## Local Government Mandate Statement Kentucky Legislative Research Commission 2024 Regular Session

## **Part I: Measure Information**

Bill Request #: 1337
Bill #: HB 150
<b>Document ID #:</b> 2219
Bill Title: AN ACT relating to ad valorem taxes.
Sponsor: Representative Patrick Flannery
Unit of Government: X City X County Urban-County Unified Local
X Charter County X Consolidated Local X Government
Office(s) Impacted: County Clerk
Requirement: X Mandatory Optional
Effect on Powers & Duties: Modifies ExistingX Adds New _X Eliminates Existing

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

HB 150 proposes to create a new exemption from state and local property taxes for the following classes of personal property:

- Motor vehicles registered under KRS Chapter 186;
- Recreational vehicles registered under KRS Chapter 186.675; and
- Trailers and semitrailers defined in KRS 186.650 and registered under KRS 186.675.

HB 150 makes conforming changes to several statutes in order to maintain the current requirements for the registration and taxation of motorboats.

The fiscal impact of HB 150 on local governments is expected to significantly reduce local property tax revenues, but the total amount of the reduction is indeterminable.

Local property taxes include taxes levied by cities, counties, schools, and special districts. Some special districts are county-wide including extension services, health departments,

hospitals, libraries, soil conservation, and some emergency medical services. Other special districts cover a smaller area and are not county-wide, such as fire districts and watershed districts. A county may have several special districts or just a few.

The result of HB 150 for all taxing districts that assess a property tax rate on motor vehicles is expected to be a loss in tax revenue. In 2023, the statewide value of motor vehicles, including taxable recreational vehicles, trailers, and semi-trailers was \$48,833,019,832.

The fiscal impact for local governments is dependent upon the total assessed value of the exempt property located within each local government's district and the applicable tax rate for the property. While assessments and tax rate data are publicly available at the county level, the total assessment by taxing district within the county is not publicly available. Therefore, the fiscal impact for cities cannot be estimated.

Below is a chart depicting the potential negative fiscal impact of HB 150 for each county government based on an estimation of the 2023 motor vehicle property tax receipts. These estimates do not pertain to cities, schools, or other taxing districts.

2023 Motor Vehicle Tax Receipts Estimated for Each County Government					
County	Motor Vehicle Tax Receipts*	County	Motor Vehicle Tax Receipts*	County	Motor Vehicle Tax Receipts*
ADAIR	170,949	CARROLL	162,085	GRANT	385,812
ALLEN	169,674	CARTER	187,642	GRAVES	419,116
ANDERSON	340,577	CASEY	106,762	GRAYSON	183,766
BALLARD	192,212	CHRISTIAN	576,302	GREEN	125,927
BARREN	619,352	CLARK	408,033	GREENUP	303,881
BATH	145,701	CLAY	125,996	HANCOCK	58,213
BELL	236,169	CLINTON	58,899	HARDIN	1,184,579
BOONE	2,356,537	CRITTENDEN	102,717	HARLAN	362,739
BOURBON	376,282	CUMBERLAND	54,924	HARRISON	261,130
BOYD	471,331	DAVIESS	1,682,719	HART	175,052
BOYLE	188,785	EDMONSON	204,876	HENDERSON	373,129
BRACKEN	156,887	ELLIOTT	86,694	HENRY	197,241
BREATHITT	93,914	ESTILL	116,160	HICKMAN	57,385
BRECKINRIDGE	259,091	FAYETTE	2,848,410	HOPKINS	455,918
BULLITT	1,348,555	FLEMING	248,717	JACKSON	109,325
BUTLER	138,843	FLOYD	693,963	<b>JEFFERSON</b>	12,452,725
CALDWELL	150,990	FRANKLIN	846,187	JESSAMINE	700,969
CALLOWAY	509,820	FULTON	57,692	JOHNSON	223,307
CAMPBELL	1,162,851	GALLATIN	145,517	KENTON	2,517,116
CARLISLE	81,358	GARRARD	193,785	KNOTT	169,592

	Motor
County	Vehicle Tax Receipts*
KNOX	335,388
LARUE	345,206
LAUREL	623,740
LAWRENCE	237,850
LEE	97,482
LESLIE	130,026
LETCHER	268,293
LEWIS	149,924
LINCOLN	280,369
LIVINGSTON	95,473
LOGAN	281,939
LYON	98,545
MCCRACKEN	871,237
MCCREARY	202,283
MCLEAN	129,984
MADISON	918,216
MAGOFFIN	160,898
MARION	194,983
MARSHALL	426,697
MARTIN	157,205

	Motor
County	Vehicle Tax Receipts*
MASON	246,985
MEADE	395,406
MENIFEE	75,275
MERCER	217,925
METCALFE	67,254
MONROE	77,025
MONTGOMERY	335,414
MORGAN	94,499
MUHLENBERG	295,010
NELSON	856,965
NICHOLAS	105,875
OHIO	111,299
OLDHAM	1,115,611
OWEN	177,440
OWSLEY	44,481
PENDLETON	233,861
PERRY	355,773
PIKE	805,696
POWELL	147,095
PULASKI	521,263

County         Motor Vehicle Tax Receipts*           ROBERTSON         40,223           ROCKCASTLE         106,821           ROWAN         161,578           RUSSELL         137,675           SCOTT         1,151,620           SHELBY         920,813           SIMPSON         312,515           SPENCER         200,227           TAYLOR         208,623           TODD         112,134           TRIGG         145,083           TRIMBLE         78,008           UNION         196,400           WARREN         2,195,111           WASHINGTON         98,480           WAYNE         148,328           WEBSTER         234,426           WHITLEY         333,942           WOODFORD         304,370		
County         Receipts*           ROBERTSON         40,223           ROCKCASTLE         106,821           ROWAN         161,578           RUSSELL         137,675           SCOTT         1,151,620           SHELBY         920,813           SIMPSON         312,515           SPENCER         200,227           TAYLOR         208,623           TODD         112,134           TRIGG         145,083           TRIMBLE         78,008           UNION         196,400           WARREN         2,195,111           WASHINGTON         98,480           WAYNE         148,328           WEBSTER         234,426           WHITLEY         333,942           WOLFE         45,485		Motor
ROBERTSON         40,223           ROCKCASTLE         106,821           ROWAN         161,578           RUSSELL         137,675           SCOTT         1,151,620           SHELBY         920,813           SIMPSON         312,515           SPENCER         200,227           TAYLOR         208,623           TODD         112,134           TRIGG         145,083           TRIMBLE         78,008           UNION         196,400           WARREN         2,195,111           WASHINGTON         98,480           WAYNE         148,328           WEBSTER         234,426           WHITLEY         333,942           WOLFE         45,485		, , , , , , , , , , , , , , , , , , , ,
ROCKCASTLE         106,821           ROWAN         161,578           RUSSELL         137,675           SCOTT         1,151,620           SHELBY         920,813           SIMPSON         312,515           SPENCER         200,227           TAYLOR         208,623           TODD         112,134           TRIGG         145,083           TRIMBLE         78,008           UNION         196,400           WARREN         2,195,111           WASHINGTON         98,480           WAYNE         148,328           WEBSTER         234,426           WHITLEY         333,942           WOLFE         45,485	County	Receipts*
ROWAN       161,578         RUSSELL       137,675         SCOTT       1,151,620         SHELBY       920,813         SIMPSON       312,515         SPENCER       200,227         TAYLOR       208,623         TODD       112,134         TRIGG       145,083         TRIMBLE       78,008         UNION       196,400         WARREN       2,195,111         WASHINGTON       98,480         WAYNE       148,328         WEBSTER       234,426         WHITLEY       333,942         WOLFE       45,485	ROBERTSON	40,223
RUSSELL       137,675         SCOTT       1,151,620         SHELBY       920,813         SIMPSON       312,515         SPENCER       200,227         TAYLOR       208,623         TODD       112,134         TRIGG       145,083         TRIMBLE       78,008         UNION       196,400         WARREN       2,195,111         WASHINGTON       98,480         WAYNE       148,328         WEBSTER       234,426         WHITLEY       333,942         WOLFE       45,485	ROCKCASTLE	106,821
SCOTT       1,151,620         SHELBY       920,813         SIMPSON       312,515         SPENCER       200,227         TAYLOR       208,623         TODD       112,134         TRIGG       145,083         TRIMBLE       78,008         UNION       196,400         WARREN       2,195,111         WASHINGTON       98,480         WAYNE       148,328         WEBSTER       234,426         WHITLEY       333,942         WOLFE       45,485	ROWAN	161,578
SHELBY       920,813         SIMPSON       312,515         SPENCER       200,227         TAYLOR       208,623         TODD       112,134         TRIGG       145,083         TRIMBLE       78,008         UNION       196,400         WARREN       2,195,111         WASHINGTON       98,480         WAYNE       148,328         WEBSTER       234,426         WHITLEY       333,942         WOLFE       45,485	RUSSELL	137,675
SIMPSON       312,515         SPENCER       200,227         TAYLOR       208,623         TODD       112,134         TRIGG       145,083         TRIMBLE       78,008         UNION       196,400         WARREN       2,195,111         WASHINGTON       98,480         WAYNE       148,328         WEBSTER       234,426         WHITLEY       333,942         WOLFE       45,485	SCOTT	1,151,620
SPENCER         200,227           TAYLOR         208,623           TODD         112,134           TRIGG         145,083           TRIMBLE         78,008           UNION         196,400           WARREN         2,195,111           WASHINGTON         98,480           WAYNE         148,328           WEBSTER         234,426           WHITLEY         333,942           WOLFE         45,485	SHELBY	920,813
TAYLOR       208,623         TODD       112,134         TRIGG       145,083         TRIMBLE       78,008         UNION       196,400         WARREN       2,195,111         WASHINGTON       98,480         WAYNE       148,328         WEBSTER       234,426         WHITLEY       333,942         WOLFE       45,485	SIMPSON	312,515
TODD       112,134         TRIGG       145,083         TRIMBLE       78,008         UNION       196,400         WARREN       2,195,111         WASHINGTON       98,480         WAYNE       148,328         WEBSTER       234,426         WHITLEY       333,942         WOLFE       45,485	SPENCER	200,227
TRIGG       145,083         TRIMBLE       78,008         UNION       196,400         WARREN       2,195,111         WASHINGTON       98,480         WAYNE       148,328         WEBSTER       234,426         WHITLEY       333,942         WOLFE       45,485	TAYLOR	208,623
TRIMBLE       78,008         UNION       196,400         WARREN       2,195,111         WASHINGTON       98,480         WAYNE       148,328         WEBSTER       234,426         WHITLEY       333,942         WOLFE       45,485	TODD	112,134
UNION       196,400         WARREN       2,195,111         WASHINGTON       98,480         WAYNE       148,328         WEBSTER       234,426         WHITLEY       333,942         WOLFE       45,485	TRIGG	145,083
WARREN       2,195,111         WASHINGTON       98,480         WAYNE       148,328         WEBSTER       234,426         WHITLEY       333,942         WOLFE       45,485	TRIMBLE	78,008
WASHINGTON         98,480           WAYNE         148,328           WEBSTER         234,426           WHITLEY         333,942           WOLFE         45,485	UNION	196,400
WAYNE         148,328           WEBSTER         234,426           WHITLEY         333,942           WOLFE         45,485	WARREN	2,195,111
WEBSTER         234,426           WHITLEY         333,942           WOLFE         45,485	WASHINGTON	98,480
WHITLEY         333,942           WOLFE         45,485	WAYNE	148,328
<b>WOLFE</b> 45,485	WEBSTER	234,426
	WHITLEY	333,942
<b>WOODFORD</b> 304,370	WOLFE	45,485
	WOODFORD	304,370

<sup>\*</sup> Tax receipts are an estimation and a small percentage may be attributable to the taxation of motorboats.

Some of the lost tax revenues from the exemption created by HB 150 could be recuperated by an adjustment of the personal property tax rate; however, current law limits local governments on tax rate increases. Therefore, it is not likely the total tax revenues lost would be recouped.

Additionally, county clerk offices are fee-based and their operating budget is comprised of the fees they collect. KRS 134.805 provides a 4% commission to the county clerk for collecting property taxes for the state, county, school, and special districts. For 2023, the county clerks' aggregate commission for collecting motor vehicle property tax was approximately:

- \$8 million for the state portion;
- \$2 million for the county portion; and
- \$1.5 million for county-wide special districts.

The county clerk's commission for the collection of motor vehicle property taxes for cities, schools, and the remaining special districts cannot be estimated due to the limited availability of data.

Since HB 150 does not exempt motorboats, the county clerks will continue to receive a 4% commission for collecting the property taxes on motorboats.

**Data Source(s):** <u>LRC Staff and Kentucky Department of Revenue's Statewide Certified</u>

Property Values 2023 and Motor Vehicle Tax Rate Book 2023.

Preparer:Cynthia BrownReviewer:KHCDate:1/22/24