses under the provisions of KRS 154.20-250 to 154.20-284, or to otherwise comply with the provisions of KRS 154.20-250 to 154.20-284. The State Treasurer shall deposit any amounts received pursuant to this section in the Commonwealth's general fund.
- (2) The administration of this section shall be the responsibility of the Department of Revenue.

**Effective:** June 20, 2005

**History:** Amended 2005 Ky. Acts ch. 85, sec. 573, effective June 20, 2005. -- Created 2002 Ky. Acts ch. 230, sec. 22, effective July 15, 2002.