

2011

Water Transportation Advisory Board



Commercial Watercraft Property Tax Administration

Lexington, KY
January 21st, 2011

Office of Property Valuation
Department of Revenue

General

- Today, there are more than 25,000 miles of navigable inland waterways in the US which serve as a vital part of our modern transportation infrastructure system. The overall system largely functions out of the public view.
- The Ohio basin accounts for 25% of the nation's waterborne commerce.
- The Commonwealth of Kentucky has more miles of navigable inland waterways than any other state in the union.
- Kentucky's waterways and intermodal riverport facilities play a very important role in the Commonwealth's economy.

Rivers of Kentucky





Navigable Waterways of Kentucky

- Ohio - 664.70 miles
- Big Sandy – 14.20 miles
- Cumberland – 74.70 miles
- Tennessee – 62.40 miles
- Green – 108.90 miles
- Kentucky – 65.00 miles
- Licking – 7.00 miles
- Mississippi – 71.30 miles



Our Objective

- The Department of Revenue, Office of Property Valuation, State Valuation Branch is responsible for the identification, assessment, taxation of all commercial watercraft conducting domestic commerce or related activity in, on and through the waterways of Kentucky.



Facts & Figures

Tax Year 2008

- 117 Taxpayers
- Total Kentucky Assessment Value = \$726,713,585

- State Tax Collected = \$3,270,211
- Local Tax Collected = \$6,770,447

- TOTAL TAX = \$10,040,658



Facts & Figures

Tax Year 2009

- 111 Taxpayers
- Total Kentucky Assessment Value = \$812,498,047

- State Tax Collected = \$3,656,240
- Local Tax Collected = \$7,677,587

- TOTAL TAX = \$11,333,827



House Bill 562

- Enacted 2005 – Effective January 1, 2006
- Established a centralized system of assessment, billing, collection and distribution of property taxes on non-resident commercial watercraft and common carrier bargelines.
- Simplified the allocation of local property taxes to the affected taxing jurisdictions



House Bill 350

- Enacted 2006 -- Effective January 1, 2008
- Expanded and modified existing statutes to provide a centralized system of assessment, billing, collection and distribution of property taxes on all commercial watercraft – both resident, nonresident and common carrier bargelines.
- Provided a 10 year hold harmless clause to prevent any revenue losses for local governments.



Current Governing Statutes

- KRS 136.1801 through KRS 136.1806

Statutory Highlights

- The assessment date is January 1, of each year.
- The **state rate** of taxation on watercraft is 45 cents per \$100 of assessment value.
- The **local rate** of taxation on watercraft is calculated annually as an aggregate weighted rate. The 2010 rate has been set at 96.568424 cents per \$100 of assessment value. The rate is comprised of 40 counties with 309 jurisdictions (schools, cities, and county-wide districts).



Statutory Highlights

- All owner/operators must file Revenue Form 61A207 Commercial Watercraft Property Tax Return each year by May 15th.
- No filing extensions are granted.
- Taxpayers must report all fleet vessels owned, leased, chartered, rented or used – the nationwide fleet.

Statutory Highlights

- The value of a taxpayers watercraft apportioned to Kentucky is determined by dividing the total Kentucky route miles by the total nationwide route miles traveled in all states the previous calendar year.
- The taxpayer is mailed an assessment notice each tax year and has 45 days to officially protest the assessment.
- A 2% payment discount is provided to the taxpayer for early payment.



Statutory Highlights

- Local taxes collected are distributed to each affected taxing jurisdiction based upon their pre-determined fractional portion.
- The DOR retains an administrative fee of 1% from the total local taxes collected.



Reportable Vessels

- All Self-Propelled & NonSelf-Propelled Vessels
 - Tow boats
 - Push boats
 - Barges
 - Tanker & Chemical Carriers
 - Ferry
 - Cruise & Excursion Vessels



Other Reportable Items


- Capitalized costs of major improvements and rebuilds
- Special cargo handling equipment added to the vessels
- Idle vessels – attributed to seasonal operation, repair or overhaul of equipment



Excluded Vessels

- Houseboats
- Fishing boats
- Pleasure boats

- Commercial dining boats
- Floating equipment used in construction projects
- Barges used to create floating docks and artificial barriers



Who is responsible for the assessment and taxation of the excluded vessels?

- All excluded vessels are subject to property taxation
- The local Property Valuation Administrator (PVA) is responsible for the assessment and taxation of these excluded vessels
- The proper reporting form is Revenue Form 62A500 Tangible Personal Property Tax Return



Real Property

- All real property owned or leased by a watercraft entity is subject to property taxation
- The local Property Valuation Administrator (PVA) is responsible for the assessment and taxation of all real property
- The taxpayer must report all real property to the PVA annually.

61A207(P)(11-10)

**COMMERCIAL WATERCRAFT
PERSONAL PROPERTY TAX RETURN
2011**



COMMONWEALTH OF KENTUCKY
OFFICE OF PROPERTY VALUATION
DEPARTMENT OF REVENUE



REPORT OF OWNED VESSELS IN YOUR POSSESSION

AS OF JANUARY 1, 2011

A

Page 1

Report all owned vessels (both available and operating) in your fleet as of January 1, 2011. Your entire fleet of vessels must be listed on this schedule regardless of their location or operating territory or whether the vessels operated on the waterways of Kentucky. If any of your owned vessels are in the possession of another person, entity, company, corporation or charterer as of January 1, 2011 you are required to complete Schedule 'B'. Complete all data fields shown without exception. If space is insufficient, use the continuation sheet. Computer generated schedules are acceptable if they contain all required data fields. NOTE: A listing of your owned vessels is available in a publication titled "Waterborne Transportation Lines of the United States Volume 3 Vessel Characteristics" produced by the US Army Corps of Engineers. Access to this document can be made at : <http://www.ndc.iwr.usace.army.mil/publications.htm>

NAME OF TAXPAYER _____

VESSEL NAME & NUMBER	COAST GUARD NUMBER	VESSEL TYPE <small>(See Category Reference list)</small>	MFG YEAR BUILT	YEAR ACQUIRED <small>Purchased</small>	ORIGINAL ACQUISITION COST <small>Purchase Price</small>	YEAR REBUILT	COST OF REBUILD	YEAR IMPROVED	COST of MAJOR IMPROVEMENTS
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TOTALS									

REPORT OF OWNED VESSELS - - IN POSSESSION OF OTHERS

AS OF JANUARY 1, 2011

B

Page 1

Report all owned vessels that are in possession of other persons, companies, corporations, operators, charterers as of January 1, 2011. Complete all data fields below without exception. If space is insufficient, use the continuation sheet. Computer generated schedules are acceptable if they contain all required data fields.

NAME OF TAXPAYER _____

	VESSEL NAME & NUMBER	COAST GUARD NUMBER	VESSEL TYPE (See Category Reference List)	MFG YEAR BUILT	YEAR ACQUIRED <i>Purchased</i>	ORIGINAL ACQUISITION COST <i>Purchase Price</i>	YEAR REBUILT	COST OF REBUILD	YEAR IMPROVED	COST of MAJOR IMPROVEMENTS	NAME OF ENTITY In POSSESSION as of January 1, 2011
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20											
	TOTALS										

REPORT OF NONOWNED VESSELS IN YOUR POSSESSION

AS OF JANUARY 1, 2011

C

Page 1

Report all non-owned vessels (both available and operating) in your possession as of January 1, 2011. This includes all short and long term leased vessels, bareboat charters and any other charters in which you take possession of the vessel. All of your non-owned vessels must be listed regardless of their location or operating territory or whether the vessels operated on the waterways of Kentucky. Complete all data fields shown without exception. Be aware that certain vessel data must be obtained from the actual owner. If space is insufficient, use the continuation sheet. Computer generated schedules are acceptable if they contain all required data fields.

NAME OF TAXPAYER _____

YOU MUST OBTAIN THIS DATA FROM ACTUAL OWNER(S)

VESSEL NAME & NUMBER	COAST GUARD NUMBER	VESSEL TYPE <small>(See Category Reference List)</small>	NAME & ADDRESS OF ACTUAL OWNER	ANNUALIZED \$ PAYMENT FOR VESSEL	MFG YEAR BUILT	YOU MUST OBTAIN THIS DATA FROM ACTUAL OWNER(S)					
						YEAR ACQUIRED <small>Purchased</small>	ORIGINAL ACQUISITION COST <small>Purchase Price</small>	YEAR REBUILT	COST OF REBUILD	YEAR IMPROVED	COST of MAJOR IMPROVEMENTS
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TOTALS											

VALUATION WORKSHEET

AS OF JANUARY 1, 2011

Name of Taxpayer

INSTRUCTIONS

The original cost, the cost of rebuilds and the cost of major improvements of all owned and non-owned vessels must be entered on this schedule and aggregated by age and multiplied by the appropriate factor to arrive at the Assessed Value. The totals of the 'Original Cost', 'Cost of Rebuilds' and 'Cost of Major Improvements' columns must equal the amounts listed on Schedules A and C.

Year	Age	Original Cost	Cost of Rebuilds	Cost of Major Improvements	TOTAL Cost	Factor	Assessed Value		
2010	1	_____	+	_____	=	X	0.972	=	_____
2009	2	_____	+	_____	=	X	0.875	=	_____
2008	3	_____	+	_____	=	X	0.841	=	_____
2007	4	_____	+	_____	=	X	0.804	=	_____
2006	5	_____	+	_____	=	X	0.788	=	_____
2005	6	_____	+	_____	=	X	0.757	=	_____
2004	7	_____	+	_____	=	X	0.757	=	_____
2003	8	_____	+	_____	=	X	0.727	=	_____
2002	9	_____	+	_____	=	X	0.685	=	_____
2001	10	_____	+	_____	=	X	0.638	=	_____
2000	11	_____	+	_____	=	X	0.592	=	_____
1999	12	_____	+	_____	=	X	0.560	=	_____
1998	13	_____	+	_____	=	X	0.520	=	_____
1997	14	_____	+	_____	=	X	0.485	=	_____
1996	15	_____	+	_____	=	X	0.466	=	_____
1995	16	_____	+	_____	=	X	0.428	=	_____
1994	17	_____	+	_____	=	X	0.410	=	_____
1993	18	_____	+	_____	=	X	0.390	=	_____
1992	19	_____	+	_____	=	X	0.368	=	_____
1991	20	_____	+	_____	=	X	0.344	=	_____
1990	21	_____	+	_____	=	X	0.325	=	_____
1989	22	_____	+	_____	=	X	0.309	=	_____
1988	23	_____	+	_____	=	X	0.301	=	_____
1987	24	_____	+	_____	=	X	0.290	=	_____
1986	25	_____	+	_____	=	X	0.272	=	_____
1985	26	_____	+	_____	=	X	0.254	=	_____
1984	27	_____	+	_____	=	X	0.239	=	_____
1983	28+	_____	+	_____	=	X	0.227	=	_____
TOTALS		_____		_____		_____			_____

REPORT OF KENTUCKY ROUTE MILES

AS OF JANUARY 1, 2011

Name of Taxpayer

Are you a Kentucky based carrier? Yes No

What is your vessel operating base (the city or locality of the operating headquarters of your vessels) _____

If you are a Kentucky based carrier, did you engage in any waterborne traffic movements outside of Kentucky territory during the calendar year of 2011 Yes NoDid your organization perform any foreign waterborne traffic movements during the calendar year of 2010? Yes No

KENTUCKY

Examine all through trips performed on any Kentucky waterway during the calendar year of 2010. Determine the furthest distance between the beginning and ending points on each traveled waterway of Kentucky. Measure the one-way mileage distance between those points. This is your "Kentucky Route Miles". Enter the "Kentucky Route Miles" for each Navigable Kentucky Waterway listed below. Next, apply the "State Adjustment Factor" to the "Kentucky Route Miles" figure to arrive at your "Adjusted Kentucky Route Miles". For this return, System and Kentucky Route Miles are the maximum one way distance measured in miles traveled between two points of operation on each traveled waterway.

Navigable Kentucky Waterways	Maximum Total Navigable One Way Miles	ORIGIN		DESTINATION			(a) Kentucky Route Miles	(b) State Adjustment Factor	(c) Adjusted Kentucky Route Miles (a) x (b)
		Beginning Reference Point	Beginning Mile Marker	Ending Reference Point	Ending Mile Marker				
MISSISSIPPI	71.30						50%		
OHIO	664.70						90%		
TENNESSEE	62.40						100%		
CUMBERLAND	74.70						100%		
BIG SANDY	14.20						50%		
GREEN	108.90						100%		
KENTUCKY	65.00						100%		
LICKING	7.00						100%		
Total	1,068.20				Total		Total		

NOTE: If you did not engage in waterborne traffic movements outside of Kentucky, Schedule F "Report of System Route Miles," is not required.

REPORT OF SYSTEM ROUTE MILES
 AS OF JANUARY 1, 2011

Name of Taxpayer: _____

SYSTEM

Examine all through trips performed in domestic commerce or related commercial activity on any waterway within the United States territory during the calendar year of 2010. Determine the furthest distance between the beginning and ending points traveled on any waterway for any trip. Measure the one way distance between those points. This is your 'System Route Miles Per Waterway'. Be sure to include your Kentucky waterways in this chart. You are required to provide a detailed map that illustrates your actual system route traveled during the calendar year of 2010.

	Navigable System Waterways (List the name of the river(s) actually traveled)	ORIGIN		DESTINATION		Route Miles Per Waterway
		Beginning Reference Point	Beginning Mile Marker	Ending Reference Point	Ending Mile Marker	
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Assessment & Tax Formula

Factored Fleet Assessment
x Kentucky Allocation %
= Kentucky Assessment

Kentucky Assessment
x State & Local Tax Rate
= Total Tax Liability

61A240 (8-08)

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF REVENUE
OFFICE OF PROPERTY VALUATION
PUBLIC SERVICE SECTION
501 High Street, 4th Floor, Station 32
Frankfort, KY 40620
Phone (502) 564-8175 Fax (502) 564-8192

NOTICE OF ASSESSMENT FOR COMMERCIAL WATERCRAFT

B & B Barge Company
123 High Street
Louisville, KY 40000

GNC: 8906
TYPE CO: CW
TAX TYPE: 038
TAX ID:

This Notice of Assessment will become final on April 1, 2010, 45 days from the notice date. A corresponding Notice of Tax Due is being sent from the Compliance and Accounts Receivable System based on the Total Assessment shown below. The Notice of Tax Due will include the state and local tax liability, any applicable interest and/or filing penalties that may be assessed. All commercial watercraft entities will receive a single tax bill that includes both the state and local tax liabilities combined. Local assessment certifications will no longer be issued.

If you protest this assessment, see enclosed 61F007 Notification-Protesting your Assessment for Commercial Watercraft. You must submit a written protest in accordance with KRS 131.110; and as required by KRS 136.180(2), your protest must specify the valuation you claim to be true. Your written protest stating your claimed value and your payment of tax for your claimed value must be submitted to the Division of Protest Resolution on or before April 1, 2010, or no further remedies will be available regarding this assessment per KRS 134.590. Submit your protest and payment to: ATTN Property Tax Section, Protest Resolution Branch, Division of Collections, Department of Revenue, Station 7, 10th FL, P O Box 3, Frankfort, KY 40602-0003. You may contact the division at Phone (502) 564-6734 and FAX (502) 564-3788.

The state rate for Commercial Watercraft Companies is 45.00 cents per \$100 valuation
The local rate for Commercial Watercraft Companies is 95.448089 cents per \$100 valuation

NOTICE DATE: 2/15/2010 TAX YEAR: 2009 (For Year Ending December 31, 2008)

1.	KENTUCKY MILEAGE PERCENT	0.071185
2.	UNIT ASSESSMENT VALUE	\$ 577,653,257.00
3.	KENTUCKY ASSESSMENT	\$ 41,120,247.10
4.	STATE TAX DUE	\$ 185,041.11
5.	LOCAL TAX DUE	\$ 392,484.90
6.	TOTAL KENTUCKY STATE & LOCAL TAX LIABILITY	\$ 577,526.01

A 10% penalty is charged for late filed returns per KRS 132.290(3). A 20% penalty is charged for omitted property per KRS 132.290(4).
Applicable interest will be applied when late or omitted. KRS 131.010(6) KRS 134.390 KRS 136.050.

2009

**COMMERCIAL WATERCRAFT
ASSESSMENT WORKSHEET**

**B & B Barge Company
123 High Street
Louisville, KY 40000**

GNC 8906
TYPE CO CW
TAX ID 0
TAX CODE 038

TAX YEAR: 2009 (For Year ending December 31, 2008)

Total Cost \$706,317,043.00
Factored Depreciated Cost \$577,653,257.00
Kentucky Allocation Factor 7.1185%
TOTAL KENTUCKY ASSESSMENT 41,120,247.10

Allocation Factor			
	Kentucky	Total System	Factor
Route Miles	879.88	12,360.40	7.1185%

STATE TAX DUE \$185,041.11
LOCAL TAX DUE \$392,484.90

TOTAL STATE & LOCAL TAX LIABILITY \$577,526.01

TAX RATE Per \$100

State Rate \$0.45
Local Aggregate Rate \$0.95448089



Distribution of Local Revenues

- Local tax revenue collected must be distributed to all affected local taxing jurisdictions.
 - Computer programs written by the DOR are employed to handle the distribution.
 - The collected local funds are distributed on a quarterly basis.
 - All affected counties (40) share in the distribution.
-



Distribution of Local Revenues

- Local tax revenue collected are distributed to each affected local taxing jurisdiction based upon the fractional % the jurisdiction represents of the aggregate local tax rate.



Web Site Location

- www.revenue.ky.gov