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**KENTUCKY DEPARTMENT OF EDUCATION**  
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**MEMORANDUM**

**TO:** Superintendents and Finance Officers  
**FROM:** Krystal Smith, Branch Manager, District Funding and Reporting Branch  
**DATE:** June 15, 2022  
**RE:** **Tax Rate Guidance**

[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.

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

As with any good faith guidance provided by the Kentucky Department of Education, we strongly recommend that you engage your local board attorney on this matter.