**Board Memo**

**DATE:** 8/10/2023

**AGENDA ITEM DETAILS:**

**School/Department**

District Administration / Finance Office

**Product Vendor or Grant Issuer**

N/A

**Product or Grant Name**

Tax Rate Levy and Property Assessment

**Date/Term (Beginning and End Dates/Year)**

2024 Fiscal Year

**APPLICABLE BOARD POLICY & STRATEGIC PLAN GOAL:**

01.11 - General Powers and Duties of the Board

4C Boone County Schools will develop the annual budget to reflect strategic priorities.

1. Engage stakeholders in discussion through the work of the budget committee

**DESCRIBE USE OF CONTRACT/PURCHASE/AGREEMENT**

This year the District experienced an increase of $1.5 billion (8.2%) in the total property assessment. The changes in classes of property are:

Real Estate $ 578,040,663 – 4% increase ($175,978,904 is new)

Tangible $ 682,775,930 – 35% increase

PSC Real Estate $ 54,084,706 – 26% increase

PSC Tangible $ 10,659,902 – 2% increase

Distilled Spirits $ 190,416 – 35% increase

Motor Vehicles $ 212,823,281 – 15% increase

The increase in real estate property values drove the compensating tax rate down to 63.4 per $100 valuation. This is a 1.9 point reduction in the rate levied last year. The compensating rate for tangible property is 63.4, a 3 point reduction from the current rate. The rate of 0.0 was calculated as the rate to recover exonerations per KRS 134.590 statute to be added to the rates as stated by the Kentucky Department of Education.

The maximum tax rates the Board may levy in 2023, allowing for 4% growth in revenues is 65.9 cents per $100 valuation on real estate property and on tangible property. The rates would increase the current rates of 65.3 on real estate by 0.6 cent and decrease the current rate of 67.1 on tangible by 1.2 cent per $100 valuation. The motor vehicle rate of 49.7 remains the same as 2022 rate.

The maximum tax rate will increase revenues by $5.4 million, $2.3 million will be restricted for the building fund which will have a positive impact on the District’s bonding capacity. Included in that estimate are new revenues of $1.2 million generated from new property.

The 8.1% increase in property valuation will negatively impact the SEEK calculation by increasing the local effort, which ultimately decreases state support. The calculation of local effort will increase by approximately $4.6 million. However, SEEK’s guaranteed base is increasing by $100 which will help to offset that reduction in funding.

**FUNDING FOR PURCHASES AND OTHER REQUESTS:**

**Total Cost**

N/A

**Funding Source**

N/A

**\*If more than one funding source, list below along with amount or percent for each source**

N/A

**IF THIS IS A GRANT, ENTER AMOUNT TO BE AWARDED:**

N/A

**RECOMMENDATION:**

The Budget Committee is recommending the Board levy the tax rates as presented generating the maximum of 4% revenues:

65.9 cents per $100 valuation of real estate

65.9 cents per $100 valuation of tangible property

49.7 cents per $100 valuation of motor vehicles

**CONTACT PERSON: (submitter)**

Eric McArtor, Deputy Superintendent; Linda Schild, Finance Officer