

## 1 AN ACT relating to property valuation.

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) Includes but is not limited to mains, pipes, pipelines, and conduits that are:

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

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

17 (5) "Resident" means any person who has taken up a place of abode within this state  
18 with the intention of continuing to abide in this state; any person who has had his or  
19 her actual or habitual place of abode in this state for the larger portion of the twelve  
20 (12) months next preceding the date as of which an assessment is due to be made  
21 shall be deemed to have intended to become a resident of this state;

22 (6) "Compensating tax rate" means that rate which, rounded to the next higher one-  
23 tenth of one cent (\$0.001) per one hundred dollars (\$100) of assessed value and  
24 applied to the current year's assessment of the property subject to taxation by a  
25 taxing district, excluding new property and personal property, produces an amount  
26 of revenue approximately equal to that produced in the preceding year from real  
27 property. However, in no event shall the compensating tax rate be a rate which,

1       when applied to the total current year assessment of all classes of taxable property,  
2       produces an amount of revenue less than was produced in the preceding year from  
3       all classes of taxable property. For purposes of this subsection, "property subject to  
4       taxation" means the total fair cash value of all property subject to full local rates,  
5       less the total valuation exempted from taxation by the homestead exemption  
6       provision of the Constitution and the difference between the fair cash value and  
7       agricultural or horticultural value of agricultural or horticultural land;

8       (7) "Net assessment growth" means the difference between:  
9           (a) The total valuation of property subject to taxation by the county, city, school  
10          district, or special district in the preceding year, less the total valuation  
11          exempted from taxation by the homestead exemption provision of the  
12          Constitution in the current year over that exempted in the preceding year; and  
13           (b) The total valuation of property subject to taxation by the county, city, school  
14          district, or special district for the current year;

15       (8) "New property" means the net difference in taxable value between real property  
16          additions and deletions to the property tax roll for the current year. "Real property  
17          additions" shall mean:  
18           (a) Property annexed or incorporated by a municipal corporation, or any other  
19          taxing jurisdiction; however, this definition shall not apply to property  
20          acquired through the merger or consolidation of school districts, or the  
21          transfer of property from one (1) school district to another;  
22           (b) Property, the ownership of which has been transferred from a tax-exempt  
23          entity to a nontax-exempt entity;  
24           (c) The value of improvements to existing nonresidential property;  
25           (d) The value of new residential improvements to property;  
26           (e) The value of improvements to existing residential property when the  
27          improvement increases the assessed value of the property by fifty percent

1 (50%) or more;

2 (f) Property created by the subdivision of unimproved property, provided, that

3 when the property is reclassified from farm to subdivision by the property

4 valuation administrator, the value of the property as a farm shall be a deletion

5 from that category;

6 (g) Property exempt from taxation, as an inducement for industrial or business

7 use, at the expiration of its tax exempt status;

8 (h) Property, the tax rate of which will change, according to the provisions of

9 KRS 82.085, to reflect additional urban services to be provided by the taxing

10 jurisdiction, provided, however, that the property shall be considered "real

11 property additions" only in proportion to the additional urban services to be

12 provided to the property over the urban services previously provided; and

13 (i) The value of improvements to real property previously under assessment

14 moratorium.

15 "Real property deletions" shall be limited to the value of real property removed

16 from, or reduced over the preceding year on, the property tax roll for the current

17 year;

18 (9) "Agricultural land" means:

19 (a) Any tract of land, including all income-producing improvements, of at least

20 ten (10) contiguous acres in area used for the production of livestock,

21 livestock products, poultry, poultry products and/or the growing of tobacco

22 and/or other crops including timber;

23 (b) Any tract of land, including all income-producing improvements, of at least

24 five (5) contiguous acres in area commercially used for aquaculture; ~~or~~

25 (c) Any tract of land devoted to and meeting the requirements and qualifications

26 for payments pursuant to agriculture programs under an agreement with the

27 state or federal government; *or*

1        (d) Any parcel in a tract of land under paragraph (a), (b), or (c) of this  
2        subsection that will be converted to a residential use as part of a planned  
3        development containing ten (10) or more parcels or units until a certificate  
4        of occupancy is issued for a new structure on that parcel;

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

10          (b) Any parcel in a tract of land under paragraph (a) of this subsection that will  
11        be converted to a residential use as part of a planned development  
12        containing ten (10) or more parcels or units until a certificate of occupancy  
13        is issued for a new structure on that parcel;

14        (11) "Agricultural or horticultural value" means:  
15            (a) The use value of ["agricultural or horticultural land"] based upon income-  
16            producing capability and comparable sales of farmland purchased for farm  
17            purposes where the price is indicative of farm use value, excluding sales  
18            representing purchases for farm expansion, better accessibility, and other  
19            factors which inflate the purchase price beyond farm use value, if any,  
20            considering the following factors as they affect a taxable unit:

21            1.[(a)]      Relative percentages of tillable land, pasture land, and woodland;  
22            2.[(b)]      Degree of productivity of the soil;  
23            3.[(c)]      Risk of flooding;  
24            4.[(d)]      Improvements to and on the land that relate to the production of

25            income;  
26            5.[(e)]      Row crop capability including allotted crops other than tobacco;  
27            6.[(f)]      Accessibility to all-weather roads and markets; and

1       7.{g)} Factors which affect the general agricultural or horticultural  
2       economy, such as: interest, price of farm products, cost of farm  
3       materials and supplies, labor, or any economic factor which would affect  
4       net farm income; **or**

5       **(b) The agricultural or horticultural value of a parcel as calculated under**  
6       **paragraph (a) of this subsection immediately prior to any proposal made to**  
7       **change the use of the parcel to a residential use for a planned development**  
8       **containing ten (10) or more parcels or units;**

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

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

15       (14) "Residential unit" means all or that part of real property occupied as the permanent  
16       residence of the owner;

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

20       (16) "Manufactured home" means a structure manufactured after June 15, 1976, in  
21       accordance with the National Manufactured Housing Construction and Safety  
22       Standards Act, transportable in one (1) or more sections, which when erected on  
23       site measures eight (8) body feet or more in width and thirty-two (32) body feet or  
24       more in length, and which is built on a permanent chassis and designed to be used  
25       as a dwelling, with or without a permanent foundation, when connected to the  
26       required utilities, and includes the plumbing, heating, air-conditioning, and  
27       electrical systems contained therein. It may be used as a place of residence,

1       business, profession, or trade by the owner, lessee, or their assignees and may  
2       consist of one (1) or more units that can be attached or joined together to comprise  
3       an integral unit or condominium structure;

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

15       (18) "Modular home" means a structure which is certified by its manufacturer as being  
16       constructed in accordance with all applicable provisions of the Kentucky Building  
17       Code and standards adopted by the local authority which has jurisdiction,  
18       transportable in one (1) or more sections, and designed to be used as a dwelling on  
19       a permanent foundation when connected to the required utilities, and includes the  
20       plumbing, heating, air-conditioning, and electrical systems contained therein;

21       (19) "Prefabricated home" means a manufactured home, a mobile home, or a modular  
22       home;

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

- 1       (a) "Travel trailer" means a vehicular unit, mounted on wheels, designed to  
2                    provide temporary living quarters for recreational, camping, or travel use, and  
3                    of a size or weight that does not require special highway movement permits  
4                    when drawn by a motorized vehicle, and with a living area of less than two  
5                    hundred twenty (220) square feet, excluding built-in equipment (such as  
6                    wardrobes, closets, cabinets, kitchen units or fixtures) and bath and toilet  
7                    rooms;
- 8        (b) "Camping trailer" means a vehicular portable unit mounted on wheels and  
9                    constructed with collapsible partial side walls which fold for towing by  
10                  another vehicle and unfold at the camp site to provide temporary living  
11                  quarters for recreational, camping, or travel use;
- 12       (c) "Truck camper" means a portable unit constructed to provide temporary living  
13                  quarters for recreational, travel, or camping use, consisting of a roof, floor,  
14                  and sides, designed to be loaded onto and unloaded from the bed of a pick-up  
15                  truck; and
- 16       (d) "Motor home" means a vehicular unit designed to provide temporary living  
17                  quarters for recreational, camping, or travel use built on or permanently  
18                  attached to a self-propelled motor vehicle chassis or on a chassis cab or van  
19                  which is an integral part of the completed vehicle;
- 20       (21) "Hazardous substances" shall have the meaning provided in KRS 224.1-400;
- 21       (22) "Pollutant or contaminant" shall have the meaning provided in KRS 224.1-400;
- 22       (23) "Release" shall have the meaning as provided in either or both KRS 224.1-400 and  
23                  KRS 224.60-115;
- 24       (24) "Qualifying voluntary environmental remediation property" means real property  
25                  subject to the provisions of KRS 224.1-400 and 224.1-405, or 224.60-135 where the  
26                  Energy and Environment Cabinet has made a determination that:
- 27        (a) All releases of hazardous substances, pollutants, contaminants, petroleum, or

1                   petroleum products at the property occurred prior to the property owner's  
2                   acquisition of the property;

3                   (b) The property owner has made all appropriate inquiry into previous ownership  
4                   and uses of the property in accordance with generally accepted practices prior  
5                   to the acquisition of the property;

6                   (c) The property owner or a responsible party has provided all legally required  
7                   notices with respect to hazardous substances, pollutants, contaminants,  
8                   petroleum, or petroleum products found at the property;

9                   (d) The property owner is in compliance with all land use restrictions and does  
10                  not impede the effectiveness or integrity of any institutional control;

11                  (e) The property owner complied with any information request or administrative  
12                  subpoena under KRS Chapter 224; and

13                  (f) The property owner is not affiliated with any person who is potentially liable  
14                  for the release of hazardous substances, pollutants, contaminants, petroleum,  
15                  or petroleum products on the property pursuant to KRS 224.1-400, 224.1-405,  
16                  or 224.60-135, through:

17                   1. Direct or indirect familial relationship;

18                   2. Any contractual, corporate, or financial relationship, excluding  
19                   relationships created by instruments conveying or financing title or by  
20                   contracts for sale of goods or services; or

21                   3. Reorganization of a business entity that was potentially liable;

22                  (25) "Intangible personal property" means stocks, mutual funds, money market funds,  
23                  bonds, loans, notes, mortgages, accounts receivable, land contracts, cash, credits,  
24                  patents, trademarks, copyrights, tobacco base, allotments, annuities, deferred  
25                  compensation, retirement plans, and any other type of personal property that is not  
26                  tangible personal property;

27                  (26) (a) "County" means any county, consolidated local government, urban-county

1 government, unified local government, or charter county government;

2 (b) "Fiscal court" means the legislative body of any county, consolidated local

3 government, urban-county government, unified local government, or charter

4 county government; and

5 (c) "County judge/executive" means the chief executive officer of any county,

6 consolidated local government, urban-county government, unified local

7 government, or charter county government;

8 (27) "Taxing district" means any entity with the authority to levy a local ad valorem tax,

9 including special purpose governmental entities;

10 (28) "Special purpose governmental entity" shall have the same meaning as in KRS

11 65A.010, and as used in this chapter shall include only those special purpose

12 governmental entities with the authority to levy ad valorem taxes, and that are not

13 specifically exempt from the provisions of this chapter by another provision of the

14 Kentucky Revised Statutes;

15 (29) (a) "Broadcast" means the transmission of audio, video, or other signals, through

16 any electronic, radio, light, or similar medium or method now in existence or

17 later devised over the airwaves to the public in general.

18 (b) "Broadcast" shall not apply to operations performed by multichannel video

19 programming service providers as defined in KRS 136.602 or any other

20 operations that transmit audio, video, or other signals, exclusively to persons

21 for a fee;

22 (30) "Livestock" means cattle, sheep, swine, goats, horses, alpacas, llamas, buffaloes,

23 and any other animals of the bovine, ovine, porcine, caprine, equine, or camelid

24 species;

25 (31) "Heavy equipment rental agreement" means the short-term rental contract under

26 which qualified heavy equipment is rented without an operator for a period:

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



1 (e) A guaranteed loan;

2 (f) A grant; or

3 (g) A guarantee;

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

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

9 (a) Assisted living facilities; or

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

12 ➔Section 2. KRS 132.450 is amended to read as follows:

13 (1) Each property valuation administrator shall assess at its fair cash value all property  
14 which it is his or her duty to assess except as provided in ~~paragraph (e) of~~ subsection (2)(c) of  
15 this section. The property of one (1) person shall not be assessed willfully or intentionally at a lower or higher relative value than the same  
16 class of property of another, and any grossly discriminatory valuation shall be  
17 construed as an intentional discrimination. The property valuation administrator  
18 shall make every effort, through visits with the taxpayer, personal inspection of the  
19 property, from records, from his or her own knowledge, from information in  
20 property schedules, and from such other evidence as he or she may be able to  
21 obtain, to locate, identify, and assess property.

22 (2) (a) In determining the total area of land devoted to agricultural or horticultural  
23 use, there shall be included the area of all land under farm buildings,  
24 greenhouses and like structures, lakes, ponds, streams, irrigation ditches and  
25 similar facilities, and garden plots devoted to growth of products for on-farm  
26 personal consumption, but there shall be excluded ~~land used in connection~~

1                   with dwelling houses, including[,] but not limited to[,] lawns, drives, flower  
2                   gardens, swimming pools, or other areas devoted to family recreation, **but that**  
3                   **exclusion shall not apply to land that is a part of a residential development**  
4                   **as specified in subsection (2) of Section 3 of this Act.** Where contiguous land  
5                   in agricultural or horticultural use in one (1) ownership is located in more than  
6                   one (1) county or taxing district, compliance with the minimum requirements  
7                   shall be determined on the basis of the total area of such land and not the area  
8                   of land which is located in the particular county or taxing district.

9                   (b) Land devoted to agricultural or horticultural use, where the owner or owners  
10                  have petitioned for, and been granted, a zoning classification other than for  
11                  agricultural or horticultural purposes qualifies for the agricultural or  
12                  horticultural assessment until such time as the land changes from agricultural  
13                  or horticultural use to the use granted by the zoning classification **except as**  
14                  **specified in subsection (2) of Section 3 of this Act.**

15                  (c) When the use of a part of a tract of land which is assessed as agricultural or  
16                  horticultural land is changed either by conveyance or other action of the  
17                  owner, the right of the remaining land to be retained in the agricultural or  
18                  horticultural assessment shall not be impaired provided it meets the minimum  
19                  requirements, except the minimum ten (10) contiguous acre requirement shall  
20                  not be applicable if any portion of the agricultural or horticultural land has  
21                  been acquired for a public purpose as long as the remaining land continues to  
22                  meet the other requirements of this section.

23                  (d) When in the opinion of the property valuation administrator any land has a  
24                  value in excess of that for agricultural or horticultural use the property  
25                  valuation administrator shall enter into the tax records the value of the  
26                  property according to its fair cash value **except as specified in subsection (2)**  
27                  **of Section 3 of this Act.** When the property valuation administrator

1           determines that the land meets the requirements for valuation as agricultural  
2           or horticultural land, the valuation for tax purposes shall be its agricultural or  
3           horticultural value.

4       (3) When land which has been valued and taxed as agricultural land for five (5) or  
5           more consecutive years under the same ownership fails to qualify for the  
6           classification through no other action on the part of the owner or owners other than  
7           ceasing to farm the land, the land shall retain its agricultural classification for  
8           assessment and taxation purposes. Classification as agricultural land shall expire  
9           upon change of use by the owner or owners or upon conveyance of the property to a  
10          person other than a surviving spouse.

11       (4) If the property valuation administrator assesses any property at a greater value than  
12           that listed by the taxpayer or assesses unlisted property, the property valuation  
13           administrator shall serve notice on the taxpayer of such action. The notice shall be  
14           given by first-class mail or as provided in the Kentucky Rules of Civil Procedure.

15       (5) Any taxpayer may designate on the property schedule any property which he or she  
16           does not consider to be subject to taxation, and it shall be the duty of the property  
17           valuation administrator to obtain and follow advice from the department relative to  
18           the taxability of such property.

19           ➔Section 3. KRS 132.454 is amended to read as follows:

20       (1) When land which is valued and taxed as agricultural or horticultural land under  
21           ~~paragraph (e) of subsection (2) of~~ KRS 132.450(2)(c) is converted to any other  
22           use except as specified in subsection (2) of this section after January 1 of the tax  
23           year, that portion of the land upon which the use is changed shall be subject to tax  
24           for the succeeding tax year at its fair cash value. The owner of the property at the  
25           time the land use change is initiated shall, within ninety (90) days, report the change  
26           to the property valuation administrator. The owner shall also provide to the property  
27           valuation administrator information concerning the most recent sale or lease of the

1 property, copies of any appraisal or feasibility reports made, and any other  
2 information useful in determining the fair cash value of the property.

3 (2) (a) *When a parcel in a tract of land that is valued and taxed as agricultural or*  
4 *horticultural land under subsection (2)(c) of Section 2 of this Act will be*  
5 *converted to a residential use and is part of a planned development that*  
6 *contains ten (10) or more parcels or units, that parcel shall remain subject*  
7 *to taxation as agricultural or horticultural land until the succeeding tax*  
8 *year following the issuance of a certificate of occupancy for any new*  
9 *structure on that parcel.*

10 (b) *The owner of the parcel at the time the planned development is proposed*  
11 *shall report the proposal and provide information concerning the planned*  
12 *development to the property valuation administrator within ninety (90) days.*

13 (c) *The property valuation administrator shall determine whether the parcel is*  
14 *qualified under this subsection.*

15 (d) *The owner of the parcel shall immediately notify the property valuation*  
16 *administrator when a certificate of occupancy is issued for any new*  
17 *structure on that parcel that is part of the development, at which time the*  
18 *property valuation administrator shall assess the parcel at its fair cash value*  
19 *at the beginning of the succeeding tax year.*