



Lexington-Fayette Urban County Government
DEPARTMENT OF FINANCE

Jim Gray
Mayor

William O'Mara
Commissioner

MEMORANDUM

TO: Mayor Jim Gray
Urban County Councilmembers

FROM: William O'Mara, Commissioner
Department of Finance

DATE: November 19, 2015

RE: Payment in lieu of taxes (PILOT) for the Fayette County Agricultural Extension Office

The 2015 tax bills were mailed reflecting an incorrect rate for the Fayette County Agricultural Extension Office. The rate on the tax bill is \$.0005 lower than the amount recommended by the Agricultural Extension Board of Directors and adopted by the Lexington-Fayette Urban County Council. The difference in tax rate is estimated to result in a funding shortfall to the Agricultural Extension Office in tax collections of \$11,000.

Due to the significant cost of issuing corrected tax bills, the confusion to the taxpayer, and the modest tax liability to an individual taxpayer (\$1.00 for a \$200,000 home), it is recommended a payment in lieu of taxes (PILOT) from Lexington-Fayette Urban County Government be approved in the amount of \$71,000. One half of this amount will be funded by the Fayette County Clerk.

This payment will result in the same amount of tax revenue to the Agricultural Extension Office as if the corrected tax bills were issued and collected.

Please approve the issuance of the \$71,000 to the Fayette County Agricultural Extension office as a payment in lieu of taxes. The Fayette County Clerk's office will reimburse the city for half of the payment.

A Budget Amendment will be processed to accommodate this action.

If you have questions or need additional information, please feel free to contact me.

WO/lyb
Attachment