



Fayette County Public Schools

Executive Summary Fayette County Public Schools Board Meeting Agenda Item

MEETING: Regular

DATE: 8/18/2025

TOPIC: Property Tax Rate Reduction

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

Recommended Action on: 9/8/2025
Action Item for Vote (PLANNING MEETING)

Superintendent Prior Approval: Yes

Recommendation/Motion: N/A. Discussion Item only at this point.

Background/Rationale: On July 29, 2025, the District received certified net assessment growth and calculated tax rates from the Department of Property Taxation and the Kentucky Department of Education, in accordance with KRS 134.590(7), 157.440, 160.470, and 160.463 for the 2025–2026 school year. The current tax rates are 80.9 cents per \$100 of assessed value for real estate and 83.0 cents for personal property. KRS 160.470 outlines the annual process by which local boards of education adopt property tax rates. In response to a recent inquiry, KDE reviewed statutory requirements and clarified that boards may adopt a tax rate up to and including the 4% revenue increase without public advertisement or a hearing. This is a shift from previous KDE guidance, which required advertisement and a hearing for any rate exceeding the compensating rate. KDE also affirmed that the inclusion of exonerations does not trigger additional advertising or hearing requirements. Additionally, under KRS 132.0225, unless a board adopts a rate exceeding the 4% threshold (excluding exonerations), it must adopt its property tax rate within 45 calendar days of receiving the Department of Revenue's property assessment certification. If this deadline is not met, the compensating rate will automatically apply. It is important to note that the Tentative Budget, previously approved by the Board, was developed under the assumption that the 4% rate would be adopted for the 2025–2026 fiscal year. The following table lists the certified tax rates per \$100 assessed valuation, which may be levied for 2025–2026. **Administration recommends adopting the 4% rate which is a decrease of 1.1 cents from the prior year.**

	Compensating Rate	Subsection Rate	4% Rate
Real Estate	76.8	90.4	79.8
Personal Property	81.8	90.4	83.0
Projected Revenue*	\$328,000,919.16	\$384,311,646.76	\$340,212,439.47

Tax rate for Motor Vehicle: 59.2¢ (no change from 2023-2024)

Again, 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 2025-2026 fiscal year budget.

Strategic Priority:

- ☒ Student Achievement ☒ Unity, Belonging and Student Efficacy
- ☒ Highly Effective, Culturally Responsive Workforce
- ☒ Outreach & Engagement ☒ Organizational Health & Efficiency

Data Considerations: Available resources to meet the District's mission

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>	\$340,212,439.47	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