

EXPLANATION

1. Section 172B of the Kentucky Constitution provides:

The General Assembly may provide by general law that the governing bodies of county, municipal, and urban-county governments may declare property assessment or reassessment moratoriums for qualifying units of real property for the purpose of encouraging the repair, rehabilitation, or restoration of existing improvements thereon. Prior to the enactment of any property assessment or reassessment moratorium program, the General Assembly shall provide or direct the local governing authority to provide property qualification standards for participation in the program and a limitation on the duration of any assessment or reassessment moratorium. In no instance shall any such moratorium extend beyond five years for any particular unit of real property and improvements thereon.

2. "Assessment or reassessment moratorium" means the act of deferring the value of the improvements from the taxable assessment of qualifying units of real property for a maximum period of five (5) years.

3. "Local Government" means a county, municipal, consolidated local government, or urban-county government.

4. Qualifying Units:

"Commercial Facility" – Any structure the primary purpose and use of which is the operation of a commercial business enterprise and which is twenty-five (25) years old or older.

"Existing Residential Building" – A residential building which has been in existence for at least twenty-five (25) years and use of which is to provide independent living facilities for one (1) or more persons.

5. "Effective Date" – The assessment or reassessment moratorium shall become effective on the assessment date next following the issuance of the moratorium certificate by the administering agency.

6. Procedure for Assessment or Reassessment Moratorium:

(a) An application shall be filed with the proper administering agency thirty (30) days prior to restoration or repair.

(b) Once the application is approved, it is sent to the property valuation administrator who will make an appraisal of subject property at its fair cash value as of the date of application.

(c) The applicant shall have two (2) years in which to complete the improvements unless granted an extension by the administering agency. In no case shall it be extended beyond two (2) additional years.

(d) Any application for a moratorium not acted upon shall be void two (2) years from the date of application and shall be removed from the files.

(e) The applicant shall notify the administering agency when the repair, rehabilitation, or restoration is completed.

(f) Once the administering agency is notified of completion, it shall conduct an on-site inspection of the subject property for purposes of verifying improvements and then shall issue the moratorium certificate to the applicant which will be good for five (5) years.

(g) Upon issuance of the moratorium certificate, the property valuation administrator will assess subject property at the value at which it was appraised when application was made. Subject property will be taxed at this value for a period of five (5) years only to those local governments that have adopted or created a moratorium program. (See "Effective Date")

7. An assessment or reassessment moratorium certificate may be transferred or assigned by the holder of the certificate to a new owner or lessee of the property.

8. Statutes which deal with assessment or reassessment moratorium include KRS Chapter 99, KRS 132.010, and KRS 132.190.