

**132.195 Assessment of possessory interest in tax-exempt real or personal property -  
- Lessee's liability.**

- (1) When any real or personal property which is exempt from taxation is leased or possession is otherwise transferred to a natural person, association, partnership, or corporation in connection with a business conducted for profit, the leasehold or other interest in the property shall be subject to state and local taxation at the rate applicable to real or personal property levied by each taxing jurisdiction.
- (2) Subsection (1) of this section shall not apply to interests in:
  - (a) Industrial buildings, as defined under KRS 103.200, owned and financed by a tax-exempt governmental unit or tax-exempt statutory authority under the provisions of KRS Chapter 103, the taxation of which is provided for under the provisions of KRS 132.020 and 132.200;
  - (b) Federal property for which payments are made in lieu of taxes in amounts equivalent to taxes which might otherwise be lawfully assessed;
  - (c) Property of any state-supported educational institution;
  - (d) Vending stand locations and facilities operated by blind persons under the auspices of the Division of Kentucky Business Enterprise, regardless of whether the property is owned by the federal, state, or a local government;
  - (e) Property of any free public library; or
  - (f) Property in Fayette County, Kentucky, administered by the Department of Military Affairs, Bluegrass Station Division.
- (3) Taxes shall be assessed to lessees of exempt real or personal property and collected in the same manner as taxes assessed to owners of other real or personal property, except that taxes due under this section shall not become a lien against the property. When due, such taxes shall constitute a debt due from the lessee to the state, county, school district, special district, or urban-county government for which the taxes were assessed and if unpaid shall be recoverable by the state as provided in KRS Chapter 134.

**Effective:** June 27, 2019

**History:** Amended 2019 Ky. Acts ch. 146, sec. 8, effective June 27, 2019. -- Amended 2013 Ky. Acts ch. 32, sec. 159, effective March 19, 2013. -- Amended 2009 Ky. Acts ch. 10, sec. 35, effective January 1, 2010. -- Amended 2006 Ky. Acts ch. 211, sec. 17, effective July 12, 2006. -- Amended 1990 Ky. Acts ch. 415, sec. 1, effective July 13, 1990; and ch. 476, Pt. V, sec. 322, effective July 13, 1990. -- Created 1988 Ky. Acts ch. 146, sec. 2, effective July 15, 1988.

**Legislative Research Commission Note.** (7/13/90) The Act amending this section prevails over the repeal and reenactment in House Bill 940, Acts Ch. 476, pursuant to Section 653(1) of Acts Ch. 476.