**Board Memo**

**DATE:** 8/12/2022

**AGENDA ITEM DETAILS:**

**School/Department**

Finance

**Product Vendor or Grant Issuer**

N/A

**Product or Grant Name**

Tax Rate Levy and Property Assessment

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

2023 FY

**APPLICABLE BOARD POLICY:**

01.11 - General Powers and Duties of the Board

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

This year the District experienced an increase of $986 million (5.5%) in the total property assessment. The changes in classes of property are:

 Real Estate $ 1,032,041,465 increase ($300,774,783 is new)

 Tangible $ 164,021,640 decrease

 PSC Real Estate $ 28,280,107 decrease

 PSC Tangible $ 30,695,181 decrease

 Distilled Spirits $ 120,421 increase

 Motor Vehicles $ 176,392,483 increase

The increase in real estate property values drove the compensating tax rate down to 62.2 per $100 valuation. This is a 2.7 point reduction in the rate levied last year. The compensating rate for tangible property is 66.4. The rate of 0.7 was calculated as the rate to recover exonerations and is allowed per KRS 134.590 statute to be added to the rates.

The maximum tax rates the Board may levy in 2022, allowing for 4% growth in revenues is 65.3 cents per $100 valuation on real property and 67.1 per $100 valuation on tangible property. The rates would increase the current rates of 64.9 on real estate by 0.4 cent and the current rate of 66.4 on tangible by 0.7 cent per $100 valuation. The motor vehicle rate of 49.7 remains the same as 2020 rate.

The maximum tax rate will increase revenues by $5.7 million, $1.87 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 $1.96 million generated from new property.

The 5.5% increase in property valuation will negatively impact the SEEK calculation by increasing the local effort, which ultimately decreases the state support. The calculation of local effort will increase by approximately $2.96 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**

Click or tap here to enter text.

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

Click or tap here to enter text.

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

N/A

**RECOMMENDATION:**

We recommend the Board levy the maximum tax rates as presented:

 65.3 cents per $100 valuation of real estate

 67.1 cents per $100 valuation of tangible property

 49.7 cents per $100 valuation of motor vehicles

**CONTACT PERSONS:**

Linda Schild, Director of Finance and Eric McArtor Deputy Superintendent