



# Roadmap to **KENTUCKY PROPERTY TAXES**

## *General Assessment Overview*

**Kentucky's assessment date is January 1.**

The Property Valuation Administration (PVA) office appraises all commercial and residential real estate properties at 100% of fair market value, and real estate renditions are not required.

Counties do not have a required set reappraisal schedule. However, the larger jurisdictions try to reappraise properties every four years or focus on a given class of properties each year.

Kentucky is a "point-of-sale" state, meaning assessments of all transactions that are deemed to be arm's length will go to 100% of the sales price for the tax year subsequent to the acquisition.

## *Assessment Notices*

Assessment notices are typically issued in early spring, usually at the end of March through mid-April. If a property's value changes from the previous year, the PVA is required to issue an assessment notice outlining the change in value.

## *Personal Property*

The personal property lien date is January 1. Property is assessed at 100% of fair market value, and returns are filed reporting furniture, equipment, and fixtures by year of acquisition. **Personal property returns are due May 15.**

Generally, leased property is taxed to the lessor. Leases, under generally accepted accounting principles (GAAP), are of two types: operating leases and capital leases.

The most common type of operating leases involves an owner who leases use of the property and consequently is responsible for paying the property tax.

On the other hand, capital leases are essentially an installment purchase device in which substantially all the benefits and risks inherent in the ownership of the property are transferred from lessor to lessee. Capital leases may also be known as "sales type" leases or "direct financing" leases.

Capital leases, like operating leases, are assessed to the owner regardless of who pays the taxes under the terms of the lease. Unpaid taxes are a lien against both the property and the owner.

## Property Tax Appeals

**Property owners have until the third Monday in May of each tax year to file an appeal.** However, a county may adjust this schedule if additional time is needed to perform a reassessment. Each county's inspection period schedule is required to be published in the local newspaper with the widest circulation. Appeals can be filed any given tax year.

The first appeal option is to contact the PVA office informally and **request a conference with the PVA or designated deputy or appraiser.** A conference allows property owners to discuss the valuation of their property and provide additional data to the appraiser about the unique aspects of the property being considered. This conference can often resolve valuation issues without the need to file a formal appeal. This step is a requirement in the appeals process.

Property owners dissatisfied with the outcome of the informal conference can file a **formal appeal to the County Clerk's Office.** This will prompt a hearing with the **Local Board of Assessment Appeals.**

The Local Board of Assessment Appeals consists of a three-member panel of local residents who are knowledgeable about real estate values in the county. The panel hears appeal evidence and provides an independent decision based on the information provided by the PVA and property owner.

In these appeals, the PVA's value is presumed correct, and the burden of proof is on the property owner. The outcome can result in your assessment decreasing, remaining unchanged, or potentially increasing.

The property owner will be notified by certified mail of the board's final decision. If the property owner still disagrees with the local board's ruling, an appeal can then be filed at the state level with the **Kentucky Board of Tax Appeals (KBTA).**

Appeals with the KBTA must be filed within 30 days from the mailing date of the ruling notice sent by the local board of assessment appeals. Hearings before the KBTA are more formal in nature, and legal representation is required for any artificial entity like a corporation or partnership.

To maintain the appeal, taxpayers must pay the undisputed portion of the tax bill and ensure no delinquent taxes have accrued, or risk having the appeal dismissed.

Additionally, the last levels of appeal beyond the KBTA are Kentucky Circuit Court, Kentucky Court of Appeals, and lastly the Kentucky Supreme Court.

## Tax Bills

Property taxes are calculated as follows: appraised value determined by the county PVA office, multiplied by the tax rate set by the various jurisdictions, equals taxes.

$$[\text{Value} \times \text{Tax Rate} = \text{Taxes}]$$

**Tax bills are normally issued around September 30 and are not delinquent until January 1 of the following year.**

However, a few county and city bills have due dates as early as November 1 and vary by jurisdiction.

## Kentucky Tax Calendar

### Real Estate

|                      |                     |
|----------------------|---------------------|
| Assessment Date      | Jan 1               |
| Value Notices Issued | Early - Mid Apr     |
| Appeal Deadline      | Third Monday in May |
| Tax Bills Issued     | Oct - Nov           |
| Tax Bills Due        | Nov 1 - Dec 31      |

### Personal Property

|                  |         |
|------------------|---------|
| Assessment Date  | Jan 1   |
| Tax Returns Due  | May 15  |
| Tax Bills Issued | Sept 30 |
| Tax Bills Due    | Dec 31  |