

Powell County Schools Tax Rate Proposal Presentation

2025-2026 School Year

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What is the nickel tax and why do we need to implement it?

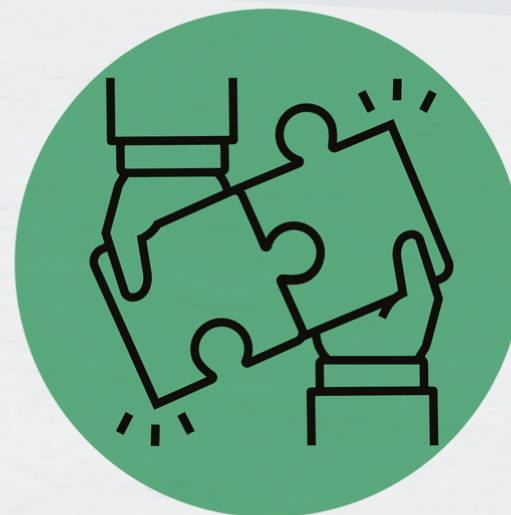
- The “nickel tax” is a term often used to describe a tax that generates 5 cents per \$100 of assessed property value for a school district.
- Funds generated through this tax must be used for facility improvement such as renovations, expansions, new construction, or other projects outlined in the District Facility Plan



If it is called the nickel tax, why are we suggesting adding 5.8 to our current tax rate?

- This rate is set by the state. When taxes are collected, we have to set aside 5% of the assessed property value, regardless of how much tax is actually collected. The state gives us the rate we have to utilize in the event our collection rate is not at 100%, because we have to ensure we set aside the revenue on the assessed property value, not the collected amount.
- The KDE Tax report tells us what rate we have to set to be able to participate in the School Facilities Construction Commission (SFCC) & Facilities Support Program of Kentucky (FSPK) Programs.

KDE Tax Rate
Report 1



Why is the nickel tax necessary?

- We have upgraded many projects on our District Facility Plan, but in order to continue to improve our facilities we need the additional revenue. There are also things outside of the DFP that need to be completed.

District Facility Plan

- The nickel tax has been equalized by the state for many years. Only districts with the nickel tax receive this equalization.

Equalization means providing an amount to districts that generates 150% of the state's assessment per child.

Seek History.

How much does this nickel tax cost the taxpayer?

- The schools receives an actual nickel (0.05 cents) per \$100 of assessed property value, but because of the rate the state has set, this nickel tax costs 0.058 cents per \$100 of assessed property value.
- On \$100,000 assessed property, it would be \$58.00 per year or \$4.83 per month.
- According to Data USA, the Median Property Value in Powell County in 2023 was \$142,400. The tax rate would be \$82.59 per year or \$6.88 per month.

Calculate your rate: $\text{Property Value} / 100 \times 0.058 = \text{Yearly Assessment}$

Example: $\$125,000 / 100 = \$1,250 \times 0.058 = \$72.50$

Tax Rate In \$50,000 Increments

Property Value	Yearly Cost	Monthly Cost
\$50,000.00	\$29.00	\$2.42
\$100,000.00	\$58.00	\$4.83
\$150,000.00	\$87.00	\$7.25
\$200,000.00	\$116.00	\$9.67
\$250,000.00	\$145.00	\$12.08
\$300,000.00	\$174.00	\$14.50
\$350,000.00	\$203.00	\$16.92
\$400,000.00	\$232.00	\$19.33

Powell County's Current Tax Rate

» For the last two years, we have kept the tax rate the same. The first nickel tax adopted by the Board was passed in December of 2019 and took effect in the 2020-2021 school year. That nickel allowed us to build a new school and accomplish many other projects.

Powell Tax History Total Real Estate

24-25	52.5
23-24	52.5
22-23	51.1
21-22	49.9
20-21	50.6
19-20	43.2
18-19	42.2
17-18	41.0
16-17	41.1
15-16	40.1
14-15	39.0
13-14	37.8
12-13	36.4

Where does the local nickel go?

➤ Every cent of the revenue generated by the local nickel tax goes into the building fund in our district. These funds are considered restricted funds for building projects.

➤ Other restricted funds for building projects only are:

- SFCC- School Facilities Construction Commission- Funding formula based on unmet needs. Small revenue from the state. Must be on DFP.
- FSPK- Facilities Support Program of Kentucky- The Equalization Fund- generates 150% of the state's assessment per child.
- Capital Outlay- \$100 per student ADA from the state.

Does this affect motor vehicle or
utility tax?

NO!

This nickel is only assessed on real estate.

How many nickels does a district need?

- That truly depends on the needs of the district. Our District Facility Plan demonstrates approximately \$50,000,000 in unmet need. That is in construction and purchasing costs alone, not including architectural, engineering, and other soft costs that are required.
- In Powell County, we currently have the one nickel that was required for each district to be able to participate in SFCC and FSPK plus one other nickel.
- Many districts that are doing a lot of facility work have an additional nickel tax in order to get facility work upgraded sooner.



How much have other districts put into their building funds compared to Powell County?

Rates In Surrounding Districts

- This rate can be achieved in two ways, adding the nickel on top of the current tax rate or a district can take some of its current tax revenue and put it into a nickel tax. Some districts have done this. However, in Powell County, we have an additional general fund revenue bond that we have to pay back called an energy savings bond. This general fund revenue bond was taken out in 2016 to do a large HVAC project at the middle school and LED lighting and other energy saving measures across the district. We pay back approximately \$380,000 annually to this debt, which makes utilizing general funds not possible at this time with all other expenses we incur.

What have we been doing with the money that our current nickel tax and SFCC, Capital Outlay, and FSPK funds have generated?

- New Elementary School
- Roofs on the Middle School and High School
- Rebuild the Middle School gym wall and redo the floor, paint, scoreboards
- Security vestibules at Bowen and Clay City Elementary Schools
- HVAC replacements at the High School, Clay City, and Stanton as well as a new chiller for Bowen and new boilers at Clay City









Will The Nickel Really Make a Difference?

ABSOLUTELY!

➤➤ Current Outstanding Debt

➤➤ Current Funds Available

➤➤ Graph of Current Debt Service

➤➤ Bonding Potential With
Current Funds

➤➤ Funds Available With the New
Nickel

➤➤ Projected Bonding Potential With
the New Nickel

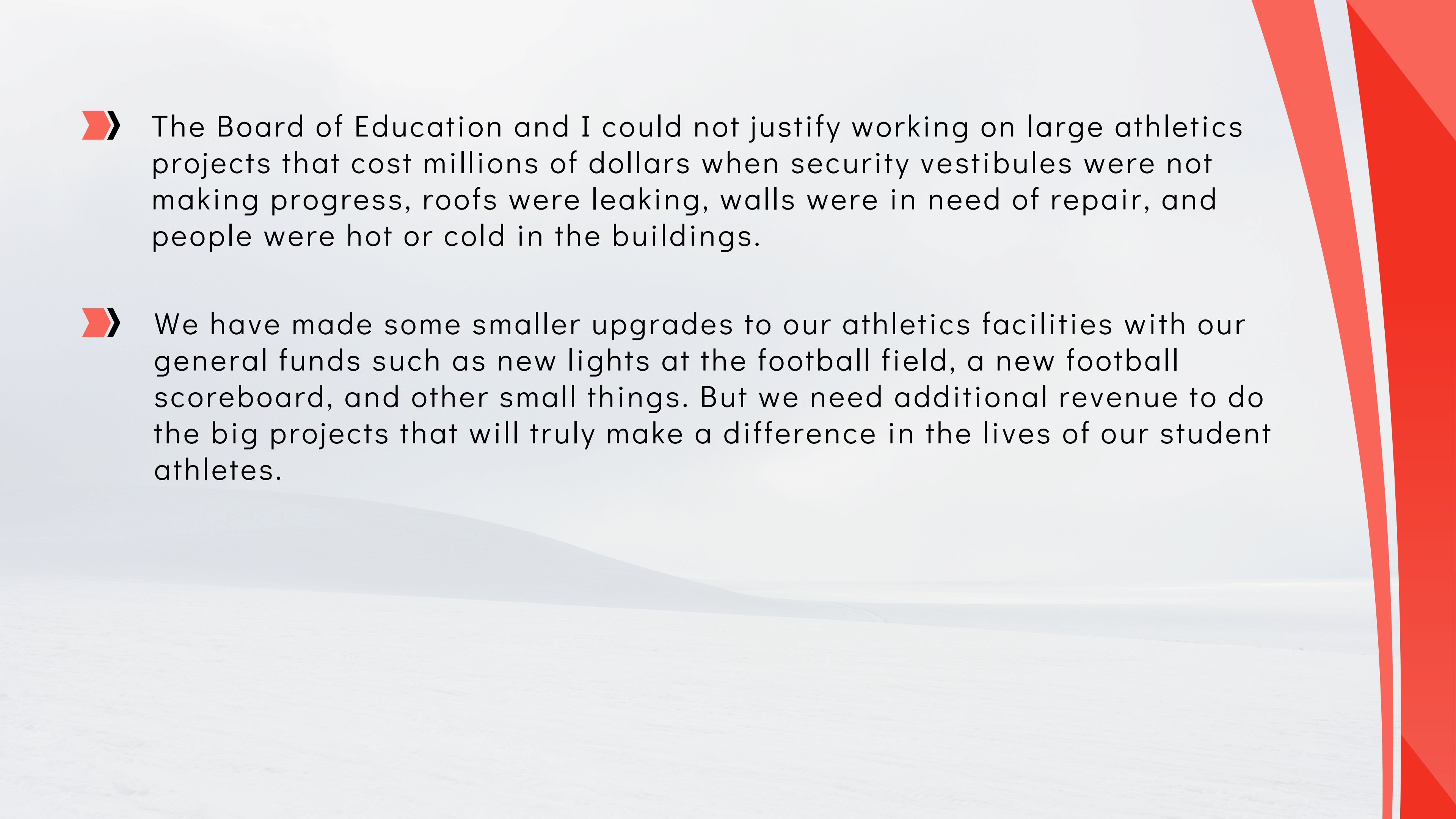
➤➤ Bonding Potential Difference

What Are Our Plans for the Nickel Tax Revenue?

- We have been doing a lot of work just in the last three years alone, but other than the new school, it is work that is not seen by the public. New walls, HVAC, roofs, security vestibule planning, new door hardware, etc. are all much needed additions to our district for the safety and comfort of our students.
- Now that the safety and security issues are taken care of or are planned, we want to get our athletics facilities into much better condition.

Why has it taken so long to get to athletics facilities?

- The District Facility Plan is broken down into prioritized categories. All safety needs are a Priority 1. Those needs had to be met before proceeding to other priorities. Athletic Facilities are considered a Priority 5, which is the lowest priority in the plan and they are considered Discretionary Construction Projects.
- Prior to 2022, school districts could not utilize restricted funds (Funds from bond sales, FSPK, SFCC, or Capital Outlay) on athletics facilities in the Priority 5 category. SFCC is a small pot of money, and it still cannot be used on athletics facilities. However, in 2022 the legislature made a change and districts could adopt HB 678 allowing districts to prioritize their projects in the way they saw fit. Powell County adopted this House Bill resolution.

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- The Board of Education and I could not justify working on large athletics projects that cost millions of dollars when security vestibules were not making progress, roofs were leaking, walls were in need of repair, and people were hot or cold in the buildings.
 - We have made some smaller upgrades to our athletics facilities with our general funds such as new lights at the football field, a new football scoreboard, and other small things. But we need additional revenue to do the big projects that will truly make a difference in the lives of our student athletes.

What projects do we want to complete?

- We have to move our softball field in order to make our track big enough to host a regional meet.
- We don't have our own baseball field.
- Our track is cracked and not enough lanes to hold meets and we don't have other track and field necessities such as safe long jump or high jump areas, etc.
- Our football field is not level making both football and soccer a challenge.
- Our field house and bleachers are in need of upgrades.
- Continue work on other facilities needs such as new doors, windows, etc.

➤ New Baseball and Softball Fields

➤ Site Location

➤ Current State of Football/Soccer Field and Track

Why is now the time to do this?

- First, our students deserve upgraded facilities. They deserve safe, modern, and functional learning environments as well as top level athletic facilities.
- Additionally, the ability to use restricted funds for athletics facilities is currently set to end on June 30, 2027. Unless the legislature extends this opportunity, we will once again be unable to utilize restricted funds on athletic projects.
- The 2026 legislative session is a budget session, and if they determine they will equalize the nickel, that equalization will start sooner than later.
- We have all other big projects that we are aware of in progress and the funding set aside to do them.

In addition to improving our facilities, how will this benefit the community as a whole?

- Quality schools with quality facilities attract families and business to the area, enhancing the overall appeal and economic health of our community.
- The projects that we are doing are bringing revenue to local businesses. Whether it is through buying rock at the quarry, supplies from local businesses, renting out places to live, or the construction crews eating at all the local restaurants, our community is benefitting.
- Ours schools are the community hubs. They are used in times of disaster and in times of enjoyment.
- Improved facilities will foster a sense of community pride.

Thank You

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