

GUIDELINES FOR ADMINISTERING THE HOMESTEAD EXEMPTION



*COMMONWEALTH OF KENTUCKY
DEPARTMENT OF REVENUE
OFFICE OF PROPERTY VALUATION*

UPDATED DECEMBER, 2014

I. INTRODUCTION

Administering the homestead exemption - both for senior citizens and the totally disabled - is straightforward in most situations. However, there are an increasing number of cases where it is not clear if a homestead exemption should be granted. In an effort to assist property valuation administrators, (PVAs), the Office of Property Valuation has developed this handbook which illustrates what the proper actions should be in a number of unusual situations that have actually occurred.

II. THE LAW

The homestead exemption is governed by Section 170 of Kentucky's Constitution. The specific constitutional language is as follows:

...real property maintained as the permanent residence of the owner, who is sixty-five years of age or older, or is 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, provided the property owner received disability payments pursuant to such disability classification for the entirety of the particular taxation period, and has filed with the appropriate local assessor by December 31 of the taxation period, on forms provided therefore, a signed statement indicating continuing disability as provided herein made under penalty of perjury, up to the assessed valuation of sixty-five hundred dollars on said residence and contiguous real property, except for assessment for special benefits. The real property may be held by legal or equitable title, by the entirety, 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 years. The exemptions 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 interest in the corporation bears to the assessed value of the property.

The constitutional language authorizing this exemption is restated in KRS 132.810. This statute also provides for adjusting the exemption amount every two years to reflect the increase in the cost of living and it addresses other administrative functions associated with granting a homestead exemption. The statute reads as follows:

132.810 Homestead exemption -- Application -- Qualification.

- (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 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 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 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 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 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

III. HISTORY OF THE HOMESTEAD EXEMPTION

As stated in the Constitution, the amount of the homestead exemption was originally set at \$6,500. When the exemption provisions were set out in the statutes, a section was included which authorizes the exemption amount to be increased every two years to reflect the increase in the cost of living index used by the United States Department of Labor. This adjustment is made by the Office of Property Valuation in every odd numbered assessment year. The exemption amount for the past several years is as follows:

2001-2002	26,800
2003-2004	28,000
2005-2006	29,400
2007-2008	31,400
2009-2010	33,700
2011-2012	34,000
2013-2014	36,000
2015-2016	36,900

IV. BASIC PROVISIONS OF THE HOMESTEAD EXEMPTION
(OTHERWISE KNOWN AS TRANSLATING THE LAW INTO
ENGLISH)

A taxpayer who is at least sixty-five years of age is eligible for a homestead exemption for property that is owned and maintained as his or her permanent residence. Taxpayers who are younger than sixty-five may also receive an exemption if they meet all of the following requirements:

- 1) The taxpayer must both own and maintain the property as his or her permanent residence;
- 2) The taxpayer must have been classified as totally disabled under a program authorized or administered by the Federal Government or by any other retirement system - it does not matter if the retirement system is located in Kentucky or outside the state - on January 1

- for the year in which the application is made and maintain the disability classification through December 31; and
- 3) The taxpayer must be receiving disability payments pursuant to that disability classification;

If the applicant is a service connected totally disabled veteran of the United States Armed Forces or if the applicant has been found to be totally disabled under the applicable rules of the Social Security Administration, the Kentucky Retirement Systems or any other provision of the Kentucky Revised Statutes, all documentation supporting the disability exemption must be provided at the time of the initial application, but there will no longer be a requirement to reapply for the exemption annually. Applicants classified as totally disabled under private plans or through another State's plan must continue to file for the disability exemption by December 31 of each year in the PVA office.

The most common Federal program by which a taxpayer will obtain a totally disabled classification is Social Security/SSI. Other Federal programs that may be encountered include those administered by the Veterans Administration and the Tennessee Valley Authority. A common non-Federal program that you will encounter that now qualifies a taxpayer for a disability exemption is the Teachers' Retirement System. However, remember that disability payments from any type of retirement system - both publicly and privately sponsored - will qualify the taxpayer for the exemption.

A common misconception is that the exemption will totally eliminate the property tax liability for a senior citizen or totally disabled property owner. If the assessed value of the property in question exceeds the homestead exemption amount, property taxes will be due on the assessment remaining after deducting the exemption amount. This is illustrated in the following example:

2015 Assessed Value of Property	85,000
2015 Homestead Exemption	36,900
Balance Upon Which Property Taxes Will Be Due	48,100

V. APPLICATION PROCESS

An initial application form must be completed by all taxpayers desiring to receive a homestead exemption. Revenue Form 62A350 is provided for this purpose. For taxpayers who are at least sixty-five years of age, the application must be accompanied by documentation which verifies their age. Examples of acceptable documentation include:

Medicare cards issued by Social Security;
 Birth certificates; and
 School records.

The back of the application form details a more complete list of primary and secondary sources for verifying the applicant's age. Upon approval of a homestead exemption based on age, it is not necessary to obtain another application form from the taxpayer.

The same form can be used by taxpayers applying for a disability homestead exemption for the first time. The initial application must be accompanied by documentation which shows the taxpayer meets all of the requirements mandated by the law. These requirements are listed on page 4 of this manual.

If the applicant is a service connected totally disabled veteran of the United States Armed Forces or if the applicant has been found to be totally disabled under the applicable rules of the Social Security Administration, the Kentucky Retirement Systems or any other provision of the Kentucky Revised Statutes, it is not necessary to require an annual re-application. For those applicants from whom an annual application is required, PVA offices can utilize a wide variety of practices in order to meet this requirement. **At a minimum**, a signed affidavit stating the property owner continues to be classified as totally disabled and has received payments pursuant to the disability for the entire year must be filed each year by December 31. A copy of the affidavit must be kept on file in the PVA office. An example of an affidavit is shown at the back of this manual.

VI. REFUNDS AND EXONERATIONS ASSOCIATED WITH THE HOMESTEAD EXEMPTION

Although for administrative purposes it is necessary to require a taxpayer to complete an application in order to receive a homestead exemption, the failure to apply for an exemption does not preclude a taxpayer from receiving a homestead exemption based on age. When it is discovered that a taxpayer would have been entitled to a homestead exemption because he or she turned sixty-five years old in a prior year, a refund of the prior year's taxes paid can be made. It is important to keep in mind that refunds are limited by KRS 134.590 to payments made within two years of the date of the refund application.

In addition, if the prior year's tax bills were delinquent and the taxpayer should have received an exemption, exonerations can be prepared which will effectively reduce or eliminate the taxpayer's delinquent liability. Unlike refunds, there is no two year limitation on exonerating delinquencies. Therefore, if a seventy year-old taxpayer has just applied for the exemption and the tax bills for the previous five years are delinquent, exonerations can be made for all five years.

It is important to note that refunds and exonerations cannot be done when the taxpayer is applying for a disability homestead exemption and it is discovered the exemption could have been granted in a prior year had an application been made. Since the Constitutional requirements for the disability exemption require an annual application, a disability exemption generally cannot be granted on a

retroactive basis. However, see situation #20 listed in the next section of this manual.

VII. UNUSUAL SITUATIONS INVOLVING THE HOMESTEAD EXEMPTION

As stated earlier in this handbook, most of the time it will be easy to determine whether or not an applicant is entitled to receive a homestead exemption. However, an unusual situation will be encountered on occasion where it will be unclear if the taxpayer should be granted an exemption. This section will examine several homestead exemption application cases that have unusual circumstances and provide a full explanation of the decisions reached.

Situation #1

Circumstances

A taxpayer has applied for and been granted a homestead exemption in a prior year. During the current year, the taxpayer is forced by health problems to enter a nursing home. The residence owned by the taxpayer remains vacant. Should the property owner continue to receive the exemption?

Decision and Discussion

As long as the property is considered the permanent residence of the taxpayer, the taxpayer will continue to be entitled to the exemption. As a general rule, if the property is not being rented, it is the Office of Property Valuation's position that the property can continue to be considered the permanent residence of the taxpayer on the presumption that the owner intends to return once his or her health improves. Therefore, a homestead exemption can continue to be granted.

If the property is being rented, then it cannot be considered to be the taxpayer's residence. When this is the case, the exemption must be rescinded.

Situation #2

Circumstances

A minor child is classified by a Federal program or any other retirement plan as totally disabled and disability payments are being received. If this child is listed as the owner of the property in question and the property serves as the child's permanent residence, can a disability exemption be granted?

Decision and Discussion

Since all of the legal requirements are met, it is the Office of Property Valuation's position that a disability exemption can be granted in this situation.

Situation #3

Circumstances

A property owner who is eligible to receive a regular homestead or disability exemption lives part-time in your county and part-time in another county. How do you determine which property's assessment should receive an exemption?

Decision and Discussion

An individual owning two or more residences can receive the exemption on only one home. To determine which property should have the exemption, the following information should be evaluated:

Where are the property owners' motor vehicles registered?;

Where is the property owner registered to vote?; and

How much time does the owner spend at each residence?

KRS 116.035 sets forth the requirements for determining a voter's residence:

- (1) A voter's residence shall be deemed to be at the place where his habitation is, and to which, when absent, he or she has the intention of returning;
- (2) A voter shall not lose his or her residence by absence for temporary purposes merely; nor shall he or she obtain a residence by being in a county or precinct for such temporary purposes, without the intention of making that county or precinct his or her home;
- (3) A voter shall lose his or her residence by removal to another state or county with intention to make his or her permanent residence there, or by removal to and residence in another state, with intention to reside there an indefinite time, or by voting there, even though he or she may have had the intention to return to this state at some future period;

- (4) The place where the family of a married person resides shall generally be considered his or her residence, unless the family so resides for a temporary purpose. If his family is permanently in one (1) place, and he or she transacts his business in another, the former shall be the residence.

Situation #4

Circumstances

An individual who would otherwise qualify for an exemption owns a home in your county; but, he or she also owns a home out-of-state. How do you determine if the home in Kentucky should receive an exemption?

Decision and Discussion

To evaluate this type of situation, information similar to that listed in Situation #3 should be obtained and reviewed. In addition, for this situation you should also find out what type of state income tax return the property owner files in Kentucky, (i.e. part-year resident, non-resident or a regular return). KRS 141.010(17) – an income taxation statute – defines “resident” as an individual domiciled within this state or an individual who is not domiciled within this state, but maintains a place of abode in this state and spends in the aggregate more than one hundred eighty-three (183) days of the taxable year in this state. Finally, it should be determined if the property owner is receiving a homestead exemption in another state. All of this information should allow a proper determination to be reached on whether or not to grant this exemption.

Situation #5

Circumstances

A husband and wife are both over 65 years old. The couple is separated, but not legally divorced. However, it can be established that each of them owns and maintains a separate residence. Would both of the residences be eligible to receive an exemption? What if the residences were jointly owned by the separated couple?

Decision and Discussion

If a separated husband and wife can establish that each of them owns and maintains a separate permanent residence they will both be entitled to the exemption. If the two properties are owned jointly by the couple they are still entitled to two exemptions so long as they can establish that each of them maintains a separate residence.

Situation #6

Circumstances

A property owner qualifies to receive a homestead exemption. However, he only owns a ½ fractional interest in the property. How should the exemption be applied in this instance?

Decision and Discussion

The exemption can only be applied against the property's assessment in an amount that is equal to the lesser of the actual exemption amount or the owner's ½ interest. For example, if the property's assessed value is \$40,000, the owner entitled to the exemption has an interest valued at \$20,000. Since this is less than the exemption amount, the exemption is limited to \$20,000. If the assessment of the property is \$80,000, the full exemption amount of \$36,900 can be applied since the exemption amount would be less than a ½ interest in the property.

The same guidelines would apply for other types of fractional interests.

Situation #7

Circumstances

If a person who would otherwise qualify for a homestead or disability exemption is purchasing property on an installment land sale contract, can the exemption be granted?

Decision and Discussion

An exemption can be granted in this situation. Section 170 of the Kentucky Constitution allows the exemption for real property held by legal or equitable title. Ownership by land contract is ownership by equitable title.

Situation #8

Circumstances

The property where a husband and wife reside is listed in the wife's name only on the deed. If the husband otherwise meets the requirements to receive a homestead or disability exemption can the exemption be granted?

Decision and Discussion

An exemption should **not** be granted in this situation. While the husband may have a dower interest in the residence, under KRS 392.020 this interest

comes to fruition only upon the death of the wife. Therefore, the exemption cannot be granted.

Situation #9

Circumstances

A property owner who is receiving a homestead or disability exemption sells the home that was owned on January 1 and purchases another home. How should the exemption be handled for that year?

Decision and Discussion

Since KRS 132.220 mandates that all real property is to be assessed as of January 1 each year, the exemption granted to the property owner in this situation should remain with the property owned on January 1. This is true for an exemption based on age as well as the exemption based on disability. But, the disabled recipient must continue to meet the classification requirement and be receiving payments throughout the year. The following year, the exemption should be transferred to the property that was purchased the previous year.

Situation #10

Circumstances

A property owner receiving the homestead exemption passes away during the year. Should the homestead exemption be applied to the property's assessment for that year? What if the property owner had been receiving a disability exemption?

Decision and Discussion

In accordance with KRS 132.810, the homestead exemption, whether based upon age or total disability, should be applied to the property's assessment in the year the owner passes away. The exemption would have to be removed from the property the following year.

Situation #11

Circumstances

A property owner receiving a homestead exemption deeds her property to her child; but retains a life estate in that property. Should the exemption continue to be applied to this property?

Decision and Discussion

Section 170 of the Constitution and KRS 132.810 do not define the term “owner”. The Kentucky Attorney General has concluded that the word “owner” may include interests less than fee simple absolute and would include a legal title in which the holder has the present right to possess, control, or enjoy the benefits of the land in question. Therefore, the homestead exemption can continue to be granted in this situation.

Situation #12

Circumstances

A property owner has been ruled to be totally disabled by Social Security; however, no disability payments are received since he did not work long enough to collect Social Security benefits. Can a disability exemption be granted?

Decision and Discussion

No exemption can be granted in this situation. Even though the property owner has been declared totally disabled, the Kentucky Constitution clearly requires the property owner to also receive payments pursuant to the disability classification.

Situation #13

Circumstances

A property owner that otherwise qualifies to receive a homestead exemption has not recorded the deed to the property being used as her personal residence. Should the exemption be granted?

Decision and Discussion

In Kentucky, there is no legal requirement that a deed be recorded to be legally valid. If the deed has been fully executed and delivered, it does not need to be recorded to pass title. Therefore, as long as the taxpayer can show that she is the legal owner of the property, the exemption can be granted.

Situation #14

Circumstances

A property owner has been classified as totally disabled by the Social Security Administration; however, the payments received pursuant to the disability are being received from a State agency. Should this property owner receive a disability exemption?

Decision and Discussion

The property owner in this situation would be entitled to receive a disability exemption. The Constitution requires that a property owner be classified as totally disabled by a Federal agency or any other retirement system and that the taxpayer receive disability payments pursuant to that classification. Therefore, it does not matter if one agency rules the applicant to be totally disabled and another agency makes the payments.

Situation #15

Circumstances

A property owner has been declared totally disabled by the Social Security Administration and otherwise qualifies to receive a disability exemption. However, it is the Social Security Administration's policy that the property owner must be disabled for five full consecutive months before they are entitled to receive disability payments. In this particular property owner's situation, he was classified as totally disabled on October 31; but his payments will not begin until April of the following year. Should this property owner be entitled to receive a disability exemption in the year his payments begin in April?

Decision and Discussion

An exemption can be granted for this situation as long as the property owner can prove that his disability classification was in effect on January 1. It should be noted that this type of situation has the chance to occur only during the first year a property owner qualifies for the disability exemption.

Situation #16

Circumstances

A property owner over the age of 65 rents an apartment in one county. She is registered to vote in that county and she has obtained her driver's license in that county. However, she owns property in another county and resides there throughout the summer and on weekends during the remainder of the year. The utilities are never discontinued and the property owner claims that this house is maintained as a permanent residence. Would this property owner be entitled to a homestead exemption?

Decision and Discussion

This situation is no different from any other problem concerning residence. In the above situation, the taxpayer does not meet the "permanent

residence” requirement. She is registered to vote in the county in which she rents, registers her vehicle in that county, and presumably files her income tax from that location. These acts demonstrate an intent to consider the county where she rents to be her permanent residence. Under these circumstances, she cannot be allowed the exemption.

Situation #17

Circumstances

A property owner has received a homestead exemption and his property’s assessment is totally offset by the exemption amount. However, he has property subject to a fire acres tax of three cents per acre. Should the exemption cover this amount as well? What about similar amounts levied on properties in watershed districts?

Decision and Discussion

Section 170 of the Constitution creates an exception to the homestead exemption for assessments for special benefits. KRS 132.010(15) defines special benefits as those which are provided by public works not financed through the general tax levy but through special assessments against the benefited property. Case law defines special benefits as those which increase the value of the land, or relieve it from a burden, or make it especially adapted to a purpose which enhances the value.

In the case of the fire acres tax, the taxpayer should be required to pay the three cent tax. KRS 149.520 established a statewide system for fire prevention. This system requires counties that receive state forest fire protection to annually pay a three cent per acre assessment on land designated as timberland. The three cent per acre tax goes into a special county forest fire protection fund. Under this system, owners of qualified land receive additional fire protection services. These services are the type which increase the value of the land by providing additional benefits to the respective owners.

The watershed district question must be answered by examining the funding mechanism for the particular district. These districts are funded in two distinct formats. First, watershed districts that are funded directly by the fiscal court would fall under general benefits which are not taxable. General benefits come from a fund maintained by the whole community. Second, the districts that raise their own revenue through the establishment of a separate taxing district would fall into the special benefit language of Section 170. This money would come directly from taxpayers enjoying the special benefit and not from a general tax fund which would meet the definition of “special benefits” found in KRS 132.010(15).

Situation #18

Circumstances

A couple receiving a homestead exemption transfers their property into a revocable trust. The couple is listed as the trustees of the trust. Should the homestead exemption continue to be applied to this property's assessment? What if the trust was irrevocable in nature?

Decision and Discussion

The couple transferring their property into a revocable trust would not lose their right to the homestead exemption provided they have the right to occupy and possess the property as their permanent residence during their lifetimes and they are in fact doing so. There is certainly nothing in Section 170 that requires the person seeking a homestead exemption own an estate in fee simple absolute to qualify, and the Constitutional language expressly allows for the holding of equitable title (i.e., in trust) to qualify. The trust document must be examined to see what legally enforceable rights the beneficiaries have.

If the trust is irrevocable in nature, the legal and equitable title to the real property has been transferred to the trust and this cannot be reversed. Since the original property owners have relinquished their ownership rights to the real property, no homestead exemption can be granted.

Situation #19

Circumstances

The owner of a permanent residence otherwise qualifies for the homestead exemption; but does not own the land upon which the improvement rests. Can a homestead exemption be applied against the assessment of the improvement?

Decision and Discussion

In Opinion of the Attorney General (OAG) 81-422 this situation was addressed. In this opinion it was determined that an exemption for the improvements could be allowed as long as the person seeking the exemption could establish that the property was used as his or her permanent residence. Keep in mind that no part of the exemption can be applied towards the assessment of the land.

Situation #20

Circumstances

A taxpayer has applied for a disability exemption but has not yet been declared totally disabled because his claim is in litigation. What procedures should be followed by both the taxpayer and the PVA?

Decision and Discussion

The taxpayer may file for the exemption with the PVA, but must establish that a disability claim has been made with a federal agency or any other retirement system and is pending in litigation. If the litigation period lasts longer than one year, the taxpayer should again apply for the disability exemption to protect his or her right to receive the exemption if the ruling in the litigation is favorable to the taxpayer. If the claim is ultimately upheld, a retroactive award of payments by the agency or retirement system will qualify the taxpayer for the disability exemption on a retroactive basis so long as he or she is awarded payments for the entire year. A refund of taxes to the taxpayer would have to be made in accordance with the two year limitations period in KRS 134.590. The taxpayer should apply for the refund of these taxes as he or she pays them. This represents the only circumstance under which a disability exemption can be granted on a retroactive basis.

Situation #21

Circumstances

A taxpayer turns 65 during the year and she owns property that is used as her personal residence as of January 1. Before she can make application for the homestead exemption, the taxpayer passes away. Can the executor of the estate file for the homestead exemption on behalf of the deceased taxpayer?

Decision and Discussion

Yes. A homestead exemption in this particular situation should be granted since the property in question was being maintained as the personal residence of a taxpayer who would have qualified for the exemption as of the assessment date. The property would not qualify for the exemption the following year unless the property is owned and maintained as a permanent residence by a subsequent owner who meets the exemption requirements.

Situation #22

Circumstances

A property owner has been classified as 70% disabled by the Department of Veterans Affairs. Can this homeowner be considered “totally disabled” so that a disability homestead exemption can be applied?

Decision and Discussion

According to information received from the Department of Veterans Affairs, an individual is considered permanently and totally disabled if a rating of at least 70% disabled has been assigned and the award letter states they have been granted “Individual Unemployability” status. Therefore, an applicant with this type of documentation can be granted a disability homestead exemption.

If the “Individual Unemployability” designation is not included in the award letter, then the Department of Veterans Affairs does not consider the individual to be totally disabled and no exemption can be granted by the property valuation administrator.

An example of a letter issued by the Department of Veterans Affairs is included in the appendix to this manual.

Situation #23

Circumstances

A property owner who otherwise qualifies for a homestead exemption is currently serving time in jail. Can the property owned by this applicant receive the exemption?

Decision and Discussion

It is the Office of Property Valuation’s position that a property owner who is serving time in jail cannot be considered to be maintaining the property as their permanent residence during their incarceration. The homestead exemption can be granted as of the January 1st assessment date following the property owner’s release from jail.

APPENDIX

**APPLICATION FOR EXEMPTION
UNDER THE HOMESTEAD/DISABILITY AMENDMENT**



Please print or type all requested information.

County _____ Date Submitted _____

Application is hereby made for the homestead exemption provided by Section 170 of the Kentucky Constitution.

1. Name(s) of owner-applicant(s) in whose name(s) title is vested: _____

2. Name of applicant(s)	Date of birth	Age	Sex	Relationship to other occupants
_____	_____	_____	_____	<input type="checkbox"/> Husband <input type="checkbox"/> Wife <input type="checkbox"/> Other _____
_____	_____	_____	_____	<input type="checkbox"/> Husband <input type="checkbox"/> Wife <input type="checkbox"/> Other _____
_____	_____	_____	_____	<input type="checkbox"/> Husband <input type="checkbox"/> Wife <input type="checkbox"/> Other _____

3. Address of personal residence _____
City _____ State _____ Zip Code _____

Description _____

Mailing address (if different from above) _____

Phone Number _____ Date of Ownership _____

4. Have you applied for, or are you receiving, the homestead exemption in a different location, county, or state?
 yes no If "yes", where? _____

5. Type of residential unit: single family residence duplex apartment building mobile home condominium
 other (describe) _____

6. Type of ownership: fee simple equitable title jointly with survivorship jointly in common by stock ownership or membership representing the owner's or member's proprietary interest in a multi-family structure

Note: Amount of exemption: If ownership is fee simple, equitable title, jointly with survivorship or jointly in common, applicant receives full exemption or up to the assessed value of his interest in the property, whichever is less. If ownership is by stock ownership or membership, the amount of exemption is full exemption or the percentage that the applicant's ownership bears to the total value of the property. (Example: Total value of the structure = \$50,000; applicant's stock ownership = 10%; exemption limit = \$5,000.)

AFFIDAVIT AND OATH

I, _____, hereby swear (affirm) under penalty of perjury that I (we) am (are) the owner(s) of the property for which this assessment exemption is sought and that I (we) do not or will not claim an exemption for any other property in this Commonwealth or another state. I further swear (affirm) that I (we) maintain this residential unit as my (our) primary residence; that I (we) am (are) 65 years of age or over, or totally disabled; and that all information contained in this application is true and correct.

If qualifying under the disability provision under KRS 132.810(2), I do further swear (affirm) under penalty of perjury that my disability is continuing and that if my disability status changes and benefits are no longer received I shall report such changes to the property valuation administrator's office as required by KRS 132.810(4)(b). Failure to do so could result in supplemental bills being issued for the amount of the exemption received for up to a period of five years.

Signature of Applicant

Date

Signature of Spouse

Date

RESERVED FOR OFFICIAL USE

This application is approved disapproved.

Map Number _____

Account Number _____

Property Valuation Administrator

Date

(See Explanation on Reverse)

EXPLANATION

1. This application-affidavit must be submitted by December 31st of the year in which exemption is sought to the property valuation administrator of the county in which the residential unit is located. In addition, the applicant must own, occupy and maintain the subject property as a taxable interest as of January 1 during the tax year for which the exemption is sought (in accordance with KRS 132.220(1)).

2. What does *homestead exemption* mean?

The homestead exemption allows a reduction in the assessed value of the owner's personal residence. The amount of the exemption is reviewed every two years. Under the provisions of the Homestead statute, a person or persons must be 65 years of age or older or totally disabled during the year for which application is made, and must own, occupy and maintain a residential unit for such exemption.

3. Age Requirement

A person or persons owning, living in and maintaining a residential unit must meet the 65 years of age requirement. If only one spouse is 65, the age requirement is met.

4. Verification of Age

Date of birth of the applicant(s) must be established by a substantiating document, such as:

1. Birth certificate* or birth registration*
2. Confirmation or baptismal records
3. Driver's License* or state issued photo ID*
4. Medical Assistance Card carrying an A or J prefix to Social Security Number
5. Passport*
6. Red, White and Blue Medicare Card issued by Social Security
7. School records

* primary documentation

5. Disability Requirements

A person must be 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. In addition, the following provisions must be met:

- A. The applicant must have maintained the disability classification for the entire year.
- B. The applicant must have received disability payments under this classification.
- C. Verification documentation must be submitted to the property valuation administrator by December 31 in the first year of eligibility.

6. Review of Applicants

At any time a Property Valuation Administrator may conduct a review of applications and may require an applicant to re-apply or submit proof of continuing disability and benefits received.

7. KRS 132.810(2)(h) provides, "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 such transfer to the property valuation administrator."

8. Fraudulent Misrepresentations

Under the provisions of KRS 132.990(1), "Any person who willfully fails to supply the property valuation administrator or the Department of Revenue with a complete list of his property and such facts with regard thereto as may be required or who violates any of the provisions of KRS 132.570 shall be fined not more than five hundred dollars (\$500)."

**SAMPLE AFFIDAVIT AND OATH FOR THE CONTINUATION
OF A DISABILITY HOMESTEAD EXEMPTION**

Comes _____, the Taxpayer

NAME OF APPLICANT

and/or owner of record of _____,

ADDRESS

County, Kentucky, _____, and after being duly sworn states

PARCEL ID

as follows:

1. That the taxpayer is and has been the owner of the above property and that he/she has maintained that property as his/her permanent residence during tax year _____.
2. The taxpayer further states that he/she has no other permanent residences.
3. The taxpayer further states that during the above tax year that he/she has maintained the same classification of total disability that he/she had on December 31, of the preceding tax year with

NAME OF THE PROGRAM OR RETIREMENT SYSTEM
4. The taxpayer has received payments throughout the tax year pursuant to the totally disabled classification.

WHEREFORE, the taxpayer petitions the _____ County Property Valuation

Administrator to continue his/her homestead disability benefits pursuant to KRS 132.810(1)

(c) for the above described residential property.

TAXPAYER SIGNATURE

The forgoing affidavit was subscribed and sworn to before me on this ____ day of _____, _____. By

NOTARY PUBLIC
STATE AT LARGE
MY COMMISSION EXPIRES _____



DEPARTMENT OF VETERANS AFFAIRS
Louisville Regional Office
321 West Main Street
Suite 390
Louisville KY 40202

October 10, 2012

John Doe

In Reply Refer To: 327/tjt
CSS xxx xx xxxx
DOE, John

To Whom It May Concern:

This is to certify that John Doe, has been rated as 70% disabled, has been granted Individual Unemployability by the U.S. Department of Veterans Affairs and has no future exams scheduled. Individual Unemployability pays at the 100% rate.

Sincerely yours,

Laura Kuerzi-Rodgers

Laura Kuerzi-Rodgers
Veterans Service Center Manager

Email us at: <https://iris.va.gov>

Combined percentage: 70

116.035 Determination of voter's residence.

The following rules, so far as applicable, shall be observed in determining the residence of a person offering to vote:

- (1) A voter's residence shall be deemed to be at the place where his or her habitation is, and to which, when absent, he or she has the intention of returning;
- (2) A voter shall not lose his or her residence by absence for temporary purposes merely; nor shall he or she obtain a residence by being in a county or precinct for such temporary purposes, without the intention of making that county or precinct his or her home;
- (3) A voter shall lose his or her residence by removal to another state or county with intention to make his or her permanent residence there, or by removal to and residence in another state, with intention to reside there an indefinite time, or by voting there, even though he or she may have had the intention to return to this state at some future period;
- (4) The place where the family of a married person resides shall generally be considered his or her residence, unless the family so resides for a temporary purpose. If his family is permanently in one (1) place, and he or she transacts business in another, the former shall be the residence.

Effective: July 15, 2002

History: Amended 2002 Ky. Acts ch. 63, sec. 2, effective July 15, 2002. -- Created 1974 Ky. Acts ch. 130, sec. 3, effective June 21, 1974.