



Property Tax on Distilled Spirits Constitutional Provisions Court Cases

Bourbon Barrel Taxation Task Force

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General Property Tax Provisions Kentucky Constitution

- Property shall not be exempted from taxation
- Property shall be assessed at fair cash value
- Property shall be taxed according to value

There is an exception to these general provisions



Kentucky's Constitution

Section 3 - 1891

Property shall not be exempted from taxation

All men, when they form a social compact, are equal; and no grant of exclusive, separate public emoluments or privileges shall be made to any man or set of men, except in consideration of public services; but no property shall be exempt from taxation except as provided in this Constitution, and every grant of a franchise, privilege or exemption, shall remain subject to revocation, alteration or amendment.



Kentucky's Constitution

Section 172 - 1891

Property shall be assessed at fair cash value

All property, not exempted from taxation by this Constitution, shall be assessed for taxation at its fair cash value, estimated at the price it would bring at a fair voluntary sale; and any officer, or other person authorized to assess values for taxation, who shall commit any willful error in the performance of his duty, shall be deemed guilty of misfeasance, and upon conviction thereof shall forfeit his office, and be otherwise punished as may be provided by law.



Kentucky's Constitution

Section 174 - 1891

Property shall be taxed according to value

All property, whether owned by natural persons or corporations, shall be taxed in proportion to its value, unless exempted by this Constitution; and all corporate property shall pay the same rate of taxation paid by individual property. Nothing in this Constitution shall be construed to prevent the General Assembly from providing for taxation based on income, licenses or franchises.



Kentucky's Constitution

Section 170, in part - 1998

The Exception

Notwithstanding the provisions of Sections 3, 172, and 174 of this Constitution to the contrary, the General Assembly may provide by law an exemption for all or any portion of the property tax for any class of personal property.



Are Distilled Spirits Personal Property?

National Distillers Prod. v. Board of Education

256 S.W.2d 481 (Ky. Ct. App. 1953)

“In an unbroken line of decisions this Court has adhered to the principle that distilled spirits are like all other tangible personal property situated within this Commonwealth and are therefore subject to the same statutory and constitutional requirements which govern the taxation of such property generally.”



Are Distilled Spirits Personal Property?

Yount v. Calvert

826 S.W.2d 833 (Ky. Ct. App. 1992)

“It is our opinion that the lower court did not err in its determination that distilled spirits are tangible personal property subject to the same statutory and constitutional requirements which govern taxation of such property generally.”



Questions?
