



***Ad Valorem Options
FY 2014***

August 13, 2013

Overview

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



Required Ad Valorem Dates (KRS 132.0225)

M	T	W	TH	F
JULY 22 CERTIFICATION DATE DAY 1	23	24	25	26
29	30	31	AUGUST 1	2
5	6	7	8	9
12	WORK SESSION DISCUSSION AND APPROVAL OF RATES	14	15 COUNCIL MEETING FIRST READING OF TAX RATES	16 FIRST ADVERTISEMENT*
19 SECOND ADVERTISEMENT*	20 WORK SESSION	21	22	23
26	27 WORK SESSION	28	29 COUNCIL MEETING PUBLIC HEARING** SECOND READING OF TAX RATES	30
SEPTEMBER 2	3	4 DAY 45		



Taxing Districts

LFUCG Taxing Districts

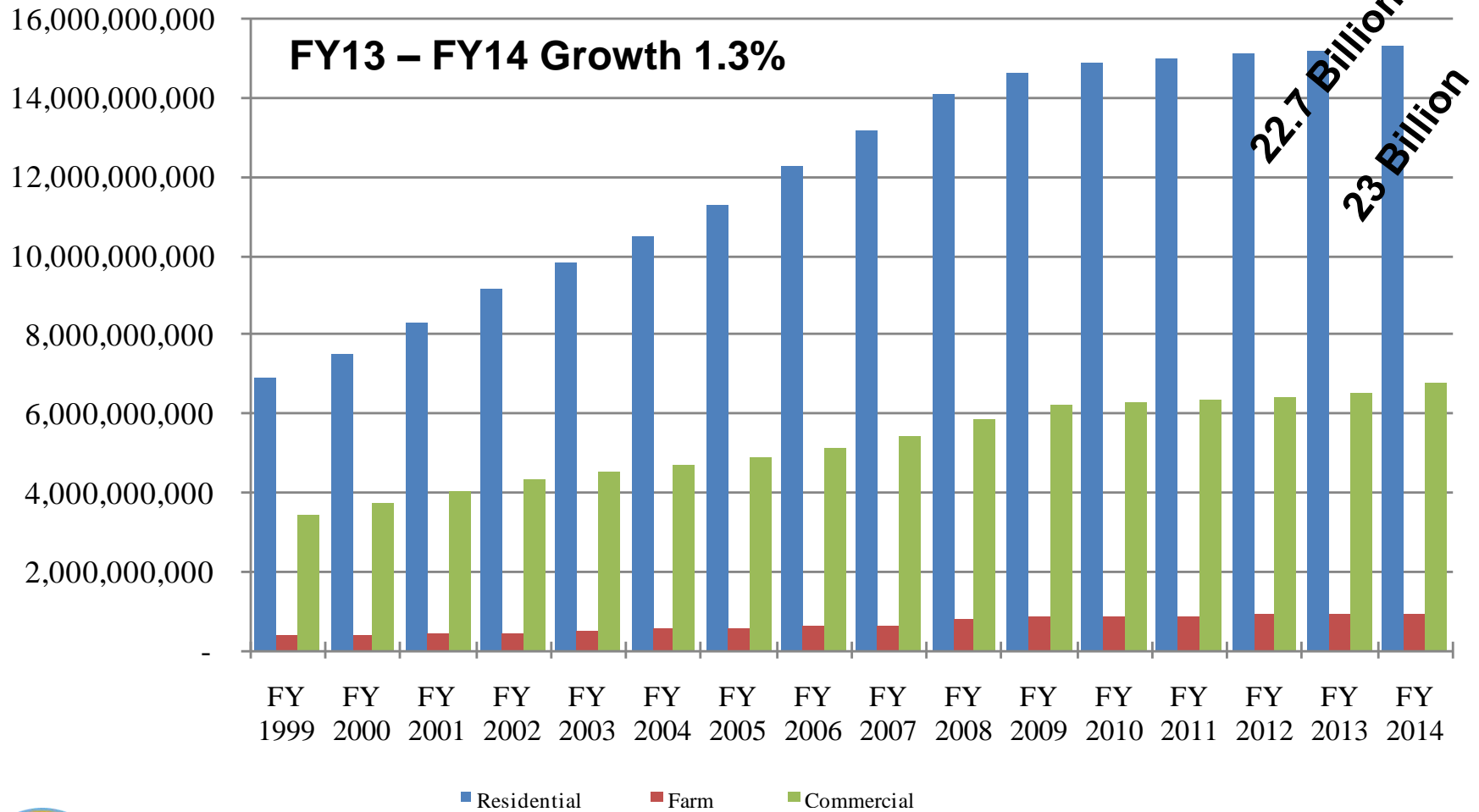
- ❖ General Services
- ❖ Urban Services
 - Street Lights
 - Refuse
 - Street Cleaning

Special Taxing Districts

- ❖ Soil and Water Conservation District
- ❖ Agricultural Extension Service
- ❖ Health Department



Real Estate Values (General Services)



Ad Valorem Tax Rate Options for Consideration

1. Keep Rate the Same
2. Compensating Rate – provide approximately the same revenue as previous fiscal year for existing property
3. Maximum 4% Increase - highest increase that can be generated without triggering a voter recall
4. Set the rate above 4% - subject to voter recall within 45 days if petition signed by 10% of voters in the last Presidential Election (12,841)



General Services Fund (Options 1-3)

Category	Prior Year Rates	Option 1 (Prior Rates)	Option 2 (Compensating)	Option 3 (Maximum)
Real Estate	0.08	0.08	0.081	0.084
Personalty	0.099	0.099	0.1061	0.1100
Motor Vehicles/Watercraft	0.088	0.088	0.088	0.088
Tobacco in Storage	0.015	0.015	0.015	0.015
Agri. Products in Storage	0.045	0.045	0.045	0.045
Insurance Companies Capital	0.15	0.15	0.15	0.15
Aircraft	0.099	0.099	0.1061	0.1100
Watercraft (Non-Commercial)	0.099	0.099	0.1061	0.1100
<i>Impact on FY 2014 Budget:</i>		<i>(\$43,680)</i>	<i>\$319,320</i>	<i>\$1,051,320</i>



General Services – Average Tax Bill

General Fund Property Tax Bill on a \$165,000 house

Taxing District	Prior Rates	Compensating	Maximum (Plus 4%)
LFUCG			
General	\$132.00	\$133.65	\$138.60



Urban Services Fund

- ❖ **Services**
 - **Refuse**
 - **Street Lights**
 - **Street Cleaning**
- ❖ **Analysis**
- ❖ **Options**



Urban Services Analysis – Street Lights

	Projected Net Income/(Loss)	Cost of Service	Increase	
Unaudited FY 2013*	\$ (1,496,208)**	\$0.0210***		
Est. FY 2014	\$ (1,988,558)	\$0.0319	1.0¢	51.7%
Est. FY 2015	\$ (2,595,286)	\$0.0331	.12¢	3.8%
Est. FY 2016	\$ (2,356,963)	\$0.0340	.09¢	2.9%
Est. FY 2017	\$ (2,559,955)	\$0.0352	.12¢	3.4%
Est. FY 2018	\$ (2,775,552)	\$0.0364	.12¢	3.4%

*Unaudited Actual Thru June

**Does not reflect the transfer of \$2,529,224 from the General Fund in FY13 or \$300,000 in capital

***Current Rate

In 2012 the street light tax was 2% of the total property tax bill in Fayette County



Urban Services Analysis – Street Cleaning

	Projected Net Income/(Loss)	Cost of Service	Increase	
Unaudited FY 2013*	\$ (579)**	\$0.0094***		
Est. FY 2014	\$ 16,482**	\$0.0097	.03¢	2.8%
Est. FY 2015	\$ (145,561)	\$0.0107	.10¢	10.6%
Est. FY 2016	\$ (148,486)	\$0.0108	.01¢	1.2%
Est. FY 2017	\$ (149,780)	\$0.0109	.01¢	1.1%
Est. FY 2018	\$ (151,269)	\$0.0111	.02¢	1.1%

*Unaudited Actual Thru June

**Does not include any capital expenditures

***Current Rate



Urban Services Fund (Options 1-4)

Category	Prior Year Rates	Option 1 (Prior Rates)	Option 2 (Compensating)	Option 3 (Maximum)	Option 4 (Cost of Service)
Refuse Collection	.1431	.1431	.1420	.1470	.1431
Street Lights	.0210	.0210	.0210	.0218	.0319
Street Cleaning	.0094	.0094	.0100	.0100	.0097
Public Service Companies	.1735	.1735	.1730	.1788	.1847
Insurance Companies Capital	.0920	.0920	.0920	.0920	.0920
Impact on FY 2014 Budget:		\$29,000	(\$74,000)	\$1,027,000	\$2,209,000

Per \$100 of Assessed Value



Urban Services – Average Tax Bill

Urban Fund Property Tax Bill on a \$165,000 house

Taxing District	Prior Rates	Compensating	Maximum (Plus 4%)	Cost of Service
Refuse Collection	\$236.12	\$234.30	\$242.55	\$236.12
Street Lights	34.65	34.65	35.97	52.64
Street Cleaning	15.51	16.50	16.50	15.95
TOTAL	\$286.28	\$285.45	\$295.02	\$304.70



Street Light Funding Options – Example A

Impact on a \$165,000 Home with a \$100 Monthly Utility Bill

Scenarios	Annual Cost Increase/(Savings)		
	Property Tax	Utility Bill	Total Increase/ (Savings)
Property Tax Only*	\$ 17.99	\$ -	\$ 17.99
Franchise Fee Only**	\$ (34.65)	\$ 24.00	\$ (10.65)
Hybrid Property Tax & Franchise Fee***	\$ -	\$ 12.00	\$ 12.00

*Property tax rates raised to Cost of Service Rate (0.0319)

**Eliminate property tax for street lights, Franchise rate raised to 5%

Current property tax for \$165,000 home is \$34.65

***No change in Property Tax rates, Franchise fee raised to 4% to fully fund service



Street Light Funding Options – Example B

Impact on a \$225,000 Home with a \$200 Monthly Utility Bill

Scenarios	Annual Cost Increase/(Savings)		Total Increase/ (Savings)
	Property Tax	Utility Bill	
Property Tax Only*	\$ 24.53	\$ -	\$ 24.53
Franchise Fee Only**	\$ (47.25)	\$ 48.00	\$ 0.75
Hybrid Property Tax & Franchise Fee***	\$ -	\$ 24.00	\$ 24.00

*Property tax rates raised to Cost of Service Rate (0.0319)

**Eliminate property tax for street lights, Franchise rate raised to 5%

Current property tax for \$225,000 home is \$47.25

***No change in Property Tax rates, Franchise fee raised to 4% to fully fund service



Recommendation: Fix the Problem

Suggested Approach

- ❖ Street Lights
 - Eliminate property tax for street lights
 - Adopt as a general fund obligation
 - Fund by 5% franchise fee

- ❖ Street Cleaning
 - Use General Fund to pay for capital





Questions?