

1 AN ACT relating to property taxes for veteran service organizations.

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

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

5 ***(1) A veteran service organization may qualify as an institution of purely public***
6 ***charity, as expressed in Section 170 of the Kentucky Constitution, if over fifty***
7 ***percent (50%) of its annual net income is expended on behalf of military veterans***
8 ***and other charitable causes.***

9 ***(2) If a veteran service organization meets the qualifications in subsection (1) of this***
10 ***section, its property shall not be subject to ad valorem taxation from the state,***
11 ***county, city, school, or other taxing district in which it has a taxable situs. This***
12 ***subsection does not apply to real property which is owned by the veteran service***
13 ***organization and occupied by another entity or person for compensation.***

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

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

- 16 (1) "Department" means the Department of Revenue;
- 17 (2) "Taxpayer" means any person made liable by law to file a return or pay a tax;
- 18 (3) "Real property" includes all lands within this state and improvements thereon;
- 19 (4) "Personal property" includes every species and character of property, tangible and
20 intangible, other than real property;
- 21 (5) "Resident" means any person who has taken up a place of abode within this state
22 with the intention of continuing to abide in this state; any person who has had his or
23 her actual or habitual place of abode in this state for the larger portion of the twelve
24 (12) months next preceding the date as of which an assessment is due to be made
25 shall be deemed to have intended to become a resident of this state;
- 26 (6) "Compensating tax rate" means that rate which, rounded to the next higher one-
27 tenth of one cent (\$0.001) per one hundred dollars (\$100) of assessed value and

1 applied to the current year's assessment of the property subject to taxation by a
2 taxing district, excluding new property and personal property, produces an amount
3 of revenue approximately equal to that produced in the preceding year from real
4 property. However, in no event shall the compensating tax rate be a rate which,
5 when applied to the total current year assessment of all classes of taxable property,
6 produces an amount of revenue less than was produced in the preceding year from
7 all classes of taxable property. For purposes of this subsection, "property subject to
8 taxation" means the total fair cash value of all property subject to full local rates,
9 less the total valuation exempted from taxation by the homestead exemption
10 provision of the Constitution and the difference between the fair cash value and
11 agricultural or horticultural value of agricultural or horticultural land;

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

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

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

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

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

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

- 1 (c) The value of improvements to existing nonresidential property;
- 2 (d) The value of new residential improvements to property;
- 3 (e) The value of improvements to existing residential property when the
4 improvement increases the assessed value of the property by fifty percent
5 (50%) or more;
- 6 (f) Property created by the subdivision of unimproved property, provided, that
7 when the property is reclassified from farm to subdivision by the property
8 valuation administrator, the value of the property as a farm shall be a deletion
9 from that category;
- 10 (g) Property exempt from taxation, as an inducement for industrial or business
11 use, at the expiration of its tax exempt status;
- 12 (h) Property, the tax rate of which will change, according to the provisions of
13 KRS 82.085, to reflect additional urban services to be provided by the taxing
14 jurisdiction, provided, however, that the property shall be considered "real
15 property additions" only in proportion to the additional urban services to be
16 provided to the property over the urban services previously provided; and
- 17 (i) The value of improvements to real property previously under assessment
18 moratorium.

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

22 (9) "Agricultural land" means:

- 23 (a) Any tract of land, including all income-producing improvements, of at least
24 ten (10) contiguous acres in area used for the production of livestock,
25 livestock products, poultry, poultry products and/or the growing of tobacco
26 and/or other crops including timber;
- 27 (b) Any tract of land, including all income-producing improvements, of at least

- 1 five (5) contiguous acres in area commercially used for aquaculture; or
- 2 (c) Any tract of land devoted to and meeting the requirements and qualifications
- 3 for payments pursuant to agriculture programs under an agreement with the
- 4 state or federal government;
- 5 (10) "Horticultural land" means any tract of land, including all income-producing
- 6 improvements, of at least five (5) contiguous acres in area commercially used for
- 7 the cultivation of a garden, orchard, or the raising of fruits or nuts, vegetables,
- 8 flowers, or ornamental plants;
- 9 (11) "Agricultural or horticultural value" means the use value of "agricultural or
- 10 horticultural land" based upon income-producing capability and comparable sales of
- 11 farmland purchased for farm purposes where the price is indicative of farm use
- 12 value, excluding sales representing purchases for farm expansion, better
- 13 accessibility, and other factors which inflate the purchase price beyond farm use
- 14 value, if any, considering the following factors as they affect a taxable unit:
- 15 (a) Relative percentages of tillable land, pasture land, and woodland;
- 16 (b) Degree of productivity of the soil;
- 17 (c) Risk of flooding;
- 18 (d) Improvements to and on the land that relate to the production of income;
- 19 (e) Row crop capability including allotted crops other than tobacco;
- 20 (f) Accessibility to all-weather roads and markets; and
- 21 (g) Factors which affect the general agricultural or horticultural economy, such
- 22 as: interest, price of farm products, cost of farm materials and supplies, labor,
- 23 or any economic factor which would affect net farm income;
- 24 (12) "Deferred tax" means the difference in the tax based on agricultural or horticultural
- 25 value and the tax based on fair cash value;
- 26 (13) "Homestead" means real property maintained as the permanent residence of the
- 27 owner with all land and improvements adjoining and contiguous thereto including

1 but not limited to lawns, drives, flower or vegetable gardens, outbuildings, and all
2 other land connected thereto;

3 (14) "Residential unit" means all or that part of real property occupied as the permanent
4 residence of the owner;

5 (15) "Special benefits" are those which are provided by public works not financed
6 through the general tax levy but through special assessments against the benefited
7 property;

8 (16) "Mobile home" means a structure, transportable in one (1) or more sections, which
9 when erected on site measures eight (8) body feet or more in width and thirty-two
10 (32) body feet or more in length, and which is built on a permanent chassis and
11 designed to be used as a dwelling, with or without a permanent foundation, when
12 connected to the required utilities, and includes the plumbing, heating, air-
13 conditioning, and electrical systems contained therein. It may be used as a place of
14 residence, business, profession, or trade by the owner, lessee, or their assigns and
15 may consist of one (1) or more units that can be attached or joined together to
16 comprise an integral unit or condominium structure;

17 (17) "Recreational vehicle" means a vehicular type unit primarily designed as temporary
18 living quarters for recreational, camping, or travel use, which either has its own
19 motive power or is mounted on or drawn by another vehicle. The basic entities are:
20 travel trailer, camping trailer, truck camper, and motor home. *As used in this*
21 *subsection:*

22 (a) "Travel trailer" *means*[-:] a vehicular unit, mounted on wheels, designed to
23 provide temporary living quarters for recreational, camping, or travel use, and
24 of a size or weight that does not require special highway movement permits
25 when drawn by a motorized vehicle, and with a living area of less than two
26 hundred twenty (220) square feet, excluding built-in equipment (such as
27 wardrobes, closets, cabinets, kitchen units or fixtures) and bath and toilet

- 1 rooms;[]
- 2 (b) "Camping trailer" means[] a vehicular portable unit mounted on wheels and
3 constructed with collapsible partial side walls which fold for towing by
4 another vehicle and unfold at the camp site to provide temporary living
5 quarters for recreational, camping, or travel use;[]
- 6 (c) "Truck camper" means[] a portable unit constructed to provide temporary
7 living quarters for recreational, travel, or camping use, consisting of a roof,
8 floor, and sides, designed to be loaded onto and unloaded from the bed of a
9 pick-up truck; and[]
- 10 (d) "Motor home" means[] a vehicular unit designed to provide temporary
11 living quarters for recreational, camping, or travel use built on or permanently
12 attached to a self-propelled motor vehicle chassis or on a chassis cab or van
13 which is an integral part of the completed vehicle;
- 14 (18) "Hazardous substances" shall have the meaning provided in KRS 224.1-400;
- 15 (19) "Pollutant or contaminant" shall have the meaning provided in KRS 224.1-400;
- 16 (20) "Release" shall have the meaning as provided in either or both KRS 224.1-400 and
17 KRS 224.60-115;
- 18 (21) "Qualifying voluntary environmental remediation property" means real property
19 subject to the provisions of KRS 224.1-400 and 224.1-405, or 224.60-135 where the
20 Energy and Environment Cabinet has made a determination that:
- 21 (a) All releases of hazardous substances, pollutants, contaminants, petroleum, or
22 petroleum products at the property occurred prior to the property owner's
23 acquisition of the property;
- 24 (b) The property owner has made all appropriate inquiry into previous ownership
25 and uses of the property in accordance with generally accepted practices prior
26 to the acquisition of the property;
- 27 (c) The property owner or a responsible party has provided all legally required

- 1 notices with respect to hazardous substances, pollutants, contaminants,
2 petroleum, or petroleum products found at the property;
- 3 (d) The property owner is in compliance with all land use restrictions and does
4 not impede the effectiveness or integrity of any institutional control;
- 5 (e) The property owner complied with any information request or administrative
6 subpoena under KRS Chapter 224; and
- 7 (f) The property owner is not affiliated with any person who is potentially liable
8 for the release of hazardous substances, pollutants, contaminants, petroleum,
9 or petroleum products on the property pursuant to KRS 224.1-400, 224.1-405,
10 or 224.60-135, through:
- 11 1. Direct or indirect familial relationship;
 - 12 2. Any contractual, corporate, or financial relationship, excluding
13 relationships created by instruments conveying or financing title or by
14 contracts for sale of goods or services; or
 - 15 3. Reorganization of a business entity that was potentially liable;
- 16 (22) "Intangible personal property" means stocks, mutual funds, money market funds,
17 bonds, loans, notes, mortgages, accounts receivable, land contracts, cash, credits,
18 patents, trademarks, copyrights, tobacco base, allotments, annuities, deferred
19 compensation, retirement plans, and any other type of personal property that is not
20 tangible personal property;
- 21 (23) (a) "County" means any county, consolidated local government, urban-county
22 government, unified local government, or charter county government;
- 23 (b) "Fiscal court" means the legislative body of any county, consolidated local
24 government, urban-county government, unified local government, or charter
25 county government; and
- 26 (c) "County judge/executive" means the chief executive officer of any county,
27 consolidated local government, urban-county government, unified local

1 government, or charter county government;

2 (24) "Taxing district" means any entity with the authority to levy a local ad valorem tax,
3 including special purpose governmental entities;

4 (25) "Special purpose governmental entity" shall have the same meaning as in KRS
5 65A.010, and as used in this chapter shall include only those special purpose
6 governmental entities with the authority to levy ad valorem taxes, and that are not
7 specifically exempt from the provisions of this chapter by another provision of the
8 Kentucky Revised Statutes;

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

12 (b) "Broadcast" shall not apply to operations performed by multichannel video
13 programming service providers as defined in KRS 136.602 or any other
14 operations that transmit audio, video, or other signals, exclusively to persons
15 for a fee;

16 (27) "Livestock" means cattle, sheep, swine, goats, horses, alpacas, llamas, buffaloes,
17 and any other animals of the bovine, ovine, porcine, caprine, equine, or camelid
18 species;

19 (28) "Heavy equipment rental agreement" means the short-term rental contract under
20 which qualified heavy equipment is rented without an operator for a period:

21 (a) Not to exceed three hundred sixty-five (365) days; or

22 (b) That is open-ended under the terms of the contract with no specified end date;

23 (29) "Heavy equipment rental company" means an entity that is primarily engaged in a
24 line of business described in Code 532412 or 532310 of the North American
25 Industry Classification System Manual in effect on January 1, 2019;~~and~~

26 (30) "Qualified heavy equipment" means machinery and equipment, including ancillary
27 equipment and any attachments used in conjunction with the machinery and

1 equipment, that is:

2 (a) Primarily used and designed for construction, mining, forestry, or industrial
3 purposes, including but not limited to cranes, earthmoving equipment, well-
4 drilling machinery and equipment, lifts, material handling equipment, pumps,
5 generators, and pollution-reducing equipment; and

6 (b) Held in a heavy equipment rental company's inventory for:

7 1. Rental under a heavy equipment rental agreement; or

8 2. Sale in the regular course of business; **and**

9 **(31) "Veteran service organization" means an organization wholly dedicated to**
10 **advocating on behalf of military veterans and providing charitable programs in**
11 **honor and on behalf of military veterans.**

12 ➔Section 3. The provisions of this Act shall apply to the property of a veteran
13 service organization assessed on or after January 1, 2022.