

1 AN ACT relating to tax-exempt property of purely public charities and declaring an  
2 emergency.

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

4 ➔Section 1. KRS 132.195 is amended to read as follows:

- 5 (1) When any real or personal property which is exempt from taxation is leased or  
6 possession is otherwise transferred to a natural person, association, partnership, or  
7 corporation in connection with a business conducted for profit, the leasehold or  
8 other interest in the property shall be subject to state and local taxation at the rate  
9 applicable to real or personal property levied by each taxing jurisdiction.
- 10 (2) Subsection (1) of this section shall not apply to interests in:
- 11 (a) Industrial buildings, as defined under KRS 103.200, owned and financed by a  
12 tax-exempt governmental unit or tax-exempt statutory authority under the  
13 provisions of KRS Chapter 103, the taxation of which is provided for under  
14 the provisions of KRS 132.020 and 132.200;
- 15 (b) Federal property for which payments are made in lieu of taxes in amounts  
16 equivalent to taxes which might otherwise be lawfully assessed;
- 17 (c) Property of any state-supported educational institution;
- 18 (d) Vending stand locations and facilities operated by blind persons under the  
19 auspices of the Office for the Blind, regardless of whether the property is  
20 owned by the federal, state, or a local government;
- 21 (e) Property of any free public library; ~~{or}~~
- 22 (f) Property in Fayette County, Kentucky, administered by the Department of  
23 Military Affairs, Bluegrass Station Division; **and**
- 24 **(g) Property of a purely public charity, if the property and the income derived**  
25 **from that property is used to further the purely public charity's mission.**
- 26 (3) Taxes shall be assessed to lessees of exempt real or personal property and collected  
27 in the same manner as taxes assessed to owners of other real or personal property,

1           except that taxes due under this section shall not become a lien against the property.  
2           When due, such taxes shall constitute a debt due from the lessee to the state, county,  
3           school district, special district, or urban-county government for which the taxes  
4           were assessed and if unpaid shall be recoverable by the state as provided in KRS  
5           Chapter 134.

6           ➔Section 2. The provisions of subsection (2)(g) of Section 1 of this Act shall  
7           apply retroactively to all outstanding refund claims for taxable years ending prior to the  
8           effective date of this Act and shall apply to all claims for those taxable years pending in  
9           any judicial or administrative forum.

10          ➔Section 3. Whereas it is important to properly determine a lessee's liability in  
11          the assessment of possessory interests in a purely public charity's property, an emergency  
12          is declared to exist, and this Act takes effect upon its passage and approval by the  
13          Governor or upon its otherwise becoming a law.