GENERAL ASSEMBLY
COMMONWEALTH OF KENTUCKY

2015 REGULAR SESSION

HOUSE BILL NO. 378

THURSDAY, FEBRUARY 26, 2015

The following bill was reported to the Senate from the House and ordered to be printed.

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ALISON LUNDERGAN GRIMES
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY K. Adler

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 in
7 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 repossessor 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. Farm trucks registered under KRS 186.050(4) that have a declared gross
5 vehicle weight with any towed unit of forty-four thousand and one
6 (44,001) pounds or greater;
7 (b) To be eligible for the exemption established in paragraph (a) of this
8 subsection, motor vehicles shall be registered at the appropriate range for the
9 declared gross weight of the vehicle established in KRS 186.050(3)(b) and
10 shall be prohibited from registering at a higher weight range. If a motor
11 vehicle is initially registered in one (1) declared gross weight range and
12 subsequently is registered at a declared gross weight range lower than forty-
13 four thousand and one (44,001) pounds, the person registering the vehicle
14 shall be required to pay the county clerk the usage tax due on the vehicle
15 unless the person can provide written proof to the clerk that the tax has been
16 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 the
20 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 trust is
22 a natural person and is treated as the owner of any portion of the trust for federal
23 income tax purposes under the provisions of 26 U.S.C. secs. 671 to 679;
24 (19) Motor vehicles transferred from a trustee of a trust to another person if:
25 (a) The grantor of the trust is a natural person and is treated as the owner of any
26 portion of the trust for federal income tax purposes under the provisions of 26
27 U.S.C. secs. 671 to 679; and

1 (b) A direct transfer from the grantor of the trust to the person would have
2 qualified for an exemption from the tax pursuant to subsection (6) or (9) of
3 this section; and
4 (20) Motor vehicles under a manufacturer's statement of origin in possession of a
5 licensed new motor vehicle dealer that are titled and transferred to a licensed used
6 motor vehicle dealer and held for sale.

Speaker-House of Representatives

President of Senate

Attest: Chief Clerk of House of Representatives

Approved Governor

Date 3/30/15