

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.***

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

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

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

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

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

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

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

- 20 (a) Property annexed or incorporated by a municipal corporation, or any other
21 taxing jurisdiction; however, this definition shall not apply to property
22 acquired through the merger or consolidation of school districts, or the
23 transfer of property from one (1) school district to another;
24 (b) Property, the ownership of which has been transferred from a tax-exempt
25 entity to a nontax-exempt entity;
26 (c) The value of improvements to existing nonresidential property;
27 (d) The value of new residential improvements to property;

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

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

20 (9) "Agricultural land" means:

- 21 (a) Any tract of land, including all income-producing improvements, of at least
22 ten (10) contiguous acres in area used for the production of livestock,
23 livestock products, poultry, poultry products and/or the growing of tobacco
24 and/or other crops including timber;
- 25 (b) Any tract of land, including all income-producing improvements, of at least
26 five (5) contiguous acres in area commercially used for aquaculture; or
- 27 (c) Any tract of land devoted to and meeting the requirements and qualifications

1 for payments pursuant to agriculture programs under an agreement with the
2 state or federal government;

3 (10) "Horticultural land" means any tract of land, including all income-producing
4 improvements, of at least five (5) contiguous acres in area commercially used for
5 the cultivation of a garden, orchard, or the raising of fruits or nuts, vegetables,
6 flowers, or ornamental plants;

7 (11) "Agricultural or horticultural value" means the use value of "agricultural or
8 horticultural land" based upon income-producing capability and comparable sales of
9 farmland purchased for farm purposes where the price is indicative of farm use
10 value, excluding sales representing purchases for farm expansion, better
11 accessibility, and other factors which inflate the purchase price beyond farm use
12 value, if any, considering the following factors as they affect a taxable unit:

13 (a) Relative percentages of tillable land, pasture land, and woodland;

14 (b) Degree of productivity of the soil;

15 (c) Risk of flooding;

16 (d) Improvements to and on the land that relate to the production of income;

17 (e) Row crop capability including allotted crops other than tobacco;

18 (f) Accessibility to all-weather roads and markets; and

19 (g) Factors which affect the general agricultural or horticultural economy, such
20 as: interest, price of farm products, cost of farm materials and supplies, labor,
21 or any economic factor which would affect net farm income;

22 (12) "Deferred tax" means the difference in the tax based on agricultural or horticultural
23 value and the tax based on fair cash value;

24 (13) "Homestead" means real property maintained as the permanent residence of the
25 owner with all land and improvements adjoining and contiguous thereto including
26 but not limited to lawns, drives, flower or vegetable gardens, outbuildings, and all
27 other land connected thereto;

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

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

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

- 1 including special purpose governmental entities;
- 2 (25) "Special purpose governmental entity" shall have the same meaning as in KRS
3 65A.010, and as used in this chapter shall include only those special purpose
4 governmental entities with the authority to levy ad valorem taxes, and that are not
5 specifically exempt from the provisions of this chapter by another provision of the
6 Kentucky Revised Statutes;
- 7 (26) (a) "Broadcast" means the transmission of audio, video, or other signals, through
8 any electronic, radio, light, or similar medium or method now in existence or
9 later devised over the airwaves to the public in general.
- 10 (b) "Broadcast" shall not apply to operations performed by multichannel video
11 programming service providers as defined in KRS 136.602 or any other
12 operations that transmit audio, video, or other signals, exclusively to persons
13 for a fee;
- 14 (27) "Livestock" means cattle, sheep, swine, goats, horses, alpacas, llamas, buffaloes,
15 and any other animals of the bovine, ovine, porcine, caprine, equine, or camelid
16 species;
- 17 (28) "Heavy equipment rental agreement" means the short-term rental contract under
18 which qualified heavy equipment is rented without an operator for a period:
- 19 (a) Not to exceed three hundred sixty-five (365) days; or
20 (b) That is open-ended under the terms of the contract with no specified end date;
- 21 (29) "Heavy equipment rental company" means an entity that is primarily engaged in a
22 line of business described in Code 532412 or 532310 of the North American
23 Industry Classification System Manual in effect on January 1, 2019;~~and~~
- 24 (30) "Qualified heavy equipment" means machinery and equipment, including ancillary
25 equipment and any attachments used in conjunction with the machinery and
26 equipment, that is:
- 27 (a) Primarily used and designed for construction, mining, forestry, or industrial

1 purposes, including but not limited to cranes, earthmoving equipment, well-
2 drilling machinery and equipment, lifts, material handling equipment, pumps,
3 generators, and pollution-reducing equipment; and

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

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

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

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

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