



# HOW TO FILE LIENS

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METRO REVENUE COMMISSION**

The Metro Revenue Commission services the City's bonded indebtedness and the collection of occupational license fees on behalf of the Metro Louisville Government, Jefferson County Board of Education, the Anchorage Board of Education and the Transit Authority of River City (TARC). The Metro Revenue Commission also issues various special licenses and collects the transient room and insurance premiums tax for Metro Louisville.

# HOW TO FILE LIENS

## FILING OF RETURNS

- The collection process begins with the filing of the appropriate returns. Once the returns have been filed without payment our system creates a tax period with a code of UNP, which denotes failure to pay.
- The main returns filed with our agency are the Occupational License Fees (OL 3 form), Employee Withholdings (W1), and the Transient Room (TR1M). A brief description of these forms follows.

## Annual Business Net Profit Occupational License Fee Return Packet (OL-3):

- This return is used by individuals, partnerships, and corporations which have had any business activity in the Metro Louisville area during a calendar or fiscal year. The business net profit is assessed at 2.2% for resident individuals all partnerships and corporations, or 1.45% for non-resident Individuals. The return is due 3 ½ months after the close of the year unless an extension request is submitted to this agency by the original due date of the return.

## Employers Quarterly Return of Occupational License Fees Withheld (Form W-1):

- This return is used to file the employee license fee on wages that were withheld by the employer on all salaries, commissions, wages, bonuses, incentive payments, vacation pay, sick pay, separation or severance pay, non-cash fringe benefits, expense accounts to the extent not utilized for business purposes, and deferred compensation including employee contributions to qualified pension plans. This return is due the last day of the month following the close of each quarter.

## Monthly Transient Room Tax Return (Form TR1M):

- This return is used to report the transient room tax at 7.5% of the rent for every occupancy of a suite or room. This tax is imposed on the proprietor of the motel, hotel, etc., not the guest-occupant, for all persons or companies who rent a suite or room for a period of less than 30 consecutive days. The return is due the last day of the month that follows the month of the tenancy.

## LETTER PROCESS

- Once the forms are filed unpaid our letter process then begins automatically via our computer system, Revtech 21.
- The system sends five letters to the taxpayer on each tax period asking for payment. Thus, making a demand for payment. A letter is sent every 21 days.

## LETTER PROCESS (cont)

- If payment is not received within 20 days after sending the fifth letter the delinquent tax period is transferred to the collection and legal divisions.



## COLLECTION AND LEGAL DIVISION

- Once received, division collectors will make three phone calls and send three letters warning the taxpayer of legal consequences should this debt be ignored. A reasonable payment plan may be set. In either case it will be transferred to the legal division unless full payment is made.
- The final letter, or demand letter, advises the taxpayer the initiation of a civil complaint or criminal warrant is forthcoming if payment is not received.

# COLLECTION PURSUIT

## DEMAND LETTER GIVING 30 DAYS TO RESPOND

\*  
NO RESPONSE OR RETURN MAIL

\*

IF GROUNDS FOR DISPUTE CLOSE  
COMPLAINT FILED ON 35TH DAY  
AND SUMMONS' ISSUED

\*

IF UNABLE TO SERVE RESEARCH

\*

\*

IF SERVED WAIT 20 DAYS

\*

NO RESPONSE> DJ FILED ON 25TH DAY

\*

\*

DJ SIGNED (APPEARS ON CREDIT)

\*

LIEN FILED 10 DAYS AFTER DJ OR SJ SIGNED  
(APPEARS ON CREDIT & TITLE SEARCH)

\*  
DISPUTE> INVESTIGATE

\*

\*

\*

\*

IF NO GROUNDS FOR DISPUTE THEN  
PURSUE WITH SJ OR ARRANGE  
PAYMENT PLAN SECURED BY AJ

\*

\*

FILE SJ

\*

SJ COURT DATE SET WITH  
OUR OFFICE AND CLERK

\*

NOTICE OF SUBMISSION  
FILED & SJ SIGNED BY  
JUDGE (APPEARS ON CREDIT FILE)

\*

## THE DEMAND

- A demand letter is mailed asking that the debt be resolved or our office be contacted for payment arrangements within 30 days or legal action will be taken.
- If the letter is not returned by the Post Office it is assumed to be a valid address for the taxpayer.



## THE COMPLAINT

- If the taxpayer or debtor has not contacted our office for payment arrangements a civil complaint is filed and a civil summons is issued.
- The complaint and summons is taken to either District or Circuit Court, depending on the amount of the complaint, to be dropped and clocked. (Circuit Court if the amount is over \$4000.)

## THE COMPLAINT (CONT)

- When the complaint is served the Civil Rules give the defendant / taxpayer 20 days not including the day of service to file a response.
- During this time the taxpayer can contact our office for payment arrangements.



## SERVICE

- District or Circuit Court forwards the civil summons to the Sheriff's Office to be served to the taxpayer. (A \$20 fee is assessed per Defendant by the Sheriff's Office and billed monthly.)
- If the taxpayer is served, the legal representative waits 21 days for a response from the taxpayer.
- Once service is obtained, a copy of the service is returned to be retained in our legal file and the original stays in the court file. This will have the signature of the person serving the summons and the date served.

## SERVICE (CONT)

- If the taxpayer is unable to be served due to an incorrect address, the account is then researched for a good address.
- If the Sheriff has made 2 – 3 attempts to serve the taxpayer and is unsuccessful, our office then uses a special bailiff to serve the summons. (Our office contracts with a special bailiff approved by the court.)



## DEFAULT JUDGMENT

- If the taxpayer or debtor has not contacted us for payment arrangements, or filed an answer disputing the debt with the court, then a Default Judgment will be filed with the court.
- Attached to the Default Judgment is a sworn Affidavit as to the amount owed.
- The default judgment may be filed the first day after the 20 day grace period. However, our office usually waits until the 25<sup>th</sup> day as a courtesy to allow the taxpayer a couple of extra days.

# SUMMARY JUDGMENT

- If the taxpayer or debtor contacts our office in writing or files a written answer with the court, then a Summary Judgment will be filed.
- A Summary Judgment court date is set with our office and the clerk.
- Any type of judgment appears on the taxpayer's credit history.



## NOTICE OF SUBMISSION

- If no response is filed to the Summary Judgment in the time frame prescribed or if a response has been filed, the Notice of Submission can be filed or submitted.
- In Jefferson County the time frame is usually 20 days. However, please check with your Law Dept or Courts for your local procedures.

## LIEN

- Once a judgment is granted by the court our office will wait 10 days as required by law and then file a lien against any property owned by the taxpayer.
- A Notice of Judgment Lien document is prepared by the civil clerk, our attorney's signature is acquired, a check for the fee is prepared, and the document is taken to the County Clerk's office to be filed.

## LIEN (cont)

- The following information will need to be entered on the Notice of Judgment Lien document:
  - court case number
  - District or Circuit Court
  - Court Division
  - Name of Defendant
  - Social Security number or Fed ID number
  - Date Judgment entered by Court
  - Judgment Amount (taxes, penalty, interest thru Judgment Date)
  - Amount of Court cost
  - Current balance
  - Attorney for your agency
  - Address of Defendant
  - Address of Attorney for Defendant if represented

## LIEN (cont)

- A separate lien will need to be prepared for each defendant name in a suit.
- The Judgment Lien needs to be recorded in every county where the Defendant may own property. If it is outside of Jefferson County, we mail the Judgment Lien and filing cost to the county clerk's office in the county where we want the lien filed.
- A copy of the Notice of Judgment Lien is mailed to the Defendant and to their attorney if they are represented.

## LIEN (cont)

- Once the Judgment Lien is recorded a copy will be mailed back to the office. We then record the date the Judgment Lien was filed, the Deed Book and Page Number, the County where the lien was recorded, and the person the lien was recorded against, if multiple defendants.
- This document provides for that any property in the name of the taxpayer that is transferred, refinanced, or purchased will be subject to our lien until it is satisfied.

## LIEN (cont)

- In addition, our lien from its date of filing will have priority over most other liens filed after it, except liens for property taxes.



# LIEN RELEASE / ORDER OF SATISFACTION

- Once the debt is paid in full a Lien Release will need to be filed with the County Clerk's Office.
- In addition to the Lien Release being filed, an Order of Satisfaction will need to be filed with the Court to close the case once paid in full.



# REMINDER

- As with any legal proceeding, please check with your law department for the procedures in your jurisdiction.

