

Tax Rates 2022-23

It is the local school boards responsibility to set tax rates for the year. These tax rates must be levied 45 calendar days from the date that the state certified the assessment for the district. The state certified the Mercer County School's tax assessment on July 25, 2022. This means that taxes must be levied by September 8, 2022. If the board wishes to vote on any rate above the 4% rate, there must be a hearing before the tax rates can be levied. The requirements for the tax hearing is that it must be published for two (2) consecutive weeks, in the newspaper of largest circulation in the county, and the hearing must be within 7-10 calendar days from the last published ad.

What is Mercer County's Real Estate tax rate history?

Over the last 9 years, tax rate has increased 7.5 cents per \$100 (\$75 total for a \$100,000 home):

Year	Approved Tax Rate	4% Rate for the Year	Difference in Approved and 4%	Lost Revenue as of 2022-23
2012-13	62.6 (4%)	62.6	0	0
2013-14	62.6 (Other)	64	1.4	\$1,191,571
2014-15	64.8 (4%)	64.8	0	0
2015-16	64.9 (Other)	66.5	1.6	\$1,579,192
2016-17	64.9 (Other)	67	2.1	\$2,029,813
2017-18	66.5 (4%)	66.5	0	0
2018-19	69.2 (4%)	69.2	0	0
2019-20	71.8 (4%)	71.8	0	0
2020-21	70.1 (Comp)	72.8	2.7	\$486,008
2021-22	70.1/72 (Other)	70.7/72.2	.6/.2	\$70,726

In the last ten years the district has lost a total of \$5,357,310 in revenue by not taking the 4% increase in tax revenue every year.

What are the options this year?

Under House Bill 44, these are three choices given by KDE:

- **Compensating Rate 67.6* (real estate) 67.9* (personal property)** – generates same amount of revenue as prior year; \$9,584,033 in possible revenue

- **Subsection (1) Rate 72.9* (real estate & personal property)** – hearing required; subject to recall in this case; \$10,333,288 in possible revenue

- **4% Increase Rate 70.2* (real estate) 70.6* (personal property)** – generates revenue that is 4% greater than prior year; no recall; \$9,954,942 in possible revenue

Other option that is always possible:

- **Same Tax Rate 70.1 (real estate) 72 (personal property)** – keeps the rate the same as prior year, generates more revenue in this case; \$9,989,486 in possible revenue; subject to recall on personal property

	2022-23 Tax Rate	Change	Difference for \$100,000 home for year (Real Estate Only)	Difference on \$30,000 per year for Personal Property	Building Fund Tax Rate (Nickel Taxes)	Left to use on Instruction/ Operations
Compensating	67.6*/67.9*	-2.5/-4.1	-\$25	-\$12.30	17.1	50.5/50.8
Subsection (1)	72.9*	2.8/.9	\$28	\$2.70	17.1	55.8
4% Increase	70.2*/70.6*	.1/-1.4	\$1	-\$4.20	17.1	53.1/53.5
Same as last yr	70.1/72	0/0	\$0	\$0	17.1	53/54.9

What does this mean for the tax payer? (see table above)

Compensating Tax Rate (which means revenue stays the same as the prior year) – a decrease in real estate of 2.5 cents or \$25 less for a \$100,000 property owner for the year; \$50 less for a \$200,000 property owner for the year; and \$75 less for a \$300,000 property owner for the year. A decrease in personal property of 4.1 cents or \$12.30 less per \$30,000 of assessed personal property for the year.

Subsection (1) Tax Rate – an increase in real estate of 2.8 cents or \$28 more for a \$100,000 property owner for the year; \$56 more for a \$200,000 property owner for the year; and \$84 more for a \$300,000 property owner for the year. An increase in personal property of .9 cents or \$2.70 more per \$30,000 of assessed personal property for the year.

4% Increase Tax Rate (which means revenue will increase 4% compared to the prior year) – an increase in real estate of .1 cents or \$1 more for a \$100,000 property owner for the year; \$2 more for a \$200,000 property owner for the year; and \$3 more for a \$300,000 property owner for the year. A decrease in personal property of 1.4 cents or \$4.20 less per \$30,000 of assessed personal property for the year.

Same Tax Rate (which the tax rate will stay exactly the same as the prior year) – no increase at all for any property owner.

What does this mean for the school district? (see table above)

Compensating Tax Rate would generate approximately the same amount of revenue for the general fund as opposed to the prior year. 17.1 cents is legally required to be used for building/construction purposes only (that is the first, second, and third nickel taxes). This would mean 75% of the revenue generated is for operations/instruction and 25% is for building/construction purposes only.

Subsection (1) Tax Rate would generate approximately \$749,255 more in revenue than the compensating rate. 17.1 cents is legally required to be used for building/construction purposes only (that is the first, second, and third nickel taxes). This would mean 77% of the revenue generated is for operations/instruction and 23% is for building/construction purposes only.

4% Increase Tax Rate would generate approximately \$370,909 more in revenue as opposed to the compensating rate. 17.1 cents is legally required to be used for building/construction purposes only (that is the first, second, and third nickel taxes). This would mean 76% of the

revenue generated is for operations/instruction and 24% is for building/construction purposes only.

Same Tax Rate would generate approximately \$405,453 more in revenue as opposed to the compensating rate. 17.1 cents is legally required to be used for building/construction purposes only (that is the first, second, and third nickel taxes). This would mean 76% of the revenue generated is for operations/instruction and 24% is for building/construction purposes only.

Revenue Projections

	Tax Rate	Total Projected Revenue	Collection Percentage	Adjusted Projected Revenue	Sheriff's Office Commission	Overall Projected Revenue	Adjusted Building Fund Projected Revenue	Adjusted General Fund Projected Revenue
Compensating	67.6*/67.9*	\$9,584,033	96%	\$9,200,672	\$207,015	\$8,993,657	\$2,248,414	\$6,745,243
Subsection (1)	72.9*	\$10,333,288	96%	\$9,919,956	\$223,199	\$9,696,757	\$2,230,254	\$7,466,503
4% Increase	70.2*/70.6*	\$9,954,942	96%	\$9,556,744	\$215,027	\$9,341,717	\$2,242,012	\$7,099,705
Same as last yr	70.1/72	\$9,989,486	96%	\$9,589,907	\$215,773	\$9,374,134	\$2,249,792	\$7,124,342

Projected General Fund Revenue Difference from actual amount collected in fiscal year 2022:

- Compensating = (\$236,773)
- Subsection (1) = \$484,487
- 4% Increase = \$117,689
- Same Rate = \$142,326

Comparing Projected Revenue	Compensating vs. 4% Increase
Difference this year	\$348,060
Difference in 5 years	\$1,740,300
Difference in 10 years	\$3,480,600
Difference in 20 years	\$6,961,200

What are the plans for the revenue?

- Compensating Rate shows a decrease in general fund revenue meaning the district will need to save this amount of funds elsewhere in the budget to break even compared to the prior fiscal year.
- Subsection, 4% and Same Rates show an increase in general fund revenue and that increase in funds will be used for:
 - facility needs,
 - increased instructional supports due to learning loss,
 - offset raise given to staff who are paid out of general fund,
 - continue to support the free school supplies for students (\$393,882 allocated to schools over the last four years),
 - any additional funds being put toward the contingency to help when federal funding decreases in the next couple of years.

What is the impact on the budget? (Change in revenue only, actual Working Budget will be presented at the regular September board meeting)

	Compensating	Subsection (1)	4% Increase	Same Rate
Working Budget Ending Balance FY 23	\$2,303,775	\$3,025,035	\$2,658,237	\$2,682,874
Working Budget Contingency FY 23	10.08%	13.24%	11.64%	11.74%
Difference in FY 23 Beginning Balance & FY 24 Beginning Balance	-\$1,296,225	-\$574,965	-\$941,763	-\$917,126

How did our district compare to surrounding districts in 2021-22?

<u>District</u>	<u>Real Estate Rates</u>	<u>District</u>	<u>Real Estate Rates</u>
Anderson (3 Nickels, 16.8)	62.3 (Comp) ⁽⁸⁷⁾	Garrard (3 Nickels, 18)	66.7 (Other) ⁽⁷¹⁾
Bardstown (3 Nickels, 16.2)	83.6 (4%) ⁽²⁸⁾	Jessamine (3 Nickels, 16.5)	68.7 (4%) ⁽⁶³⁾
Boyle (1 Nickel, 5.6)	66 (Comp) ⁽⁷⁴⁾	Mercer (3 Nickels, 17.7)	70.1 (Other) ⁽⁵⁸⁾
Burgin (2 Nickels, 11.5)	79.5 (Other) ⁽³⁶⁾	Nelson (3 Nickels, 16.8)	73.7 (4%) ⁽⁴⁵⁾
Danville (2 Nickels, 11)	98.1 (Comp) ⁽¹¹⁾	Washington (2 Nickels, 11.6)	59.2 (4%) ⁽⁹⁷⁾

The numbers in parentheses show the rank on tax rate amounts with 1 being the highest and 171 being the lowest tax rate for 2021-22.

In 2021-22 there were 57 higher tax rates than Mercer County and 113 lower tax rates than Mercer County. Out of 171 districts 64 levied the Other tax rate, 53 levied the Compensating rate, 53 levied the 4% rate, and 1 levied the House Bill 940 rate.

**0.2 cents may be added to the property rates to recover prior year losses due to exonerations. These rates reflect the 0.2 cents.*

Motor Vehicle Tax

- The maximum rate for motor vehicle taxes is 49.100 cents per \$100.00 of assessed value. Mercer County Schools has always set the maximum rate, which is also the case for the surrounding districts.