

1 AN ACT relating to real property.

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

3 ➔Section 1. KRS 132.010 is amended to read as follows:

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

- 5 (1) "Department" means the Department of Revenue;
- 6 (2) "Taxpayer" means any person made liable by law to file a return or pay a tax;
- 7 (3) "Real property":
- 8 (a) Means all lands within this state and improvements thereon; and
- 9 (b) ~~For property assessed on January 1, 2024, and on January 1, 2025,]~~Includes
- 10 but is not limited to mains, pipes, pipelines, and conduits that are:
- 11 1. Authorized to be installed in, upon, or under any public or private street
- 12 or place; and
- 13 2. Used or to be used for or in connection with the collection, transmission,
- 14 distribution, conducting, sale, or furnishing of heat, steam, water,
- 15 sewage, natural or manufactured gas, or electricity to or for the public;
- 16 (4) "Personal property" means every species and character of property, tangible and
- 17 intangible, other than real property;
- 18 (5) "Resident" means any person who has taken up a place of abode within this state
- 19 with the intention of continuing to abide in this state; any person who has had his or
- 20 her actual or habitual place of abode in this state for the larger portion of the twelve
- 21 (12) months next preceding the date as of which an assessment is due to be made
- 22 shall be deemed to have intended to become a resident of this state;
- 23 (6) "Compensating tax rate" means that rate which, rounded to the next higher one-
- 24 tenth of one cent (\$0.001) per one hundred dollars (\$100) of assessed value and
- 25 applied to the current year's assessment of the property subject to taxation by a
- 26 taxing district, excluding new property and personal property, produces an amount
- 27 of revenue approximately equal to that produced in the preceding year from real

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

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

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

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

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

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

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

25 (c) The value of improvements to existing nonresidential property;

26 (d) The value of new residential improvements to property;

27 (e) The value of improvements to existing residential property when the

1 improvement increases the assessed value of the property by fifty percent
2 (50%) or more;

3 (f) Property created by the subdivision of unimproved property, provided, that
4 when the property is reclassified from farm to subdivision by the property
5 valuation administrator, the value of the property as a farm shall be a deletion
6 from that category;

7 (g) Property exempt from taxation, as an inducement for industrial or business
8 use, at the expiration of its tax exempt status;

9 (h) Property, the tax rate of which will change, according to the provisions of
10 KRS 82.085, to reflect additional urban services to be provided by the taxing
11 jurisdiction, provided, however, that the property shall be considered "real
12 property additions" only in proportion to the additional urban services to be
13 provided to the property over the urban services previously provided; and

14 (i) The value of improvements to real property previously under assessment
15 moratorium.

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

19 (9) "Agricultural land" means:

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

24 (b) Any tract of land, including all income-producing improvements, of at least
25 five (5) contiguous acres in area commercially used for aquaculture; or

26 (c) Any tract of land devoted to and meeting the requirements and qualifications
27 for payments pursuant to agriculture programs under an agreement with the

- 1 state or federal government;
- 2 (10) "Horticultural land" means any tract of land, including all income-producing
3 improvements, of at least five (5) contiguous acres in area commercially used for
4 the cultivation of a garden, orchard, or the raising of fruits or nuts, vegetables,
5 flowers, or ornamental plants;
- 6 (11) "Agricultural or horticultural value" means the use value of "agricultural or
7 horticultural land" based upon income-producing capability and comparable sales
8 of farmland purchased for farm purposes where the price is indicative of farm use
9 value, excluding sales representing purchases for farm expansion, better
10 accessibility, and other factors which inflate the purchase price beyond farm use
11 value, if any, considering the following factors as they affect a taxable unit:
- 12 (a) Relative percentages of tillable land, pasture land, and woodland;
- 13 (b) Degree of productivity of the soil;
- 14 (c) Risk of flooding;
- 15 (d) Improvements to and on the land that relate to the production of income;
- 16 (e) Row crop capability including allotted crops other than tobacco;
- 17 (f) Accessibility to all-weather roads and markets; and
- 18 (g) Factors which affect the general agricultural or horticultural economy, such
19 as: interest, price of farm products, cost of farm materials and supplies, labor,
20 or any economic factor which would affect net farm income;
- 21 (12) "Deferred tax" means the difference in the tax based on agricultural or horticultural
22 value and the tax based on fair cash value;
- 23 (13) "Homestead" means real property maintained as the permanent residence of the
24 owner with all land and improvements adjoining and contiguous thereto including
25 but not limited to lawns, drives, flower or vegetable gardens, outbuildings, and all
26 other land connected thereto;
- 27 (14) "Residential unit" means all or that part of real property occupied as the permanent

1 residence of the owner;

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

5 (16) "Manufactured home" means a structure manufactured after June 15, 1976, in
6 accordance with the National Manufactured Housing Construction and Safety
7 Standards Act, transportable in one (1) or more sections, which when erected on
8 site measures eight (8) body feet or more in width and thirty-two (32) body feet or
9 more in length, and which is built on a permanent chassis and designed to be used
10 as a dwelling, with or without a permanent foundation, when connected to the
11 required utilities, and includes the plumbing, heating, air-conditioning, and
12 electrical systems contained therein. It may be used as a place of residence,
13 business, profession, or trade by the owner, lessee, or their assignees and may
14 consist of one (1) or more units that can be attached or joined together to comprise
15 an integral unit or condominium structure;

16 (17) "Mobile home" means a structure manufactured on or before June 15, 1976, that
17 was not required to be constructed in accordance with the National Manufactured
18 Housing Construction and Safety Standards Act, transportable in one (1) or more
19 sections, which when erected on site measures eight (8) body feet or more in width
20 and thirty-two (32) body feet or more in length, and which is built on a permanent
21 chassis and designed to be used as a dwelling, with or without a permanent
22 foundation, when connected to the required utilities, and includes the plumbing,
23 heating, air-conditioning, and electrical systems contained therein. It may be used
24 as a place of residence, business, profession, or trade by the owner, lessee, or their
25 assigns and may consist of one (1) or more units that can be attached or joined
26 together to comprise an integral unit or condominium structure;

27 (18) "Modular home" means a structure which is certified by its manufacturer as being

1 constructed in accordance with all applicable provisions of the Kentucky Building
2 Code and standards adopted by the local authority which has jurisdiction,
3 transportable in one (1) or more sections, and designed to be used as a dwelling on
4 a permanent foundation when connected to the required utilities, and includes the
5 plumbing, heating, air-conditioning, and electrical systems contained therein;

6 (19) "Prefabricated home" means a manufactured home, a mobile home, or a modular
7 home;

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

13 (a) "Travel trailer" means a vehicular unit, mounted on wheels, designed to
14 provide temporary living quarters for recreational, camping, or travel use, and
15 of a size or weight that does not require special highway movement permits
16 when drawn by a motorized vehicle, and with a living area of less than two
17 hundred twenty (220) square feet, excluding built-in equipment (such as
18 wardrobes, closets, cabinets, kitchen units or fixtures) and bath and toilet
19 rooms;

20 (b) "Camping trailer" means a vehicular portable unit mounted on wheels and
21 constructed with collapsible partial side walls which fold for towing by
22 another vehicle and unfold at the camp site to provide temporary living
23 quarters for recreational, camping, or travel use;

24 (c) "Truck camper" means a portable unit constructed to provide temporary living
25 quarters for recreational, travel, or camping use, consisting of a roof, floor,
26 and sides, designed to be loaded onto and unloaded from the bed of a pick-up
27 truck; and

- 1 (d) "Motor home" means a vehicular unit designed to provide temporary living
2 quarters for recreational, camping, or travel use built on or permanently
3 attached to a self-propelled motor vehicle chassis or on a chassis cab or van
4 which is an integral part of the completed vehicle;
- 5 (21) "Hazardous substances" shall have the meaning provided in KRS 224.1-400;
- 6 (22) "Pollutant or contaminant" shall have the meaning provided in KRS 224.1-400;
- 7 (23) "Release" shall have the meaning as provided in either or both KRS 224.1-400 and
8 KRS 224.60-115;
- 9 (24) "Qualifying voluntary environmental remediation property" means real property
10 subject to the provisions of KRS 224.1-400 and 224.1-405, or 224.60-135 where the
11 Energy and Environment Cabinet has made a determination that:
- 12 (a) All releases of hazardous substances, pollutants, contaminants, petroleum, or
13 petroleum products at the property occurred prior to the property owner's
14 acquisition of the property;
- 15 (b) The property owner has made all appropriate inquiry into previous ownership
16 and uses of the property in accordance with generally accepted practices prior
17 to the acquisition of the property;
- 18 (c) The property owner or a responsible party has provided all legally required
19 notices with respect to hazardous substances, pollutants, contaminants,
20 petroleum, or petroleum products found at the property;
- 21 (d) The property owner is in compliance with all land use restrictions and does
22 not impede the effectiveness or integrity of any institutional control;
- 23 (e) The property owner complied with any information request or administrative
24 subpoena under KRS Chapter 224; and
- 25 (f) The property owner is not affiliated with any person who is potentially liable
26 for the release of hazardous substances, pollutants, contaminants, petroleum,
27 or petroleum products on the property pursuant to KRS 224.1-400, 224.1-405,

- 1 or 224.60-135, through:
- 2 1. Direct or indirect familial relationship;
 - 3 2. Any contractual, corporate, or financial relationship, excluding
 - 4 relationships created by instruments conveying or financing title or by
 - 5 contracts for sale of goods or services; or
 - 6 3. Reorganization of a business entity that was potentially liable;
- 7 (25) "Intangible personal property" means stocks, mutual funds, money market funds,
- 8 bonds, loans, notes, mortgages, accounts receivable, land contracts, cash, credits,
- 9 patents, trademarks, copyrights, tobacco base, allotments, annuities, deferred
- 10 compensation, retirement plans, and any other type of personal property that is not
- 11 tangible personal property;
- 12 (26) (a) "County" means any county, consolidated local government, urban-county
- 13 government, unified local government, or charter county government;
- 14 (b) "Fiscal court" means the legislative body of any county, consolidated local
- 15 government, urban-county government, unified local government, or charter
- 16 county government; and
- 17 (c) "County judge/executive" means the chief executive officer of any county,
- 18 consolidated local government, urban-county government, unified local
- 19 government, or charter county government;
- 20 (27) "Taxing district" means any entity with the authority to levy a local ad valorem tax,
- 21 including special purpose governmental entities;
- 22 (28) "Special purpose governmental entity" shall have the same meaning as in KRS
- 23 65A.010, and as used in this chapter shall include only those special purpose
- 24 governmental entities with the authority to levy ad valorem taxes, and that are not
- 25 specifically exempt from the provisions of this chapter by another provision of the
- 26 Kentucky Revised Statutes;
- 27 (29) (a) "Broadcast" means the transmission of audio, video, or other signals, through

1 any electronic, radio, light, or similar medium or method now in existence or
2 later devised over the airwaves to the public in general.

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

7 (30) "Livestock" means cattle, sheep, swine, goats, horses, alpacas, llamas, buffaloes,
8 and any other animals of the bovine, ovine, porcine, caprine, equine, or camelid
9 species;

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

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

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

14 (32) "Heavy equipment rental company" means an entity that is primarily engaged in a
15 line of business described in Code 532412 or 532310 of the North American
16 Industry Classification System Manual in effect on January 1, 2019;

17 (33) "Qualified heavy equipment" means machinery and equipment, including ancillary
18 equipment and any attachments used in conjunction with the machinery and
19 equipment, that is:

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

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

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

26 2. Sale in the regular course of business;

27 (34) "Veteran service organization" means an organization wholly dedicated to

1 advocating on behalf of military veterans and providing charitable programs in
2 honor and on behalf of military veterans;

3 (35) "Government restriction on use" means a limitation on the use of at least fifty
4 percent (50%) of the individual dwelling units of a multi-unit rental housing in
5 order to receive a federal or state government incentive based on low-income renter
6 restrictions, including the following government incentives:

7 (a) A tax credit under Section 42 of the Internal Revenue Code;

8 (b) Financing derived from exempt facility bonds for qualified residential rental
9 projects under Section 142 of the Internal Revenue Code;

10 (c) A low-interest loan under Section 235 or 236 of the National Housing Act or
11 Section 515 of the Housing Act of 1949;

12 (d) A rent subsidy;

13 (e) A guaranteed loan;

14 (f) A grant; or

15 (g) A guarantee;

16 (36) "Low income" means earning at or below eighty percent (80%) of the area median
17 income as defined by the United States Department of Housing and Urban
18 Development for the location of the multi-unit rental housing; and

19 (37) "Multi-unit rental housing" means residential property or project consisting of four
20 (4) or more individual dwelling units and does not include:

21 (a) Assisted living facilities; or

22 (b) Duplexes or single-family units unless they are included as part of a larger
23 property that is subject to government restriction on use.

24 ➔Section 2. KRS 136.010 is amended to read as follows:

25 As used in this chapter, except for KRS 136.500 to 136.575, unless the context requires
26 otherwise:

27 (1) "Out-of-state business property" means all real and personal property having a

1 taxable situs outside this state owned by a corporation for use in the active conduct
2 of a trade or business;

3 (2) "Personal property" means every species and character of property, tangible and
4 intangible, other than real property;

5 (3) "Real property":

6 (a) Means all lands within this state and improvements thereon; and

7 (b) ~~For property assessed on January 1, 2024, and on January 1, 2025,]~~Includes
8 but is not limited to mains, pipes, pipelines, and conduits that are:

9 1. Authorized to be installed in, upon, or under any public or private street
10 or place; and

11 2. Used or to be used for or in connection with the collection, transmission,
12 distribution, conducting, sale, or furnishing of heat, steam, water,
13 sewage, natural or manufactured gas, or electricity to or for the public;
14 and

15 (4) "Tax exempt United States obligations" means all obligations of the United States
16 exempt from taxation under 31 U.S.C. sec. 3124(a) or exempt under the United
17 States Constitution or any federal statute including the obligations of any
18 instrumentality or agency of the United States which are exempt from state or local
19 taxation under the United States Constitution or any statute of the United States.

20 ➔Section 3. No claim for refund or credit of a tax overpayment for any taxable
21 period, made by an amended return, tax refund application, or any other method on or
22 after the effective date of this Act, and based on the amendments to subsection (3) of
23 Section 1 of this Act or subsection (3) of Section 2 of this Act, shall be recognized for
24 any purpose.

25 ➔Section 4. This Act shall apply retroactively to property assessed on or after
26 December 31, 2022.