



# GENERAL ASSEMBLY

## COMMONWEALTH OF KENTUCKY

### 2011 REGULAR SESSION

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HOUSE BILL NO. 245

AS ENACTED

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FRIDAY, MARCH 4, 2011

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ELAINE N. WALKER  
SECRETARY OF STATE  
COMMONWEALTH OF KENTUCKY  
BY K. Adles

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) Motor vehicles titled or registered to the United States, or to the Commonwealth of  
6 Kentucky or any of its political subdivisions;
- 7 (2) Motor vehicles titled or registered to institutions of purely public charity and  
8 institutions of education not used or employed for gain by any person or  
9 corporation;
- 10 (3) Motor vehicles which have been previously titled in Kentucky on or after July 1,  
11 2005, or previously registered and titled in any state or by the federal government  
12 when being sold or transferred to licensed motor vehicle dealers for resale. The  
13 motor vehicles shall not be leased, rented, or loaned to any person and shall be held  
14 for resale only;
- 15 (4) Motor vehicles sold by or transferred from dealers registered and licensed in  
16 compliance with the provisions of KRS 186.070 and KRS 190.010 to 190.080 to  
17 nonresident members of the Armed Forces on duty in this Commonwealth under  
18 orders from the United States government;
- 19 (5) Commercial motor vehicles, excluding passenger vehicles having a seating capacity  
20 for nine (9) persons or less, owned by nonresident owners and used primarily in  
21 interstate commerce and based in a state other than Kentucky which are required to  
22 be registered in Kentucky by reason of operational requirements or fleet proration  
23 agreements and are registered pursuant to KRS 186.145;
- 24 (6) Motor vehicles titled in Kentucky on or after July 1, 2005, or previously registered  
25 in Kentucky, transferred between husband and wife, parent and child, stepparent  
26 and stepchild, or grandparent and grandchild;
- 27 (7) Motor vehicles transferred when a business changes its name and no other

- 1 transaction has taken place or an individual changes his or her name;
- 2 (8) Motor vehicles transferred to a corporation from a proprietorship or limited liability  
3 company, to a limited liability company from a corporation or proprietorship, or  
4 from a corporation or limited liability company to a proprietorship, within six (6)  
5 months from the time that the business is incorporated, organized, or dissolved, if  
6 *the transferor and the transferee are the same business entity except for a change*  
7 *in legal form*;
- 8 (9) Motor vehicles transferred by will, court order, or under the statutes covering  
9 descent and distribution of property, if the vehicles were titled in Kentucky on or  
10 after July 1, 2005, or previously registered in Kentucky;
- 11 (10) Motor vehicles transferred between a subsidiary corporation and its parent  
12 corporation if there is no consideration, or nominal consideration, or in sole  
13 consideration of the cancellation or surrender of stock;
- 14 (11) Motor vehicles transferred between a limited liability company and any of its  
15 members, if there is no consideration, or nominal consideration, or in sole  
16 consideration of the cancellation or surrender of stock;
- 17 (12) The interest of a partner in a motor vehicle when other interests are transferred to  
18 him;
- 19 (13) Motor vehicles repossessed by a secured party who has a security interest in effect  
20 at the time of repossession and a repossession affidavit as required by KRS  
21 186.045(6). The reposessor shall hold the vehicle for resale only and not for  
22 personal use, unless he has previously paid the motor vehicle usage tax on the  
23 vehicle;
- 24 (14) Motor vehicles transferred to an insurance company to settle a claim. These vehicles  
25 shall be junked or held for resale only;
- 26 (15) Motor carriers operating under a charter bus certificate issued by the Transportation  
27 Cabinet under KRS Chapter 281;

1 (16) (a) 1. Motor vehicles registered under KRS 186.050 that have a declared gross  
 2 vehicle weight with any towed unit of forty-four thousand and one  
 3 (44,001) pounds or greater; and

4 2.[(17)] Farm trucks registered under KRS 186.050(4) that have a declared  
 5 gross vehicle weight with any towed unit of forty-four thousand and one  
 6 (44,001) pounds or greater; ~~[and]~~

7 (b) [(18)] ~~[In order]~~ To be eligible for the exemption established in paragraph (a)  
 8 of this subsection ~~[subsections (16) and (17) of this section]~~, motor vehicles  
 9 shall be ~~[required to be]~~ registered at the appropriate range for the declared  
 10 gross weight of the vehicle established in KRS 186.050(3)(b) and shall be  
 11 prohibited from registering at a higher weight range. If a motor vehicle is  
 12 initially registered in one (1) declared gross weight range and subsequently is  
 13 registered at a declared gross weight range lower than forty-four thousand and  
 14 one (44,001) pounds, the person registering the vehicle shall be required to  
 15 pay the county clerk the usage tax due on the vehicle unless the person can  
 16 provide written proof to the clerk that the tax has been previously paid;

17 (17) Motor vehicles transferred to a trustee to be held in trust, or from a trustee to a  
 18 beneficiary of the trust, if a direct transfer from the grantor of the trust to all  
 19 individual beneficiaries of the trust would have qualified for an exemption from  
 20 the tax pursuant to subsection (6) or (9) of this section;

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

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

26 (a) The grantor of the trust is a natural person and is treated as the owner of  
 27 any portion of the trust for federal income tax purposes under the

1           provisions of 26 U.S.C. secs. 671 to 679; and  
2           (b) A direct transfer from the grantor of the trust to the person would have  
3           qualified for an exemption from the tax pursuant to subsection (6) or (9) of  
4           this section.

5           ➔ Section 2. This Act takes effect August 1, 2011.

*Engel St-60*

Speaker-House of Representatives

*[Signature]*

President of Senate

Attest:

*Sean C. Burgin*

Chief Clerk of House of Representatives

Approved

*[Signature]*

Governor

Date

*3-16-11*