



**Impact resulting from exempting Kentucky National Guard or Reserves:**

Currently, the Kentucky National Guard is comprised of nearly 8,000 Soldiers and Airmen in the Army National Guard and the Air National Guard. Members do not have to be on active duty to receive the motor vehicle usage tax exemption. 2021 data shows the average length of vehicle ownership was 8.4 years. However, that time frame continues to increase with many models on the road older than 11 years. Therefore, we can assume 950 or fewer guardsmen purchase a car every year. The impact resulting for the National Guard/Reserve exemption would be stretched out over the state, impacting the member’s county of residence.

**Impact resulting from Armed Forces assigned to Kentucky and assigned to temporary duty in another state\*:**

Members of the armed forces on duty in Kentucky are already exempted from motor vehicle usage tax. This proposal would extend the same relief to members of the Armed Forces assigned to Kentucky regardless if they are residents of Kentucky or another state and they purchase a vehicle while temporarily assigned to another state.

This exemption does not extend to person-to-person sales; only vehicles transferred from a licensed motor vehicle dealer. If the vehicle is purchased from a private individual, MVU tax would be due. If the vehicle is purchased from a dealer, the MVU tax is exempted.

MVU tax is paid at the initial registration. Out of state personnel who never moved their residency to Kentucky would not register the vehicle, thus no MVU tax would be due.

*\*The actual number of armed services members assigned to Kentucky but temporarily assigned to another state is not publicly available.*

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

Part II refers to HB 87 as introduced. There are no prior versions.

**Data Source(s):** LRC Staff; <https://www.kentucky.gov/national.guard>; 2021 Military Active-Duty Personnel, Civilians by State ([governing.com](http://governing.com)); <https://www.wardsauto.com/dealers/tapping-full-vehicle-ownership-lifecycle-stay-top-mind>

**Preparer:** WB (JB) **Reviewer:** KHC **Date:** 2/28/23