

1 AN ACT relating to motor vehicle usage tax.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➡ Section 1. KRS 138.470 is amended to read as follows:

4 There is expressly exempted from the tax imposed by KRS 138.460:

- 5 (1) (a) Motor vehicles titled or registered to the United States, or to the
6 Commonwealth of Kentucky or any of its political subdivisions; and
- 7 (b) The gross rental or lease charges for the rental or lease of a motor vehicle paid
8 by the United States, or the Commonwealth of Kentucky or any of its political
9 subdivisions;
- 10 (2) Motor vehicles titled or registered to institutions of purely public charity and
11 institutions of education not used or employed for gain by any person or
12 corporation;
- 13 (3) Motor vehicles which have been previously titled in Kentucky on or after July 1,
14 2005, or previously registered and titled in any state or by the federal government
15 when being sold or transferred to licensed motor vehicle dealers for resale. The
16 motor vehicles shall not be leased, rented, or loaned to any person and shall be held
17 for resale only;
- 18 (4) Motor vehicles sold by or transferred from dealers registered and licensed in
19 compliance with the provisions of KRS 186.070 and KRS 190.010 to 190.080 to
20 members of the Armed Forces on duty in this Commonwealth under orders from
21 the United States government;
- 22 (5) Commercial motor vehicles, excluding passenger vehicles having a seating capacity
23 for nine (9) persons or less, owned by nonresident owners and used primarily in
24 interstate commerce and based in a state other than Kentucky which are required to
25 be registered in Kentucky by reason of operational requirements or fleet proration
26 agreements and are registered pursuant to KRS 186.145;
- 27 (6) Motor vehicles titled in Kentucky on or after July 1, 2005, or previously registered

- 1 in Kentucky, transferred between husband and wife, parent and child, stepparent
2 and stepchild, or grandparent and grandchild;
- 3 (7) Motor vehicles transferred when a business changes its name and no other
4 transaction has taken place or an individual changes his or her name;
- 5 (8) Motor vehicles transferred to a corporation from a proprietorship or limited liability
6 company, to a limited liability company from a corporation or proprietorship, or
7 from a corporation or limited liability company to a proprietorship, within six (6)
8 months from the time that the business is incorporated, organized, or dissolved, if
9 the transferor and the transferee are the same business entity except for a change in
10 legal form;
- 11 (9) Motor vehicles transferred by will, court order, or under the statutes covering
12 descent and distribution of property, if the vehicles were titled in Kentucky on or
13 after July 1, 2005, or previously registered in Kentucky;
- 14 (10) Motor vehicles transferred between a subsidiary corporation and its parent
15 corporation if there is no consideration, or nominal consideration, or in sole
16 consideration of the cancellation or surrender of stock;
- 17 (11) Motor vehicles transferred between a limited liability company and any of its
18 members, if there is no consideration, or nominal consideration, or in sole
19 consideration of the cancellation or surrender of stock;
- 20 (12) The interest of a partner in a motor vehicle when other interests are transferred to
21 him or her;
- 22 (13) Motor vehicles repossessed by a secured party who has a security interest in effect
23 at the time of repossession and a repossession affidavit as required by KRS
24 186.045(6). The reposessor shall hold the vehicle for resale only and not for
25 personal use, unless he or she has previously paid the motor vehicle usage tax on
26 the vehicle;
- 27 (14) Motor vehicles transferred to an insurance company to settle a claim. These

- 1 vehicles shall be junked or held for resale only;
- 2 (15) Motor carriers operating under a charter bus certificate issued by the Transportation
3 Cabinet under KRS Chapter 281;
- 4 (16) (a) 1. Motor vehicles registered under KRS 186.050 that have a declared gross
5 vehicle weight with any towed unit of forty-four thousand~~[-and]~~ one
6 (44,001) pounds or greater; and
7 2. Farm trucks registered under KRS 186.050(4) that have a declared gross
8 vehicle weight with any towed unit of forty-four thousand~~[-and]~~ one
9 (44,001) pounds or greater.
- 10 (b) To be eligible for the exemption established in paragraph (a) of this
11 subsection, motor vehicles shall be registered at the appropriate range for the
12 declared gross weight of the vehicle established in KRS 186.050(3)(b) and
13 shall be prohibited from registering at a higher weight range. If a motor
14 vehicle is initially registered in one (1) declared gross weight range and
15 subsequently is registered at a declared gross weight range lower than forty-
16 four thousand~~[-and]~~ one (44,001) pounds, the person registering the vehicle
17 shall be required to pay the county clerk the usage tax due on the vehicle
18 unless the person can provide written proof to the clerk that the tax has been
19 previously paid;
- 20 (17) Motor vehicles transferred to a trustee to be held in trust, or from a trustee to a
21 beneficiary of the trust, if a direct transfer from the grantor of the trust to all
22 individual beneficiaries of the trust would have qualified for an exemption from the
23 tax pursuant to subsection (6) or (9) of this section;
- 24 (18) Motor vehicles transferred to a trustee to be held in trust, if the grantor of the trust is
25 a natural person and is treated as the owner of any portion of the trust for federal
26 income tax purposes under the provisions of 26 U.S.C. secs. 671 to 679;
- 27 (19) Motor vehicles transferred from a trustee of a trust to another person if:

1 (a) The grantor of the trust is a natural person and is treated as the owner of any
2 portion of the trust for federal income tax purposes under the provisions of 26
3 U.S.C. secs. 671 to 679; and

4 (b) A direct transfer from the grantor of the trust to the person would have
5 qualified for an exemption from the tax pursuant to subsection (6) or (9) of
6 this section;~~and~~

7 (20) **Motor vehicles previously registered in another state and owned by a current or**
8 **former member of the Armed Forces of the United States, provided that the motor**
9 **vehicle was purchased when the owner was on active duty; and**

10 **(21)** Motor vehicles under a manufacturer's statement of origin in possession of a
11 licensed new motor vehicle dealer that are titled and transferred to a licensed used
12 motor vehicle dealer and held for sale.