

**132.020 State ad valorem taxes.**

- (1) The owner or person assessed shall pay an annual ad valorem tax for state purposes at the rate of:
  - (a) Thirty-one and one-half cents (\$0.315) upon each one hundred dollars (\$100) of value of all real property directed to be assessed for taxation;
  - (b) Twenty-five cents (\$0.25) upon each one hundred dollars (\$100) of value of all motor vehicles qualifying for permanent registration as historic motor vehicles under KRS 186.043;
  - (c) Fifteen cents (\$0.15) upon each one hundred dollars (\$100) of value of all:
    1. Machinery actually engaged in manufacturing;
    2. Commercial radio and television equipment used to receive, capture, produce, edit, enhance, modify, process, store, convey, or transmit audio or video content or electronic signals which are broadcast over the air to an antenna, including radio and television towers used to transmit or facilitate the transmission of the signal broadcast and equipment used to gather or transmit weather information, but excluding telephone and cellular communication towers; and
    3. Tangible personal property which has been certified as a pollution control facility as defined in KRS 224.1-300. In the case of tangible personal property certified as a pollution control facility which is incorporated into a landfill facility, the tangible personal property shall be presumed to remain tangible personal property for purposes of this paragraph if the tangible personal property is being used for its intended purposes;
  - (d) Ten cents (\$0.10) upon each one hundred dollars (\$100) of value on the operating property of railroads or railway companies that operate solely within the Commonwealth;
  - (e) Five cents (\$0.05) upon each one hundred dollars (\$100) of value of goods held for sale in the regular course of business, which includes:
    1. Machinery and equipment held in a retailer's inventory for sale or lease originating under a floor plan financing arrangement;
    2. Motor vehicles:
      - a. Held for sale in the inventory of a licensed motor vehicle dealer, including licensed motor vehicle auction dealers, which are not currently titled and registered in Kentucky and are held on an assignment pursuant to KRS 186A.230; or
      - b. That are in the possession of a licensed motor vehicle dealer, including licensed motor vehicle auction dealers, for sale, although ownership has not been transferred to the dealer;
    3. Raw materials, which includes distilled spirits and distilled spirits inventory;
    4. In-process materials, which includes distilled spirits and distilled spirits inventory, held for incorporation in finished goods held for sale in the

regular course of business; and

5. Qualified heavy equipment;
- (f) One and one-half cents (\$0.015) upon each one hundred dollars (\$100) of value of all:
1. Privately owned leasehold interests in 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, upon the prior approval of the Kentucky Economic Development Finance Authority, except that the rate shall not apply to the proportion of value of the leasehold interest created through any private financing;
  2. Qualifying voluntary environmental remediation property, provided the property owner has corrected the effect of all known releases of hazardous substances, pollutants, contaminants, petroleum, or petroleum products located on the property consistent with a corrective action plan approved by the Energy and Environment Cabinet pursuant to KRS 224.1-400, 224.1-405, or 224.60-135, and provided the cleanup was not financed through a public grant or the petroleum storage tank environmental assurance fund. This rate shall apply for a period of three (3) years following the Energy and Environment Cabinet's issuance of a No Further Action Letter or its equivalent, after which the regular tax rate shall apply;
  3. Tobacco directed to be assessed for taxation;
  4. Unmanufactured agricultural products;
  5. Aircraft not used in the business of transporting persons or property for compensation or hire;
  6. Federally documented vessels not used in the business of transporting persons or property for compensation or hire, or for other commercial purposes; and
  7. Privately owned leasehold interests in residential property described in KRS 132.195(2)(g); and
- (g) Forty-five cents (\$0.45) upon each one hundred dollars (\$100) of value of all other property directed to be assessed for taxation shall be paid by the owner or person assessed, except as provided in KRS 132.030, 132.200, 136.300, and 136.320, providing a different tax rate for particular property.
- (2) Notwithstanding subsection (1)(a) of this section, the state tax rate on real property shall be reduced to compensate for any increase in the aggregate assessed value of real property to the extent that the increase exceeds the preceding year's assessment by more than four percent (4%), excluding:
- (a) The assessment of new property as defined in KRS 132.010(8);
  - (b) The assessment from property which is subject to tax increment financing pursuant to KRS Chapter 65; and
  - (c) The assessment from leasehold property which is owned and financed by a

tax-exempt governmental unit, or tax-exempt statutory authority under the provisions of KRS Chapter 103 and entitled to the reduced rate of one and one-half cents (\$0.015) pursuant to subsection (1)(f) of this section. In any year in which the aggregate assessed value of real property is less than the preceding year, the state rate shall be increased to the extent necessary to produce the approximate amount of revenue that was produced in the preceding year from real property.

- (3) By July 1 each year, the department shall compute the state tax rate applicable to real property for the current year in accordance with the provisions of subsection (2) of this section and certify the rate to the county clerks for their use in preparing the tax bills. If the assessments for all counties have not been certified by July 1, the department shall, when either real property assessments of at least seventy-five percent (75%) of the total number of counties of the Commonwealth have been determined to be acceptable by the department, or when the number of counties having at least seventy-five percent (75%) of the total real property assessment for the previous year have been determined to be acceptable by the department, make an estimate of the real property assessments of the uncertified counties and compute the state tax rate.
- (4) If the tax rate set by the department as provided in subsection (2) of this section produces more than a four percent (4%) increase in real property tax revenues, excluding:
  - (a) The revenue resulting from new property as defined in KRS 132.010(8);
  - (b) The revenue from property which is subject to tax increment financing pursuant to KRS Chapter 65; and
  - (c) The revenue from leasehold property which is owned and financed by a tax-exempt governmental unit, or tax-exempt statutory authority under the provisions of KRS Chapter 103 and entitled to the reduced rate of one and one-half cents (\$0.015) pursuant to subsection (1) of this section;

the rate shall be adjusted in the succeeding year so that the cumulative total of each year's property tax revenue increase shall not exceed four percent (4%) per year.

- (5) The provisions of subsection (2) of this section notwithstanding, the assessed value of unmined coal certified by the department after July 1, 1994, shall not be included with the assessed value of other real property in determining the state real property tax rate. All omitted unmined coal assessments made after July 1, 1994, shall also be excluded from the provisions of subsection (2) of this section. The calculated rate shall, however, be applied to unmined coal property, and the state revenue shall be devoted to the program described in KRS 146.550 to 146.570, except that four hundred thousand dollars (\$400,000) of the state revenue shall be paid annually to the State Treasury and credited to the Office of Energy Policy for the purpose of public education of coal-related issues.

**Effective:** March 24, 2023

**History:** Amended 2023 Ky. Acts ch. 92, sec. 46, effective March 24, 2023. -- Amended 2020 Ky. Acts ch. 91, sec. 61, effective April 15, 2020. -- Amended 2019 Ky. Acts ch. 151, sec. 9, effective June 27, 2019. -- Amended 2018 Ky. Acts ch. 29, sec. 4, effective July 14, 2018. -- Amended 2016 Ky. Acts ch. 93, sec. 2, effective

July 15, 2016. -- Amended 2013 Ky. Acts ch. 94, sec. 1, effective June 25, 2013; and ch. 119, sec. 7, effective January 1, 2014. -- Amended 2010 Ky. Acts ch. 24, sec. 97, effective July 15, 2010. -- Amended 2007 Ky. Acts ch. 100, sec. 2, effective June 26, 2007. -- Amended 2006 Ky. Acts ch. 152, sec. 3, effective July 12, 2006. -- Amended 2005 Ky. Acts ch. 85, sec. 171, effective June 20, 2005; and ch. 168, sec. 55, effective January 1, 2006. -- Amended 2002 Ky. Acts ch. 324, sec. 1, effective July 15, 2002; and ch. 338, sec. 17, effective July 15, 2002. -- Amended 2000 Ky. Acts ch. 2, sec. 2, effective July 14, 2000; and ch. 327, sec. 1, effective July 14, 2000. -- Amended 1998 Ky. Acts ch. 55, sec. 1, effective July 15, 1998; ch. 72, sec. 1, effective July 15, 1998; ch. 266, sec. 1, effective July 15, 1998; and ch. 385, sec. 1, effective July 15, 1998. -- Amended 1996 Ky. Acts ch. 254, sec. 22, effective July 15, 1996. -- Amended 1994 Ky. Acts ch. 65, sec. 2, effective July 15, 1994; ch. 263, sec. 3, effective July 15, 1994; and ch. 328, sec. 4, July 15, 1994. -- Amended 1992 Ky. Acts ch. 338, sec. 21, effective July 14, 1992. -- Amended 1990 Ky. Acts ch. 345, sec. 1, effective July 13, 1990; ch. 437, sec. 4, effective July 13, 1990; ch. 461, sec. 1, effective July 13, 1990; and ch. 476, Pt. V, sec. 310, effective July 13, 1990. -- Amended 1986 Ky. Acts ch. 359, sec. 1, effective July 15, 1986; ch. 431, sec. 16, effective July 15, 1986; and ch. 476, sec. 5, effective July 15, 1986. -- Amended 1985 (1st Extra. Sess.) ch. 6, part 1, sec. 1, effective July 29, 1985. -- Amended 1984 Ky. Acts ch. 169, sec. 1, effective July 13, 1984. -- Amended 1982 Ky. Acts ch. 229, sec. 1, effective July 15, 1982. -- Amended 1980 Ky. Acts ch. 188, sec. 102, effective July 15, 1980; ch. 210, sec. 6, effective July 15, 1980; ch. 317, sec. 1, effective July 15, 1980; ch. 319, sec. 3, effective July 15, 1980; and ch. 395, sec. 1, effective July 15, 1980. -- Amended 1979 (1st Extra. Sess.) Ky. Acts ch. 3, sec. 1, effective May 12, 1979; and ch. 25, sec. 3, effective February 13, 1979. -- Amended 1978 Ky. Acts ch. 116, sec. 3, effective January 1, 1979; and ch. 404, sec. 1, effective March 30, 1978. -- Amended 1976 Ky. Acts ch. 84, sec. 7, effective March 29, 1976; and ch. 93, sec. 9, effective January 1, 1977. -- Amended 1968 Ky. Acts ch. 207, sec. 1. -- Amended 1965 (1st Extra. Sess.) Ky. Acts ch. 2, sec. 1. -- Amended 1954 Ky. Acts ch. 161, sec. 1. -- Amended 1950 Ky. Acts ch. 186, sec. 1. -- Amended 1948 Ky. Acts ch. 95, sec. 1. -- Recodified 1942 Ky. Acts ch. 208, sec. 1, effective October 1, 1942, from Ky. Stat. sec. 4019.

**Legislative Research Commission Note** (4/15/2020). 2020 Ky. Acts ch. 91, sec. 79 provides that the changes made to this statute in Section 61 of that Act apply to privately owned leasehold interests in residential property assessed on or after January 1, 2021.

**Legislative Research Commission Note** (6/27/2019). Section 81 of 2019 Ky. Acts ch. 151 states that the amendments to this statute made in Section 9 of that Act apply to tangible personal property assessed on or after January 1, 2020.

**Legislative Research Commission Note** (1/1/2014). 2013 Ky. Acts ch. 119, sec. 26, provides that the amendments to this statute in 2013 Ky. Acts ch. 119, sec. 7, shall apply to property assessed on or after January 1, 2014.

**Legislative Research Commission Note** (1/1/2014). 2013 Ky. Acts ch. 119, sec. 24, provides, "It is the intent of the General Assembly that the changes made in [this statute and KRS 132.200], relating to tangible personal property which has been certified as a pollution control facility, are to clarify existing provisions in the law, as follows: (1) That the tax rate of fifteen cents (\$0.15) upon each one hundred dollars (\$100) of value only applies to tangible personal property which has been certified as a pollution control facility; and (2) That only tangible personal property certified as a pollution control facility is subject to taxation for state purposes only while being exempt from taxation in the county, city, school, or other taxing district in which it has a taxable situs."

**Legislative Research Commission Note** (3/18/2005). 2005 Ky. Acts ch. 168, sec. 171, provides that: "Sections 55 (KRS 132.020) and 57 (KRS 132.200) of this Act, relating to property tax changes, take effect on January 1, 2006, except the changes made to paragraph (c) of subsection (1) of Section 55, relating to the voluntary environmental remediation credit, paragraph (a) of subsection (2) of Section 55, and paragraph (a) of subsection (4) of Section 55 of this Act, relating to new property and the state property assessment, and subsection (21) of Section 57 of this Act, which shall take effect on the effective date of this Act and which shall apply to tax years beginning on or after January 1, 2005."