

AD VALOREM OPTIONS FY 2024

Council Work Session

August 15, 2023



LEXINGTON



Overview

- Required Ad Valorem dates
- Taxing Districts
- Real Estate Values
- Taxing Options
 - General Services Fund
 - Urban Services Fund
 - Special District Tax Rates
- Questions



Required Ad Valorem Dates

(KRS 132.0225)

M	T	W	TH	F
JULY 24	25 CERTIFICATION DATE DAY 1	26	27	28
31	1	2	3	4
7	8	9	10	11
14	15 WORK SESSION PRESENTATION & SET RATES	16	17 COUNCIL MEETING FIRST READING	18 FIRST ADVERTISEMENT*
21	22 WORK SESSION SECOND ADVERTISEMENT*	23	24	25
28	29 WORK SESSION	30	31 COUNCIL MEETING PUBLIC HEARING** SECOND READING	SEPTEMBER 1 SEPTEMBER 7 DAY 45



Taxing Districts

- LFUCG Taxing Districts
 - General Services
 - Urban Services
 - Street Lights
 - Refuse
 - Street Cleaning
- Special Taxing Districts
 - Soil and Water Conservation District
 - Agricultural Extension Service
 - Health Department



Tax Rates in Selected Kentucky Cities – FY 2023

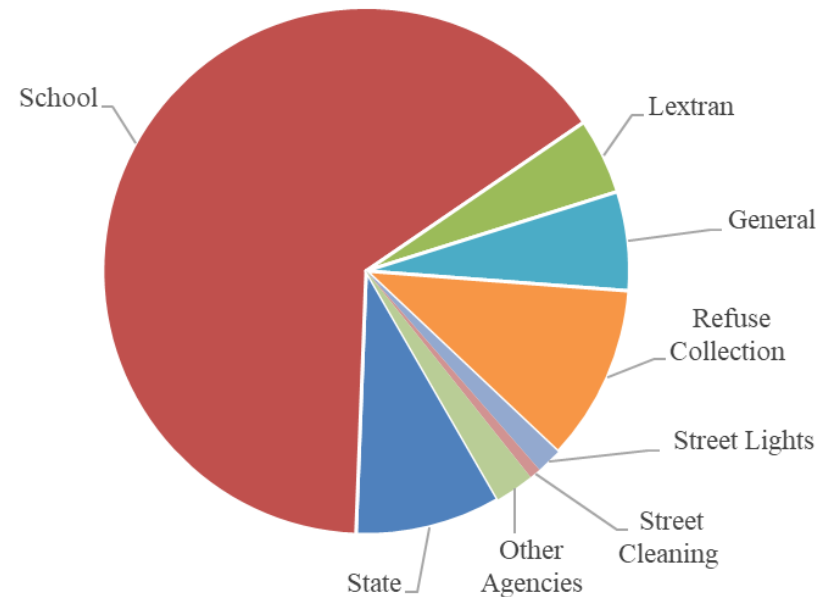
City	City Rate	County Rate	Total City/County
Versailles	0.0550	0.16500	0.22000
Georgetown	0.0640	0.17160	0.23560
Elizabethtown	0.1160	0.15750	0.27350
Shepherdsville	0.1220	0.18600	0.30800
Lexington *	0.1680	0.16860	0.33660
Winchester	0.1260	0.21100	0.33700
Paris	0.1080	0.25000	0.35800
Richmond	0.1290	0.23500	0.36400
Florence	0.2460	0.17970	0.42570
Bowling Green	0.2050	0.22150	0.42650
Nicholasville	0.1860	0.26370	0.44970
Louisville	0.3580	0.12400	0.48200
Owensboro	0.2640	0.23900	0.50300
Frankfort	0.1930	0.36100	0.55400
Covington	0.2710	0.31100	0.58200
Fort Thomas	0.3370	0.29000	0.62700
Ashland	0.2544	0.47900	0.73340



Comparison of Realty Tax Rates

Fayette County Tax Rates, 2022 (FY 2023)

Taxing District	Tax Rate	Tax Paid on \$235,000 Property	Percent of Total Property Tax Bill
State	0.1150	\$270.25	9.0%
School	0.8330	\$1,957.55	64.8%
Lextran	0.0600	\$141.00	4.7%
LFUCG			
General	0.0780	\$183.30	6.1%
Urban			
Refuse Collection	0.1390	\$326.65	10.8%
Street Lights	0.0200	\$47.00	1.6%
Street Cleaning	0.0090	\$21.15	0.7%
Extension	0.0040	\$9.40	0.3%
Health	0.0260	\$61.10	2.0%
Soil/Water	0.0006	\$1.41	0.0%
TOTAL	1.2846	\$3,018.81	100%



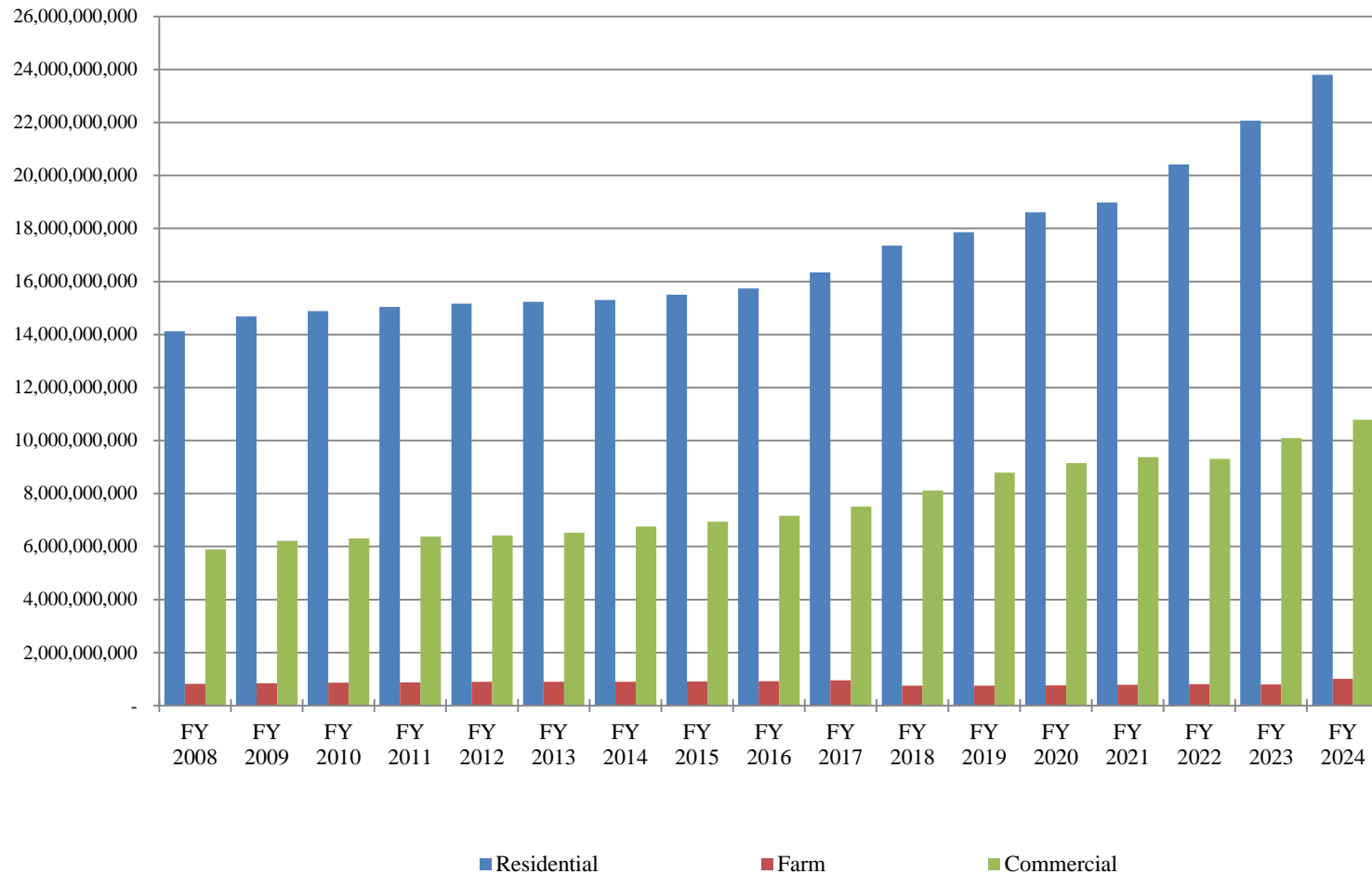


General Services – Library Allocation

- Five cents of the general fund property tax goes to the library
- Assessments were higher than what was originally budgeted, therefore the allocation to the library will be increased by \$412,520
 - Revised allocation of \$21,110,480



Real Estate Values – General Services





Ad Valorem Tax Rate Options for Consideration

- If we select the Compensating Rate it will provide approximately the same revenue as previous fiscal year for existing property
- If we select the House Bill 44 rate that will provide a 4% revenue increase from existing real properties
- If we set the rate above 4% then the rates will be subject to voter recall within 45 days if petition signed by 10% of voters in the last Presidential Election (15,406)



General Services Fund (Options 1 – 3)

Category	Prior Year Rates	Option 1* (Prior Year)	Option 2 (Compensating)	Option 3 (4%)
Real Estate	.078	.078	.074	.076
Personalty	.0880	.0880	.0868	.0891
Motor Vehicles/Watercraft	.088	.088	.088	.088
Tobacco in Storage	.015	.015	.015	.015
Agri. Products in Storage	.045	.045	.045	.045
Insurance Companies Capital	.15	.15	.15	.15
Aircraft	.0880	.0880	.0868	.0891
Watercraft (Non-Commercial)	.0880	.0880	.0868	.0891
Abandoned Property	1.00	1.00	1.00	1.00
Revenue Impact		\$1,212,320	(\$198,680)	\$552,320
Library Increase		\$412,520	\$412,520	\$412,520
Impact on Budgeted Fund Balance:		\$799,800	(\$611,200)	\$139,800

Rates marked with an * are subject to Voter Recall



General Services – Average Tax Bill

General Fund Property Tax Bill on a
\$235,000 house

Taxing District	Option 1 (Prior Year)	Option 2 (Compensating)	Option 3 (4%)
LFUCG			
General	\$183.30	\$173.90	\$178.60
Total	\$183.30	\$173.90	\$178.60



General Services Fund - Recommendation

- The Administration recommends Option 3, which is the House Bill 44 allowable 4%.



Urban Services Fund (Options 1 – 5)

Category	Prior Year Rates	Option 1 (Prior Year)	Option 2 (Compensating)	Option 3 (4%)	Option 4 (Cost of Service)	Option 5 (Hybrid)
Refuse Collection	.1390	.1390*	.1330	.1380	.1590*	.1390*
Street Lights	.0200	.0200*	.0190	.0190	.0270*	.0270*
Street Cleaning	.0090	.0090	.0090	.0090	.0150*	.0090
Public Service Companies	.1680	.1680*	.1610	.1660	.2010*	.1750*
Insurance Co Capital	.0920	.0920	.0920	.0920	.0920	.0920
<i>Impact Budgeted Fund Balance:</i>		\$1,980,781	(\$144,219)	\$1,369,781	\$11,861,781	\$4,135,781

Rates marked with an * are subject to Voter Recall



Urban Services – Average Tax Bill

Urban Services Fund Property Tax Bill on a
\$235,000 house

Taxing District	Option 1 (Prior Year)	Option 2 (Compensating)	Option 3 (4%)	Option 4 (Cost of Service)	Option 5 (Hybrid)
LFUCG					
Refuse Collection	\$326.65	\$312.55	\$324.30	\$373.65	\$326.65
Street Lights	47.00	44.65	44.65	63.45	63.45
Street Cleaning	21.15	21.15	21.15	35.25	21.15
Total	\$394.80	\$378.35	\$390.10	\$472.35	\$411.25



Urban Services Fund - Recommendation

- The Administration recommends Option 5, which is the Hybrid rate to move Street Lights to Cost of Service and maintain the FY 2023 rate for Refuse Collection and Street Cleaning.
 - Since FY 2013, expenses for Street Lights have exceeded revenues by approximately \$2 million per year.
 - LFUCG has been transferring General Fund dollars to help bridge the gap.
 - The Cost of Service rate will bring in an additional \$2 million in revenue to match current expenses.

Questions?



LEXINGTON