FREQUENTLY ASKED TAX QUESTIONS July 2026

General Questions

1. How soon will I receive my tax reports?

This process involves several different people and steps.

- The local Property Valuation Administrator (PVA) for each district must forward their assessment information to the Department of Revenue.
- Districts must submit the Unaudited Annual Financial Report to KDE.
- The Department of Revenue (DOR) will review the assessment information submitted by PVA.
- KDE will use unaudited AFR and the certified assessment from DOR to calculate each district's tax rate options.
- KDE will forward the tax reports to the district, typically, within 24 hours of receiving the certified assessment information from DOR.

2. What can I do within my district to expedite receiving my tax report?

- Ensure that your Unaudited AFR is submitted successfully by the deadline of July 25th. The earlier you submit, the greater chance of receiving your tax report information before the end of July.
- Communicate with your local PVA to ensure assessment information has been submitted to the DOR.
- Make sure KDE is aware of personnel changes in roles of Superintendent and Finance Officer as these individuals will receive the tax reports via email. Reach out to MeShaila.Fields@education.ky.gov if you have a new Superintendent or Finance Officer.

3. How long does my board have to adopt rates?

KRS 132.0225 provides that if a district is not adopting a rate above 4%, it must establish a final tax rate within 45 calendar days of the DOR certification. **For boards of education, the forty-five (45) days shall begin from the date of the department's certification to the chief state school officer as required by KRS 160.470(4).** The certification date will be in the tax report email you receive. Any district that fails to meet this deadline shall be required to use the compensating tax rate for that year's property tax bills.

4. What are the property tax rate options that a school district has in setting their tax rates?

TYPE OF TAX RATE	DESCRIPTION OF TAX RATE INFORMATION
Compensating Tax Rate	The Compensating Tax Rate is the rate that when applied to the current year's property assessment, excluding new property, produces an amount of revenue equal to that produced in the preceding year.
Subsection (1) Tax Rate	The Subsection (1) Tax Rate which refers to subsection (1) of KRS 160.470 is the rate that restricts local school boards to a tax rate that will produce no more revenue than the previous year's maximum rate.
4 Percent Increase Tax Rate	The 4 Percent Increase Tax Rate is the rate that will produce 4 percent over the amount of revenue produced by the Compensating Rate.
HOUSE BILL 940 (KRS 157.440)	
Tier I Property Tax Rate	The Tier I Property Tax Rate, provided for under House Bill 940, is dependent on the mix of taxes levied by a district, including real estate, personal property, motor vehicle, and permissive taxes.

5. What rate should I levy in order to receive full Tier I funding?

In order for a district to qualify for any Tier I funding, the district's per pupil assessment must be less than 150% of the statewide average per pupil assessment. This amount is $1,358,000 for FY2027 and FY2028.

If a district qualifies, they should levy at or above the HB 940 rate as provided on Tax Report #2. Please note this rate is based on forecasted data. Once actual data is available, the Maximum Tier I rate could be impacted, leading to a reduction in Tier I funding. However, at the point in time that Tax Rates must be levied, this is the best information available.

6. Can a board levy rates up to the 4% rate plus exonerations without giving public notice?

No, districts are no longer permitted to levy any tax rates without giving a two week notice to the public. Boards must meet to "propose" rates then public notice requirements must be followed. After the two week period is over, board can then meet to officially set tax rates.

Refer to document, *"Tax Rate Notice and Hearing Requirements"*, that was included in your Tax Report email for more information.

Note: Exonerations do not trigger recall but should be included in your notification or hearing advertisement if the board chooses to adopt exonerations.

REQUIREMENT INFORMATION		TYPE OF TAX RATE						
#	REQUIREMENT	Below Compensating	Compensating	Above Compensating/ Below 4%	Subsection(1)	4%	Above 4%	HB 940
1	Hold Board Meeting to Set "Proposed" Rates (Rates cannot be adopted, only proposed.)	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2	Complete "Proposed Tax Notification" and Follow Publication Requirements	Yes	Yes	Yes	Yes if 4% or below. **If above 4%, see requirements #4-6**	Yes	See requirements #4-6	Yes
3	Hold 2nd Meeting to Approve Rates	Yes	Yes	Yes	Yes if 4% or below. **If above 4%, see requirements #4-6**	Yes	See requirements #4-6	Yes
4	**Recallable Rates** - Complete "Notice of Hearing for Recallable Tax Rates" and Follow Publication and Hearing Requirements	No	No	No	if above 4%, yes	No	Yes	No
5	**Recallable Rates** - Hold Hearing Prior to Approving Rates. Approve rates at Board meeting after hearing is held. (Board meeting can be held immediately after hearing. Does not have to be a different date.)	No	No	No	if above 4%, yes	No	Yes	No
6	**Recallable Rates** - Additional advertisement to notify public that a recallable rate was set.	No	No	No	if above 4%, yes	No	Yes	No

7. Our district wants to levy the same rates as last year but they are more than this year's 4% rates shown on the tax report. Can we do this without the rates being subject to recall?

No. The most districts can levy without being subject to recall is 4% rate plus exonerations. Anything above that is subject to recall.

8. What are the notice requirements for rates that are recallable?

For rates that exceeded 4%, the notice requirements of KRS 160.470(7)(b) state that a notice must be "…published at least twice for two (2) consecutive weeks, in the newspaper of largest circulation in the county…"

In the example shown below, the advertisements were placed on the 5th and 12th (two consecutive weeks) and the hearing could be held on the 19th, 20th, 21st or 22nd (7-10 days after the second advertisement).

Refer to document, *"Tax Rate Notice and Hearing Requirements"*, that was included in your Tax Report email for more information.

AUGUST						
S	**M**	**T**	**W**	**T**	**F**	**S**
						1
2	3	4	**5**	6	7	8
9	10	11	**12**	13	14	15
16	17	18	**19**	**20**	**21**	**22**
23	24	25	26	27	28	29
30						

9. Can I request that KDE staff complete the information for our "Notice of Proposed Rates" / "Notice of Hearing for Recallable Tax Rates"?

No. KDE staff will no longer be completing information for tax rate notices. Districts received sample copies of both notices as well as an excel document that can be used to calculate the expected revenue based on the proposed rates. These documents can be found in your Tax Report email. Consult your board attorney if you have any questions.

10. Do I have to call a special board meeting if the 7-10 days does not fall on a regularly scheduled board meeting date?

Yes, a special board meeting must be called in order to meet the requirements if a regular meeting doesn't fall with the required timeline.

11. What are the recall requirements after district has levied a recallable rate?

For rates subject to recall, an additional advertisement must be made within seven (7) days of the hearing as required by KRS 160.470 (8). Once the forty-five (45) days have passed since the rate was levied, the district must send notification of whether a valid petition was presented. If a valid petition was presented, the district must indicate whether they intend to place the issue before the voters for approval.

12. Our rates are recallable. Can I submit my rates to the tax collector prior to the end of the recall period?

No. Rates should not be submitted to the tax collector until the recall period is over and you've received verification from the county clerk that no petition was presented. If a petition was received and clerk ruled it was invalid, you must also wait through the appeal process before submitting rates.

13. If a district has levied a recallable nickel in the past, do they need to continue to fill in the levied date?

The web form should show the levied date automatically. If it does not appear, please contact Sheila.Miller@education.ky.gov.

14. What happens if a district fails to meet the notice, hearing or recall requirements? For example, if the newspaper fails to run the advertisement.

As provided by law, each of these requirements must be met without exception. Each requirement will have to be repeated until they are fully met. Please see KRS 160.470(7)(b) and KRS 160.470 (8). If the newspaper does not publish your advertisement, or time is limited, a district may, in lieu of two published advertisements, opt to send the required information by first class mail to each person owning real property (KRS 160.470(7)c). Failure to meet the requirements will result in the district having to bill the compensating rates.

15. If this is the first time our district is levying a recallable nickel, how do we indicate this on the form?

First, fill in the amount of the nickel in the Recallable category under the Nickel section. Next, under the Dates section, fill in the date the new recallable nickel was levied and the dates of advertisements.

16. If a district wants to levy a recallable nickel, do they have to levy a rate that exceeds 4%?

Yes. In order for a rate to be recallable, a portion of the rate must exceed the 4% rate but the full nickel portion must be restricted.

17. If a district does not have an assessed value for aircraft or watercraft, how is that reflected on the Tax Rate Levied form?

Please indicate Exempt.

18. If a district decides to change the taxing status of Aircraft and/or Watercraft, what should they do?

Please indicate the new status on the Tax Rate Levy form and submit a copy of the board minutes via email. (Board must indicate during tax rate approval that aircraft and/or watercraft will be taxed if those weren't previously taxed.)

19. Which tax forms are required to be submitted?

- **Tax Rate Levied Form** – Submitted electronically via SEEK District Data Submission site – Due immediately after board adopts rates or after end of recall period if levying a recallable rate.
- **Sheriff Tax Collection and Reconciliation** – Submitted electronically via SEEK District Data Submission site – Due by July 25th following close of fiscal year.
- **Tax Collector's Report to Local Board of Education –** Submitted via email to MeShaila.Fields@education.ky.gov. This report is still required by law to be completed by tax collector and submitted to KDE. Report is due July 25th following close of fiscal year. If district does not receive form from tax collector by July 25th, district will submit immediately after form is received.

20. What date should be entered on the Tax Rate Levy web form as the date tax rates were levied, specifically where the web form reads:

"In compliance with Kentucky Revised Statutes and the regulations of the Kentucky Board of Education, we, the board of education of the above named school district, hereby submit for your approval the following tax rates levied on (date)______________________________."

This date should be the date the rates were levied by the district's board.

21. Once I have completed the Tax Rate Levied form online, what do I do next?

KDE no longer requires districts to sign the form and mail to KDE for processing. By electronically submitting the form, you are agreeing that the rates were approved by your Superintendent and local school board. If you need a paper copy of the rates, please use the 'Report' button on the bottom of the page. We will submit your tax rates to the Kentucky Board of Education (KBE) for final approval at the next available KBE meeting.
Please contact MeShaila.Fields@education.ky.gov if you have any questions.

22. How will I know that my district's tax rates have been approved by the Kentucky Board of Education (KBE)?

Tax rates are usually approved beginning with the **October** Board meeting. Districts who have submitted their Tax Rate Levy form to KDE by the date KBE board report information is due, will be presented for approval. If there are any issues with the form or district hasn't met recall requirements, the rate information will not be submitted until the next KBE meeting. Other opportunities for approval will be the **December and February** Board meetings. Once approved, each district will be emailed confirmation and a copy of the Tax Rate Levy form with the KBE approval date.

23. When can I issue tax bills?

Bills can be issued after approval by the Kentucky Board of Education. Any district that chooses to bill prior to this may be subject to rebilling or refunding if an error is found.

24. Do I have to publish information regarding the tax rates once they are approved by the Kentucky Board of Education?

No. Districts are not required to publish rates once they are approved.

HOW RATES ARE CALCULATED

1. How is the Compensating tax rate calculated?

Compensating Tax Rate I Calculation:	
Prior-year Real Estate Rate	0.00398
Times: Prior-year Real Estate Property Assessment	430,326,731
Equals: Prior-year Revenue From Real Estate Property	1,712,700.39
Divided by: Current-year Real Estate Property Assessment, Excluding New Property	451,346,132
Equals: Compensating Tax Rate I (rounded to next higher one-tenth cent)	0.0038
Compensating Tax Rate II Calculation:	
Prior-year Real Estate Rate	0.00398
Times: Prior-year Real Estate Property Assessment	430,326,731
Equals: Prior-year Revenue From Real Estate Property	1,712,700.39
Prior-year Personal Property Rate	0.00443
Times: Prior-year Personal Property Assessment	61,301,899
Equals: Prior-year Revenue From Personal Property	271,567.41
Prior-year Revenue From Real Estate Property	1,712,700.39
Plus: Prior-year Revenue From Personal Property	271,567.41
Equals: Total Prior-year Revenue	1,984,267.80
Divided by: Current-year Total Valuation of Property	512,765,028
Equals: Compensating Tax Rate II (rounded to next higher one-tenth cent)	0.00387

The Compensating Tax Rate certified to the district is the higher of the rate produced by the Compensating Tax Rate I calculation or the Compensating Tax Rate II calculation.

Source: Legislative Research Commission. (2007, November 15). *Understanding How Tax Provisions Interact With the SEEK Formula*. Education Assessment and Accountability. (Research Report No. 354).

2. How is the Sub Section 1 tax rate calculated?

Prior-year Maximum Real Estate Tax Rate	0.00483
Times: Prior-year Real Estate Property Assessment	430,326,731
Equals: Prior-year Maximum Real Estate Revenue	2,078,478.11
Prior-year Maximum Personal Property Tax Rate	0.00483
Times: Prior-year Personal Property Assessment	61,301,899
Equals: Prior-year Maximum Personal Property Revenue	296,088.17
Prior-year Maximum Real Estate Revenue	2,078,478.11
Plus: Prior-year Maximum Personal Property Revenue	296,088.17
Equals: Prior-year Maximum Revenue	2,374,566.28
Divided by: Prior-year Total Valuation of Property, Excluding Homestead Exemptions	491,403,230
Equals: Subsection (1) Tax Rate (rounded to next lower one-tenth cent)	0.00483

Source: Legislative Research Commission. (2007, November 15). *Understanding How Tax Provisions Interact With the SEEK Formula*. Education Assessment and Accountability. (Research Report No. 354).

3. What is the Levied Equivalent Rate and how is it calculated?

Because school districts' local tax effort consists of various types of taxes and because the rates at which these revenue sources are taxed can vary, the funding system uses a levied equivalent rate to convert districts' local tax efforts to a comparable basis. The levied equivalent rate, in simple terms, is a district's total tax revenue divided by its total assessment, which includes property and motor vehicles. Below is an example of the calculation for the Levied Equivalent Rate:

Current-year Levied Real Estate Property Tax Rate	.00404
Times: Prior-year Real Estate Property Assessment	430,326,731
Equals: Levied Real Estate Property Tax Revenue	1,738,520
Current-year Levied Personal Property Tax Rate	.00445
Times: Prior-year Personal Property Assessment	61,301,899
Equals: Levied Personal Property Tax Revenue	272,793
Current-year Levied Motor Vehicle Tax Rate	.00563
Times: Prior-year Motor Vehicle Assessment	84,836,102
Equals: Levied Motor Vehicle Tax Revenue	477,627
Levied Real Estate Property Tax Revenue (calculated above)	1,738,520
Plus: Levied Personal Property Tax Revenue (calculated above)	272,793
Plus: Levied Motor Vehicle Tax Revenue(calculated above)	477,627
Plus: Prior-year Permissive Tax Revenue	740,209
Equals: Total Local Taxes	3,229,149
Times: Prior-year Collection Rate	0.977
Equals: Total Levied Tax Revenue	3,154,879
Divided by: Prior-year Total Assessment	576,464,732
Equals: Levied Equivalent Rate	0.00547

Source: Legislative Research Commission. (2007, November 15). *Understanding How Tax Provisions Interact With the SEEK Formula*. Education Assessment and Accountability. (Research Report No. 354).

4. How is the 4% tax rate calculated?

Higher of Compensating Tax Rate I or II	0.00387
Times: Current-year Real Estate Property Assessment, Excluding New Property	451,346,132
Equals: Revenue From Existing Real Estate Property	1,746,709.53
Times: 4 Percent Increase	1.04
Equals: Revenue After 4 Percent Increase Applied to Existing Real Estate Property	1,816,577.91
Divided by: Current-year Real Estate Property Assessment, Excluding New Property	451,346,132
Equals: 4 Percent Increase Tax Rate (rounded to next lower one-tenth cent)	0.00402

Source: Legislative Research Commission. (2007, November 15). *Understanding How Tax Provisions Interact With the SEEK Formula*. Education Assessment and Accountability. (Research Report No. 354).

5. How is the HB 940 tax rate calculated?

Maximum Tier I Equivalent Calculation:	
Estimated Full Adjusted SEEK Base Funding	11,098,769
Times: Maximum Tier I Participation	0.15
Equals: Maximum Tier I Revenue	1,664,815
Divided by: Estimated ADA With Growth	2,453.9
Equals: Maximum Tier I Revenue Per Pupil	678
Divided by: Higher of State Equalization Level (637,000) or Per-pupil Assessment (245,895)	637,000
Equals: Tier I Equivalent Rate (rounded to next higher one-tenth cent)	0.00107
Plus: Required 30 Cents Local Effort	0.00300
Plus: Required 5 Cents FSPK	0.00050
Equals: Maximum Tier I Equivalent Rate	0.00457
Tier I Tax Rate Calculation:	
Higher of Maximum Tier I Equivalent Rate or FY 1990 Equivalent Tax plus growth nickel, equalized growth nickel, or recallable nickel, if applicable	0.00457
Times: Prior-year Total Assessment	576,464,732
Equals: Maximum Local Revenue	2,634,444
Divided by: Prior-year Collection Rate	0.977
Equals: Maximum Levied Revenue	2,696,462
Less: Prior-year Permissive Tax Revenue	740,209
Less: Prior-year Motor Vehicle Revenue at 96% Collection Rate	458,522
Equals: Maximum Levied Property Revenue	1,497,732
Divided by: Prior-year Property Assessment	491,628,630
Equals: Maximum Tier I Property Tax Rate (rounded to next lower one-tenth cent)	.00304

Source: Legislative Research Commission. (2007, November 15). *Understanding How Tax Provisions Interact With the SEEK Formula*. Education Assessment and Accountability. (Research Report No. 354).

6. Where can I learn more about how my taxes interact with my SEEK funding?

In 2008, a study was done by the Office of Education Accountability which explains the interactions between school district taxes and SEEK. You can access the report at the following link: Understanding How Tax Provisions Interact With the SEEK Formula .