

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

Part I: Measure Information

Bill Request #: 1376

Bill #: HB 6 SCS 1

Document ID #: 6903

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

Sponsor: Senator David Givens

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 SCS 1 amends KRS 132.485 to require, for assessment dates beginning on or after January 1, 2024, 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 SCS 1 exempts from state and local property taxes, for the January 1, 2022 and January 1, 2023 assessment dates, the portion of taxes computed on any increase in a motor vehicle's valuation from January 1, 2021. It requires the Department of Revenue and the county clerks to work together to establish procedures for issuing refunds. 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 6 SCS 1 exempts the increase in a motor vehicle's assessed valuation from January 1, 2021, the fiscal impact of HB 6 SCS 1 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.

HB 6 SCS 1 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 SCS 1 retains the provisions of HB 6 GA and extends the property tax exemption to include the January 1, 2023 assessment date. It also mandates that the county clerks and Department of Revenue work together to establish procedures for issuing the property tax refunds. It delays the implementation of the standard value requirements to apply to assessment dates beginning on or after January 1, 2024.

HB 6 GA retains the provisions in HB 6 HSC 1.

HB 6 HCS 1 retains the original provision of HB 6 that pertains to the average trade-in value being the standard value for motor vehicle property tax purposes and not the rough trade-in value or clean trade-in value, but delays the implementation of the provision to apply to assessment dates beginning on or after January 1, 2023. HB 6 HCS 1 also adds the following provisions:

- It provides the property valuation administrator (PVA) to authority adjust a motor vehicle's value 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.
- It creates a new property tax exemption for the January 1, 2022 assessment date.
- It requires that the amount of the exemption is equal to the taxes computed on the portion of property taxes assessed on any increase in a motor vehicle's value from January, 1, 2021.
- It mandates refunds be issued for the overpayment of property taxes due to the creation of the retroactive exemption and requires the Department of Revenue to develop procedures to enable taxpayers to receive a refund without making a written request.

Data Source(s): LRC Staff

Preparer: Cynthia Brown **Reviewer:** KHC **Date:** 3/2/22