AN ACT relating to taxation and declaring an emergency.

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

➔Section 1. KRS 132.810 is amended to read as follows:

(1) To qualify under the homestead exemption provision of the Constitution, each person claiming the exemption shall file an application with the property valuation administrator of the county in which the applicant resides, on forms prescribed by the department. The assessed value of property on which homestead exemption is claimed shall not be increased because of valuation expressed on the application form filed with the property valuation administrator, and whenever it becomes known that the valuation of property subject to the homestead tax exemption has been increased because of valuation expressed on the application form, adjustment shall be made the following year so that the total tax paid by the taxpayer is the same as if the increase had not been made.

(2) (a) Every person filing an application for exemption under the homestead exemption provision must be sixty-five (65) years of age or older during the year for which application is made or must have been classified as totally disabled under a program authorized or administered by an agency of the United States government or by any retirement system either within or without the Commonwealth of Kentucky on January 1 of the year in which application is made.

(b) Every person filing an application for exemption under the homestead exemption provision must own and maintain the property for which the exemption is sought as his ***or her*** personal residence.

(c) Every person filing an application for exemption under the disability provision of the homestead exemption must have received disability payments pursuant to the disability and must maintain the disability classification for the entirety of the particular taxation period.

(d) 1. Every person filing for the homestead exemption who is totally disabled and is less than sixty-five (65) years of age must apply for the homestead exemption ***and document the disability at the time of application.***

***2. Once a person has been approved to receive the homestead exemption, the person shall not be required to reapply for the exemption in future years unless there is a change in the person's disability status***[~~on an annual basis, except as provided by subparagraph 2. of this paragraph.~~

~~2. a. A service-connected totally disabled veteran of the United States Armed Forces; or~~

~~b. A totally and permanently disabled individual found disabled under:~~

~~i. The applicable rules of the Social Security Administration;~~

~~ii. The applicable rules of the Kentucky Retirement Systems; or~~

~~iii. Any other provision of the Kentucky Revised Statutes;~~

~~shall document the disability at the time of application for the homestead exemption and shall not be required to apply for the homestead exemption on an annual basis~~].

(e) 1. Only one (1) exemption per residential unit shall be allowed even though the resident may be sixty-five (65) years of age and also totally disabled, and regardless of the number of residents sixty-five (65) years of age or older occupying the unit.

2. The sixty-five hundred dollars ($6,500) exemption provided in Section 170 of the Constitution of Kentucky shall be construed to mean sixty-five hundred dollars ($6,500) in terms of the purchasing power of the dollar in 1972.

3. Every two (2) years thereafter, if the cost of living index of the United

States Department of Labor has changed as much as one percent (1%), the maximum exemption shall be adjusted accordingly.

(f) The real property may be held by legal or equitable title, by the entireties, jointly, in common, as a condominium, or indirectly by the stock ownership or membership representing the owner's or member's proprietary interest in a corporation owning a fee or a leasehold initially in excess of ninety-eight (98) years. The exemption shall apply only to the value of the real property assessable to the owner or, in case of ownership through stock or membership in a corporation, the value of the proportion which his ***or her*** interest in the corporation bears to the assessed value of the property.

(g) A mobile home, recreational vehicle, when classified as real property as provided for in KRS 132.751, or a manufactured house shall qualify as a residential unit for purposes of the homestead exemption provision.

(h) When title to property which is exempted, either in whole or in part, under the homestead exemption is transferred, the owner, administrator, executor, trustee, guardian, conservator, curator, or agent shall report ***the***[~~such~~] transfer to the property valuation administrator.

(3) Notwithstanding any statutory provisions to the contrary, the provisions of this section shall apply to the assessment and taxation of property under the homestead exemption provision for state, county, city, or special district purposes.

(4) (a) The homestead exemption for disabled persons shall terminate whenever those persons no longer meet the total disability classification at the end of the taxation period for which the homestead exemption has been granted. In no case shall the exemption be prorated for persons who maintained the total disability classification at the end of the taxation period.

(b) Any totally disabled person granted the homestead exemption under the disability provision shall report any change in disability classification to the property valuation administrator in the county in which the homestead exemption is authorized.

(c) Any person making application and qualifying for the homestead exemption before payment of his ***or her*** property tax bills for the year in question shall be entitled to a full or partial exoneration, as the case may be, of the property tax due to reflect the taxable assessment after allowance for the homestead exemption.

(d) Any person making application and qualifying for the homestead exemption after property tax bills have been paid shall be entitled to a refund of the property taxes applicable to the value of the homestead exemption.

(5) In this section, "taxation period" means the period from January 1 through December 31 of the year in which application is made, unless the person maintaining the classification dies before December 31, in which case "taxation period" means the period from January 1 to the date of death.

➔SECTION 2. A NEW SECTION OF KRS CHAPTER 140 IS CREATED TO READ AS FOLLOWS:

***The taxes imposed by this chapter shall only apply to deaths occurring prior to the effective date of this Act.***

➔Section 3. The following KRS sections are repealed:

140.130 Levy of estate tax -- Computation -- Payment -- Administration.

140.140 Payment of estate tax under protest -- Action to recover -- Refund.

➔Section 4. Whereas citizens of the Commonwealth are impacted by the imposition of inheritance and estate taxes, an emergency is declared to exist, and Sections 2 and 3 of this Act take effect upon its passage and approval by the Governor or upon its otherwise becoming a law.