

**Local Government Mandate Statement
Kentucky Legislative Research Commission
2023 Regular Session**

Part I: Measure Information

Bill Request #: 378

Bill #: HB 81

Document ID #: 856

Bill Subject/Title: AN ACT relating to the taxation of recreational vehicles.

Sponsor: Representative Scott Sharp

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

Office(s) Impacted: County Clerk

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 81 expands the definition of motor vehicle to include recreational vehicles.

Recreation vehicle means any motor home, travel trailer, fifth-wheel trailer, pull-behind camper, or pop-up camping trailer containing living quarters and is required to be licensed in order to be used on the public highways. If an out of state purchaser buys a motor vehicle, as defined in KRS 138.450, the purchaser is not responsible to pay the Kentucky motor vehicle usage tax per KRS 138.460.

Current statute does not consider travel trailers, fifth-wheel trailers, pull-behind campers, or pop-up camping trailers to be motor vehicles; therefore, they are subject to the sales and use taxes as imposed in KRS 139.010 and not the motor vehicle usage tax imposed by KRS 138.450. Currently, if an out-of-state customer purchases trailer, they must pay the Kentucky sales tax at the Kentucky dealer unless the trailer is delivered to an out-of-state address.

Sales and use taxes are deposited in the general fund, while motor vehicle usage taxes are deposited into the road fund. Therefore, the tax would shift from being paid to the Department of Revenue on a sales tax return to being paid to the local clerk like other motor vehicles are.

The fiscal impact of HB 81 on local governments will be moderate and positive.

LRC economist have estimated* that the 2022 Kentucky sales and use tax loss to be \$16.1 million. Correspondingly, there will be an increase in the road fund. However, it is unclear how many of the recreational vehicles will be registered in Kentucky and therefore subject to the motor vehicle usage tax. If all are registered in the state, road fund revenue would increase by approximately \$16.1 million in a full fiscal year. Whereas 48.2% of the road fund is returned to cities and counties in the form of revenue sharing for local streets and roads, local governments would benefit by \$7.76 million. Additionally, since these towable recreational vehicles will now be considered motor vehicles, they will be subject to all vehicle registration fees in the state.

The Kentucky County Clerks Association does not think this will have a significant impact on the clerks' duties or a significant fiscal impact. HB 81 may necessitate some training that can easily be incorporated into current training.

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

Part II refers to HB 81 as introduced. There are no prior versions.

Data Source(s): LRC Staff
(* Estimate calculated based on data from the following: US Census Bureau (NAPCS data), US Bureau of Labor Statistics, RV Industry Association, Statistical Surveys, Inc

Preparer: WB (JB) **Reviewer:** KHC **Date:** 2/16/23