START A BUSINESS - KENTUCKY

How to start a salvage yard in Kentucky

Kentucky salvage yards need a Motor Vehicle Commission recycling dealer license; since an April 2026 law, recycler yard rules near highways and scrap metal licensing also sit with the Commission.

Sources verified 2026-11-21 - Updated 2026-11-21

1 Is a salvage yard right for you?

Salvage yards buy wrecked and end of life vehicles, sell usable parts and recycle the rest. It suits people who like hands-on work and careful records.

2 Form the business and register for sales tax

1. Choose a structure. LLCs and corporations file with the Kentucky Secretary of State.
2. Register with the Department of Revenue to collect Kentucky's 6% sales tax. Labor charged with taxable parts is taxable.
3. Check your city or county for local licenses and zoning.

3 Recycling dealer license

Dismantling or recycling salvage vehicles for parts needs a restricted/automotive recycling dealer license from the Motor Vehicle Commission for each location, with zoning certification and commercial general liability insurance ($250,000 / $500,000 / $250,000).

4 The 2026 recycler law

Yards within 1,000 feet of certain highways used to need a Department of Highways permit unless exempt. SB 291 (effective April 14, 2026) moved these rules to the Motor Vehicle Commission with licenses instead of permits, and moved secondary metals recycler licensing there too. Ask the Commission which license your yard needs.

5 Your first steps

1. Form the business and register for sales tax.
2. Get zoning certification and insurance.
3. Ask the Commission which licenses your yard needs under the 2026 law.
4. List your business on Nearby Car Care

Requirements at a glance

Kentucky sales and use tax registration (6%)

Required - State - Kentucky Department of Revenue

Register with the Department of Revenue to collect Kentucky's 6% sales tax.

Form your LLC or corporation with the Kentucky Secretary of State first. Check your city and county for occupational and business licenses.

Official application: https://taxanswers.ky.gov/Sales-and-Excise-Taxes/Pages/Labor-Charges-for-Installation-FAQs.aspx

Motor Vehicle Commission recycling dealer license

Required - State - Kentucky Motor Vehicle Commission

Dismantling, salvaging or recycling salvage vehicles for parts and materials requires a restricted/automotive recycling dealer license for each location. You need zoning certification and commercial general liability insurance ($250,000 per person, $500,000 per occurrence, $250,000 property damage).

Official application: https://mvc.ky.gov/Pages/Dealer-Requirements.aspx

Recycler yard rules near highways (moved to the Commission in 2026)

Required in some cases - State - Kentucky Motor Vehicle Commission

Recycling yards within 1,000 feet of certain highways used to need a Department of Highways permit unless exempt (for example, industrially zoned). A 2026 law (SB 291, effective April 14, 2026) moved these rules to the Motor Vehicle Commission and replaced the permits with licenses; the same law moved secondary metals recycler licensing to the Commission. Ask the Commission which license your yard needs.

Forklift operator training (OSHA)

Required in some cases - Federal - Occupational Safety and Health Administration

If employees use forklifts, the employer must train and evaluate each operator before they operate one (29 CFR 1910.178(l)).

Official agencies and links

29 CFR 1910.178, Powered industrial trucks (operator training, paragraph (l))
Occupational Safety and Health Administration
https://www.osha.gov/laws-regs/regulations/standardnumber/1910/1910.178

Labor Charges for Installation (TAXANSWERS)
Kentucky Department of Revenue
https://taxanswers.ky.gov/Sales-and-Excise-Taxes/Pages/Labor-Charges-for-Installation-FAQs.aspx

2026 Ky. Acts Chapter 182 (SB 291), An act relating to recyclers
Kentucky General Assembly (Legislative Research Commission)
https://apps.legislature.ky.gov/law/acts/26RS/documents/0182.pdf

Dealer Requirements
Kentucky Motor Vehicle Commission
https://mvc.ky.gov/Pages/Dealer-Requirements.aspx

Frequently asked questions

Who licenses salvage yards in Kentucky?
The Motor Vehicle Commission, which since April 2026 also handles recycler yard rules near highways and scrap metal recycler licenses.

This guide is general information, not legal advice. Rules change and can depend on your city or county, so confirm with the official agencies linked below before you apply.

https://nearbycarcare.com/resources/business/start-salvage-yard/kentucky/