

1 AN ACT relating to the ad valorem taxation of prefabricated home inventories.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 132.010 is amended to read as follows:

4 As used in this chapter, unless the context otherwise requires:

- 5 (1) "Department" means the Department of Revenue;
- 6 (2) "Taxpayer" means any person made liable by law to file a return or pay a tax;
- 7 (3) "Real property" includes all lands within this state and improvements thereon;
- 8 (4) "Personal property" includes every species and character of property, tangible and
9 intangible, other than real property;
- 10 (5) "Resident" means any person who has taken up a place of abode within this state
11 with the intention of continuing to abide in this state; any person who has had his or
12 her actual or habitual place of abode in this state for the larger portion of the twelve
13 (12) months next preceding the date as of which an assessment is due to be made
14 shall be deemed to have intended to become a resident of this state;
- 15 (6) "Compensating tax rate" means that rate which, rounded to the next higher one-
16 tenth of one cent (\$0.001) per one hundred dollars (\$100) of assessed value and
17 applied to the current year's assessment of the property subject to taxation by a
18 taxing district, excluding new property and personal property, produces an amount
19 of revenue approximately equal to that produced in the preceding year from real
20 property. However, in no event shall the compensating tax rate be a rate which,
21 when applied to the total current year assessment of all classes of taxable property,
22 produces an amount of revenue less than was produced in the preceding year from
23 all classes of taxable property. For purposes of this subsection, "property subject to
24 taxation" means the total fair cash value of all property subject to full local rates,
25 less the total valuation exempted from taxation by the homestead exemption
26 provision of the Constitution and the difference between the fair cash value and
27 agricultural or horticultural value of agricultural or horticultural land;

- 1 (7) "Net assessment growth" means the difference between:
- 2 (a) The total valuation of property subject to taxation by the county, city, school
3 district, or special district in the preceding year, less the total valuation
4 exempted from taxation by the homestead exemption provision of the
5 Constitution in the current year over that exempted in the preceding year, and
- 6 (b) The total valuation of property subject to taxation by the county, city, school
7 district, or special district for the current year;
- 8 (8) "New property" means the net difference in taxable value between real property
9 additions and deletions to the property tax roll for the current year. "Real property
10 additions" shall mean:
- 11 (a) Property annexed or incorporated by a municipal corporation, or any other
12 taxing jurisdiction; however, this definition shall not apply to property
13 acquired through the merger or consolidation of school districts, or the
14 transfer of property from one (1) school district to another;
- 15 (b) Property, the ownership of which has been transferred from a tax-exempt
16 entity to a nontax-exempt entity;
- 17 (c) The value of improvements to existing nonresidential property;
- 18 (d) The value of new residential improvements to property;
- 19 (e) The value of improvements to existing residential property when the
20 improvement increases the assessed value of the property by fifty percent
21 (50%) or more;
- 22 (f) Property created by the subdivision of unimproved property, provided, that
23 when the property is reclassified from farm to subdivision by the property
24 valuation administrator, the value of the property as a farm shall be a deletion
25 from that category;
- 26 (g) Property exempt from taxation, as an inducement for industrial or business
27 use, at the expiration of its tax exempt status;

1 (h) Property, the tax rate of which will change, according to the provisions of
2 KRS 82.085, to reflect additional urban services to be provided by the taxing
3 jurisdiction, provided, however, that the property shall be considered "real
4 property additions" only in proportion to the additional urban services to be
5 provided to the property over the urban services previously provided; and

6 (i) The value of improvements to real property previously under assessment
7 moratorium.

8 "Real property deletions" shall be limited to the value of real property removed
9 from, or reduced over the preceding year on, the property tax roll for the current
10 year;

11 (9) "Agricultural land" means:

12 (a) Any tract of land, including all income-producing improvements, of at least
13 ten (10) contiguous acres in area used for the production of livestock,
14 livestock products, poultry, poultry products and/or the growing of tobacco
15 and/or other crops including timber;

16 (b) Any tract of land, including all income-producing improvements, of at least
17 five (5) contiguous acres in area commercially used for aquaculture; or

18 (c) Any tract of land devoted to and meeting the requirements and qualifications
19 for payments pursuant to agriculture programs under an agreement with the
20 state or federal government;

21 (10) "Horticultural land" means any tract of land, including all income-producing
22 improvements, of at least five (5) contiguous acres in area commercially used for
23 the cultivation of a garden, orchard, or the raising of fruits or nuts, vegetables,
24 flowers, or ornamental plants;

25 (11) "Agricultural or horticultural value" means the use value of "agricultural or
26 horticultural land" based upon income-producing capability and comparable sales of
27 farmland purchased for farm purposes where the price is indicative of farm use

- 1 value, excluding sales representing purchases for farm expansion, better
2 accessibility, and other factors which inflate the purchase price beyond farm use
3 value, if any, considering the following factors as they affect a taxable unit:
- 4 (a) Relative percentages of tillable land, pasture land, and woodland;
 - 5 (b) Degree of productivity of the soil;
 - 6 (c) Risk of flooding;
 - 7 (d) Improvements to and on the land that relate to the production of income;
 - 8 (e) Row crop capability including allotted crops other than tobacco;
 - 9 (f) Accessibility to all-weather roads and markets; and
 - 10 (g) Factors which affect the general agricultural or horticultural economy, such
11 as: interest, price of farm products, cost of farm materials and supplies, labor,
12 or any economic factor which would affect net farm income;
- 13 (12) "Deferred tax" means the difference in the tax based on agricultural or horticultural
14 value and the tax based on fair cash value;
- 15 (13) "Homestead" means real property maintained as the permanent residence of the
16 owner with all land and improvements adjoining and contiguous thereto including
17 but not limited to lawns, drives, flower or vegetable gardens, outbuildings, and all
18 other land connected thereto;
- 19 (14) "Residential unit" means all or that part of real property occupied as the permanent
20 residence of the owner;
- 21 (15) "Special benefits" are those which are provided by public works not financed
22 through the general tax levy but through special assessments against the benefited
23 property;
- 24 (16) **"Manufactured home" means a structure manufactured after June 15, 1976, in**
25 **accordance with the National Manufactured Housing Construction and Safety**
26 **Standards Act, transportable in one (1) or more sections, which when erected on**
27 **site measures eight (8) body feet or more in width and thirty-two (32) body feet or**

1 more in length, and which is built on a permanent chassis and designed to be
2 used as a dwelling, with or without a permanent foundation, when connected to
3 the required utilities, and includes the plumbing, heating, air-conditioning, and
4 electrical systems contained therein. It may be used as a place of residence,
5 business, profession, or trade by the owner, lessee, or their assigns and may
6 consist of one (1) or more units that can be attached or joined together to
7 comprise an integral unit or condominium structure;

8 (17) "Mobile home" means a structure manufactured on or before June 15, 1976, that
9 was not required to be constructed in accordance with the National
10 Manufactured Housing Construction and Safety Standards Act, transportable in
11 one (1) or more sections, which when erected on site measures eight (8) body feet or
12 more in width and thirty-two (32) body feet or more in length, and which is built on
13 a permanent chassis and designed to be used as a dwelling, with or without a
14 permanent foundation, when connected to the required utilities, and includes the
15 plumbing, heating, air-conditioning, and electrical systems contained therein. It may
16 be used as a place of residence, business, profession, or trade by the owner, lessee,
17 or their assigns and may consist of one (1) or more units that can be attached or
18 joined together to comprise an integral unit or condominium structure;

19 (18) "Modular home" means a structure which is certified by its manufacturer as
20 being constructed in accordance with all applicable provisions of the Kentucky
21 Building Code and standards adopted by the local authority which has
22 jurisdiction, transportable in one (1) or more sections, and designed to be used as
23 a dwelling on a permanent foundation when connected to the required utilities,
24 and includes the plumbing, heating, air-conditioning, and electrical systems
25 contained therein;

26 (19) "Prefabricated home" means a manufactured home, a mobile home, or a
27 modular home;

1 ~~(20)~~~~(17)~~ "Recreational vehicle" means a vehicular type unit primarily designed as
2 temporary living quarters for recreational, camping, or travel use, which either has
3 its own motive power or is mounted on or drawn by another vehicle. The basic
4 entities are: travel trailer, camping trailer, truck camper, and motor home. As used
5 in this subsection:

6 (a) "Travel trailer" means a vehicular unit, mounted on wheels, designed to
7 provide temporary living quarters for recreational, camping, or travel use, and
8 of a size or weight that does not require special highway movement permits
9 when drawn by a motorized vehicle, and with a living area of less than two
10 hundred twenty (220) square feet, excluding built-in equipment (such as
11 wardrobes, closets, cabinets, kitchen units or fixtures) and bath and toilet
12 rooms;

13 (b) "Camping trailer" means a vehicular portable unit mounted on wheels and
14 constructed with collapsible partial side walls which fold for towing by
15 another vehicle and unfold at the camp site to provide temporary living
16 quarters for recreational, camping, or travel use;

17 (c) "Truck camper" means a portable unit constructed to provide temporary living
18 quarters for recreational, travel, or camping use, consisting of a roof, floor,
19 and sides, designed to be loaded onto and unloaded from the bed of a pick-up
20 truck; and

21 (d) "Motor home" means a vehicular unit designed to provide temporary living
22 quarters for recreational, camping, or travel use built on or permanently
23 attached to a self-propelled motor vehicle chassis or on a chassis cab or van
24 which is an integral part of the completed vehicle;

25 ~~(21)~~~~(18)~~ "Hazardous substances" shall have the meaning provided in KRS 224.1-400;

26 ~~(22)~~~~(19)~~ "Pollutant or contaminant" shall have the meaning provided in KRS 224.1-
27 400;

1 ~~(23)~~~~(20)~~ "Release" shall have the meaning as provided in either or both KRS 224.1-400
2 and KRS 224.60-115;

3 ~~(24)~~~~(21)~~ "Qualifying voluntary environmental remediation property" means real
4 property subject to the provisions of KRS 224.1-400 and 224.1-405, or 224.60-135
5 where the Energy and Environment Cabinet has made a determination that:

- 6 (a) All releases of hazardous substances, pollutants, contaminants, petroleum, or
7 petroleum products at the property occurred prior to the property owner's
8 acquisition of the property;
- 9 (b) The property owner has made all appropriate inquiry into previous ownership
10 and uses of the property in accordance with generally accepted practices prior
11 to the acquisition of the property;
- 12 (c) The property owner or a responsible party has provided all legally required
13 notices with respect to hazardous substances, pollutants, contaminants,
14 petroleum, or petroleum products found at the property;
- 15 (d) The property owner is in compliance with all land use restrictions and does
16 not impede the effectiveness or integrity of any institutional control;
- 17 (e) The property owner complied with any information request or administrative
18 subpoena under KRS Chapter 224; and
- 19 (f) The property owner is not affiliated with any person who is potentially liable
20 for the release of hazardous substances, pollutants, contaminants, petroleum,
21 or petroleum products on the property pursuant to KRS 224.1-400, 224.1-405,
22 or 224.60-135, through:
- 23 1. Direct or indirect familial relationship;
 - 24 2. Any contractual, corporate, or financial relationship, excluding
25 relationships created by instruments conveying or financing title or by
26 contracts for sale of goods or services; or
 - 27 3. Reorganization of a business entity that was potentially liable;

- 1 ~~(25)~~~~(22)~~ "Intangible personal property" means stocks, mutual funds, money market
2 funds, bonds, loans, notes, mortgages, accounts receivable, land contracts, cash,
3 credits, patents, trademarks, copyrights, tobacco base, allotments, annuities,
4 deferred compensation, retirement plans, and any other type of personal property
5 that is not tangible personal property;
- 6 ~~(26)~~~~(23)~~ (a) "County" means any county, consolidated local government, urban-
7 county government, unified local government, or charter county government;
- 8 (b) "Fiscal court" means the legislative body of any county, consolidated local
9 government, urban-county government, unified local government, or charter
10 county government; and
- 11 (c) "County judge/executive" means the chief executive officer of any county,
12 consolidated local government, urban-county government, unified local
13 government, or charter county government;
- 14 ~~(27)~~~~(24)~~ "Taxing district" means any entity with the authority to levy a local ad
15 valorem tax, including special purpose governmental entities;
- 16 ~~(28)~~~~(25)~~ "Special purpose governmental entity" shall have the same meaning as in KRS
17 65A.010, and as used in this chapter shall include only those special purpose
18 governmental entities with the authority to levy ad valorem taxes, and that are not
19 specifically exempt from the provisions of this chapter by another provision of the
20 Kentucky Revised Statutes;
- 21 ~~(29)~~~~(26)~~ (a) "Broadcast" means the transmission of audio, video, or other signals,
22 through any electronic, radio, light, or similar medium or method now in
23 existence or later devised over the airwaves to the public in general.
- 24 (b) "Broadcast" shall not apply to operations performed by multichannel video
25 programming service providers as defined in KRS 136.602 or any other
26 operations that transmit audio, video, or other signals, exclusively to persons
27 for a fee;

1 ~~(30)~~~~(27)~~ "Livestock" means cattle, sheep, swine, goats, horses, alpacas, llamas,
2 buffaloes, and any other animals of the bovine, ovine, porcine, caprine, equine, or
3 camelid species;

4 ~~(31)~~~~(28)~~ "Heavy equipment rental agreement" means the short-term rental contract
5 under which qualified heavy equipment is rented without an operator for a period:

- 6 (a) Not to exceed three hundred sixty-five (365) days; or
7 (b) That is open-ended under the terms of the contract with no specified end date;

8 ~~(32)~~~~(29)~~ "Heavy equipment rental company" means an entity that is primarily engaged
9 in a line of business described in Code 532412 or 532310 of the North American
10 Industry Classification System Manual in effect on January 1, 2019;

11 ~~(33)~~~~(30)~~ "Qualified heavy equipment" means machinery and equipment, including
12 ancillary equipment and any attachments used in conjunction with the machinery
13 and equipment, that is:

- 14 (a) Primarily used and designed for construction, mining, forestry, or industrial
15 purposes, including but not limited to cranes, earthmoving equipment, well-
16 drilling machinery and equipment, lifts, material handling equipment, pumps,
17 generators, and pollution-reducing equipment; and
18 (b) Held in a heavy equipment rental company's inventory for:
19 1. Rental under a heavy equipment rental agreement; or
20 2. Sale in the regular course of business; and

21 ~~(34)~~~~(31)~~ "Veteran service organization" means an organization wholly dedicated to
22 advocating on behalf of military veterans and providing charitable programs in
23 honor and on behalf of military veterans.

24 ➔Section 2. KRS 132.200 is amended to read as follows:

25 All property subject to taxation for state purposes shall also be subject to taxation in the
26 county, city, school, or other taxing district in which it has a taxable situs, except the class
27 of property described in KRS 132.030 and the following classes of property, which shall

- 1 be subject to taxation for state purposes only:
- 2 (1) Farm implements and farm machinery owned by or leased to a person actually
3 engaged in farming and used in his farm operation;
- 4 (2) Livestock, ratite birds, and domestic fowl;
- 5 (3) Capital stock of savings and loan associations;
- 6 (4) Machinery actually engaged in manufacturing, products in the course of
7 manufacture, and raw material actually on hand at the plant for the purpose of
8 manufacture. The printing, publication, and distribution of a newspaper or operating
9 a job printing plant shall be deemed to be manufacturing;
- 10 (5) (a) Commercial radio and television equipment used to receive, capture, produce,
11 edit, enhance, modify, process, store, convey, or transmit audio or video
12 content or electronic signals which are broadcast over the air to an antenna;
- 13 (b) Equipment directly used or associated with the equipment identified in
14 paragraph (a) of this subsection, including radio and television towers used to
15 transmit or facilitate the transmission of the signal broadcast, but excluding
16 telephone and cellular communications towers; and
- 17 (c) Equipment used to gather or transmit weather information;
- 18 (6) Unmanufactured agricultural products. They shall be exempt from taxation for state
19 purposes to the extent of the value, or amount, of any unpaid nonrecourse loans
20 thereon granted by the United States government or any agency thereof, and except
21 that cities and counties may each impose an ad valorem tax of not exceeding one
22 and one-half cents (\$0.015) on each one hundred dollars (\$100) of the fair cash
23 value of all unmanufactured tobacco and not exceeding four and one-half cents
24 (\$0.045) on each one hundred dollars (\$100) of the fair cash value of all other
25 unmanufactured agricultural products, subject to taxation within their limits that are
26 not actually on hand at the plants of manufacturing concerns for the purpose of
27 manufacture, nor in the hands of the producer or any agent of the producer to whom

- 1 the products have been conveyed or assigned for the purpose of sale;
- 2 (7) All privately owned leasehold interest in industrial buildings, as defined under KRS
3 103.200, owned and financed by a tax-exempt governmental unit, or tax-exempt
4 statutory authority under the provisions of KRS Chapter 103, except that the rate
5 shall not apply to the proportion of value of the leasehold interest created through
6 any private financing;
- 7 (8) Tangible personal property which has been certified as a pollution control facility as
8 defined in KRS 224.1-300. In the case of tangible personal property certified as a
9 pollution control facility which is incorporated into a landfill facility, the tangible
10 personal property shall be presumed to remain tangible personal property for
11 purposes of this subsection if the tangible personal property is being used for its
12 intended purposes;
- 13 (9) Property which has been certified as an alcohol production facility as defined in
14 KRS 247.910;
- 15 (10) On and after January 1, 1977, the assessed value of unmined coal shall be included
16 in the formula contained in KRS 132.590(9) in determining the amount of county
17 appropriation to the office of the property valuation administrator;
- 18 (11) Tangible personal property located in a foreign trade zone established pursuant to
19 19 U.S.C. sec. 81, provided that the zone is activated in accordance with the
20 regulations of the United States Customs Service and the Foreign Trade Zones
21 Board;
- 22 (12) Motor vehicles qualifying for permanent registration as historic motor vehicles
23 under the provisions of KRS 186.043. However, nothing herein shall be construed
24 to exempt historical motor vehicles from the usage tax imposed by KRS 138.460;
- 25 (13) Property which has been certified as a fluidized bed energy production facility as
26 defined in KRS 211.390;
- 27 (14) All motor vehicles:

- 1 (a) Held for sale in the inventory of a licensed motor vehicle dealer, including
2 motor vehicle auction dealers, which are not currently titled and registered in
3 Kentucky and are held on an assignment pursuant to the provisions of KRS
4 186A.230;
- 5 (b) That are in the possession of a licensed motor vehicle dealer, including
6 licensed motor vehicle auction dealers, for sale, although ownership has not
7 been transferred to the dealer; and
- 8 (c) With a salvage title held by an insurance company;
- 9 (15) Machinery or equipment owned by a business, industry, or organization in order to
10 collect, source separate, compress, bale, shred, or otherwise handle waste materials
11 if the machinery or equipment is primarily used for recycling purposes as defined in
12 KRS 139.010;
- 13 (16) New farm machinery and other equipment held in the retailer's inventory for sale
14 under a floor plan financing arrangement by a retailer, as defined under KRS
15 365.800;
- 16 (17) New boats and new marine equipment held for retail sale under a floor plan
17 financing arrangement by a dealer registered under KRS 235.220;
- 18 (18) Aircraft not used in the business of transporting persons or property for
19 compensation or hire if an exemption is approved by the county, city, school, or
20 other taxing district in which the aircraft has its taxable situs;
- 21 (19) Federally documented vessels not used in the business of transporting persons or
22 property for compensation or hire or for other commercial purposes, if an
23 exemption is approved by the county, city, school, or other taxing district in which
24 the federally documented vessel has its taxable situs;
- 25 (20) Any nonferrous metal that conforms to the quality, shape, and weight specifications
26 set by the New York Mercantile Exchange's special contract rules for metals, and
27 which is located or stored in a commodity warehouse and held on warrant, or for

1 which a written request has been made to a commodity warehouse to place it on
2 warrant, according to the rules and regulations of a trading facility. In this
3 subsection:

4 (a) "Commodity warehouse" means a warehouse, shipping plant, depository, or
5 other facility that has been designated or approved by a trading facility as a
6 regular delivery point for a commodity on contracts of sale for future delivery;
7 and

8 (b) "Trading facility" means a facility that is designated by or registered with the
9 federal Commodity Futures Trading Commission under 7 U.S.C. secs. 1 et
10 seq. "Trading facility" includes the Board of Trade of the City of Chicago, the
11 Chicago Mercantile Exchange, and the New York Mercantile Exchange;

12 (21) Qualifying voluntary environmental remediation property for a period of three (3)
13 years following the Energy and Environment Cabinet's issuance of a No Further
14 Action Letter or its equivalent, pursuant to the correction of the effect of all known
15 releases of hazardous substances, pollutants, contaminants, petroleum, or petroleum
16 products located on the property consistent with a corrective action plan approved
17 by the Energy and Environment Cabinet pursuant to KRS 224.1-400, 224.1-405, or
18 224.60-135, and provided the cleanup was not financed through a public grant
19 program of the petroleum storage tank environmental assurance fund;

20 (22) Biotechnology products held in a warehouse for distribution by the manufacturer or
21 by an affiliate of the manufacturer. For the purposes of this section:

22 (a) "Biotechnology products" means those products that are applicable to the
23 prevention, treatment, or cure of a disease or condition of human beings and
24 that are produced using living organisms, materials derived from living
25 organisms, or cellular, subcellular, or molecular components of living
26 organisms. Biotechnology products does not include pharmaceutical products
27 which are produced from chemical compounds;

1 (b) "Warehouse" includes any establishment that is designed to house or store
2 biotechnology products, but does not include blood banks, plasma centers, or
3 other similar establishments;

4 (c) "Affiliate" means an individual, partnership, or corporation that directly or
5 indirectly owns or controls, or is owned or controlled by, or is under common
6 ownership or control with, another individual, partnership, or corporation;

7 (23) Recreational vehicles held for sale in a retailer's inventory;~~and~~

8 (24) A privately owned leasehold interest in residential property described in KRS
9 132.195(2)(g), if an exemption is approved by the county, city, school, or other
10 taxing district in which the residential property is located; **and**

11 **(25) Prefabricated homes held for sale in a manufacturer's or retailer's inventory.**

12 ➔Section 3. This Act applies to property assessed on or after January 1, 2023.