Local Government Mandate Statement Kentucky Legislative Research Commission 2022 Regular Session

Part I: Measure Information

Bill Request #: 1489
Bill #: HB 353
Document ID #: 3525
Bill Subject/Title: AN ACT relating to the assessment of motor vehicles for property tax purposes and declaring an emergency.
Sponsor: Representative Myron Dossett
Unit of Government: X City X County X Urban-County Unified Local X Charter County X Consolidated Local X Government
Office(s) Impacted: Property Valuation Adminstrators and County Clerks
Requirement: X Mandatory Optional
Effect on Powers & Duties: X Modifies Existing Adds New Eliminates Existing

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

HB 353 amends KRS 132.485 to exempt, for the assessment dates of January 1, 2022, January 1, 2023, and January 1, 2024, the portion of property taxes computed on any increase in a motor vehicle's valuation from January 1, 2021. It also requires any overpayments that are created due to the retroactive application of the exemption to be refunded under KRS 134.590.

On January 6, 2022, the Department of Revenue's Office of Property Valuation released a memo pertaining to the motor vehicle assessments adopted on January 1, 2022. This memo indicated the total assessed value for motor vehicles increased by approximately 40 percent when compared to the total assessment adopted on January 1, 2021. Under current statutes, this increase in total assessments will lead to a corresponding increase in motor vehicle property tax receipts at the state and local level during this assessment period.

Since HB 353 would eliminate the assessment increase on motor vehicles assessed for the January 1, 2022, January 1, 2023, and January 1, 2024, assessment dates, the fiscal impact of HB 353 is expected to be negative.

Local property tax rates vary by location. Therefore, the local fiscal impact will be dependent upon the number of taxing districts within each county, the motor vehicle assessment within each taxing district, and the applicable tax rate applied for the exemption. While total motor vehicle assessments and motor vehicle tax rate data are publically available at the county level, the total assessment by taxing district within the county is not publically available. In the absence of motor vehicle assessment data by taxing district, it is not possible to estimate the local fiscal impact. For this reason, **the local impact of HB 353 is negative, but indeterminable.**

Part III: Differences to Local Government Mandate Statement from Prior Versions

Part II, above, pertains to the bill as introduced.

Data Source(s): LRC Staff Economist, Department of Revenue January 6, 2022 memo,

Preparer: Cynthia Brown **Reviewer:** KHC **Date:** 2/8/22