

**138.4605 Taxes on loaner or rental motor vehicles.**

- (1) A motor vehicle dealer who operates a service or repair component in his dealership may register a motor vehicle to be used exclusively as a loaner or rental motor vehicle to the customers of this service or repair department. The dealer may pay usage tax on the loaner or rental motor vehicle as provided in KRS 138.460, or, subject to the provisions of this section, may pay a usage tax of twenty-five dollars (\$25) per month on the loaner or rental motor vehicle.
- (2) A dealer shall pay the usage tax on a loaner or rental motor vehicle in the manner provided by KRS 138.460 unless the dealer shows to the satisfaction of the Department of Revenue that he is regularly engaged in the servicing or repair of motor vehicles and loans or rents the loaner or rental motor vehicle to a retail customer while the customer's motor vehicle is at the dealership for repair or service.
- (3) For a dealer to be eligible to pay the usage tax on a loaner or rental motor vehicle under this section, the dealer shall identify the motor vehicle as a loaner or rental motor vehicle to the Department of Revenue and shall maintain records, as required by the Department of Revenue, which show all uses of the loaner or rental motor vehicle.
- (4) The tax due under subsection (1) of this section shall be remitted to the Department of Revenue monthly on forms prescribed by and in accordance with administrative regulations promulgated by the department.
- (5) Failure of a motor vehicle dealer to remit the taxes applicable to a loaner or rental motor vehicle under this section shall be sufficient cause for the Department of Revenue to revoke the authority to use that motor vehicle as a loaner or rental motor vehicle and cause the usage tax on that motor vehicle to be due and payable in accordance with KRS 138.460 on the retail price of that motor vehicle when it was first registered as a loaner or rental motor vehicle.
- (6) A motor vehicle no longer covered under the loaner permit program shall be taxed in the same manner as motor vehicles under KRS 138.450(12) or (16).

**Effective:** July 12, 2006

**History:** Amended 2006 Ky. Acts ch. 252, Pt. XXXV, sec. 3, effective January 1, 2007; and ch. 251, sec. 5, effective July 12, 2006. -- Amended 2005 Ky. Acts ch. 85, sec. 387, effective June 20, 2005. -- Amended 2002 Ky. Acts ch. 26, sec. 2, effective July 15, 2002. -- Created 1998 Ky. Acts ch. 166, sec. 1, effective July 15, 1998.

**Legislative Research Commission Note (1/1/2007).** This section was amended by 2006 Ky. Acts chs. 251, sec. 5, and 252, Pt. XXXV, sec. 3, which are identical and have been codified together.