

1 AN ACT relating to the taxation of motor vehicles.

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

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

- 4 (1) The owner or person assessed shall pay an annual ad valorem tax for state purposes
5 at the rate of:
- 6 (a) Thirty-one and one-half cents (\$0.315) upon each one hundred dollars (\$100)
7 of value of all real property directed to be assessed for taxation;
 - 8 (b) Twenty-five cents (\$0.25) upon each one hundred dollars (\$100) of value of
9 all motor vehicles qualifying for permanent registration as historic motor
10 vehicles under KRS 186.043;
 - 11 (c) Fifteen cents (\$0.15) upon each one hundred dollars (\$100) of value of all:
 - 12 1. Machinery actually engaged in manufacturing;
 - 13 2. Commercial radio and television equipment used to receive, capture,
14 produce, edit, enhance, modify, process, store, convey, or transmit audio
15 or video content or electronic signals which are broadcast over the air to
16 an antenna, including radio and television towers used to transmit or
17 facilitate the transmission of the signal broadcast and equipment used to
18 gather or transmit weather information, but excluding telephone and
19 cellular communication towers; and
 - 20 3. Tangible personal property which has been certified as a pollution
21 control facility as defined in KRS 224.1-300. In the case of tangible
22 personal property certified as a pollution control facility which is
23 incorporated into a landfill facility, the tangible personal property shall
24 be presumed to remain tangible personal property for purposes of this
25 paragraph if the tangible personal property is being used for its intended
26 purposes;
 - 27 (d) Ten cents (\$0.10) upon each one hundred dollars (\$100) of value on the

- 1 operating property of railroads or railway companies that operate solely within
2 the Commonwealth;
- 3 (e) Five cents (\$0.05) upon each one hundred dollars (\$100) of value of goods
4 held for sale in the regular course of business, which includes:
- 5 1. Machinery and equipment held in a retailer's inventory for sale or lease
6 originating under a floor plan financing arrangement;
 - 7 2. Motor vehicles:
 - 8 a. Held for sale in the inventory of a licensed motor vehicle dealer,
9 including licensed motor vehicle auction dealers, which are not
10 currently titled and registered in Kentucky and are held on an
11 assignment pursuant to KRS 186A.230; or
 - 12 b. That are in the possession of a licensed motor vehicle dealer,
13 including licensed motor vehicle auction dealers, for sale, although
14 ownership has not been transferred to the dealer;
 - 15 3. Raw materials, which includes distilled spirits and distilled spirits
16 inventory;
 - 17 4. In-process materials, which includes distilled spirits and distilled spirits
18 inventory, held for incorporation in finished goods held for sale in the
19 regular course of business; and
 - 20 5. Qualified heavy equipment;
- 21 (f) **Two cents (\$0.02) upon each one hundred dollars (\$100) of value on of all**
22 **motor vehicles assessed under KRS 132.485;**
- 23 (g) One and one-half cents (\$0.015) upon each one hundred dollars (\$100) of
24 value of all:
- 25 1. Privately owned leasehold interests in industrial buildings, as defined
26 under KRS 103.200, owned and financed by a tax-exempt governmental
27 unit, or tax-exempt statutory authority under the provisions of KRS

- 1 Chapter 103, upon the prior approval of the Kentucky Economic
2 Development Finance Authority, except that the rate shall not apply to
3 the proportion of value of the leasehold interest created through any
4 private financing;
- 5 2. Qualifying voluntary environmental remediation property, provided the
6 property owner has corrected the effect of all known releases of
7 hazardous substances, pollutants, contaminants, petroleum, or petroleum
8 products located on the property consistent with a corrective action plan
9 approved by the Energy and Environment Cabinet pursuant to KRS
10 224.1-400, 224.1-405, or 224.60-135, and provided the cleanup was not
11 financed through a public grant or the petroleum storage tank
12 environmental assurance fund. This rate shall apply for a period of three
13 (3) years following the Energy and Environment Cabinet's issuance of a
14 No Further Action Letter or its equivalent, after which the regular tax
15 rate shall apply;
- 16 3. Tobacco directed to be assessed for taxation;
- 17 4. Unmanufactured agricultural products;
- 18 5. Aircraft not used in the business of transporting persons or property for
19 compensation or hire;
- 20 6. Federally documented vessels not used in the business of transporting
21 persons or property for compensation or hire, or for other commercial
22 purposes; and
- 23 7. Privately owned leasehold interests in residential property described in
24 KRS 132.195(2)(g);
- 25 ~~(h)~~~~(g)~~ One-tenth of one cent (\$0.001) upon each one hundred dollars (\$100) of
26 value of all:
- 27 1. Farm implements and farm machinery owned by or leased to a person

- 1 actually engaged in farming and used in his farm operations;
- 2 2. Livestock and domestic fowl;
- 3 3. Tangible personal property located in a foreign trade zone established
- 4 pursuant to 19 U.S.C. sec. 81, provided that the zone is activated in
- 5 accordance with the regulations of the United States Customs Service
- 6 and the Foreign Trade Zones Board; and
- 7 4. Property which has been certified as an alcohol production facility as
- 8 defined in KRS 247.910, or as a fluidized bed energy production facility
- 9 as defined in KRS 211.390; and
- 10 ~~(i)(h)~~ Forty-five cents (\$0.45) upon each one hundred dollars (\$100) of value
- 11 of all other property directed to be assessed for taxation shall be paid by the
- 12 owner or person assessed, except as provided in KRS 132.030, 132.200,
- 13 136.300, and 136.320, providing a different tax rate for particular property.
- 14 (2) Notwithstanding subsection (1)(a) of this section, the state tax rate on real property
- 15 shall be reduced to compensate for any increase in the aggregate assessed value of
- 16 real property to the extent that the increase exceeds the preceding year's assessment
- 17 by more than four percent (4%), excluding:
- 18 (a) The assessment of new property as defined in KRS 132.010(8);
- 19 (b) The assessment from property which is subject to tax increment financing
- 20 pursuant to KRS Chapter 65; and
- 21 (c) The assessment from leasehold property which is owned and financed by a
- 22 tax-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)(f) of this section. In any
- 25 year in which the aggregate assessed value of real property is less than the
- 26 preceding year, the state rate shall be increased to the extent necessary to
- 27 produce the approximate amount of revenue that was produced in the

1 preceding year from real property.

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

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

16 (a) The revenue resulting from new property as defined in KRS 132.010(8);

17 (b) The revenue from property which is subject to tax increment financing
18 pursuant to KRS Chapter 65; and

19 (c) The revenue from leasehold property which is owned and financed by a tax-
20 exempt governmental unit, or tax-exempt statutory authority under the
21 provisions of KRS Chapter 103 and entitled to the reduced rate of one and
22 one-half cents (\$0.015) pursuant to subsection (1) of this section;

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

25 (5) The provisions of subsection (2) of this section notwithstanding, the assessed value
26 of unmined coal certified by the department after July 1, 1994, shall not be included
27 with the assessed value of other real property in determining the state real property

1 tax rate. All omitted unmined coal assessments made after July 1, 1994, shall also
2 be excluded from the provisions of subsection (2) of this section. The calculated
3 rate shall, however, be applied to unmined coal property, and the state revenue shall
4 be devoted to the program described in KRS 146.550 to 146.570, except that four
5 hundred thousand dollars (\$400,000) of the state revenue shall be paid annually to
6 the State Treasury and credited to the Office of Energy Policy for the purpose of
7 public education of coal-related issues.

8 ➔Section 2. KRS 134.805 is amended to read as follows:

9 (1) The county clerk shall be allowed by the Department of Revenue, for collecting
10 state ad valorem taxes on motor vehicles, a commission of:

11 (a) Four percent (4%) on state taxes collected *on motor vehicles assessed on or*
12 *before January 1, 2021; and*

13 (b) *One hundred percent (100%) on state taxes collected on motor vehicles*
14 *assessed on or after January 1, 2022.*

15 (2) The county clerk shall be allowed by the county treasurer, for collecting county and
16 special district ad valorem taxes on motor vehicles, a commission of four percent
17 (4%) on county and special taxes collected.

18 (3) The county clerk shall be allowed a commission of four percent (4%) of the school
19 district taxes collected.

20 (4) Effective January 1, 1985, the county clerk shall be allowed a commission of four
21 percent (4%) of the city or urban-county government taxes collected.

22 (5) (a) For the convenience and benefit of the Commonwealth's citizens and to
23 maximize ad valorem tax collections, county clerks shall be responsible for
24 causing the preparation and mailing of a notice of ad valorem taxes due to the
25 January 1 owner, as defined in KRS 186.010(7)(a) and (c), of each motor
26 vehicle no later than forty-five (45) days prior to the ad valorem tax and
27 registration renewal due date in each calendar year.

1 (b) When a vehicle is transferred in any year before the ad valorem taxes on that
2 vehicle have been paid, a notice of taxes due shall be sent within ten (10)
3 working days after the date of transfer or notice of transfer to the owner as of
4 January 1 of that year.

5 (c) When ad valorem taxes on a vehicle become delinquent for sixty (60) days, as
6 defined by KRS 134.810, a second notice shall be sent within ten (10)
7 working days to the January 1 owner of record. The notice shall inform the
8 delinquent owner of the lien provisions provided by KRS 134.810 on all
9 vehicles owned or acquired by the owner of the vehicle at the time the tax
10 liability arose.

11 (d) These notices shall be calculated, prepared, and mailed first class on behalf of
12 county clerks by the AVIS. Nonreceipt of the notices required herein shall not
13 constitute any defense against applicable penalty, interest, lien fees, or costs
14 recovery.

15 ➔Section 3. Section 1 of this Act applies to motor vehicles assessed on or after
16 January 1, 2022. Refunds of the overpayment of motor vehicle property taxes due to the
17 retroactive application of this Act shall be granted under KRS 134.590.