

1 A JOINT RESOLUTION directing the Governor to direct the Kentucky Department
2 of Revenue to deviate from the standard valuation used in assessing motor vehicles for
3 property tax purposes and declaring an emergency.

4 WHEREAS, the Kentucky Transportation Cabinet reports over 3.5 million
5 registered cars and trucks in the Commonwealth, which when divided by the number of
6 Kentucky households reported by the United States Census Bureau, equates to
7 approximately two vehicles per household; and

8 WHEREAS, the used car market, which relies heavily on vehicle trade-ins and
9 automobile parts, has been effected by the global pandemic caused by COVID-19,
10 through the disruption of automobile supply chains, the shutdown of factories, the
11 creation of labor shortages, and the reduction of vehicle inventories; and

12 WHEREAS, the federal Bureau of Labor Statistics reports the average inflation rate
13 for cars as 2.37 percent per year since 1935, but the consumer price index for used cars
14 and trucks in 2021 as 37.3 percent; and

15 WHEREAS, Kelley Blue Book reports a vehicle's loss in value over time as
16 unavoidable as vehicles often shed about 60 percent of their original purchase price
17 within the first five years; and

18 WHEREAS, J.D. Power forecasts that the average wholesale price of used cars will
19 fall about nine percent from the fourth quarter of 2021 to the fourth quarter of 2022 and
20 that prices are expected to continue to decline in 2023; and

21 WHEREAS, the Kentucky Department of Revenue has reported that by using the
22 standard value for assessing property taxes on motor vehicles for the January 1, 2022,
23 assessment date, there will be an overall valuation increase of approximately 40 percent
24 in comparison to the January 1, 2021, assessment date; and

25 WHEREAS, KRS 132.485 provides authority to deviate from the standard value in
26 assessing motor vehicles for property taxation when information is available that warrants
27 a deviation;

1 NOW, THEREFORE,

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

3 ➔Section 1. The General Assembly hereby exempts, in accordance with Section
4 170 of the Constitution of Kentucky, for the January 1, 2022, and January 1, 2023,
5 assessment dates, the portion of property taxes computed on any increase in a motor
6 vehicle's valuation from January 1, 2021, when the motor vehicle was assessed under
7 KRS 132.485. The exemption shall apply to state and local ad valorem taxation,
8 including the county, city, school, or other taxing district in which a motor vehicle has
9 taxable situs.

10 ➔Section 2. The Governor is directed to direct the Department of Revenue to
11 deviate from the standard value as permitted by KRS 132.485 in assessing motor vehicles
12 for property taxation for the January 1, 2022, and January 1, 2023, assessment dates by
13 not assessing the portion of the property taxes exempted by Section 1 of this Resolution.
14 The Department of Revenue shall grant refunds under KRS 134.590 when an
15 overpayment of property taxes occurs in relation to the retroactive application required in
16 Section 1 of this Resolution.

17 ➔Section 3. Whereas a drastic increase in motor vehicle property tax bills affects
18 the finances of citizens throughout the Commonwealth, an emergency is declared to exist,
19 and this Resolution takes effect upon its passage and approval by the Governor or upon
20 its otherwise becoming a law.