# Local Mandate Fiscal Impact Estimate Kentucky Legislative Research Commission 2015 Regular Session

### **Part I: Measure Information**

Bill Request #: 30			
Bill #: HB 14			
Bill Subject/Title:	AN ACT relating to the purposes.	valuation of motor vehicl	es for property tax
Sponsor: Rep. Dia	ne St. Onge		
Unit of Government:		<u>x</u> County	<u>x</u> Urban-County Unified Local
	<u>x</u> Charter County	x Consolidated Local	x Government
Office(s) Impacted:	County Clerks		
Requirement: <u>x</u>	_ Mandatory Opt	ional	
Effect on Powers & Duties:	<b>x</b> Modifies Existing	Adds New E	Eliminates Existing

## Part II: Purpose and Mechanics

Motor vehicles are assessed property taxes based on their fair cash value by the local property valuation administrator, under the supervision and direction of the state Department of Revenue. Department officials stated that they currently use the National Automobile Dealers Association (NADA) "clean trade-in value" as the standard value for valuation purposes. HB 14 adds new language to KRS 132.485 which clarifies that neither the "clean trade-in value" nor the "rough trade-in value" shall be used for this purpose; rather the NADA "average trade-in" should be used, as specified in statute.

#### Part III: Fiscal Explanation, Bill Provisions, and Estimated Cost

# The fiscal impact of HB 14 on local government is expected to be an indeterminable loss of revenue on collected property taxes from motor vehicles.

Since the NADA average trade-in value for a vehicle is lower than the NADA clean trade-in value, the amount of taxes collected will be lower resulting in a loss of revenue. The price difference between these two trade-in values varies greatly between vehicle make and model. NADA officials were unable to provide an average difference between

the average trade-in value and the clean trade-in value. Therefore, the exact amount of lost revenue for any particular County Clerk's office is unknown.

**Data Source(s):** <u>LRC staff; NADA officials; Kentucky Department of Revenue</u>

<b>Preparer:</b>	Christopher T. Hall	<b>Reviewer:</b>	MCY	Date:	1/14/15
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