

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2022 REGULAR SESSION**

**MEASURE**

2022 BR NUMBER 1566

SENATE JOINT RESOLUTION NUMBER 99

**TITLE** A JOINT RESOLUTION directing the Governor to direct the Kentucky Department of Revenue to deviate from the standard valuation used in assessing motor vehicles for property tax purposes and declaring an emergency.

**SPONSOR** Senator Donald Douglas

**FISCAL SUMMARY**

STATE FISCAL IMPACT:  YES  NO  UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY:  ACTUARIAL ANALYSIS  
 LOCAL MANDATE  CORRECTIONS IMPACT  HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: \_\_\_\_\_

FUND(S) IMPACTED:  GENERAL  ROAD  FEDERAL  RESTRICTED \_\_\_\_\_

FISCAL ESTIMATES	2021-2022	2022-2023	2023-2024	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES	(\$38.3 M)	(\$70 M)	(\$30.9 M)	
EXPENDITURES				
NET EFFECT	(\$38.3 M)	(\$70 M)	(\$30.9 M)	

( ) indicates a decrease/negative

**PURPOSE OF MEASURE:** SJR 99 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 also directs the Governor to direct the Department of Revenue to deviate from the standard value in assessing motor vehicles for property taxes for the January 1, 2022, and January 1, 2023 assessment dates. SJR 99 mandates that refunds be granted under KRS 134.590 for the overpayment of taxes created from the retroactive application of the exemption.

SJR 99 includes 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.

**FISCAL EXPLANATION:** Total state motor vehicle property tax receipts are determined by the state motor vehicle property tax rate and the total assessed value of motor vehicles. The current state motor vehicle property tax rate is 45 cents per one hundred dollars (\$100) dollars of assessed value. SJR 99 does not change the state motor vehicle property tax rate. With a constant state tax rate, state motor vehicle property tax receipts move in tandem with the total assessed value of motor vehicles.

On January 6, 2022, the Department of Revenue Office of Property Valuation released a memo on the new motor vehicle assessments that were 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 during this assessment period. Since SJR 99 would eliminate the assessment increase for motor vehicles that was adopted on January 1, 2022, the fiscal impact of SJR 99 is expected to be negative during the current assessment year. (2022 calendar year).

Assuming that SJR 99 will take effect in March 2022, nine months of state motor vehicle tax receipts would be negatively impacted in calendar year 2022 (the last three months of FY 2022 and the first six months of FY 2023), due to the one-month lag in the posting of receipts. Taxpayers who paid their motor vehicle property tax from January 2022 until SJR 99 is implemented will be eligible for a refund under KRS 134.590.

Monthly motor vehicle property tax receipts during the January-June period in FY 2023 and the July-December period in FY 2024 (i.e., calendar year 2023) are dependent on the motor vehicle assessments that will be adopted on January 1, 2023. If new and used car prices do not increase but remain at their current elevated level, the January 1, 2023, assessment adopted under SJR 99 will be 40 percent lower than the January 1, 2023 assessment that would be adopted under current statutes. By adopting the same assessment on January 1, 2023 as the assessment as of January 1, 2021, the fiscal impact of SJR 99 during calendar year 2023 will be negative compared to the level of motor vehicle property tax receipts under current statutes.

The monthly motor vehicle property tax receipts during the January-June period in FY 2024 will be dependent on the motor vehicle assessment that will be adopted on January 1, 2024. SJR 99 does not apply to the January 1, 2024 assessment; therefore, motor vehicle property tax receipts will be the same under SJR 99 when compared to current statutes.

<b>Fiscal Impact</b>	<b>FY 22 (Jan.-June 2022)</b>	<b>FY 23 (July-Dec. 2022)</b>	<b>FY 23 (Jan.-June 2023)</b>	<b>FY 24 July-Dec. 2023)</b>
Estimated Motor Vehicle Property Tax Receipts	\$165.0 M	\$175.0 M	\$175.0 M	\$183.8 M
Receipts During Last/First Half of FY	58.0%	42.0%	58.0%	42.0%
Estimated Receipts (Last or First Half of FY)	\$95.7 M	\$73.5 M	\$101.5 M	\$77.2 M
Reduction Due To Lower Assessment	-40.0%	-40.0%	-40.0%	-40.0%
<b>Fiscal Impact</b>	<b>-\$38.3 M</b>	<b>-\$29.4 M</b>	<b>-\$40.6 M</b>	<b>-\$30.9 M</b>

**DATA SOURCE(S): LRC Economists, Department of Revenue, OSBD December 17, 2021 Official CFG memo, and the Bureau of Labor Statistics**

**PREPARER: Cynthia Brown NOTE NUMBER: 59 REVIEW: JAB DATE: 2/9/2022**