

**Executive Summary
Fayette County Public Schools Board Meeting
Agenda Item**

MEETING: Regular

DATE: 9/8/2022

TOPIC: ADOPTION AND LEVY OF TAX RATES

PREPARED BY: Dr. Houston Barber, Rodney Jackson and Rebecca Riley

Recommended Action on: 9/8/2022

Action Item for Vote (REGULAR MEETING)

Superintendent Prior Approval: Yes

Recommendation/Motion: A motion is in order: “That the Board of Education for 2022-2023 levies a total tax rate of __83.3__ cents (real estate) and __83.3__ cents (personal property) per \$100 assessed valuation and a total motor vehicles property rate of 59.2 cents per \$100 assessed valuation, all for the good of the common schools, in preparation of the Working Budget for School Year 2022-2023. Of this rate __5.5__ cents is subject to recall. If recalled the rate automatically adjusts to the 4% rate of 78.5 cents (real estate) and 79.4 cents (personal property)”

Background/Rationale: On July 26, 2022, the District received from the Department of Property Taxation and Department of Education certified net assessment growth and tax rates calculated as provided in KRS 134.590(7), 157.440, 160.470 and 160.463 for the 2022-2023 school year. The current rate is 80.8 cents per \$100 for real estate and 80.8 cents per \$100 for personal property. [KRS 160.470](#) provides the process by which a local board of education annually adopts property tax rates. As a result of a question about the process from a district, KDE recently conducted a review of the statutory requirements. The review determined that the statute permits a local board of education to adopt a tax rate up to and including the 4% tax rate without advertising or holding a public hearing. In the past, KDE provided guidance that a board was required to advertise and hold a hearing if they exceeded the compensating rate. Exonerations may be included in the property tax adoption but will not trigger any additional advertising or hearing requirements. [KRS 132.0225](#) provides that, unless the local board is adopting a tax rate, excluding exonerations, above 4%, they must adopt a property tax rate within 45 calendar days of the Department of Revenue’s property certification for the school district. If this requirement is not met, the compensating tax rate will be applied to that year’s tax bills. Staff recommends that the Board approve a rate to be applied for the 2022-2023 school fiscal year. The following are the certified tax rates per \$100 assessed valuation, which may be levied for 2022-2023.

The following are the certified tax rates per \$100 assessed valuation, which may be levied for 2022-2023:

	Compensating	Other	4% Increase
	Rate (1)	Rate (2)	Rate (3)
Real Estate	<u>75.8¢</u>	<u>83.3¢</u>	<u>78.5¢</u>
Personal Property	<u>76.4¢</u>	<u>83.3¢</u>	<u>79.4¢</u>

Tax Rate	Advertising	Hearing	Additional Advertising
Below Compensating	No	No	No
Compensating	No	No	No
Above Compensating/Below 4%	No	No	No
Subsection(1)	if above 4%, yes	if above 4%, yes	if above 4%, yes
4%	No	No	No
Above 4%	Yes	Yes	Yes
HB 940	No	No	No

Tax rate for Motor Vehicle: 59.2¢ (no change from 2021-2022)

The Tentative Budget approved in May is predicated on an increase in property tax revenue. This assumption was made in consideration of inflation and the many unmet needs recognized at that time. Staff recommends levying a rate appropriate to generate revenue for the 2022-2023 fiscal year budget.

Policy: KRS 160.470

Fiscal Impact:

<u>Item</u>	<u>Amount</u>	<u>Funding Source</u>	<u>Recurring/ Nonrecurring</u>	<u>Measurable Expected Impact and Timeline</u>
<u>Real and Personal Property</u>	\$300,915,080.29_	Property Owners of Fayette County	Recurring	Continue to provide quality education to all children and address facilities needs

Attachments(s): Tax Rate Guidance from KDE 6/15/22