



## FINANCE AND ADMINISTRATION CABINET DEPARTMENT OF REVENUE

Frankfort, Kentucky 40602

### County Clerk Guidance for Recreational Vehicle Treatment For Application to Sales Transactions on or after July 1, 2023

House Bill 360 (Section 49) of the 2023 session changed the definition of a motor vehicle to include recreational vehicles. KRS 138.450(24) states: "Recreational vehicle" means any motor home, travel trailer, fifth-wheel trailer, pull-behind camper, or pop-up camping trailer, which: (a) Contains living quarters; and (b) Is required to be licensed for use on the public highways.

THEREFORE, THESE VEHICLES, EVEN IF NON-MOTORIZED, ARE NOW SUBJECT TO THE MOTOR VEHICLE USAGE TAX (MVU). Previously county clerks were only required to collect use tax on these vehicles when they were purchased out-of-state. Clerks will continue to collect the use tax on ATVs, boats, and other trailers (without living quarters) as they did before this law change.

Due to the scheduled release of KAVIS later this year, code changes will not be made in AVIS and also will not be available in the initial KAVIS release. Below are instructions on how to collect tax for vehicle types R and H (excluding mobile homes) until further system programming is complete.

The rules for MVU will now apply to all recreational vehicles (camping trailers).

- New: tax is based on affidavit or MSRP
- Used: tax is based on affidavit or Retail book value (as with motor homes currently, AVIS will not pull a value or calculate the floor)
- Trade credit will be allowed for camping trailers against a motor vehicle purchase.

All MVU exemptions are now applicable but use tax exemptions do not apply. See examples below:

- Occasional Sales use tax exemption in KRS Chapter 139 is no longer applicable.
- The parent to child exemption in KRS Chapter 138 is now applicable.
- Military exemption for members on duty in the Commonwealth will now apply.

The MVU codes will not work on these vehicle types. Use the guide below as a reference to substitute the U codes. Allow credit if customer shows proof that the 6% Kentucky sales tax was paid.

UU – AF, NW, 81, 90, N9, GT, RT, MN, OR, HD, PT	U5 – DA, DE, DR
U1 – PC, GP, HW	U8 – Credit for sales tax paid out-of-state (Attach copy of receipt)
U2 – KY, LO, US	UC – KT, MI, SC, TC
U3 – CO, NC, TU, WL	NA – UD
U4 – CR, CS, CH, ED, IN, MX, RD, RP	NS – Not applicable