

1 AN ACT relating to property valuation administrators' offices and making an
2 appropriation therefor.

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

4 ➔Section 1. KRS 132.020 is amended to read as follows:

- 5 (1) The owner or person assessed shall pay an annual ad valorem tax for state purposes
6 at the rate of:
- 7 (a) Thirty-one and one-half cents (\$0.315) upon each one hundred dollars (\$100)
8 of value of all real property directed to be assessed for taxation;
- 9 (b) One and one-half cents (\$0.015) upon each one hundred dollars (\$100) of
10 value of all privately owned leasehold interests in industrial buildings, as
11 defined under KRS 103.200, owned and financed by a tax-exempt
12 governmental unit, or tax-exempt statutory authority under the provisions of
13 KRS Chapter 103, upon the prior approval of the Kentucky Economic
14 Development Finance Authority, except that the rate shall not apply to the
15 proportion of value of the leasehold interest created through any private
16 financing;
- 17 (c) One and one-half cents (\$0.015) upon each one hundred dollars (\$100) of
18 value of all qualifying voluntary environmental remediation property,
19 provided the property owner has corrected the effect of all known releases of
20 hazardous substances, pollutants, contaminants, petroleum, or petroleum
21 products located on the property consistent with a corrective action plan
22 approved by the Energy and Environment Cabinet pursuant to KRS 224.1-
23 400, 224.1-405, or 224.60-135, and provided the cleanup was not financed
24 through a public grant or the petroleum storage tank environmental assurance
25 fund. This rate shall apply for a period of three (3) years following the Energy
26 and Environment Cabinet's issuance of a No Further Action Letter or its
27 equivalent, after which the regular tax rate shall apply;

- 1 (d) One and one-half cents (\$0.015) upon each one hundred dollars (\$100) of
2 value of all tobacco directed to be assessed for taxation;
- 3 (e) One and one-half cents (\$0.015) upon each one hundred dollars (\$100) of
4 value of unmanufactured agricultural products;
- 5 (f) One-tenth of one cent (\$0.001) upon each one hundred dollars (\$100) of value
6 of all farm implements and farm machinery owned by or leased to a person
7 actually engaged in farming and used in his *or her* farm operations;
- 8 (g) One-tenth of one cent (\$0.001) upon each one hundred dollars (\$100) of value
9 of all livestock and domestic fowl;
- 10 (h) One-tenth of one cent (\$0.001) upon each one hundred dollars (\$100) of value
11 of all tangible personal property located in a foreign trade zone established
12 pursuant to 19 U.S.C. sec. 81, provided that the zone is activated in
13 accordance with the regulations of the United States Customs Service and the
14 Foreign Trade Zones Board;
- 15 (i) Fifteen cents (\$0.15) upon each one hundred dollars (\$100) of value of all
16 machinery actually engaged in manufacturing;
- 17 (j) Fifteen cents (\$0.15) upon each one hundred dollars (\$100) of value of all
18 commercial radio and television equipment used to receive, capture, produce,
19 edit, enhance, modify, process, store, convey, or transmit audio or video
20 content or electronic signals which are broadcast over the air to an antenna,
21 including radio and television towers used to transmit or facilitate the
22 transmission of the signal broadcast and equipment used to gather or transmit
23 weather information, but excluding telephone and cellular communication
24 towers;
- 25 (k) Fifteen cents (\$0.15) upon each one hundred dollars (\$100) of value of all
26 tangible personal property which has been certified as a pollution control
27 facility as defined in KRS 224.1-300. In the case of tangible personal property

1 certified as a pollution control facility which is incorporated into a landfill
2 facility, the tangible personal property shall be presumed to remain tangible
3 personal property for purposes of this paragraph if the tangible personal
4 property is being used for its intended purposes;

5 (l) One-tenth of one cent (\$0.001) upon each one hundred dollars (\$100) of value
6 of all property which has been certified as an alcohol production facility as
7 defined in KRS 247.910, or as a fluidized bed energy production facility as
8 defined in KRS 211.390;

9 (m) Twenty-five cents (\$0.25) upon each one hundred dollars (\$100) of value of
10 motor vehicles qualifying for permanent registration as historic motor vehicles
11 under the provisions of KRS 186.043;

12 (n) Five cents (\$0.05) upon each one hundred dollars (\$100) of value of goods
13 held for sale in the regular course of business, which includes:

14 1. Machinery and equipment held in a retailer's inventory for sale or lease
15 originating under a floor plan financing arrangement;

16 2. Motor vehicles:

17 a. Held for sale in the inventory of a licensed motor vehicle dealer,
18 including licensed motor vehicle auction dealers, which are not
19 currently titled and registered in Kentucky and are held on an
20 assignment pursuant to the provisions of KRS 186A.230; or

21 b. That are in the possession of a licensed motor vehicle dealer,
22 including licensed motor vehicle auction dealers, for sale, although
23 ownership has not been transferred to the dealer;

24 3. Raw materials, which includes distilled spirits and distilled spirits
25 inventory; and

26 4. In-process materials, which includes distilled spirits and distilled spirits
27 inventory, held for incorporation in finished goods held for sale in the

- 1 regular course of business;
- 2 (o) Ten cents (\$0.10) per one hundred dollars (\$100) of assessed value on the
- 3 operating property of railroads or railway companies that operate solely within
- 4 the Commonwealth;
- 5 (p) One and one-half cents (\$0.015) per one hundred dollars (\$100) of assessed
- 6 value on aircraft not used in the business of transporting persons or property
- 7 for compensation or hire;
- 8 (q) One and one-half cents (\$0.015) per one hundred dollars (\$100) of assessed
- 9 value on federally documented vessels not used in the business of transporting
- 10 persons or property for compensation or hire, or for other commercial
- 11 purposes; and
- 12 (r) Forty-five cents (\$0.45) upon each one hundred dollars (\$100) of value of all
- 13 other property directed to be assessed for taxation shall be paid by the owner
- 14 or person assessed, except as provided in KRS 132.030, 132.200, 136.300,
- 15 and 136.320, providing a different tax rate for particular property.
- 16 (2) Notwithstanding subsection (1)(a) of this section, the state tax rate on real property
- 17 shall be reduced to compensate for any increase in the aggregate assessed value of
- 18 real property to the extent that the increase exceeds the preceding year's assessment
- 19 by more than four percent (4%), excluding:
- 20 (a) The assessment of new property as defined in KRS 132.010(8);
- 21 (b) The assessment from property which is subject to tax increment financing
- 22 pursuant to KRS Chapter 65; and
- 23 (c) The assessment from leasehold property which is owned and financed by a
- 24 tax-exempt governmental unit, or tax-exempt statutory authority under the
- 25 provisions of KRS Chapter 103 and entitled to the reduced rate of one and
- 26 one-half cents (\$0.015) pursuant to subsection (1)(b) of this section. In any
- 27 year in which the aggregate assessed value of real property is less than the

1 preceding year, the state rate shall be increased to the extent necessary to
2 produce the approximate amount of revenue that was produced in the
3 preceding year from real property.

4 (3) By July 1 each year, the department shall compute the state tax rate applicable to
5 real property for the current year in accordance with the provisions of subsection (2)
6 of this section and certify the rate to the county clerks for their use in preparing the
7 tax bills. If the assessments for all counties have not been certified by July 1, the
8 department shall, when either real property assessments of at least seventy-five
9 percent (75%) of the total number of counties of the Commonwealth have been
10 determined to be acceptable by the department, or when the number of counties
11 having at least seventy-five percent (75%) of the total real property assessment for
12 the previous year have been determined to be acceptable by the department, make
13 an estimate of the real property assessments of the uncertified counties and compute
14 the state tax rate.

15 (4) If the tax rate set by the department as provided in subsection (2) of this section
16 produces more than a four percent (4%) increase in real property tax revenues,
17 excluding:

- 18 (a) The revenue resulting from new property as defined in KRS 132.010(8);
19 (b) The revenue from property which is subject to tax increment financing
20 pursuant to KRS Chapter 65; and
21 (c) The revenue from leasehold property which is owned and financed by a tax-
22 exempt governmental unit, or tax-exempt statutory authority under the
23 provisions of KRS Chapter 103 and entitled to the reduced rate of one and
24 one-half cents (\$0.015) pursuant to subsection (1) of this section;

25 the rate shall be adjusted in the succeeding year so that the cumulative total of each
26 year's property tax revenue increase shall not exceed four percent (4%) per year.

27 (5) The provisions of subsection (2) of this section notwithstanding, the assessed value

1 of unmined coal certified by the department after July 1, 1994, shall not be included
 2 with the assessed value of other real property in determining the state real property
 3 tax rate. All omitted unmined coal assessments made after July 1, 1994, shall also
 4 be excluded from the provisions of subsection (2) of this section. The calculated
 5 rate shall, however, be applied to unmined coal property, and the state revenue shall
 6 be devoted to the program described in KRS 146.550 to 146.570, except that four
 7 hundred thousand dollars (\$400,000) of the state revenue shall be paid annually to
 8 the State Treasury and credited to the Department for Energy Development and
 9 Independence for the purpose of public education of coal-related issues.

10 **(6) (a) For property assessed on or after January 1, 2018, the tax rate shall be**
 11 **determined by subsections (1)(a), (2), (3), (4), and (5) of this section and**
 12 **then increased by two and six-tenths cents (\$0.026) upon each one hundred**
 13 **dollars (\$100) of value of all real property directed to be assessed for**
 14 **taxation.**

15 **(b) The two and six-tenths cents (\$0.026) tax rate increase and the revenues**
 16 **generated from it shall not carry forward into the following year's tax rate**
 17 **calculation determined by subsections (1)(a), (2), (3), (4), and (5) of this**
 18 **section. Once the tax rate has been determined for the following year, the**
 19 **two and six-tenths cents (\$0.026) tax rate increase shall be added, as**
 20 **described by subparagraph (a) of this paragraph.**

21 **(c) Revenues generated from the two and six-tenths cents (\$0.026) increase in**
 22 **the tax rate shall be deposited into the PVA compensation fund established**
 23 **in Section 2 of this Act.**

24 ➔Section 2. KRS 132.590 is amended to read as follows:

25 (1) **(a)** The compensation of the property valuation administrator shall be based on
 26 the schedule contained in **paragraph (b)**~~subsection (2)~~ of this
 27 **subsection**~~section~~ as modified by **paragraph (c)**~~subsection (3)~~ of this

1 subsection~~[section]~~. The compensation of the property valuation administrator
2 shall be calculated by the department~~[of Revenue]~~ annually. Should a
3 property valuation administrator for any reason vacate the office in any year
4 during his or her term of office, he or she shall be paid only for the calendar
5 days actually served during the year.

6 ~~(b)(2)~~ The salary schedule for property valuation administrators provides for
7 nine (9) levels of salary based upon the population of the county in the prior
8 year as determined by the United States Department of Commerce, Bureau of
9 the Census annual estimates. To implement the salary schedule, the
10 department shall, by November 1 of each year, certify for each county the
11 population group applicable to each county based on the most recent estimates
12 of the United States Department of Commerce, Bureau of the Census. The
13 salary schedule provides four (4) steps for yearly increments within each
14 population group. Property valuation administrators shall be paid according to
15 the first step within their population group for the first year or portion thereof
16 they serve in office. Thereafter, each property valuation administrator, on
17 January 1 of each subsequent year, shall be advanced automatically to the next
18 step in the salary schedule until the maximum salary figure for the population
19 group is reached. If the county population as certified by the department
20 increases to a new group level, the property valuation administrator's salary
21 shall be computed from the new group level at the beginning of the next year.
22 A change in group level shall have no affect on the annual change in step.
23 Prior to assuming office, any person who has previously served as a property
24 valuation administrator must certify to the department~~[of Revenue]~~ the total
25 number of years, not to exceed four (4) years, that the person has previously
26 served in the office. The department shall place the person in the proper step
27 based upon a formula of one (1) incremental step per full calendar year of

1 service:

2 SALARY SCHEDULE

3	County Population	Steps and Salary			
4	by Group	for Property Valuation Administrators			
5	Group I	Step 1	Step 2	Step 3	Step 4
6	0-4,999	\$45,387	\$46,762	\$48,137	\$49,513
7	Group II				
8	5,000-9,999	49,513	50,888	52,263	53,639
9	Group III				
10	10,000-19,999	53,639	55,014	56,389	57,765
11	Group IV				
12	20,000-29,999	55,702	57,765	59,828	61,891
13	Group V				
14	30,000-44,999	59,828	61,891	63,954	66,017
15	Group VI				
16	45,000-59,999	61,891	64,641	67,392	70,143
17	Group VII				
18	60,000-89,999	66,017	68,768	71,518	74,269
19	Group VIII				
20	90,000-499,999	68,080	71,518	74,957	78,395
21	Group IX				
22	500,000 and up	72,206	75,644	79,083	82,521

23 ~~(c)~~~~(3)~~ I.~~(a)~~ For calendar year 2000, the salary schedule in paragraph
 24 (b)~~subsection (2)~~ of this subsection~~section~~ shall be increased by the
 25 amount of increase in the annual consumer price index as published by
 26 the United States Department of Commerce for the year ended
 27 December 31, 1999. This salary adjustment shall take effect on July 14,

1 2000, and shall not be retroactive to the preceding January 1.

2 ~~2.[(b)]~~ For each calendar year beginning after December 31, 2000, upon
3 publication of the annual consumer price index by the United States
4 Department of Commerce, the annual rate of salary for the property
5 valuation administrator shall be determined by applying the increase in
6 the consumer price index to the salary in effect for the previous year.

7 This salary determination shall be retroactive to the preceding January 1.

8 ~~3.[(c)]~~ In addition to the step increases based on service in office, each
9 property valuation administrator shall be paid an annual incentive of six
10 hundred eighty-seven dollars and sixty-seven cents (\$687.67) per
11 calendar year for each forty (40) hour training unit successfully
12 completed based on continuing service in that office and, except as
13 provided in this subsection, completion of at least forty (40) hours of
14 approved training in each subsequent calendar year. If a property
15 valuation administrator fails without good cause, as determined by the
16 commissioner of the *department*~~[Kentucky Department of Revenue]~~, to
17 obtain the minimum amount of approved training in any year, the officer
18 shall lose all training incentives previously accumulated. No property
19 valuation administrator shall receive more than one (1) training unit per
20 calendar year nor more than four (4) incentive payments per calendar
21 year. Each property valuation administrator shall be allowed to carry
22 forward up to forty (40) hours of training credit into the following
23 calendar year for the purpose of satisfying the minimum amount of
24 training for that year. This amount shall be increased by the consumer
25 price index adjustments prescribed in *subparagraphs 1. and*
26 ~~2.[paragraphs (a) and (b)]~~ of this *paragraph*~~[subsection]~~. Each training
27 unit shall be approved and certified by the *department*~~[Kentucky~~

1 ~~Department of Revenue~~. Each unit shall be available to property
2 valuation administrators in each office based on continuing service in
3 that office. The department~~[Kentucky Department of Revenue]~~ shall
4 promulgate administrative regulations in accordance with KRS Chapter
5 13A to establish guidelines for the approval and certification of training
6 units.

7 (d)~~[(4)]~~ Notwithstanding any provision contained in this subsection~~[section]~~, no
8 property valuation administrator holding office on July 14, 2000, shall receive
9 any reduction in salary or reduction in adjustment to salary otherwise
10 allowable by the statutes in force on July 14, 2000.

11 ~~[(5) Deputy property valuation administrators and other authorized personnel may be
12 advanced one (1) step in grade upon completion of twelve (12) months' continuous
13 service. The Department of Revenue may make grade classification changes
14 corresponding to any approved for department employees in comparable positions,
15 so long as the changes do not violate the integrity of the classification system.
16 Subject to availability of funds, the department may extend cost-of-living increases
17 approved for department employees to deputy property valuation administrators and
18 other authorized personnel, by advancement in grade.]~~

19 (2) (a)~~[(6)]~~ Beginning with the 1990-1992 biennium, the department~~[of Revenue]~~
20 shall prepare a biennial budget request for the staffing of property valuation
21 administrators' offices. An equitable allocation of employee positions to each
22 property valuation administrator's office in the state shall be made on the basis
23 of comparative assessment work units. Assessment work units shall be
24 determined from the most current objective information available from the
25 United States Bureau of the Census and other similar sources of unbiased
26 information. Beginning with the 1996-1998 biennium, assessment work units
27 shall be based on parcel count per employee. The total sum allowed by the

1 state to any property valuation administrator's office as compensation for
2 deputies, other authorized personnel, and for other authorized expenditures
3 shall not exceed the amount fixed by the department~~[of Revenue]~~. However,
4 each property valuation administrator's office shall be allowed as a minimum
5 ~~the~~^{such} funds that are required to meet the federal minimum wage
6 requirements for two (2) full-time deputies.

7 ~~(b)~~⁽⁷⁾ Beginning with the 1990-1992 biennium each property valuation
8 administrator shall submit by June 1 of each year for the following fiscal year
9 to the department~~[of Revenue]~~ a budget request for his or her office which
10 shall be based upon the number of employee positions allocated to his or her
11 office under paragraph (a)~~[subsection (6)]~~ of this subsection~~[section]~~ and
12 upon the county and city funds available to his or her office and show the
13 amount to be expended for deputy and other authorized personnel, including
14 employee benefits, the employer's share of FICA and state retirement, and
15 other authorized expenses of the office. The department~~[of Revenue]~~ shall
16 return to each property valuation administrator, no later than July 1, an
17 approved budget for the fiscal year.

18 (3) ~~(a)~~⁽⁸⁾ Each property valuation administrator may appoint any persons
19 approved by the department~~[of Revenue]~~ to assist him or her in the discharge of
20 his or her duties. Each deputy shall be more than twenty-one (21) years of age and
21 may be removed at the pleasure of the property valuation administrator. The salaries
22 of deputies and other authorized personnel shall be fixed by the property valuation
23 administrator in accordance with the grade classification system established by the
24 department~~[of Revenue]~~ and shall be subject to the approval of the department~~[of~~
25 ~~Revenue]~~. The Personnel Cabinet shall provide advice and technical assistance to
26 the department~~[of Revenue]~~ in the revision and updating of the personnel
27 classification system, which shall be equitable in all respects to the personnel

1 classification systems maintained for other state employees. Any deputy property
 2 valuation administrator employed or promoted to a higher position may be
 3 examined by the department~~[of Revenue]~~ in accordance with standards of the
 4 Personnel Cabinet, for the position to which he or she is being appointed or
 5 promoted. No state funds available to any property valuation administrator's office
 6 as compensation for deputies and other authorized personnel or for other authorized
 7 expenditures shall be paid without authorization of the department~~[of Revenue]~~
 8 prior to the employment by the property valuation administrator of deputies or other
 9 authorized personnel or the incurring of other authorized expenditures.

10 **(b) Deputy property valuation administrators and other authorized personnel**
 11 **may be advanced one (1) step in grade upon completion of twelve (12)**
 12 **months' continuous service. The department may make grade classification**
 13 **changes corresponding to any approved for department employees in**
 14 **comparable positions, so long as the changes do not violate the integrity of**
 15 **the classification system. Subject to availability of funds, the department**
 16 **may extend cost-of-living increases approved for department employees to**
 17 **deputy property valuation administrators and other authorized personnel,**
 18 **by advancement in grade.**

19 **(4) (a)**~~(9)~~ Each county fiscal court shall annually appropriate and pay each fiscal
 20 year to the office of the property valuation administrator as its cost for use of
 21 the assessment, as required by KRS 132.280, an amount determined as
 22 follows:

	Assessment Subject to		
	County Tax of:		
	At Least	But Less Than	Amount
	----	\$100,000,000	\$0.005 for each \$100 of the first
			\$50,000,000 and \$0.002 for

1			each \$100 over \$50,000,000.
2	\$100,000,000	150,000,000	\$0.004 for each \$100 of the first
3			\$100,000,000 and \$0.002 for
4			each \$100 over \$100,000,000.
5	150,000,000	300,000,000	\$0.004 for each \$100 of the first
6			\$150,000,000 and \$0.003 for
7			each \$100 over \$150,000,000.
8	300,000,000	----	\$0.004 for each \$100.

9 ~~(b)(10)~~ The total sum to be paid by the fiscal court to any property valuation
 10 administrator's office under paragraph (a)~~[the provisions of subsection (9)]~~
 11 of this subsection~~[section]~~ shall not exceed the limits set forth in the
 12 following table:

13	Assessed Value of Property Subject to		
14	County Tax of:		
15	At Least	But Less Than	Limit
16	----	\$700,000,000	\$25,000
17	\$700,000,000	1,000,000,000	35,000
18	1,000,000,000	2,000,000,000	50,000
19	2,000,000,000	2,500,000,000	75,000
20	2,500,000,000	5,000,000,000	100,000
21	5,000,000,000	-----	175,000

22 This allowance shall be based on the assessment as of the previous
 23 January 1 and shall be used for deputy and other personnel allowance,
 24 supplies, maps and equipment, travel allowance for the property
 25 valuation administrator and his or her deputies and other authorized
 26 personnel, and other authorized expenses of the office.

27 ~~(c)(11)~~ Annually, after appropriation by the county of funds required of it by

1 paragraph (a)~~[subsection (9)]~~ of this subsection~~[section]~~, and no later than
2 August 1, the property valuation administrator shall file a claim with the
3 county for that amount of the appropriation specified in his or her approved
4 budget for compensation of deputies and assistants, including employee
5 benefits and the employer's shares of FICA and state retirement, for the fiscal
6 year. The amount so requested shall be paid by the county into the State
7 Treasury by September 1, or paid to the property valuation administrator and
8 be submitted to the State Treasury by September 1. These funds shall be
9 expended by the department~~[of Revenue]~~ only for compensation of approved
10 deputies and assistants, including employee benefits and the employer's share
11 of FICA and state retirement, in the appropriating county. Any funds paid into
12 the State Treasury in accordance with this paragraph~~[provision]~~ but
13 unexpended by the close of the fiscal year for which they were appropriated
14 shall be returned to the county from which they were received.

15 (d)~~(12)~~ After submission to the State Treasury or to the property valuation
16 administrator of the county funds budgeted for personnel compensation under
17 paragraph (c)~~[subsection (11)]~~ of this subsection~~[section]~~, the fiscal court
18 shall pay the remainder of the county appropriation to the office of the
19 property valuation administrator on a quarterly basis. Four (4) equal payments
20 shall be made on or before September 1, December 1, March 1, and June 1
21 respectively. Any unexpended county funds at the close of each fiscal year
22 shall be retained by the property valuation administrator, except as provided in
23 KRS 132.601(2). During county election years, the property valuation
24 administrator shall not expend in excess of forty percent (40%) of the
25 allowances available to his or her office from county funds during the first
26 five (5) months of the fiscal year in which the general election is held.

27 (e)~~(13)~~ The provisions of this section shall apply to urban-county governments

1 and consolidated local governments. In an urban-county government and a
2 consolidated local government, all the rights and obligations conferred on
3 fiscal courts or consolidated local governments by ~~the provisions of~~ this
4 section shall be exercised by the urban-county government or consolidated
5 local government.

6 ~~(f)(14)~~ When an urban-county form of government is established through
7 merger of existing city and county governments as provided in KRS Chapter
8 67A or when a consolidated local government is established through merger
9 of existing city and county governments as provided by KRS Chapter 67C, the
10 annual county assessment shall be presumed to have been adopted as if the
11 city had exercised the option to adopt as provided in KRS 132.285, and the
12 annual amount to be appropriated to the property valuation administrator's
13 office shall be the combined amount that is required of the county under this
14 section and that required of the city under KRS 132.285, except that the total
15 shall not exceed one hundred thousand dollars (\$100,000) for any urban-
16 county government or consolidated local government with an assessment
17 subject to countywide tax of less than three billion dollars (\$3,000,000,000),
18 one hundred twenty-five thousand dollars (\$125,000) for an urban-county
19 government or consolidated local government with an assessment subject to
20 countywide tax between three billion dollars (\$3,000,000,000) and five billion
21 dollars (\$5,000,000,000), and two hundred thousand dollars (\$200,000) for an
22 urban-county government or consolidated local government with an
23 assessment subject to countywide tax in excess of five billion dollars
24 (\$5,000,000,000). For purposes of this paragraph ~~subsection~~, the amount to
25 be considered as the assessment for purposes of KRS 132.285 shall be the
26 amount subject to taxation for full urban services.

27 ~~(g)(15)~~ Notwithstanding paragraph (a) ~~the provisions of subsection (9)~~ of this

1 subsection~~[section]~~, the amount appropriated and paid by each county fiscal
 2 court to the office of the property valuation administrator for 1996 and
 3 subsequent years shall be equal to the amount paid to the office of the property
 4 valuation administrator for 1995, or the amount required by paragraphs (a)
 5 and (b)~~[the provisions of subsections (9) and (10)]~~ of this
 6 subsection~~[section]~~, whichever is greater.

7 (5) (a) Beginning with the 2018-2019 fiscal year and each fiscal year thereafter,
 8 each special purpose governmental entity shall annually appropriate and
 9 pay each fiscal year to the office of the property valuation administrator as
 10 its cost for use of the assessment, as required by KRS 132.280, an amount
 11 determined as follows:

<u>Special Purpose Governmental Entity</u>		
<u>with Total Receipts of:</u>		
<u>At Least</u>	<u>But Less Than</u>	<u>Amount</u>
<u>-----</u>	<u>\$5,000</u>	<u>\$0</u>
<u>\$5,000</u>	<u>\$10,000</u>	<u>\$100</u>
<u>\$10,000</u>	<u>\$50,000</u>	<u>\$500</u>
<u>\$50,000</u>	<u>\$100,000</u>	<u>\$1,000</u>
<u>\$100,000</u>	<u>\$500,000</u>	<u>\$5,000</u>
<u>\$500,000</u>	<u>\$1,000,000</u>	<u>\$10,000</u>
<u>\$1,000,000</u>	<u>\$5,000,000</u>	<u>\$15,000</u>
<u>\$5,000,000</u>	<u>-----</u>	<u>\$20,000</u>

23 This allowance shall be based on the total receipts received by the
 24 special purpose governmental entity in the previous fiscal year and
 25 shall be used for deputy and other personnel allowance, supplies,
 26 maps and equipment, travel allowance for the property valuation
 27 administrator and his or her deputies and other authorized personnel,

1 and other authorized expenses of the office.

2 (b) Annually, after appropriation by the special purpose governmental entity
3 required by paragraph (a) of this subsection, and no later than August 1,
4 the property valuation administrator shall file a claim with the special
5 purpose governmental entity for that amount of the appropriation specified
6 in his or her approved budget for compensation of deputies and assistants,
7 including employee benefits and the employer's shares of FICA and state
8 retirement, for the fiscal year. The amount so requested shall be paid by the
9 special purpose governmental entity into the State Treasury by September 1,
10 or paid to the property valuation administrator and be submitted to the State
11 Treasury by September 1. These funds shall be expended by the department
12 only for compensation of approved deputies and assistants, including
13 employee benefits and the employer's share of FICA and state retirement, in
14 the appropriating county. Any funds paid into the State Treasury in
15 accordance with this paragraph but unexpended by the close of the fiscal
16 year for which they were appropriated shall be returned to the special
17 purpose governmental entity from which they were received.

18 (c) After submission to the State Treasury or to the property valuation
19 administrator of the special purpose governmental entity funds budgeted for
20 personnel compensation under paragraph (b) of this subsection, the special
21 purpose governmental entity shall pay the remainder of the special purpose
22 governmental entity appropriation to the office of the property valuation
23 administrator on a quarterly basis. Four (4) equal payments shall be made
24 on or before September 1, December 1, March 1, and June 1 respectively.
25 Any unexpended special purpose governmental entity funds at the close of
26 each fiscal year shall be retained by the property valuation administrator,
27 except as provided in KRS 132.601(2).

- 1 (d) A district board of education shall not be subject to this subsection.
- 2 (6) (a) 1. The PVA compensation fund is hereby established as a separate
3 revolving fund in the State Treasury. The fund shall consist of
4 amounts transferred to the fund pursuant to subsection (6) of Section
5 1 of this Act and paragraph (b) of this subsection.
- 6 2. The fund shall be administered by the department.
- 7 3. Moneys in the fund shall be used by the department to compensate
8 property valuation administrators and all approved deputies and
9 assistants. The compensation shall include employee benefits and the
10 employer's share of FICA and state retirement.
- 11 4. At the close of the fiscal year, a reserve amount equal to six (6)
12 months of predicted total expenses needed for the compensation
13 requirements described in subparagraph 3. of this paragraph shall not
14 lapse, but shall be carried forward into the next fiscal year. Any
15 amount in excess shall lapse to the general fund.
- 16 5. Any interest earnings of the fund shall become a part of the fund.
- 17 6. Moneys deposited in the fund are hereby appropriated for the
18 purposes set forth in this subsection and shall not be appropriated or
19 transferred by the General Assembly for any other purposes.
- 20 (b) Beginning with the 2018-2019 fiscal year and each fiscal year thereafter,
21 revenues generated from the two and six-tenths cents (\$0.026) increase in
22 the state real property tax rate as established by subsection (6) of Section 1
23 of this Act, shall be deposited in the fund created by paragraph (a) of this
24 subsection, to be used for the purposes set forth in paragraph (a) 3. of this
25 subsection.

26 ➔Section 3. KRS 132.200 is amended to read as follows:

27 All property subject to taxation for state purposes shall also be subject to taxation in the

1 county, city, school, or other taxing district in which it has a taxable situs, except the class
2 of property described in KRS 132.030 and the following classes of property, which shall
3 be subject to taxation for state purposes only:

- 4 (1) Farm implements and farm machinery owned by or leased to a person actually
5 engaged in farming and used in his or her farm operation;
- 6 (2) Livestock, ratite birds, and domestic fowl;
- 7 (3) Capital stock of savings and loan associations;
- 8 (4) Machinery actually engaged in manufacturing, products in the course of
9 manufacture, and raw material actually on hand at the plant for the purpose of
10 manufacture. The printing, publication, and distribution of a newspaper or operating
11 a job printing plant shall be deemed to be manufacturing;
- 12 (5) (a) Commercial radio and television equipment used to receive, capture, produce,
13 edit, enhance, modify, process, store, convey, or transmit audio or video
14 content or electronic signals which are broadcast over the air to an antenna;
15 (b) Equipment directly used or associated with the equipment identified in
16 paragraph (a) of this subsection, including radio and television towers used to
17 transmit or facilitate the transmission of the signal broadcast, but excluding
18 telephone and cellular communications towers; and
19 (c) Equipment used to gather or transmit weather information;
- 20 (6) Unmanufactured agricultural products. They shall be exempt from taxation for state
21 purposes to the extent of the value, or amount, of any unpaid nonrecourse loans
22 thereon granted by the United States government or any agency thereof, and except
23 that cities and counties may each impose an ad valorem tax of not exceeding one
24 and one-half cents (\$0.015) on each one hundred dollars (\$100) of the fair cash
25 value of all unmanufactured tobacco and not exceeding four and one-half cents
26 (\$0.045) on each one hundred dollars (\$100) of the fair cash value of all other
27 unmanufactured agricultural products, subject to taxation within their limits that are

- 1 not actually on hand at the plants of manufacturing concerns for the purpose of
2 manufacture, nor in the hands of the producer or any agent of the producer to whom
3 the products have been conveyed or assigned for the purpose of sale;
- 4 (7) All privately owned leasehold interest in industrial buildings, as defined under KRS
5 103.200, owned and financed by a tax-exempt governmental unit, or tax-exempt
6 statutory authority under the provisions of KRS Chapter 103, except that the rate
7 shall not apply to the proportion of value of the leasehold interest created through
8 any private financing;
- 9 (8) Tangible personal property which has been certified as a pollution control facility as
10 defined in KRS 224.1-300. In the case of tangible personal property certified as a
11 pollution control facility which is incorporated into a landfill facility, the tangible
12 personal property shall be presumed to remain tangible personal property for
13 purposes of this subsection if the tangible personal property is being used for its
14 intended purposes;
- 15 (9) Property which has been certified as an alcohol production facility as defined in
16 KRS 247.910;
- 17 (10) (a) On and after January 1, 1977, the assessed value of unmined coal shall be
18 included in the formula contained in KRS 132.590~~(4)(a)~~~~{(9)}~~ in determining
19 the amount of county appropriation to the office of the property valuation
20 administrator;
- 21 **(b) Beginning with the 2018-2019 fiscal year and each fiscal year thereafter,**
22 **receipts from the assessment of unmined coal shall be included in the total**
23 **receipts contained in KRS 132.590(5)(a) in determining the amount of**
24 **special purpose governmental entity appropriation to the office of the**
25 **property valuation administrator;**
- 26 (11) Tangible personal property located in a foreign trade zone established pursuant to
27 19 U.S.C. sec. 81, provided that the zone is activated in accordance with the

- 1 regulations of the United States Customs Service and the Foreign Trade Zones
2 Board;
- 3 (12) Motor vehicles qualifying for permanent registration as historic motor vehicles
4 under the provisions of KRS 186.043. However, nothing herein shall be construed
5 to exempt historical motor vehicles from the usage tax imposed by KRS 138.460;
- 6 (13) Property which has been certified as a fluidized bed energy production facility as
7 defined in KRS 211.390;
- 8 (14) All motor vehicles:
- 9 (a) Held for sale in the inventory of a licensed motor vehicle dealer, including
10 motor vehicle auction dealers, which are not currently titled and registered in
11 Kentucky and are held on an assignment pursuant to the provisions of KRS
12 186A.230;
- 13 (b) That are in the possession of a licensed motor vehicle dealer, including
14 licensed motor vehicle auction dealers, for sale, although ownership has not
15 been transferred to the dealer; and
- 16 (c) With a salvage title held by an insurance company;
- 17 (15) Machinery or equipment owned by a business, industry, or organization in order to
18 collect, source separate, compress, bale, shred, or otherwise handle waste materials
19 if the machinery or equipment is primarily used for recycling purposes as defined in
20 KRS 139.010;
- 21 (16) New farm machinery and other equipment held in the retailer's inventory for sale
22 under a floor plan financing arrangement by a retailer, as defined under KRS
23 365.800;
- 24 (17) New boats and new marine equipment held for retail sale under a floor plan
25 financing arrangement by a dealer registered under KRS 235.220;
- 26 (18) Aircraft not used in the business of transporting persons or property for
27 compensation or hire if an exemption is approved by the county, city, school, or

- 1 other taxing district in which the aircraft has its taxable situs;
- 2 (19) Federally documented vessels not used in the business of transporting persons or
3 property for compensation or hire or for other commercial purposes, if an
4 exemption is approved by the county, city, school, or other taxing district in which
5 the federally documented vessel has its taxable situs;
- 6 (20) Any nonferrous metal that conforms to the quality, shape, and weight specifications
7 set by the New York Mercantile Exchange's special contract rules for metals, and
8 which is located or stored in a commodity warehouse and held on warrant, or for
9 which a written request has been made to a commodity warehouse to place it on
10 warrant, according to the rules and regulations of a trading facility. In this
11 subsection:
- 12 (a) "Commodity warehouse" means a warehouse, shipping plant, depository, or
13 other facility that has been designated or approved by a trading facility as a
14 regular delivery point for a commodity on contracts of sale for future delivery;
15 and
- 16 (b) "Trading facility" means a facility that is designated by or registered with the
17 federal Commodity Futures Trading Commission under 7 U.S.C. secs. 1 et
18 seq. "Trading facility" includes the Board of Trade of the City of Chicago, the
19 Chicago Mercantile Exchange, and the New York Mercantile Exchange;
- 20 (21) Qualifying voluntary environmental remediation property for a period of three (3)
21 years following the Energy and Environment Cabinet's issuance of a No Further
22 Action Letter or its equivalent, pursuant to the correction of the effect of all known
23 releases of hazardous substances, pollutants, contaminants, petroleum, or petroleum
24 products located on the property consistent with a corrective action plan approved
25 by the Energy and Environment Cabinet pursuant to KRS 224.1-400, 224.1-405, or
26 224.60-135, and provided the cleanup was not financed through a public grant
27 program of the petroleum storage tank environmental assurance fund;

1 (22) Biotechnology products held in a warehouse for distribution by the manufacturer or
2 by an affiliate of the manufacturer. For the purposes of this section:

3 (a) "Biotechnology products" means those products that are applicable to the
4 prevention, treatment, or cure of a disease or condition of human beings and
5 that are produced using living organisms, materials derived from living
6 organisms, or cellular, subcellular, or molecular components of living
7 organisms. Biotechnology products does not include pharmaceutical products
8 which are produced from chemical compounds;

9 (b) "Warehouse" includes any establishment that is designed to house or store
10 biotechnology products, but does not include blood banks, plasma centers, or
11 other similar establishments;

12 (c) "Affiliate" means an individual, partnership, or corporation that directly or
13 indirectly owns or controls, or is owned or controlled by, or is under common
14 ownership or control with, another individual, partnership, or corporation; and

15 (23) Recreational vehicles held for sale in a retailer's inventory.

16 ➔Section 4. KRS 132.645 is amended to read as follows:

17 (1) The property valuation administrator of each county shall be paid from the State
18 Treasury each month as provided in KRS 132.590.

19 (2) Deputies, other authorized personnel, and other authorized expenditures of the
20 property valuation administrator's office shall be paid from the State Treasury
21 monthly as approved by the department~~[of Revenue]~~ as provided in KRS
22 132.590~~(1)(b)~~~~(2)~~.

23 ➔Section 5. The following KRS section is repealed:

24 132.635 Application of KRS 132.590 and 132.630 to urban-county governments and
25 consolidated local governments.