

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:

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

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

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

(10) "Horticultural land" means:

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

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

(11) "Agricultural or horticultural value" means:

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

1.~~[(a)]~~ Relative percentages of tillable land, pasture land, and woodland;

2.~~[(b)]~~ Degree of productivity of the soil;

3.~~[(c)]~~ Risk of flooding;

4.~~[(d)]~~ Improvements to and on the land that relate to the production of income;

5.~~[(e)]~~ Row crop capability including allotted crops other than tobacco;

6.~~[(f)]~~ Accessibility to all-weather roads and markets; and

1 ~~7.1(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 (b) That is open-ended under the terms of the contract with no specified end date;
- 2 (32) "Heavy equipment rental company" means an entity that is primarily engaged in a
- 3 line of business described in Code 532412 or 532310 of the North American
- 4 Industry Classification System Manual in effect on January 1, 2019;
- 5 (33) "Qualified heavy equipment" means machinery and equipment, including ancillary
- 6 equipment and any attachments used in conjunction with the machinery and
- 7 equipment, that is:
- 8 (a) Primarily used and designed for construction, mining, forestry, or industrial
- 9 purposes, including but not limited to cranes, earthmoving equipment, well-
- 10 drilling machinery and equipment, lifts, material handling equipment, pumps,
- 11 generators, and pollution-reducing equipment; and
- 12 (b) Held in a heavy equipment rental company's inventory for:
- 13 1. Rental under a heavy equipment rental agreement; or
- 14 2. Sale in the regular course of business;
- 15 (34) "Veteran service organization" means an organization wholly dedicated to
- 16 advocating on behalf of military veterans and providing charitable programs in
- 17 honor and on behalf of military veterans;
- 18 (35) "Government restriction on use" means a limitation on the use of at least fifty
- 19 percent (50%) of the individual dwelling units of a multi-unit rental housing in
- 20 order to receive a federal or state government incentive based on low-income renter
- 21 restrictions, including the following government incentives:
- 22 (a) A tax credit under Section 42 of the Internal Revenue Code;
- 23 (b) Financing derived from exempt facility bonds for qualified residential rental
- 24 projects under Section 142 of the Internal Revenue Code;
- 25 (c) A low-interest loan under Section 235 or 236 of the National Housing Act or
- 26 Section 515 of the Housing Act of 1949;
- 27 (d) A rent subsidy;

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

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