

132.140 Assessment of distilled spirits by department -- Maximum tax rate on distilled spirits in revenue bond-financed warehouse and in barrels located in bonded warehouse or premises -- Failure to report.

- (1) The department shall fix the value of the distilled spirits for the purpose of taxation, assess the same at its fair cash value, estimated at the price it would bring at a fair voluntary sale, calculate the exempt portion of the property taxes, and keep a record of the valuations and assessments. The department shall immediately notify the owner or proprietor of the bonded warehouse or premises of the amount fixed, including the portion of the property tax exemption as calculated in subsection (3) of this section.
- (2)
 - (a) For purposes of this subsection only, "revenue bond-financed warehouse" means a bonded warehouse or premises containing distilled spirits:
 1. Owned by a tax-exempt governmental unit or tax-exempt statutory authority under KRS Chapter 103;
 2. The costs of which are financed by one (1) or more series of industrial revenue bonds under KRS Chapter 103 issued prior to January 1, 2024; and
 3. Any portion of the costs of which remains financed by those industrial revenue bonds during any portion of the calendar year.
 - (b) Notwithstanding subsection (3) of this section, for the taxation of distilled spirits stored or aging in barrels in a revenue bond-financed warehouse:
 1. One hundred percent (100%) of the assessed value of the distilled spirits shall be subject to the applicable state and local ad valorem taxes; and
 2. The state and local tax rate that may be levied on the distilled spirits shall be the state and local tax rate for tax assessments made on January 1, 2023.
 - (c) Distilled spirits stored or aging in barrels in a revenue bond-financed warehouse shall be exempt from state and local ad valorem taxes for tax assessments made on or after January 1, 2043.
- (3) For distilled spirits stored or aging in barrels located in a bonded warehouse or premises, the portion of the assessed value that is subject to state and local ad valorem taxes shall be as follows:
 - (a) Ninety-six percent (96%) of the assessed value for tax assessments made on January 1, 2026;
 - (b) Ninety-two percent (92%) of the assessed value for tax assessments made on January 1, 2027;
 - (c) Eighty-eight percent (88%) of the assessed value for tax assessments made on January 1, 2028;
 - (d) Eighty-four percent (84%) of the assessed value for tax assessments made on January 1, 2029;
 - (e) Eighty percent (80%) of the assessed value for tax assessments made on January 1, 2030;
 - (f) Seventy-six percent (76%) of the assessed value for tax assessments made on

- January 1, 2031;
- (g) Seventy-two percent (72%) of the assessed value for tax assessments made on January 1, 2032;
 - (h) Sixty-eight percent (68%) of the assessed value for tax assessments made on January 1, 2033;
 - (i) Sixty-one percent (61%) of the assessed value for tax assessments made on January 1, 2034;
 - (j) Fifty-four percent (54%) of the assessed value for tax assessments made on January 1, 2035;
 - (k) Forty-four percent (44%) of the assessed value for tax assessments made on January 1, 2036;
 - (l) Thirty-eight percent (38%) of the assessed value for tax assessments made on January 1, 2037;
 - (m) Thirty-two percent (32%) of the assessed value for tax assessments made on January 1, 2038;
 - (n) Twenty-four percent (24%) of the assessed value for tax assessments made on January 1, 2039;
 - (o) Twenty percent (20%) of the assessed value for tax assessments made on January 1, 2040;
 - (p) Fifteen percent (15%) of the assessed value for tax assessments made on January 1, 2041; and
 - (q) Eight percent (8%) of the assessed value for tax assessments made on January 1, 2042.
- (4) Distilled spirits stored or aging in barrels located in a bonded warehouse or premises shall be exempt from state and local ad valorem taxes for tax assessments made on or after January 1, 2043.
- (5) If any owner, proprietor, or custodian of a bonded warehouse or premises fails to make the report required by KRS 132.130, the department shall ascertain the necessary facts required to be reported. For that purpose the department shall have access to the records of the owner, proprietor, or custodian; and the assessment shall be made and taxes collected thereon, with interest and penalties, as though regularly reported.
- (6) The assessment made under (1) of this section shall be reviewed according to KRS 131.110.

Effective: June 27, 2025

History: Amended 2025 Ky. Acts ch. 98, sec. 6, effective June 27, 2025. -- Amended 2023 Ky. Acts ch. 148, sec. 1, effective March 31, 2023. -- Amended 2005 Ky. Acts ch. 85, sec. 179, effective June 20, 2005. -- Repealed and reenacted 1990 Ky. Acts ch. 476, Pt.V, sec. 317, effective July 13, 1990. -- Amended 1966 Ky. Acts ch. 254, sec. 2. -- Amended 1964 Ky. Acts ch. 141, sec. 33. -- Recodified 1942 Ky. Acts ch. 208, sec. 1, effective October 1, 1942, from Ky. Stat. sec. 4106, 4107, 4113.

Legislative Research Commission Note (3/31/2023). 2023 Ky. Acts ch. 148, sec. 12, reads as follows: "Any settlement agreement between the Department of Revenue and any taxpayer having distilled spirits in a bonding warehouse, which is related to

the ongoing assessment or collection of tax under Section 1 of this Act [this statute], shall not be considered null and void based upon the statutory changes in this Act but may be renegotiated by the parties to the settlement agreement and the renegotiated agreement shall be promulgated in an administrative regulation following the renegotiation process."