

Information for Ad Valorem Exemptions for Bank Deposits

Bank deposits in Kentucky are subject to ad valorem taxation under Kentucky Revised Statute (KRS) 136.575. Exempted from this taxation are deposits from institutions specified in Section 1 of the statute:

As used in this section, "deposits" means all demand and time deposits, excluding deposits of the United States government, state and political subdivisions, other financial institutions, public libraries, educational institutions, religious institutions, charitable institutions, and certified and officers' checks. -KRS 136.575(1)

Of the institutions listed, deposits of religious and charitable institutions should be closely reviewed to ensure they meet the ad valorem guidelines for the exemption. **A charitable or religious institution does not automatically qualify for the state bank deposit exemption solely because it is organized as a non-profit corporation or similar entity.** The deposits must be held by the institution in question itself, or held in trust, or subject to a legally enforceable obligation for that institution's use and benefit. The predominant purposes and activities of the institution must be charitable or religious in nature. Charitable or religious institutions would include those approved for an ad valorem exemption based upon their status as an institution of purely public charity or religious institution. Deposits of a nonprofit institution that is affiliated with or serves as an adjunct of an institution of purely public charity or religious institution and performs services or functions in furtherance of the charitable or religious purpose of the charitable or religious institution may also qualify for the exclusion.

Organizations exempt from federal income tax under Section 501(c) are not automatically exempt from Kentucky property tax. All organizations to be exempted from ad valorem taxation should complete Revenue Form 62A023, Application for Exemption from Property Taxation. Visit the DOR's web site at www.revenue.ky.gov to download the exemption form.

The following list is provided as a general reference of exempt and non-exempt organizations subject to state and local property taxation. The list is not intended to be all-inclusive. For more information, contact the Public Service Section at (502) 564-8175 for assistance.

EXEMPT BANK DEPOSIT EXAMPLES

American Red Cross
Boy Scouts and Girl Scouts
Government units, local, state, and federal
Nonprofit institutions of education such as public and private schools, universities and colleges
Institutions of religion
Non-profit institutions providing assistance to the elderly or handicapped persons
Non-profit hospitals
Non-profit medical laboratory performing services for a nonprofit tax exempt hospital
Perpetual Cemetery Funds
Public libraries
Salvation Army
Society for the Prevention of Cruelty to Animals
Wildlife Sanctuaries
YMCA and YWCA

TAXABLE BANK DEPOSIT EXAMPLES

Auto clubs	Political parties and campaign organizations, union groups
Class Alumni Associations and Reunions	Private lodges, retreats
Civic clubs, social, professional groups	Private scholarships
Fraternal and Benevolent Organizations	Private trusts, foundations, and charities
Homeowner/neighborhood associations	Recreational clubs, groups, sports clubs, and charities
Lobbying groups, labor unions	