

**Local Government Mandate Statement
Kentucky Legislative Research Commission
2022 Regular Session**

Part I: Measure Information

Bill Request #: 1376

Bill #: HB 6 GA

Document ID #: 4374

Bill Subject/Title: AN ACT relating to the valuation of motor vehicles for property tax purposes and declaring an emergency.

Sponsor: Representative Jason Petrie

Unit of Government: City County Urban-County
Unified Local
 Charter County Consolidated Local Government

Office(s) Impacted: Property Valuation Administrator, County Clerks

Requirement: Mandatory Optional

Effect on

Powers & Duties: Modifies Existing Adds New Eliminates Existing

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

HB 6 amends KRS 132.485 to prohibit the use of the rough trade-in value or the clean trade-in value as prescribed by the valuation manual for valuing motor vehicles for property tax purposes. HB 6 also disallows the valuation of motor vehicle property taxes to deviate from the average trade-in value under any circumstances. The bill applies to motor vehicles assessed on or after January 1, 2022.

HB 6 mandates that refunds be granted under KRS 134.590 to any individual who has paid motor vehicle property taxes assessed for the January 1, 2022, assessment date and whose motor vehicle was not valued with the average trade-in value. Property Valuation Administrators and County Clerks would also be required to post information regarding the refunds in their office and on their website, or the county's website if they do not have their own, for a period of at least two years.

HB 6 doesn't change the statutory requirement that the average trade-in value be used for valuing motor vehicles for property tax purposes, but simply reaffirms that it be used. There is no expected fiscal impact from HB 6; however if the current practice for valuing motor vehicles differs from the statutory requirement to use the average trade-in value and refunds must be disbursed, then the overall fiscal impact would be negative for local revenues.

HB 6 contains an emergency clause in order to have the measure take effect upon its passage and approval by the Governor or upon it otherwise becoming law.

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

HB 6 GA amends KRS 132.485 to require, for assessment dates beginning on or after January 1, 2023, in assessing motor vehicles for property tax purposes, that the standard value be the average trade-in value and not the rough trade-in or the clean trade-in values as prescribed by the valuation manual. It also provides the property valuation administrator the authority to adjust the value of a motor vehicle when the registrant has provided evidence that the standard value does not reflect the motor vehicle's condition, options, mileage, or certificate of title issued.

HB 6 GA also exempts from state and local property taxes, for the January 1, 2022 assessment date, the portion of taxes computed on any increase in a motor vehicle's valuation from January 1, 2021. It mandates that refunds be issued, within 90 days of the effective date of the bill, for the overpayment of taxes created from the retroactive application of the exemption.

Since HB GA exempts the increase in a motor vehicle's assessed valuation from January 1, 2021, the fiscal impact of HB GA is expected to be negative. The local fiscal impact will vary based on the number of taxing districts within each county, the motor vehicle assessment within each taxing district, and the applicable tax rate. Total motor vehicle assessments and motor vehicle tax rate data are publically available at the county level, but the total assessment by taxing district within the county is not publically available. Therefore, the local fiscal impact is negative but indeterminable.

Data Source(s): LRC Staff

Preparer: Cynthia Brown **Reviewer:** CHM **Date:** 2/15/22