

103 KAR 8:150. Ad valorem taxation of machinery actually used in the manufacturing of hot mix asphalt.

RELATES TO: KRS 132.020, 132.200

STATUTORY AUTHORITY: KRS 131.130(1)

NECESSITY, FUNCTION AND CONFORMITY: KRS 131.130(1) authorizes the Department of Revenue to promulgate administrative regulations necessary for the administration and enforcement of all tax laws in Kentucky KRS 132.020(1)(i) establishes the ad valorem tax rate based on the value of the machinery actually engaged in manufacturing. KRS 132.200(4) provides that machinery actually engaged in manufacturing shall be subject to taxation for state purposes only. This administrative regulation explains the property tax classification found in KRS 132.020(1) and 132.200(4) for "machinery actually engaged in manufacturing" as it pertains to the hot mix asphalt industry.

Section 1. Machinery Actually Engaged In Manufacturing. For purposes of this administrative regulation, KRS 132.020(1) and 132.200(4), "machinery actually engaged in manufacturing" shall include the following:

(1) Machinery and equipment actually used to load raw materials into an asphalt plant's cold feed bins, including the cold feed bins; the blending of aggregates; the movement of material across screen decks into dryers or drums, including the dryer and drums; and surge facilities, silos, and load control systems;

(2) Machinery and equipment actually used to transport or convey the material through or between the cold feed bins, the screen decks, the dryer or drum, the surge facilities, silos, and load control systems;

(3) Machinery and equipment actually used to heat, dry, mix, and blend the aggregates with the liquid asphalt, including all necessary housing, electrical, controls, liquid asphalt tanks, and energy supply systems; or

(4) Machinery and equipment actually used to load, adhere, remix, place, and compact the hot mix asphalt.

Section 2. Manufacturing of Hot Mix Asphalt. (1) Manufacturing of hot mix asphalt shall commence with the loading of raw materials to the cold feed bins.

(2) Manufacturing shall continue with the blending of aggregates on the conveyor belts, through the flow of material across the screen decks, and into the dryer or drum for further blending or mixing.

(3) Manufacturing shall continue through the surge facilities, silos, and load control systems.

(4) Manufacturing of hot mix asphalt shall end when:

(a) Either:

1. The hot mix asphalt is loaded for delivery to a retail customer; or

2. When the hot mix asphalt is placed and compacted as directed by the customer; and

(b) It meets the requirements set forth by the applicable customer or regulatory specifications.

(5) The loading of hot asphalt for final transport to the end user shall only be classified as manufacturing if blending occurs during the loading process. (34 Ky.R. 675; Am. 968; eff. 12-7-2007.)