

1 AN ACT relating to exempting property used in the deployment of advanced
2 broadband technologies from state and local ad valorem taxation and declaring an
3 emergency.

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

5 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 132 IS CREATED TO
6 READ AS FOLLOWS:

7 *For tax years beginning on or after January 1, 2018, but prior to January 1, 2022,*
8 *property used in the deployment of advanced broadband technologies shall be exempt*
9 *from state and local ad valorem taxation.*

10 ➔Section 2. KRS 132.010 is amended to read as follows:

11 As used in this chapter, unless the context otherwise requires:

- 12 (1) "Department" means the Department of Revenue;
- 13 (2) "Taxpayer" means any person made liable by law to file a return or pay a tax;
- 14 (3) "Real property" includes all lands within this state and improvements thereon;
- 15 (4) "Personal property" includes every species and character of property, tangible and
16 intangible, other than real property;
- 17 (5) "Resident" means any person who has taken up a place of abode within this state
18 with the intention of continuing to abide in this state; any person who has had his or
19 her actual or habitual place of abode in this state for the larger portion of the twelve
20 (12) months next preceding the date as of which an assessment is due to be made
21 shall be deemed to have intended to become a resident of this state;
- 22 (6) "Compensating tax rate" means that rate which, rounded to the next higher one-
23 tenth of one cent (\$0.001) per one hundred dollars (\$100) of assessed value and
24 applied to the current year's assessment of the property subject to taxation by a
25 taxing district, excluding new property and personal property, produces an amount
26 of revenue approximately equal to that produced in the preceding year from real
27 property. However, in no event shall the compensating tax rate be a rate which,

1 when applied to the total current year assessment of all classes of taxable property,
2 produces an amount of revenue less than was produced in the preceding year from
3 all classes of taxable property. For purposes of this subsection, "property subject to
4 taxation" means the total fair cash value of all property subject to full local rates,
5 less the total valuation exempted from taxation by the homestead exemption
6 provision of the Constitution and the difference between the fair cash value and
7 agricultural or horticultural value of agricultural or horticultural land;

8 (7) "Net assessment growth" means the difference between:

9 (a) The total valuation of property subject to taxation by the county, city, school
10 district, or special district in the preceding year, less the total valuation
11 exempted from taxation by the homestead exemption provision of the
12 Constitution in the current year over that exempted in the preceding year, and

13 (b) The total valuation of property subject to taxation by the county, city, school
14 district, or special district for the current year;

15 (8) "New property" means the net difference in taxable value between real property
16 additions and deletions to the property tax roll for the current year. "Real property
17 additions" shall mean:

18 (a) Property annexed or incorporated by a municipal corporation, or any other
19 taxing jurisdiction; however, this definition shall not apply to property
20 acquired through the merger or consolidation of school districts, or the
21 transfer of property from one (1) school district to another;

22 (b) Property, the ownership of which has been transferred from a tax-exempt
23 entity to a nontax-exempt entity;

24 (c) The value of improvements to existing nonresidential property;

25 (d) The value of new residential improvements to property;

26 (e) The value of improvements to existing residential property when the
27 improvement increases the assessed value of the property by fifty percent

1 (50%) or more;

2 (f) Property created by the subdivision of unimproved property, provided, that
3 when ~~the[such]~~ property is reclassified from farm to subdivision by the
4 property valuation administrator, the value of ~~the[such]~~ property as a farm
5 shall be a deletion from that category;

6 (g) Property exempt from taxation, as an inducement for industrial or business
7 use, at the expiration of its tax exempt status;

8 (h) Property, the tax rate of which will change, according to the provisions of
9 KRS 82.085, to reflect additional urban services to be provided by the taxing
10 jurisdiction, provided, however, that ~~the[such]~~ property shall be considered
11 "real property additions" only in proportion to the additional urban services to
12 be provided to the property over the urban services previously provided; and

13 (i) The value of improvements to real property previously under assessment
14 moratorium.

15 "Real property deletions" shall be limited to the value of real property removed
16 from, or reduced over the preceding year on, the property tax roll for the current
17 year;

18 (9) "Agricultural land" means:

19 (a) Any tract of land, including all income-producing improvements, of at least
20 ten (10) contiguous acres in area used for the production of livestock,
21 livestock products, poultry, poultry products and/or the growing of tobacco
22 and/or other crops including timber;

23 (b) Any tract of land, including all income-producing improvements, of at least
24 five (5) contiguous acres in area commercially used for aquaculture; or

25 (c) Any tract of land devoted to and meeting the requirements and qualifications
26 for payments pursuant to agriculture programs under an agreement with the
27 state or federal government;

- 1 (10) "Horticultural land" means any tract of land, including all income-producing
2 improvements, of at least five (5) contiguous acres in area commercially used for
3 the cultivation of a garden, orchard, or the raising of fruits or nuts, vegetables,
4 flowers, or ornamental plants;
- 5 (11) "Agricultural or horticultural value" means the use value of "agricultural or
6 horticultural land" based upon income-producing capability and comparable sales of
7 farmland purchased for farm purposes where the price is indicative of farm use
8 value, excluding sales representing purchases for farm expansion, better
9 accessibility, and other factors which inflate the purchase price beyond farm use
10 value, if any, considering the following factors as they affect a taxable unit:
- 11 (a) Relative percentages of tillable land, pasture land, and woodland;
 - 12 (b) Degree of productivity of the soil;
 - 13 (c) Risk of flooding;
 - 14 (d) Improvements to and on the land that relate to the production of income;
 - 15 (e) Row crop capability including allotted crops other than tobacco;
 - 16 (f) Accessibility to all-weather roads and markets; and
 - 17 (g) Factors which affect the general agricultural or horticultural economy, such
18 as: interest, price of farm products, cost of farm materials and supplies, labor,
19 or any economic factor which would affect net farm income;
- 20 (12) "Deferred tax" means the difference in the tax based on agricultural or horticultural
21 value and the tax based on fair cash value;
- 22 (13) "Homestead" means real property maintained as the permanent residence of the
23 owner with all land and improvements adjoining and contiguous thereto including
24 but not limited to lawns, drives, flower or vegetable gardens, outbuildings, and all
25 other land connected thereto;
- 26 (14) "Residential unit" means all or that part of real property occupied as the permanent
27 residence of the owner;

- 1 (15) "Special benefits" are those which are provided by public works not financed
2 through the general tax levy but through special assessments against the benefited
3 property;
- 4 (16) "Mobile home" means a structure, transportable in one (1) or more sections, which
5 when erected on site measures eight (8) body feet or more in width and thirty-two
6 (32) body feet or more in length, and which is built on a permanent chassis and
7 designed to be used as a dwelling, with or without a permanent foundation, when
8 connected to the required utilities, and includes the plumbing, heating, air-
9 conditioning, and electrical systems contained therein. It may be used as a place of
10 residence, business, profession, or trade by the owner, lessee, or their assigns and
11 may consist of one (1) or more units that can be attached or joined together to
12 comprise an integral unit or condominium structure;
- 13 (17) "Recreational vehicle" means a vehicular type unit primarily designed as temporary
14 living quarters for recreational, camping, or travel use, which either has its own
15 motive power or is mounted on or drawn by another vehicle. The basic entities are:
16 travel trailer, camping trailer, truck camper, and motor home.
- 17 (a) Travel trailer: A vehicular unit, mounted on wheels, designed to provide
18 temporary living quarters for recreational, camping, or travel use, and of
19 a~~such~~ size or weight ***that does not***~~as not to~~ require special highway
20 movement permits when drawn by a motorized vehicle, and with a living area
21 of less than two hundred twenty (220) square feet, excluding built-in
22 equipment (such as wardrobes, closets, cabinets, kitchen units or fixtures) and
23 bath and toilet rooms.
- 24 (b) Camping trailer: A vehicular portable unit mounted on wheels and constructed
25 with collapsible partial side walls which fold for towing by another vehicle
26 and unfold at the camp site to provide temporary living quarters for
27 recreational, camping, or travel use.

- 1 (c) Truck camper: A portable unit constructed to provide temporary living
2 quarters for recreational, travel, or camping use, consisting of a roof, floor,
3 and sides, designed to be loaded onto and unloaded from the bed of a pick-up
4 truck.
- 5 (d) Motor home: A vehicular unit designed to provide temporary living quarters
6 for recreational, camping, or travel use built on or permanently attached to a
7 self-propelled motor vehicle chassis or on a chassis cab or van which is an
8 integral part of the completed vehicle;
- 9 (18) "Hazardous substances" shall have the meaning provided in KRS 224.1-400;
- 10 (19) "Pollutant or contaminant" shall have the meaning provided in KRS 224.1-400;
- 11 (20) "Release" shall have the meaning as provided in either or both KRS 224.1-400 and
12 KRS 224.60-115;
- 13 (21) "Qualifying voluntary environmental remediation property" means real property
14 subject to the provisions of KRS 224.1-400 and 224.1-405, or 224.60-135 where the
15 Energy and Environment Cabinet has made a determination that:
- 16 (a) All releases of hazardous substances, pollutants, contaminants, petroleum, or
17 petroleum products at the property occurred prior to the property owner's
18 acquisition of the property;
- 19 (b) The property owner has made all appropriate inquiry into previous ownership
20 and uses of the property in accordance with generally accepted practices prior
21 to the acquisition of the property;
- 22 (c) The property owner or a responsible party has provided all legally required
23 notices with respect to hazardous substances, pollutants, contaminants,
24 petroleum, or petroleum products found at the property;
- 25 (d) The property owner is in compliance with all land use restrictions and does
26 not impede the effectiveness or integrity of any institutional control;
- 27 (e) The property owner complied with any information request or administrative

- 1 subpoena under KRS Chapter 224; and
- 2 (f) The property owner is not affiliated with any person who is potentially liable
- 3 for the release of hazardous substances, pollutants, contaminants, petroleum,
- 4 or petroleum products on the property pursuant to KRS 224.1-400, 224.1-405,
- 5 or 224.60-135, through:
- 6 1. Direct or indirect familial relationship;
- 7 2. Any contractual, corporate, or financial relationship, excluding
- 8 relationships created by instruments conveying or financing title or by
- 9 contracts for sale of goods or services; or
- 10 3. Reorganization of a business entity that was potentially liable;
- 11 (22) "Intangible personal property" means stocks, mutual funds, money market funds,
- 12 bonds, loans, notes, mortgages, accounts receivable, land contracts, cash, credits,
- 13 patents, trademarks, copyrights, tobacco base, allotments, annuities, deferred
- 14 compensation, retirement plans, and any other type of personal property that is not
- 15 tangible personal property;
- 16 (23) (a) "County" means any county, consolidated local government, urban-county
- 17 government, unified local government, or charter county government;
- 18 (b) "Fiscal court" means the legislative body of any county, consolidated local
- 19 government, urban-county government, unified local government, or charter
- 20 county government; and
- 21 (c) "County judge/executive" means the chief executive officer of any county,
- 22 consolidated local government, urban-county government, unified local
- 23 government, or charter county government;
- 24 (24) "Taxing district" means any entity with the authority to levy a local ad valorem tax,
- 25 including special purpose governmental entities;
- 26 (25) "Special purpose governmental entity" shall have the same meaning as in KRS
- 27 65A.010, and as used in this chapter shall include only those special purpose

1 governmental entities with the authority to levy ad valorem taxes, and that are not
2 specifically exempt from the provisions of this chapter by another provision of the
3 Kentucky Revised Statutes;

4 (26) (a) "Broadcast" means the transmission of audio, video, or other signals, through
5 any electronic, radio, light, or similar medium or method now in existence or
6 later devised over the airwaves to the public in general.

7 (b) "Broadcast" shall not apply to operations performed by multichannel video
8 programming service providers as defined in KRS 136.602 or any other
9 operations that transmit audio, video, or other signals, exclusively to persons
10 for a fee; ~~and~~

11 (27) **"Property used in deployment of advanced broadband technologies" means**
12 **property used in the business of transmitting information such as images, text,**
13 **voice, video, or data to end users and consumers for compensation at a rate, prior**
14 **to taking into account the effects of any signal degradation, that is not less than**
15 **fifty (50) megabits per second in at least one (1) direction, including but not**
16 **limited to modem and Wifi equipment, headend and hub equipment, fiber optic**
17 **cable, coaxial cable, distribution plant, customer connection equipment,**
18 **telecommunications radio, routing and switching equipment and associated**
19 **software, transmitters, power equipment, diagnostic equipment, storage devices,**
20 **servers, multiplexers, and antennas; and**

21 **(28)** "Livestock" means cattle, sheep, swine, goats, horses, alpacas, llamas, buffaloes,
22 and any other animals of the bovine, ovine, porcine, caprine, equine, or camelid
23 species.

24 ➔Section 3. Whereas property used in deployment of advanced broadband
25 technologies is essential for economic growth, an emergency is declared to exist, and this
26 Act takes effect upon its passage and approval by the Governor or upon its otherwise
27 becoming a law.