

Tax Rates 2023-24

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 24, 2023. This means that taxes must be levied by September 7, 2023. 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 10 years, tax rate has increased 7.6 cents per \$100 (\$76 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	\$1,323,968
2014-15	64.8 (4%)	64.8	0	0
2015-16	64.9 (Other)	66.5	1.6	\$1,804,791
2016-17	64.9 (Other)	67	2.1	\$2,368,115
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	\$729,012
2021-22	70.1/72 (Other)	70.7/72.2	.6/.2	\$141,452
2022-23	70.2/70.6 (4%)	70.2/70.6	0	0

In the last eleven years the district has lost a total of \$6,367,338 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 68.9* (real estate) 71* (personal property)** – generates same amount of revenue as prior year; \$10,231,143 in possible revenue
- **Subsection (1) Rate 73.8* (real estate & personal property)** – hearing required; subject to recall in this case; \$10,932,478 in possible revenue
- **4% Increase Rate 71.6* (real estate & personal property)** – generates revenue that is 4% greater than prior year; no recall; \$10,604,801 in possible revenue

Other option that is always possible:

- **Same Tax Rate 70.2 (real estate) 70.6 (personal property)** – keeps the rate the same as prior year, generates more revenue in this case; no recall; \$10,461,283 in possible revenue

	2023-24 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	68.9*/71*	-1.3/.4	-\$13	\$1.20	17.7	51.2/53.3
Subsection (1)	73.8*	3.6/3.2	\$36	\$9.60	17.7	56.1
4% Increase	71.6*	1.4/1	\$14	\$3.00	17.7	53.9
Same as last yr	70.2/70.6	0/0	\$0	\$0	17.7	52.5/52.9

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 1.3 cents or \$13 less for a \$100,000 property owner for the year; \$26 less for a \$200,000 property owner for the year; and \$39 less for a \$300,000 property owner for the year. An increase in personal property of .4 cents or \$1.20 more per \$30,000 of assessed personal property for the year.

Subsection (1) Tax Rate – an increase in real estate of 3.6 cents or \$36 more for a \$100,000 property owner for the year; \$72 more for a \$200,000 property owner for the year; and \$108 more for a \$300,000 property owner for the year. An increase in personal property of 3.2 cents or \$9.60 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 1.4 cents or \$14 more for a \$100,000 property owner for the year; \$28 more for a \$200,000 property owner for the year; and \$42 more for a \$300,000 property owner for the year. An increase in personal property of 1 cent or \$3.00 more 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. 17.7 cents is legally required to be used for building/construction purposes only (that is the first, second, and third nickel taxes). This would mean 74% of the revenue generated is for operations/instruction and 26% is for building/construction purposes only.

Subsection (1) Tax Rate would generate approximately \$701,335 more in revenue than the compensating rate. 17.7 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.

4% Increase Tax Rate would generate approximately \$373,658 more in revenue as opposed to the compensating rate. 17.7 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.

Same Tax Rate would generate approximately \$230,140 more in revenue as opposed to the compensating rate. 17.7 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.

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	68.9*/71*	\$10,231,143	96%	\$9,821,897	\$220,993	\$9,600,904	\$2,496,235	\$7,104,669
Subsection (1)	73.8*	\$10,932,478	96%	\$10,495,179	\$236,142	\$10,259,037	\$2,462,169	\$7,796,868
4% Increase	71.6*	\$10,604,801	96%	\$10,180,609	\$229,064	\$9,951,545	\$2,487,886	\$7,463,659
Same as last yr	70.2/70.6	\$10,461,283	96%	\$10,042,832	\$225,964	\$9,816,868	\$2,454,217	\$7,362,651

Projected General Fund Revenue Difference from actual amount collected in fiscal year 2023:

- Compensating = (\$44,142)
- Subsection (1) = \$613,991
- 4% Increase = \$306,499
- Same Rate = \$171,822

Comparing Projected Revenue	Compensating vs. 4% Increase
Difference this year	\$350,641
Difference in 5 years	\$1,753,205
Difference in 10 years	\$3,506,410
Difference in 20 years	\$7,012,820

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 (\$447,509 allocated to schools over the last five years),

- any additional funds being put toward the contingency to help when federal funding decreases in October 2024.

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 24	\$3,249,502	\$3,939,502	\$3,609,502	\$3,509,502
Working Budget Contingency FY 24	13.69%	16.59%	15.20%	14.78%
Difference in FY 24 Working Budget Beg. Bal. & FY 25 Working Budget Beg. Bal.	-\$2,350,498	-\$1,660,498	-\$1,990,498	-\$2,090,498

How did our district compare to surrounding districts in 2022-23?

<u>District</u>	<u>Real Estate Rates</u>	<u>District</u>	<u>Real Estate Rates</u>
Anderson (3 Nickels, 16.8)	66.3 (4%) (111)	Garrard (3 Nickels, 17.7)	73.6 (4%) (81)
Bardstown (3 Nickels, 16.5)	86.6 (4%) (41)	Jessamine (3 Nickels, 16.8)	73.3 (4%) (86)
Boyle (1 Nickel, 5.3)	73.4 (4%) (83)	Mercer (3 Nickels, 17.1)	76.2 (4%) (67)
Burgin (1 Nickel, 5.7)	76.4 (4%) (66)	Nelson (3 Nickels, 16.8)	78.4 (Other) (57)
Danville (1 Nickel, 5.7)	103.8 (Other) (13)	Washington (1 Nickel, 5.8)	68.8 (4%) (103)

The numbers in parentheses show the rank on tax rate amounts with 1 being the highest and 171 being the lowest tax rate for 2022-23.

In 2022-23 there were 66 higher tax rates than Mercer County and 104 lower tax rates than Mercer County. Out of 171 districts 54 levied the Other tax rate, 23 levied the Compensating rate, and 94 levied the 4% rate.

**0.4 cents may be added to the property rates to recover prior year losses due to exonerations. These rates reflect the 0.4 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.