

**132.099 Local taxation of personal property held for shipment out of state --  
Definitions.**

- (1) The tax rate levied by cities, counties, charter counties, urban-counties, and school districts on personal property placed in a warehouse or distribution center for the purpose of subsequent shipment to an out-of-state destination shall be as follows:
  - (a) Eighty percent (80%) of the tax rate levied on other tangible personal property for tax assessments made on January 1, 2000; and
  - (b) Fifty percent (50%) of the tax rate levied on other tangible personal property for tax assessments made on January 1, 2001.
- (2) Personal property placed in a warehouse or distribution center for the purpose of subsequent shipment to an out-of-state destination shall be exempt from the ad valorem tax levied by cities, counties, charter counties, urban-counties, and school districts for tax assessments made on or after January 1, 2002.
- (3) Any fire district or other special taxing district may exempt from the ad valorem tax personal property placed in a warehouse or distribution center for the purpose of subsequent shipment to an out-of-state destination.
- (4) (a) As used in this subsection:
  1. "Affiliate" means a partnership, limited liability entity, corporation, or any other business entity that directly or indirectly owns or controls, or is owned or controlled by, or is under common ownership or control with, another partnership, limited liability entity, corporation, or other business entity;
  2. "Drug" means a compound, substance, or preparation and any component of a compound, substance, or preparation that is recognized in the official United States Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States, or official National Formulary, or a supplement to any of them, or is:
    - a. Intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in humans; or
    - b. Intended to affect the structure or any function of the human body; and
  3. "Pharmaceutical manufacturer" means any entity which is engaged in the production, preparation, propagation, compounding, conversion, or processing of drug products, either directly or indirectly by extraction from substances of natural origin, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis; but does not include a drug wholesaler or a retail pharmacy.
- (b) For assessments made on and after January 1, 2012, the maximum ad valorem tax rate that may be levied by any special taxing district on drugs held by a pharmaceutical manufacturer or by an affiliate of a pharmaceutical manufacturer in a warehouse or distribution center for the purpose of subsequent shipment to an out-of-state destination shall not exceed three cents (\$0.03) upon each one hundred dollars (\$100) of value. This subsection shall

not apply to any fire district.

- (5) For the purpose of this section, personal property shall be deemed to be held for shipment to an out-of-state destination if the owner can reasonably demonstrate that the personal property will be shipped out of state within the next six (6) months.

**Effective:** April 11, 2012

**History:** Amended 2012 Ky. Acts ch. 110, sec. 11, effective April 11, 2012. -- Created 2000 Ky. Acts ch. 274, sec. 3, effective July 14, 2000.