

1 AN ACT relating to motor vehicle usage tax.

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

3 ➔Section 1. KRS 138.470 is amended to read as follows:

4 There is expressly exempted from the tax imposed by KRS 138.460:

- 5 (1) (a) Motor vehicles titled or registered to the United States, or to the
6 Commonwealth of Kentucky or any of its political subdivisions; and
- 7 (b) The gross rental or lease charges for the rental or lease of a motor vehicle paid
8 by the United States, or the Commonwealth of Kentucky or any of its political
9 subdivisions;
- 10 (2) Motor vehicles titled or registered to institutions of purely public charity and
11 institutions of education not used or employed for gain by any person or
12 corporation;
- 13 (3) Motor vehicles which have been previously titled in Kentucky on or after July 1,
14 2005, or previously registered and titled in any state or by the federal government
15 when being sold or transferred to licensed motor vehicle dealers for resale. The
16 motor vehicles shall not be leased, rented, or loaned to any person and shall be held
17 for resale only;
- 18 (4) (a) Motor vehicles sold by or transferred from dealers registered and licensed in
19 compliance with the provisions of KRS 186.070 and KRS 190.010 to 190.080
20 to:
- 21 1. Members of the Armed Forces on duty in this Commonwealth under
22 orders from the United States government; or
- 23 2. *Members of the Kentucky National Guard or Reserve Component; or*
- 24 (b) *Motor vehicles brought into the Commonwealth that were sold by or*
25 *transferred from a licensed motor vehicle dealer in another state to a*
26 *member of the Armed Forces on duty in this Commonwealth under orders*
27 *from the United States government while that person was assigned to*

1 *temporary duty in that other state;*

- 2 (5) Commercial motor vehicles, excluding passenger vehicles having a seating capacity
3 for nine (9) persons or less, owned by nonresident owners and used primarily in
4 interstate commerce and based in a state other than Kentucky which are required to
5 be registered in Kentucky by reason of operational requirements or fleet proration
6 agreements and are registered pursuant to KRS 186.145;
- 7 (6) Motor vehicles titled in Kentucky on or after July 1, 2005, or previously registered
8 in Kentucky, transferred between husband and wife, parent and child, stepparent
9 and stepchild, or grandparent and grandchild;
- 10 (7) Motor vehicles transferred when a business changes its name and no other
11 transaction has taken place or an individual changes his or her name;
- 12 (8) Motor vehicles transferred to a corporation from a proprietorship or limited liability
13 company, to a limited liability company from a corporation or proprietorship, or
14 from a corporation or limited liability company to a proprietorship, within six (6)
15 months from the time that the business is incorporated, organized, or dissolved, if
16 the transferor and the transferee are the same business entity except for a change in
17 legal form;
- 18 (9) Motor vehicles transferred by will, court order, or under the statutes covering
19 descent and distribution of property, if the vehicles were titled in Kentucky on or
20 after July 1, 2005, or previously registered in Kentucky;
- 21 (10) Motor vehicles transferred between a subsidiary corporation and its parent
22 corporation if there is no consideration, or nominal consideration, or in sole
23 consideration of the cancellation or surrender of stock;
- 24 (11) Motor vehicles transferred between a limited liability company and any of its
25 members, if there is no consideration, or nominal consideration, or in sole
26 consideration of the cancellation or surrender of stock;
- 27 (12) The interest of a partner in a motor vehicle when other interests are transferred to

1 him or her;

2 (13) Motor vehicles repossessed by a secured party who has a security interest in effect
3 at the time of repossession and a repossession affidavit as required by KRS
4 186.045(6). The reposessor shall hold the vehicle for resale only and not for
5 personal use, unless he or she has previously paid the motor vehicle usage tax on
6 the vehicle;

7 (14) Motor vehicles transferred to an insurance company to settle a claim. These
8 vehicles shall be junked or held for resale only;

9 (15) Motor carriers operating under a charter bus certificate issued by the Transportation
10 Cabinet under KRS Chapter 281;

11 (16) (a) 1. Motor vehicles registered under KRS 186.050 that have a declared gross
12 vehicle weight with any towed unit of forty-four thousand and one
13 (44,001) pounds or greater; and

14 2. Farm trucks registered under KRS 186.050(4) that have a declared gross
15 vehicle weight with any towed unit of forty-four thousand and one
16 (44,001) pounds or greater.

17 (b) To be eligible for the exemption established in paragraph (a) of this
18 subsection, motor vehicles shall be registered at the appropriate range for the
19 declared gross weight of the vehicle established in KRS 186.050(3)(b) and
20 shall be prohibited from registering at a higher weight range. If a motor
21 vehicle is initially registered in one (1) declared gross weight range and
22 subsequently is registered at a declared gross weight range lower than forty-
23 four thousand and one (44,001) pounds, the person registering the vehicle
24 shall be required to pay the county clerk the usage tax due on the vehicle
25 unless the person can provide written proof to the clerk that the tax has been
26 previously paid;

27 (17) Motor vehicles transferred to a trustee to be held in trust, or from a trustee to a

1 beneficiary of the trust, if a direct transfer from the grantor of the trust to all
2 individual beneficiaries of the trust would have qualified for an exemption from the
3 tax pursuant to subsection (6) or (9) of this section;

4 (18) Motor vehicles transferred to a trustee to be held in trust, if the grantor of the trust is
5 a natural person and is treated as the owner of any portion of the trust for federal
6 income tax purposes under the provisions of 26 U.S.C. secs. 671 to 679;

7 (19) Motor vehicles transferred from a trustee of a trust to another person if:

8 (a) The grantor of the trust is a natural person and is treated as the owner of any
9 portion of the trust for federal income tax purposes under the provisions of 26
10 U.S.C. secs. 671 to 679; and

11 (b) A direct transfer from the grantor of the trust to the person would have
12 qualified for an exemption from the tax pursuant to subsection (6) or (9) of
13 this section; and

14 (20) Motor vehicles under a manufacturer's statement of origin in possession of a
15 licensed new motor vehicle dealer that are titled and transferred to a licensed used
16 motor vehicle dealer and held for sale.

17 ➔Section 2. This Act shall take effect July 1, 2023.