

AN ACT relating to property tax recovery fees.

*Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 142 IS CREATED TO READ AS FOLLOWS:

(1) *As used in this section:*

(a) *"Equipment" means a piece of equipment or machinery that is:*

1. *Primarily designed and used for construction, industrial, maritime, or mining uses; and*

2. *Rented without a driver or operator by an equipment rental company;*

(b) *"Equipment rental company" means an entity engaged in a line of business described in Code 532412 or 532310 of the North American Industry Classification System (NAICS) published in 2012; and*

(c) *"Rental agreement" means an agreement under which equipment is rented for a period of three hundred sixty five (365) days or less.*

(2) (a) *A property tax recovery fee is hereby imposed at a rate of one and one-half percent (1.5%) of the total amount charged by an equipment rental company for equipment rented under a rental agreement, exclusive of any taxes, fees, charges for delivery or pick up, damage waiver fees, environmental fees, or other separately stated ancillary fees or charges.*

(b) *The fee shall be collected by the equipment rental company from all persons renting equipment from the equipment rental company pursuant to a rental agreement at the time of payment. The fee shall be separately stated in the rental agreement.*

(3) (a) *All amounts collected by the equipment rental company shall be retained by the equipment rental company until the tangible personal property bill for equipment owned by the equipment rental company is due. On or before the date the property taxes are due, the equipment rental company shall remit*

all amounts collected under the levy imposed by this section to the sheriff as required by KRS 134.119 and to the tax collector for any city separately imposing and collecting tangible personal property taxes against the equipment rental company. If distributions are made to both the sheriff and the city tax collector, the total amount shall be apportioned based on the proportion of the total tax bill each is owed.

(b) If the amount collected under this section exceeds the total tangible personal property taxes owed by the equipment rental company, the excess amount shall be distributed proportionately among the various taxing jurisdictions imposing tangible personal property taxes against the equipment rental company.

(c) If the amount collected under this section is less than the total amount of tangible personal property taxes owed to all jurisdictions imposing a tangible personal property tax against the equipment rental company, the equipment rental company shall pay the balance from other resources as required by KRS Chapter 134.

➔ Section 2. This Act takes effect January 1, 2017.