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

**Part I: Measure Information** 

Bill Request #: 433
Bill #: SB 19
<b>Document ID #:</b> 629
Bill Title: AN ACT relating to a motor vehicle usage tax for active duty service members
Sponsor: Senator Matthew Deneen
Unit of Government: City X County Urban-County Unified Local
X Charter County X Consolidated Local X Government
Office(s) Impacted: County Clerks
Requirement: X Mandatory Optional
Effect on  Powers & Duties: X Modifies Existing Adds New Eliminates Existing

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

When offering a motor vehicle for titling and registration for the first time in Kentucky, SB 19 would allow for active-duty members of the Armed Forces whose vehicles are registered in another state that levied a tax substantially identical to the titling and registration tax levied by Kentucky to receive a nonrefundable credit against Kentucky's tax regardless of whether the other state offers a similar credit for vehicles titled and registered in Kentucky. Vehicle owners who are not active-duty members of the Armed Forces are not currently offered this credit unless a similar reciprocal credit is offered by the state that the vehicle was previously titled and registered in.

The fiscal impact of SB 19 on clerks is expected to be minimal but negative. Clerks would need to establish a process to verify active-duty status which may impose minor costs. Clerks would also experience a small loss of revenue. The tax in question is levied upon the retail price of the vehicle at the rate of six percent (6%). Clerks are entitled to retain three percent (3%) of the amount collected from this tax. There may also be costs

associated with programming motor vehicle registration systems to incorporate this exemption.

**Data Source(s):** Kentucky County Clerks Association; LRC Staff

**Preparer:** Jacob Blevins (MS) **Reviewer:** KHC **Date:** 1/9/24