

1 AN ACT relating to property valuation administrators' offices and making an  
2 appropriation therefor.

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

4 ➔Section 1. KRS 132.020 is amended to read as follows:

- 5 (1) The owner or person assessed shall pay an annual ad valorem tax for state purposes  
6 at the rate of:
- 7 (a) Thirty-one and one-half cents (\$0.315) upon each one hundred dollars (\$100)  
8 of value of all real property directed to be assessed for taxation;
- 9 (b) One and one-half cents (\$0.015) upon each one hundred dollars (\$100) of  
10 value of all privately owned leasehold interests in industrial buildings, as  
11 defined under KRS 103.200, owned and financed by a tax-exempt  
12 governmental unit, or tax-exempt statutory authority under the provisions of  
13 KRS Chapter 103, upon the prior approval of the Kentucky Economic  
14 Development Finance Authority, except that the rate shall not apply to the  
15 proportion of value of the leasehold interest created through any private  
16 financing;
- 17 (c) One and one-half cents (\$0.015) upon each one hundred dollars (\$100) of  
18 value of all qualifying voluntary environmental remediation property,  
19 provided the property owner has corrected the effect of all known releases of  
20 hazardous substances, pollutants, contaminants, petroleum, or petroleum  
21 products located on the property consistent with a corrective action plan  
22 approved by the Energy and Environment Cabinet pursuant to KRS 224.1-  
23 400, 224.1-405, or 224.60-135, and provided the cleanup was not financed  
24 through a public grant or the petroleum storage tank environmental assurance  
25 fund. This rate shall apply for a period of three (3) years following the Energy  
26 and Environment Cabinet's issuance of a No Further Action Letter or its  
27 equivalent, after which the regular tax rate shall apply;

- 1 (d) One and one-half cents (\$0.015) upon each one hundred dollars (\$100) of  
2 value of all tobacco directed to be assessed for taxation;
- 3 (e) One and one-half cents (\$0.015) upon each one hundred dollars (\$100) of  
4 value of unmanufactured agricultural products;
- 5 (f) One-tenth of one cent (\$0.001) upon each one hundred dollars (\$100) of value  
6 of all farm implements and farm machinery owned by or leased to a person  
7 actually engaged in farming and used in his *or her* farm operations;
- 8 (g) One-tenth of one cent (\$0.001) upon each one hundred dollars (\$100) of value  
9 of all livestock and domestic fowl;
- 10 (h) One-tenth of one cent (\$0.001) upon each one hundred dollars (\$100) of value  
11 of all tangible personal property located in a foreign trade zone established  
12 pursuant to 19 U.S.C. sec. 81, provided that the zone is activated in  
13 accordance with the regulations of the United States Customs Service and the  
14 Foreign Trade Zones Board;
- 15 (i) Fifteen cents (\$0.15) upon each one hundred dollars (\$100) of value of all  
16 machinery actually engaged in manufacturing;
- 17 (j) Fifteen cents (\$0.15) upon each one hundred dollars (\$100) of value of all  
18 commercial radio and television equipment used to receive, capture, produce,  
19 edit, enhance, modify, process, store, convey, or transmit audio or video  
20 content or electronic signals which are broadcast over the air to an antenna,  
21 including radio and television towers used to transmit or facilitate the  
22 transmission of the signal broadcast and equipment used to gather or transmit  
23 weather information, but excluding telephone and cellular communication  
24 towers;
- 25 (k) Fifteen cents (\$0.15) upon each one hundred dollars (\$100) of value of all  
26 tangible personal property which has been certified as a pollution control  
27 facility as defined in KRS 224.1-300. In the case of tangible personal property

1 certified as a pollution control facility which is incorporated into a landfill  
2 facility, the tangible personal property shall be presumed to remain tangible  
3 personal property for purposes of this paragraph if the tangible personal  
4 property is being used for its intended purposes;

5 (l) One-tenth of one cent (\$0.001) upon each one hundred dollars (\$100) of value  
6 of all property which has been certified as an alcohol production facility as  
7 defined in KRS 247.910, or as a fluidized bed energy production facility as  
8 defined in KRS 211.390;

9 (m) Twenty-five cents (\$0.25) upon each one hundred dollars (\$100) of value of  
10 motor vehicles qualifying for permanent registration as historic motor vehicles  
11 under the provisions of KRS 186.043;

12 (n) Five cents (\$0.05) upon each one hundred dollars (\$100) of value of goods  
13 held for sale in the regular course of business, which includes:

14 1. Machinery and equipment held in a retailer's inventory for sale or lease  
15 originating under a floor plan financing arrangement;

16 2. Motor vehicles:

17 a. Held for sale in the inventory of a licensed motor vehicle dealer,  
18 including licensed motor vehicle auction dealers, which are not  
19 currently titled and registered in Kentucky and are held on an  
20 assignment pursuant to the provisions of KRS 186A.230; or

21 b. That are in the possession of a licensed motor vehicle dealer,  
22 including licensed motor vehicle auction dealers, for sale, although  
23 ownership has not been transferred to the dealer;

24 3. Raw materials, which includes distilled spirits and distilled spirits  
25 inventory; and

26 4. In-process materials, which includes distilled spirits and distilled spirits  
27 inventory, held for incorporation in finished goods held for sale in the

- 1                   regular course of business;
- 2           (o) Ten cents (\$0.10) per one hundred dollars (\$100) of assessed value on the
- 3           operating property of railroads or railway companies that operate solely within
- 4           the Commonwealth;
- 5           (p) One and one-half cents (\$0.015) per one hundred dollars (\$100) of assessed
- 6           value on aircraft not used in the business of transporting persons or property
- 7           for compensation or hire;
- 8           (q) One and one-half cents (\$0.015) per one hundred dollars (\$100) of assessed
- 9           value on federally documented vessels not used in the business of transporting
- 10          persons or property for compensation or hire, or for other commercial
- 11          purposes; and
- 12          (r) Forty-five cents (\$0.45) upon each one hundred dollars (\$100) of value of all
- 13          other property directed to be assessed for taxation shall be paid by the owner
- 14          or person assessed, except as provided in KRS 132.030, 132.200, 136.300,
- 15          and 136.320, providing a different tax rate for particular property.
- 16   (2) Notwithstanding subsection (1)(a) of this section, the state tax rate on real property
- 17   shall be reduced to compensate for any increase in the aggregate assessed value of
- 18   real property to the extent that the increase exceeds the preceding year's assessment
- 19   by more than four percent (4%), excluding:
- 20          (a) The assessment of new property as defined in KRS 132.010(8);
- 21          (b) The assessment from property which is subject to tax increment financing
- 22          pursuant to KRS Chapter 65; and
- 23          (c) The assessment from leasehold property which is owned and financed by a
- 24          tax-exempt governmental unit, or tax-exempt statutory authority under the
- 25          provisions of KRS Chapter 103 and entitled to the reduced rate of one and
- 26          one-half cents (\$0.015) pursuant to subsection (1)(b) of this section. In any
- 27          year in which the aggregate assessed value of real property is less than the

1 preceding year, the state rate shall be increased to the extent necessary to  
2 produce the approximate amount of revenue that was produced in the  
3 preceding year from real property.

4 (3) By July 1 each year, the department shall compute the state tax rate applicable to  
5 real property for the current year in accordance with the provisions of subsection (2)  
6 of this section and certify the rate to the county clerks for their use in preparing the  
7 tax bills. If the assessments for all counties have not been certified by July 1, the  
8 department shall, when either real property assessments of at least seventy-five  
9 percent (75%) of the total number of counties of the Commonwealth have been  
10 determined to be acceptable by the department, or when the number of counties  
11 having at least seventy-five percent (75%) of the total real property assessment for  
12 the previous year have been determined to be acceptable by the department, make  
13 an estimate of the real property assessments of the uncertified counties and compute  
14 the state tax rate.

15 (4) If the tax rate set by the department as provided in subsection (2) of this section  
16 produces more than a four percent (4%) increase in real property tax revenues,  
17 excluding:

- 18 (a) The revenue resulting from new property as defined in KRS 132.010(8);  
19 (b) The revenue from property which is subject to tax increment financing  
20 pursuant to KRS Chapter 65; and  
21 (c) The revenue from leasehold property which is owned and financed by a tax-  
22 exempt governmental unit, or tax-exempt statutory authority under the  
23 provisions of KRS Chapter 103 and entitled to the reduced rate of one and  
24 one-half cents (\$0.015) pursuant to subsection (1) of this section;

25 the rate shall be adjusted in the succeeding year so that the cumulative total of each  
26 year's property tax revenue increase shall not exceed four percent (4%) per year.

27 (5) The provisions of subsection (2) of this section notwithstanding, the assessed value

1 of unmined coal certified by the department after July 1, 1994, shall not be included  
 2 with the assessed value of other real property in determining the state real property  
 3 tax rate. All omitted unmined coal assessments made after July 1, 1994, shall also  
 4 be excluded from the provisions of subsection (2) of this section. The calculated  
 5 rate shall, however, be applied to unmined coal property, and the state revenue shall  
 6 be devoted to the program described in KRS 146.550 to 146.570, except that four  
 7 hundred thousand dollars (\$400,000) of the state revenue shall be paid annually to  
 8 the State Treasury and credited to the Department for Energy Development and  
 9 Independence for the purpose of public education of coal-related issues.

10 **(6) (a) For property assessed on or after January 1, 2018, the tax rate shall be**  
 11 **determined by subsections (1)(a), (2), (3), (4), and (5) of this section and**  
 12 **then increased by two and six-tenths cents (\$0.026) upon each one hundred**  
 13 **dollars (\$100) of value of all real property directed to be assessed for**  
 14 **taxation.**

15 **(b) The two and six-tenths cents (\$0.026) tax rate increase and the revenues**  
 16 **generated from it shall not carry forward into the following year's tax rate**  
 17 **calculation determined by subsections (1)(a), (2), (3), (4), and (5) of this**  
 18 **section. Once the tax rate has been determined for the following year, the**  
 19 **two and six-tenths cents (\$0.026) tax rate increase shall be added, as**  
 20 **described by subparagraph (a) of this paragraph.**

21 **(c) Revenues generated from the two and six-tenths cents (\$0.026) increase in**  
 22 **the tax rate shall be deposited into the PVA compensation fund established**  
 23 **in Section 2 of this Act.**

24 ➔Section 2. KRS 132.590 is amended to read as follows:

25 (1) **(a)** The compensation of the property valuation administrator shall be based on  
 26 the schedule contained in **paragraph (b)**~~subsection (2)~~ of this  
 27 **subsection**~~section~~ as modified by **paragraph (c)**~~subsection (3)~~ of this

1            subsection~~[section]~~. The compensation of the property valuation administrator  
2            shall be calculated by the department~~[of Revenue]~~ annually. Should a  
3            property valuation administrator for any reason vacate the office in any year  
4            during his or her term of office, he or she shall be paid only for the calendar  
5            days actually served during the year.

6            ~~(b)(2)~~     The salary schedule for property valuation administrators provides for  
7            nine (9) levels of salary based upon the population of the county in the prior  
8            year as determined by the United States Department of Commerce, Bureau of  
9            the Census annual estimates. To implement the salary schedule, the  
10           department shall, by November 1 of each year, certify for each county the  
11           population group applicable to each county based on the most recent estimates  
12           of the United States Department of Commerce, Bureau of the Census. The  
13           salary schedule provides four (4) steps for yearly increments within each  
14           population group. Property valuation administrators shall be paid according to  
15           the first step within their population group for the first year or portion thereof  
16           they serve in office. Thereafter, each property valuation administrator, on  
17           January 1 of each subsequent year, shall be advanced automatically to the next  
18           step in the salary schedule until the maximum salary figure for the population  
19           group is reached. If the county population as certified by the department  
20           increases to a new group level, the property valuation administrator's salary  
21           shall be computed from the new group level at the beginning of the next year.  
22           A change in group level shall have no affect on the annual change in step.  
23           Prior to assuming office, any person who has previously served as a property  
24           valuation administrator must certify to the department~~[of Revenue]~~ the total  
25           number of years, not to exceed four (4) years, that the person has previously  
26           served in the office. The department shall place the person in the proper step  
27           based upon a formula of one (1) incremental step per full calendar year of

1 service:

2 SALARY SCHEDULE

| 3 County Population | 4 Steps and Salary                      |          |           |           |
|---------------------|---|----------|-----------|-----------|
| 5 by Group          | 6 for Property Valuation Administrators |          |           |           |
| 7 Group I           | 8 Step 1                                | 9 Step 2 | 10 Step 3 | 11 Step 4 |
| 12 0-4,999          | \$45,387                                | \$46,762 | \$48,137  | \$49,513  |
| 13 Group II         |   |          |           |           |
| 14 5,000-9,999      | 49,513                                  | 50,888   | 52,263    | 53,639    |
| 15 Group III        |   |          |           |           |
| 16 10,000-19,999    | 53,639                                  | 55,014   | 56,389    | 57,765    |
| 17 Group IV         |   |          |           |           |
| 18 20,000-29,999    | 55,702                                  | 57,765   | 59,828    | 61,891    |
| 19 Group V          |   |          |           |           |
| 20 30,000-44,999    | 59,828                                  | 61,891   | 63,954    | 66,017    |
| 21 Group VI         |   |          |           |           |
| 22 45,000-59,999    | 61,891                                  | 64,641   | 67,392    | 70,143    |
| 23 Group VII        |   |          |           |           |
| 24 60,000-89,999    | 66,017                                  | 68,768   | 71,518    | 74,269    |
| 25 Group VIII       |   |          |           |           |
| 26 90,000-499,999   | 68,080                                  | 71,518   | 74,957    | 78,395    |
| 27 Group IX         |   |          |           |           |
| 500,000 and up      | 72,206                                  | 75,644   | 79,083    | 82,521    |

23 ~~(c)(3)~~ I.(a) For calendar year 2000, the salary schedule in paragraph  
 24 (b)~~subsection (2)~~ of this subsection~~section~~ shall be increased by the  
 25 amount of increase in the annual consumer price index as published by  
 26 the United States Department of Commerce for the year ended  
 27 December 31, 1999. This salary adjustment shall take effect on July 14,



1           2000, and shall not be retroactive to the preceding January 1.

2           ~~2.[(b)]~~     For each calendar year beginning after December 31, 2000, upon  
3           publication of the annual consumer price index by the United States  
4           Department of Commerce, the annual rate of salary for the property  
5           valuation administrator shall be determined by applying the increase in  
6           the consumer price index to the salary in effect for the previous year.

7           This salary determination shall be retroactive to the preceding January 1.

8           ~~3.[(c)]~~     In addition to the step increases based on service in office, each  
9           property valuation administrator shall be paid an annual incentive of six  
10          hundred eighty-seven dollars and sixty-seven cents (\$687.67) per  
11          calendar year for each forty (40) hour training unit successfully  
12          completed based on continuing service in that office and, except as  
13          provided in this subsection, completion of at least forty (40) hours of  
14          approved training in each subsequent calendar year. If a property  
15          valuation administrator fails without good cause, as determined by the  
16          commissioner of the *department*~~[Kentucky Department of Revenue]~~, to  
17          obtain the minimum amount of approved training in any year, the officer  
18          shall lose all training incentives previously accumulated. No property  
19          valuation administrator shall receive more than one (1) training unit per  
20          calendar year nor more than four (4) incentive payments per calendar  
21          year. Each property valuation administrator shall be allowed to carry  
22          forward up to forty (40) hours of training credit into the following  
23          calendar year for the purpose of satisfying the minimum amount of  
24          training for that year. This amount shall be increased by the consumer  
25          price index adjustments prescribed in *subparagraphs 1. and*  
26          ~~2.[paragraphs (a) and (b)]~~ of this *paragraph*~~[subsection]~~. Each training  
27          unit shall be approved and certified by the *department*~~[Kentucky~~

1           ~~Department of Revenue~~. Each unit shall be available to property  
2           valuation administrators in each office based on continuing service in  
3           that office. The department~~[Kentucky Department of Revenue]~~ shall  
4           promulgate administrative regulations in accordance with KRS Chapter  
5           13A to establish guidelines for the approval and certification of training  
6           units.

7           (d)~~[(4)]~~ Notwithstanding any provision contained in this subsection~~[section]~~, no  
8           property valuation administrator holding office on July 14, 2000, shall receive  
9           any reduction in salary or reduction in adjustment to salary otherwise  
10          allowable by the statutes in force on July 14, 2000.

11 ~~[(5) Deputy property valuation administrators and other authorized personnel may be  
12          advanced one (1) step in grade upon completion of twelve (12) months' continuous  
13          service. The Department of Revenue may make grade classification changes  
14          corresponding to any approved for department employees in comparable positions,  
15          so long as the changes do not violate the integrity of the classification system.  
16          Subject to availability of funds, the department may extend cost-of-living increases  
17          approved for department employees to deputy property valuation administrators and  
18          other authorized personnel, by advancement in grade.]~~

19 (2) (a)~~[(6)]~~ Beginning with the 1990-1992 biennium, the department~~[of Revenue]~~  
20          shall prepare a biennial budget request for the staffing of property valuation  
21          administrators' offices. An equitable allocation of employee positions to each  
22          property valuation administrator's office in the state shall be made on the basis  
23          of comparative assessment work units. Assessment work units shall be  
24          determined from the most current objective information available from the  
25          United States Bureau of the Census and other similar sources of unbiased  
26          information. Beginning with the 1996-1998 biennium, assessment work units  
27          shall be based on parcel count per employee. The total sum allowed by the

1 state to any property valuation administrator's office as compensation for  
2 deputies, other authorized personnel, and for other authorized expenditures  
3 shall not exceed the amount fixed by the department~~[of Revenue]~~. However,  
4 each property valuation administrator's office shall be allowed as a minimum  
5 ~~the~~<sup>such</sup> funds that are required to meet the federal minimum wage  
6 requirements for two (2) full-time deputies.

7 ~~(b)~~<sup>(7)</sup> Beginning with the 1990-1992 biennium each property valuation  
8 administrator shall submit by June 1 of each year for the following fiscal year  
9 to the department~~[of Revenue]~~ a budget request for his or her office which  
10 shall be based upon the number of employee positions allocated to his or her  
11 office under paragraph (a)~~[subsection (6)]~~ of this subsection~~[section]~~ and  
12 upon the county and city funds available to his or her office and show the  
13 amount to be expended for deputy and other authorized personnel, including  
14 employee benefits, the employer's share of FICA and state retirement, and  
15 other authorized expenses of the office. The department~~[of Revenue]~~ shall  
16 return to each property valuation administrator, no later than July 1, an  
17 approved budget for the fiscal year.

18 (3) ~~(a)~~<sup>(8)</sup> Each property valuation administrator may appoint any persons  
19 approved by the department~~[of Revenue]~~ to assist him or her in the discharge of  
20 his or her duties. Each deputy shall be more than twenty-one (21) years of age and  
21 may be removed at the pleasure of the property valuation administrator. The salaries  
22 of deputies and other authorized personnel shall be fixed by the property valuation  
23 administrator in accordance with the grade classification system established by the  
24 department~~[of Revenue]~~ and shall be subject to the approval of the department~~[of~~  
25 ~~Revenue]~~. The Personnel Cabinet shall provide advice and technical assistance to  
26 the department~~[of Revenue]~~ in the revision and updating of the personnel  
27 classification system, which shall be equitable in all respects to the personnel

1 classification systems maintained for other state employees. Any deputy property  
 2 valuation administrator employed or promoted to a higher position may be  
 3 examined by the department~~[of Revenue]~~ in accordance with standards of the  
 4 Personnel Cabinet, for the position to which he ***or she*** is being appointed or  
 5 promoted. No state funds available to any property valuation administrator's office  
 6 as compensation for deputies and other authorized personnel or for other authorized  
 7 expenditures shall be paid without authorization of the department~~[of Revenue]~~  
 8 prior to the employment by the property valuation administrator of deputies or other  
 9 authorized personnel or the incurring of other authorized expenditures.

10 ***(b) Deputy property valuation administrators and other authorized personnel***  
 11 ***may be advanced one (1) step in grade upon completion of twelve (12)***  
 12 ***months' continuous service. The department may make grade classification***  
 13 ***changes corresponding to any approved for department employees in***  
 14 ***comparable positions, so long as the changes do not violate the integrity of***  
 15 ***the classification system. Subject to availability of funds, the department***  
 16 ***may extend cost-of-living increases approved for department employees to***  
 17 ***deputy property valuation administrators and other authorized personnel,***  
 18 ***by advancement in grade.***

19 **(4)** ~~**(a)**~~~~**(9)**~~ Each county fiscal court shall annually appropriate and pay each fiscal  
 20 year to the office of the property valuation administrator as its cost for use of  
 21 the assessment, as required by KRS 132.280, an amount determined as  
 22 follows:

|  |                       |               |                                     |
|--|-----------------------|---------------|-------------------------------------|
|  | Assessment Subject to |               |                                     |
|  | County Tax of:        |               |                                     |
|  | At Least              | But Less Than | Amount                              |
|  | ----                  | \$100,000,000 | \$0.005 for each \$100 of the first |
|  |                       |               | \$50,000,000 and \$0.002 for        |

|   |               |             |                                     |
|---|---------------|-------------|-------------------------------------|
| 1 |               |             | each \$100 over \$50,000,000.       |
| 2 | \$100,000,000 | 150,000,000 | \$0.004 for each \$100 of the first |
| 3 |               |             | \$100,000,000 and \$0.002 for       |
| 4 |               |             | each \$100 over \$100,000,000.      |
| 5 | 150,000,000   | 300,000,000 | \$0.004 for each \$100 of the first |
| 6 |               |             | \$150,000,000 and \$0.003 for       |
| 7 |               |             | each \$100 over \$150,000,000.      |
| 8 | 300,000,000   | ----        | \$0.004 for each \$100.             |

9 ~~(b)(10)~~ The total sum to be paid by the fiscal court to any property valuation  
10 administrator's office under paragraph (a)~~[the provisions of subsection (9)]~~  
11 of this subsection~~[section]~~ shall not exceed the limits set forth in the  
12 following table:

|    |                                       |               |          |
|----|---------------------------------------|---------------|----------|
| 13 | Assessed Value of Property Subject to |               |          |
| 14 | County Tax of:                        |               |          |
| 15 | At Least                              | But Less Than | Limit    |
| 16 | ----                                  | \$700,000,000 | \$25,000 |
| 17 | \$700,000,000                         | 1,000,000,000 | 35,000   |
| 18 | 1,000,000,000                         | 2,000,000,000 | 50,000   |
| 19 | 2,000,000,000                         | 2,500,000,000 | 75,000   |
| 20 | 2,500,000,000                         | 5,000,000,000 | 100,000  |
| 21 | 5,000,000,000                         | -----         | 175,000  |

22 This allowance shall be based on the assessment as of the previous  
23 January 1 and shall be used for deputy and other personnel allowance,  
24 supplies, maps and equipment, travel allowance for the property  
25 valuation administrator and his or her deputies and other authorized  
26 personnel, and other authorized expenses of the office.

27 ~~(c)(11)~~ Annually, after appropriation by the county of funds required of it by

1           paragraph (a)~~[subsection (9)]~~ of this subsection~~[section]~~, and no later than  
2           August 1, the property valuation administrator shall file a claim with the  
3           county for that amount of the appropriation specified in his or her approved  
4           budget for compensation of deputies and assistants, including employee  
5           benefits and the employer's shares of FICA and state retirement, for the fiscal  
6           year. The amount so requested shall be paid by the county into the State  
7           Treasury by September 1, or paid to the property valuation administrator and  
8           be submitted to the State Treasury by September 1. These funds shall be  
9           expended by the department~~[of Revenue]~~ only for compensation of approved  
10          deputies and assistants, including employee benefits and the employer's share  
11          of FICA and state retirement, in the appropriating county. Any funds paid into  
12          the State Treasury in accordance with this paragraph~~[provision]~~ but  
13          unexpended by the close of the fiscal year for which they were appropriated  
14          shall be returned to the county from which they were received.

15          (d)~~(12)~~ After submission to the State Treasury or to the property valuation  
16          administrator of the county funds budgeted for personnel compensation under  
17          paragraph (c)~~[subsection (11)]~~ of this subsection~~[section]~~, the fiscal court  
18          shall pay the remainder of the county appropriation to the office of the  
19          property valuation administrator on a quarterly basis. Four (4) equal payments  
20          shall be made on or before September 1, December 1, March 1, and June 1  
21          respectively. Any unexpended county funds at the close of each fiscal year  
22          shall be retained by the property valuation administrator, except as provided in  
23          KRS 132.601(2). During county election years, the property valuation  
24          administrator shall not expend in excess of forty percent (40%) of the  
25          allowances available to his or her office from county funds during the first  
26          five (5) months of the fiscal year in which the general election is held.

27          (e)~~(13)~~ The provisions of this section shall apply to urban-county governments

1 and consolidated local governments. In an urban-county government and a  
2 consolidated local government, all the rights and obligations conferred on  
3 fiscal courts or consolidated local governments by ~~the provisions of~~ this  
4 section shall be exercised by the urban-county government or consolidated  
5 local government.

6 ~~(f)(14)~~ When an urban-county form of government is established through  
7 merger of existing city and county governments as provided in KRS Chapter  
8 67A or when a consolidated local government is established through merger  
9 of existing city and county governments as provided by KRS Chapter 67C, the  
10 annual county assessment shall be presumed to have been adopted as if the  
11 city had exercised the option to adopt as provided in KRS 132.285, and the  
12 annual amount to be appropriated to the property valuation administrator's  
13 office shall be the combined amount that is required of the county under this  
14 section and that required of the city under KRS 132.285, except that the total  
15 shall not exceed one hundred thousand dollars (\$100,000) for any urban-  
16 county government or consolidated local government with an assessment  
17 subject to countywide tax of less than three billion dollars (\$3,000,000,000),  
18 one hundred twenty-five thousand dollars (\$125,000) for an urban-county  
19 government or consolidated local government with an assessment subject to  
20 countywide tax between three billion dollars (\$3,000,000,000) and five billion  
21 dollars (\$5,000,000,000), and two hundred thousand dollars (\$200,000) for an  
22 urban-county government or consolidated local government with an  
23 assessment subject to countywide tax in excess of five billion dollars  
24 (\$5,000,000,000). For purposes of this paragraph ~~subsection~~, the amount to  
25 be considered as the assessment for purposes of KRS 132.285 shall be the  
26 amount subject to taxation for full urban services.

27 ~~(g)(15)~~ Notwithstanding paragraph (a) ~~the provisions of subsection (9)~~ of this

1 subsection~~[section]~~, the amount appropriated and paid by each county fiscal  
 2 court to the office of the property valuation administrator for 1996 and  
 3 subsequent years shall be equal to the amount paid to the office of the property  
 4 valuation administrator for 1995, or the amount required by paragraphs (a)  
 5 and (b)~~[the provisions of subsections (9) and (10)]~~ of this  
 6 subsection~~[section]~~, whichever is greater.

7 (5) (a) Beginning with the 2018-2019 fiscal year and each fiscal year thereafter,  
 8 each special purpose governmental entity shall annually appropriate and  
 9 pay each fiscal year to the office of the property valuation administrator as  
 10 its cost for use of the assessment, as required by KRS 132.280, an amount  
 11 determined as follows:

| <u>Special Purpose Governmental Entity</u> |                      |                 |
|--|----------------------|-----------------|
| <u>with Total Receipts of:</u>             |                      |                 |
| <u>At Least</u>                            | <u>But Less Than</u> | <u>Amount</u>   |
| <u>-----</u>                               | <u>\$5,000</u>       | <u>\$0</u>      |
| <u>\$5,000</u>                             | <u>\$10,000</u>      | <u>\$100</u>    |
| <u>\$10,000</u>                            | <u>\$50,000</u>      | <u>\$500</u>    |
| <u>\$50,000</u>                            | <u>\$100,000</u>     | <u>\$1,000</u>  |
| <u>\$100,000</u>                           | <u>\$500,000</u>     | <u>\$5,000</u>  |
| <u>\$500,000</u>                           | <u>\$1,000,000</u>   | <u>\$10,000</u> |
| <u>\$1,000,000</u>                         | <u>\$5,000,000</u>   | <u>\$15,000</u> |
| <u>\$5,000,000</u>                         | <u>-----</u>         | <u>\$20,000</u> |

23 This allowance shall be based on the total receipts received by the  
 24 special purpose governmental entity in the previous fiscal year and  
 25 shall be used for deputy and other personnel allowance, supplies,  
 26 maps and equipment, travel allowance for the property valuation  
 27 administrator and his or her deputies and other authorized personnel,



1                   and other authorized expenses of the office.

2           **(b) Annually, after appropriation by the special purpose governmental entity**  
3           **required by paragraph (a) of this subsection, and no later than August 1,**  
4           **the property valuation administrator shall file a claim with the special**  
5           **purpose governmental entity for that amount of the appropriation specified**  
6           **in his or her approved budget for compensation of deputies and assistants,**  
7           **including employee benefits and the employer's shares of FICA and state**  
8           **retirement, for the fiscal year. The amount so requested shall be paid by the**  
9           **special purpose governmental entity into the State Treasury by September 1,**  
10           **or paid to the property valuation administrator and be submitted to the State**  
11           **Treasury by September 1. These funds shall be expended by the department**  
12           **only for compensation of approved deputies and assistants, including**  
13           **employee benefits and the employer's share of FICA and state retirement, in**  
14           **the appropriating county. Any funds paid into the State Treasury in**  
15           **accordance with this paragraph but unexpended by the close of the fiscal**  
16           **year for which they were appropriated shall be returned to the special**  
17           **purpose governmental entity from which they were received.**

18           **(c) After submission to the State Treasury or to the property valuation**  
19           **administrator of the special purpose governmental entity funds budgeted for**  
20           **personnel compensation under paragraph (b) of this subsection, the special**  
21           **purpose governmental entity shall pay the remainder of the special purpose**  
22           **governmental entity appropriation to the office of the property valuation**  
23           **administrator on a quarterly basis. Four (4) equal payments shall be made**  
24           **on or before September 1, December 1, March 1, and June 1 respectively.**  
25           **Any unexpended special purpose governmental entity funds at the close of**  
26           **each fiscal year shall be retained by the property valuation administrator,**  
27           **except as provided in KRS 132.601(2).**

- 1        (d) A district board of education shall not be subject to this subsection.
- 2        (6) (a) 1. The PVA compensation fund is hereby established as a separate  
 3                revolving fund in the State Treasury. The fund shall consist of  
 4                amounts transferred to the fund pursuant to subsection (6) of Section  
 5                1 of this Act and paragraph (b) of this subsection.
- 6                2. The fund shall be administered by the department.
- 7                3. Moneys in the fund shall be used by the department to compensate  
 8                property valuation administrators and all approved deputies and  
 9                assistants. The compensation shall include employee benefits and the  
 10                employer's share of FICA and state retirement.
- 11                4. At the close of the fiscal year, a reserve amount equal to six (6)  
 12                months of predicted total expenses needed for the compensation  
 13                requirements described in subparagraph 3. of this paragraph shall not  
 14                lapse, but shall be carried forward into the next fiscal year. Any  
 15                amount in excess shall lapse to the general fund.
- 16                5. Any interest earnings of the fund shall become a part of the fund.
- 17                6. Moneys deposited in the fund are hereby appropriated for the  
 18                purposes set forth in this subsection and shall not be appropriated or  
 19                transferred by the General Assembly for any other purposes.
- 20        (b) Beginning with the 2018-2019 fiscal year and each fiscal year thereafter,  
 21                revenues generated from the two and six-tenths cents (\$0.026) increase in  
 22                the state real property tax rate as established by subsection (6) of Section 1  
 23                of this Act, shall be deposited in the fund created by paragraph (a) of this  
 24                subsection, to be used for the purposes set forth in paragraph (a) 3. of this  
 25                subsection.

26        ➔Section 3. KRS 132.200 is amended to read as follows:

27        All property subject to taxation for state purposes shall also be subject to taxation in the

1 county, city, school, or other taxing district in which it has a taxable situs, except the class  
2 of property described in KRS 132.030 and the following classes of property, which shall  
3 be subject to taxation for state purposes only:

- 4 (1) Farm implements and farm machinery owned by or leased to a person actually  
5 engaged in farming and used in his *or her* farm operation;
- 6 (2) Livestock, ratite birds, and domestic fowl;
- 7 (3) Capital stock of savings and loan associations;
- 8 (4) Machinery actually engaged in manufacturing, products in the course of  
9 manufacture, and raw material actually on hand at the plant for the purpose of  
10 manufacture. The printing, publication, and distribution of a newspaper or operating  
11 a job printing plant shall be deemed to be manufacturing;
- 12 (5) (a) Commercial radio and television equipment used to receive, capture, produce,  
13 edit, enhance, modify, process, store, convey, or transmit audio or video  
14 content or electronic signals which are broadcast over the air to an antenna;  
15 (b) Equipment directly used or associated with the equipment identified in  
16 paragraph (a) of this subsection, including radio and television towers used to  
17 transmit or facilitate the transmission of the signal broadcast, but excluding  
18 telephone and cellular communications towers; and  
19 (c) Equipment used to gather or transmit weather information;
- 20 (6) Unmanufactured agricultural products. They shall be exempt from taxation for state  
21 purposes to the extent of the value, or amount, of any unpaid nonrecourse loans  
22 thereon granted by the United States government or any agency thereof, and except  
23 that cities and counties may each impose an ad valorem tax of not exceeding one  
24 and one-half cents (\$0.015) on each one hundred dollars (\$100) of the fair cash  
25 value of all unmanufactured tobacco and not exceeding four and one-half cents  
26 (\$0.045) on each one hundred dollars (\$100) of the fair cash value of all other  
27 unmanufactured agricultural products, subject to taxation within their limits that are

- 1 not actually on hand at the plants of manufacturing concerns for the purpose of  
2 manufacture, nor in the hands of the producer or any agent of the producer to whom  
3 the products have been conveyed or assigned for the purpose of sale;
- 4 (7) All privately owned leasehold interest in industrial buildings, as defined under KRS  
5 103.200, owned and financed by a tax-exempt governmental unit, or tax-exempt  
6 statutory authority under the provisions of KRS Chapter 103, except that the rate  
7 shall not apply to the proportion of value of the leasehold interest created through  
8 any private financing;
- 9 (8) Tangible personal property which has been certified as a pollution control facility as  
10 defined in KRS 224.1-300. In the case of tangible personal property certified as a  
11 pollution control facility which is incorporated into a landfill facility, the tangible  
12 personal property shall be presumed to remain tangible personal property for  
13 purposes of this subsection if the tangible personal property is being used for its  
14 intended purposes;
- 15 (9) Property which has been certified as an alcohol production facility as defined in  
16 KRS 247.910;
- 17 (10) (a) On and after January 1, 1977, the assessed value of unmined coal shall be  
18 included in the formula contained in KRS 132.590~~(4)(a)~~~~{(9)}~~ in determining  
19 the amount of county appropriation to the office of the property valuation  
20 administrator;
- 21 **(b) Beginning with the 2018-2019 fiscal year and each fiscal year thereafter,**  
22 **receipts from the assessment of unmined coal shall be included in the total**  
23 **receipts contained in KRS 132.590(5)(a) in determining the amount of**  
24 **special purpose governmental entity appropriation to the office of the**  
25 **property valuation administrator;**
- 26 (11) Tangible personal property located in a foreign trade zone established pursuant to  
27 19 U.S.C. sec. 81, provided that the zone is activated in accordance with the

- 1 regulations of the United States Customs Service and the Foreign Trade Zones  
2 Board;
- 3 (12) Motor vehicles qualifying for permanent registration as historic motor vehicles  
4 under the provisions of KRS 186.043. However, nothing herein shall be construed  
5 to exempt historical motor vehicles from the usage tax imposed by KRS 138.460;
- 6 (13) Property which has been certified as a fluidized bed energy production facility as  
7 defined in KRS 211.390;
- 8 (14) All motor vehicles:
- 9 (a) Held for sale in the inventory of a licensed motor vehicle dealer, including  
10 motor vehicle auction dealers, which are not currently titled and registered in  
11 Kentucky and are held on an assignment pursuant to the provisions of KRS  
12 186A.230;
- 13 (b) That are in the possession of a licensed motor vehicle dealer, including  
14 licensed motor vehicle auction dealers, for sale, although ownership has not  
15 been transferred to the dealer; and
- 16 (c) With a salvage title held by an insurance company;
- 17 (15) Machinery or equipment owned by a business, industry, or organization in order to  
18 collect, source separate, compress, bale, shred, or otherwise handle waste materials  
19 if the machinery or equipment is primarily used for recycling purposes as defined in  
20 KRS 139.010;
- 21 (16) New farm machinery and other equipment held in the retailer's inventory for sale  
22 under a floor plan financing arrangement by a retailer, as defined under KRS  
23 365.800;
- 24 (17) New boats and new marine equipment held for retail sale under a floor plan  
25 financing arrangement by a dealer registered under KRS 235.220;
- 26 (18) Aircraft not used in the business of transporting persons or property for  
27 compensation or hire if an exemption is approved by the county, city, school, or

- 1 other taxing district in which the aircraft has its taxable situs;
- 2 (19) Federally documented vessels not used in the business of transporting persons or  
3 property for compensation or hire or for other commercial purposes, if an  
4 exemption is approved by the county, city, school, or other taxing district in which  
5 the federally documented vessel has its taxable situs;
- 6 (20) Any nonferrous metal that conforms to the quality, shape, and weight specifications  
7 set by the New York Mercantile Exchange's special contract rules for metals, and  
8 which is located or stored in a commodity warehouse and held on warrant, or for  
9 which a written request has been made to a commodity warehouse to place it on  
10 warrant, according to the rules and regulations of a trading facility. In this  
11 subsection:
- 12 (a) "Commodity warehouse" means a warehouse, shipping plant, depository, or  
13 other facility that has been designated or approved by a trading facility as a  
14 regular delivery point for a commodity on contracts of sale for future delivery;  
15 and
- 16 (b) "Trading facility" means a facility that is designated by or registered with the  
17 federal Commodity Futures Trading Commission under 7 U.S.C. secs. 1 et  
18 seq. "Trading facility" includes the Board of Trade of the City of Chicago, the  
19 Chicago Mercantile Exchange, and the New York Mercantile Exchange;
- 20 (21) Qualifying voluntary environmental remediation property for a period of three (3)  
21 years following the Energy and Environment Cabinet's issuance of a No Further  
22 Action Letter or its equivalent, pursuant to the correction of the effect of all known  
23 releases of hazardous substances, pollutants, contaminants, petroleum, or petroleum  
24 products located on the property consistent with a corrective action plan approved  
25 by the Energy and Environment Cabinet pursuant to KRS 224.1-400, 224.1-405, or  
26 224.60-135, and provided the cleanup was not financed through a public grant  
27 program of the petroleum storage tank environmental assurance fund;

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

3 (a) "Biotechnology products" means those products that are applicable to the  
4 prevention, treatment, or cure of a disease or condition of human beings and  
5 that are produced using living organisms, materials derived from living  
6 organisms, or cellular, subcellular, or molecular components of living  
7 organisms. Biotechnology products does not include pharmaceutical products  
8 which are produced from chemical compounds;

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

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

15 (23) Recreational vehicles held for sale in a retailer's inventory.

16 ➔Section 4. KRS 132.645 is amended to read as follows:

17 (1) The property valuation administrator of each county shall be paid from the State  
18 Treasury each month as provided in KRS 132.590.

19 (2) Deputies, other authorized personnel, and other authorized expenditures of the  
20 property valuation administrator's office shall be paid from the State Treasury  
21 monthly as approved by the department~~[of Revenue]~~ as provided in KRS  
22 132.590~~(1)(b)~~~~(2)~~.

23 ➔Section 5. The following KRS section is repealed:

24 132.635 Application of KRS 132.590 and 132.630 to urban-county governments and  
25 consolidated local governments.