

132.096 Exemption from state and local ad valorem tax of various classes of property. (Effective January 1, 2028)

The following classes of property shall be exempt from state and local ad valorem taxes, including the county, city, school, and other taxing district in which it has a taxable situs:

- (1) Farm implements and farm machinery owned by or leased to a person actually engaged in farming and used in his or her farm operations;
- (2) Livestock, ratite birds, and domestic fowl;
- (3) Tangible personal property located in a foreign trade zone established pursuant to 19 U.S.C. secs. 81a to 81u, provided that the zone is activated in accordance with the regulations of the United States Customs Service and the Foreign Trade Zones Board;
- (4) Property that is certified as an alcohol production facility as defined in KRS 247.910;
- (5) Computer software, except prewritten computer software as defined in KRS 139.010;
- (6) Trucks, tractors, and buses used on routes or in systems that are partly within and partly outside this state, and that are subject to the fee imposed by KRS 136.188;
- (7) Semitrailers and trailers, as defined in KRS 189.010, if the semitrailers or trailers are used on a route or in a system that is partly within and partly outside this state. Semitrailers or trailers required to be registered under KRS 186.655 that are used only in this state shall be subject to the ad valorem tax imposed by KRS 132.487;
- (8) All intangible personal property, except intangible personal property assessed under KRS 132.030 or KRS Chapter 136. Nothing in this subsection shall prohibit local taxation of franchises of:
 - (a) Corporations;
 - (b) Financial institutions as provided in KRS 136.575; or
 - (c) Domestic life insurance companies;
- (9) All real and personal property owned by another state or a political subdivision of another state that is used exclusively for public purposes, if a comparable exemption is provided in that state or political subdivision for property owned by the Commonwealth of Kentucky or its political subdivisions;
- (10) Every fraternal benefit society organized or licensed under Subtitle 29 of KRS Chapter 304 that is a charitable and benevolent institution, and its funds shall be exempt from all state, county, district, city, and school taxes, other than taxes on real property and office equipment;
- (11) (a) Any bridge built by an adjoining state, by the government of the United States, or by any commission created by an Act of Congress, over a boundary line stream between this state and an adjoining state, which is:
 1. Not operated for profit and, if it connects with a primary highway of this state, is declared to be public property used for public purposes; and
 2. Exempt from taxation unless the adjoining state, or other public body constructing the bridge, taxes similar bridges built by this Commonwealth in like manner.

- (b) The issuance of bonds for the purpose of amortizing the cost of construction of the bridges, as described in paragraph (a) of this subsection, shall not affect the tax exemption granted; and
- (12) Street-legal special purpose vehicles, as defined in KRS 186.077, that are registered under KRS 186.020.

Effective: January 1, 2028

History: Amended 2026 Ky. Acts ch. 135, sec. 39, effective January 1, 2028; and ch. 161, sec. 47, effective July 15, 2026. -- Created 2023 Ky. Acts ch. 92, sec. 45, effective March 24, 2023.

Legislative Research Commission Note (1/1/2028). This statute was amended by 2026 Ky. Acts chs. 135 and 161, which do not appear to be in conflict and have been codified together.