

1 AN ACT relating to the proration of motor vehicle property taxes.

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

3 ➔Section 1. KRS 134.810 is amended to read as follows:

- 4 (1) All state, county, city, urban-county government, school, and special taxing district
5 ad valorem taxes shall be due and payable on or before the earlier of the last day of
6 the month in which registration renewal is required by law for a motor vehicle
7 renewed or the last day of the month in which a vehicle is transferred.
- 8 (2) All state, county, city, urban-county government, school, and special taxing district
9 ad valorem taxes due on motor vehicles shall become delinquent following the
10 earlier of the end of the month in which registration renewal is required by law or
11 the last day of the second calendar month following the month in which a vehicle
12 was transferred.
- 13 (3) Any taxes which are paid within thirty (30) days of becoming delinquent shall be
14 subject to a penalty of three percent (3%) on the taxes due. However, this penalty
15 shall be waived if the tax bill is paid within five (5) days of the tax bill being
16 declared delinquent. Any taxes which are not paid within thirty (30) days of
17 becoming delinquent shall be subject to a penalty of ten percent (10%) on the taxes
18 due. In addition, interest at an annual rate of fifteen percent (15%) shall accrue on
19 said taxes and penalty from the date of delinquency. A penalty or interest shall not
20 accrue on a motor vehicle under dealer assignment pursuant to KRS 186A.220.
- 21 (4) **(a)** When a motor vehicle has been transferred before registration renewal or
22 before taxes due have been paid, the owner pursuant to KRS 186.010(7)(a)
23 and (c) on January 1 of any year shall be liable for the taxes on the motor
24 vehicle, except as hereinafter provided.
- 25 **(b) When a motor vehicle is transferred between private parties, the ad valorem**
26 **taxes shall be prorated on a monthly basis between the transferor and the**
27 **transferee of the motor vehicle. The transferor shall be liable for the taxes**

1 for the months in which he or she owns the vehicle up to the date of the
2 transfer and the transferee shall be liable for the taxes for the months after
3 the transfer until he or she transfers the vehicle. For purposes of proration,
4 if a transfer occurs before the fifteenth day of a month, the month shall be
5 counted towards the transferee's portion of the taxes. If the transfer occurs
6 on or after the fifteenth day of a month, the month shall be counted towards
7 the transferor's portion of the taxes.

8 (c) Overpayments created due to the proration requirements in this subsection
9 shall be refunded without a written request by the taxpayer as required by
10 KRS 134.590.

11 (5) If an owner obtains a certificate of registration for a motor vehicle valid through the
12 last day of his second birth month following the month and year in which he
13 applied for a certificate of registration, all state, county, city, urban-county
14 government, school, and special tax district ad valorem tax liabilities arising from
15 the assessment date following initial registration shall be due and payable on or
16 before the last day of the first birth month following the assessment date or date of
17 transfer, whichever is earlier. Any taxes due under the provisions of this subsection
18 and not paid as set forth above shall be considered delinquent and subject to the
19 same interest and penalties found in subsection (3) of this section.

20 (6) For purposes of the state ad valorem tax only, all motor vehicles:

21 (a) Held for sale by a licensed motor vehicle dealer, including licensed motor
22 vehicle auction dealers;

23 (b) That are in the possession of a licensed motor vehicle dealer, including
24 licensed motor vehicle auction dealers, for sale, although ownership has not
25 been transferred to the dealer; and

26 (c) With a salvage title held by an insurance company;

27 on January 1 of any year shall not be taxed as a motor vehicle pursuant to KRS

1 132.485 but shall be subject to ad valorem tax as goods held for sale in the regular
2 course of business under the provisions of KRS 132.020(1)(e) and 132.220.

3 (7) Any provision to the contrary notwithstanding, when any ad valorem tax on a motor
4 vehicle becomes delinquent, the state and each county, city, urban-county
5 government, or other taxing district shall have a lien on all motor vehicles owned or
6 acquired by the person who owned the motor vehicle at the time the tax liability
7 arose. A lien for delinquent ad valorem taxes shall not attach to any motor vehicle
8 transferred while the taxes are due on that vehicle. For the purpose of delinquent ad
9 valorem taxes on leased vehicles only, a lien on a leased vehicle shall not be
10 attached to another vehicle owned by the lessor.

11 (8) The lien required by subsection (7) of this section shall be filed and released by the
12 automatic entry of appropriate information in the AVIS database. For the filing and
13 release of each lien or set of liens arising from motor vehicle ad valorem property
14 tax delinquency, a fee of two dollars (\$2) pursuant to this section shall be added to
15 the delinquent tax account. The fee shall be collected and retained by the county
16 clerk who collects the delinquent tax.

17 (9) The implementation of the automated lien system provided in this section shall not
18 affect the manner in which commercial liens are recorded or released.

19 ➔Section 2. This Act shall apply to motor vehicle transfers that occur on or after
20 January 1, 2027.