

AD VALOREM OPTIONS FY 2023

*Council Work Session
August 16, 2022*



LEXINGTON

Ad Valorem Options



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 18	19	20	CERTIFICATION DATE DAY 1	22
25	26	27	28	29
1	2	3	4	5
8	9	10	11	12
15	16	17	18	19
22	WORK SESSION PRESENTATION & SET RATES	24	COUNCIL MEETING FIRST READING	FIRST ADVERTISEMENT*
29	WORK SESSION SECOND ADVERTISEMENT*	31	SEPTEMBER 1	2
	WORK SESSION COUNCIL MEETING PUBLIC HEARING** SECOND READING			SEPTEMBER 3 DAY 45

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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

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Ad Valorem Options



Tax Rates in Selected Kentucky Cities – FY 2022

City	City Rate	County Rate	Total City/County
Georgetown	0.0650	0.17700	0.24200
Lexington *	0.1736	0.17260	0.34620
Winchester	0.1460	0.21433	0.36033
Richmond	0.1340	0.24400	0.37800
Bowling Green	0.2050	0.21750	0.42250
Nicholasville	0.1860	0.26070	0.44670
Louisville	0.3546	0.12890	0.48350
Owensboro	0.2460	0.24459	0.49059
Frankfort	0.1960	0.36650	0.56250
Covington	0.3270	0.32550	0.65250
Ashland	0.2576	0.47700	0.73460

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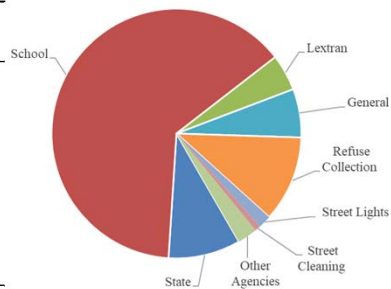
Ad Valorem Options



Comparison of Realty Tax Rates

Fayette County Tax Rates, 2021 (FY 2022)

Taxing District	Tax Rate	Tax Paid on \$220,000 Property	Percent of Total Property Tax Bill
State	0.1190	\$261.80	9.4%
School	0.8080	\$1,777.60	63.5%
Lextran	0.0600	\$132.00	4.7%
LFUCG			
General	0.0800	\$176.00	6.3%
Refuse Collection	0.1423	\$313.06	11.2%
Street Lights	0.0212	\$46.64	1.7%
Street Cleaning	0.0096	\$21.12	0.8%
Extension	0.0040	\$8.80	0.3%
Health	0.0280	\$61.60	2.2%
Soil/Water	0.0006	\$1.32	0.0%
TOTAL	1.2727	\$2,799.94	100%



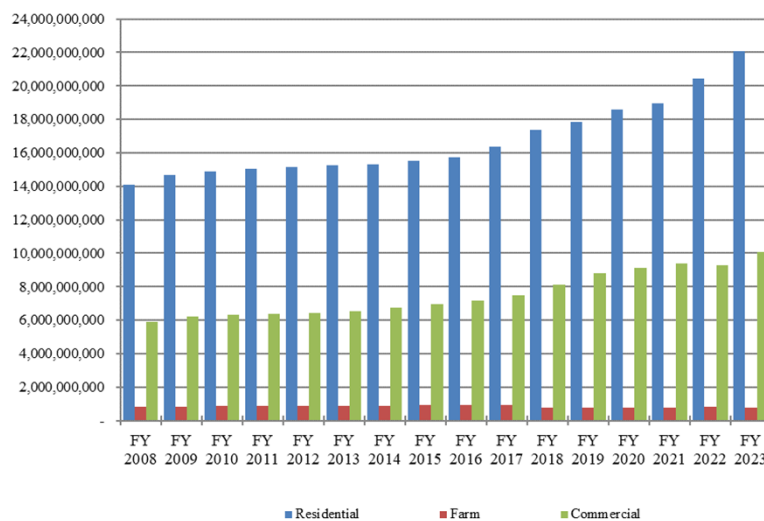
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General Services – Library Allocation

- Five cents of the general fund real estate tax goes to the library
- Assessments were higher than what was originally budgeted, therefore the allocation to the library will be increased by \$1,008,530.
 - Revised allocation of \$19,411,590

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Real Estate Values – General Services



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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)

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General Services Fund (Options 1 – 3)

Category	Prior Year Rates	Option 1 (Prior Year)	Option 2* (Compensating)	Option 3 (4%)
Real Estate	0.08	0.08	0.075	0.078
Personalty	0.0890	0.0890	0.0850	0.0880
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	0.0890	0.0890	0.0850	0.0880
Watercraft (Non-Commercial)	0.0890	0.0890	0.0850	0.0880
Abandoned Property	1.00	1.00	1.00	1.00
Revenue Impact		\$1,448,000	(\$251,000)	\$756,000
Library Increase		1,008,530	1,008,530	1,008,530
Impact on Budgeted Fund Balance:		\$439,470	(\$1,259,530)	(\$252,530)

*Option 2 will require reductions to the FY23 Adopted Budget

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General Services – Average Tax Bill

General Fund Property Tax Bill on a \$220,000 house

Taxing District	Option 1 (Prior Year)	Option 2 (Compensating)	Option 3 (4%)
LFUCG			
General	\$176.00	\$165.00	\$171.60
Total	\$176.00	\$165.00	\$171.60

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General Services Fund - Recommendation

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

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Ad Valorem Options



Urban Services Fund (Options 1 – 4)

Category	Prior Year Rates	Option 1 (Prior Year)	Option 2 (Compensating)	Option 3 (4%)	Option 4 (Cost of Service)
Refuse Collection	0.1423	0.1423	0.1340	0.1390	0.1321
Street Lights	0.0212	0.0212	0.0200	0.0200	0.0297
Street Cleaning	0.0096	0.0096	0.0090	0.0090	0.0128
Public Service Companies	0.1731	0.1731	0.1630	0.1680	0.1746
Insurance Co Capital	0.0920	0.0920	0.0920	0.0920	0.0920
<i>Impact Budgeted Fund Balance:</i>		\$2,360,000	(\$450,000)	\$944,000	\$2,750,000

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Ad Valorem Options



Urban Services – Average Tax Bill

Urban Services Fund Property Tax Bill on a \$220,000 house

Taxing District	Option 1 (Prior Year)	Option 2 (Compensating)	Option 3 (4%)	Option 4 (Cost of Service)
LFUCG				
Refuse Collection	\$313.06	\$294.80	\$305.80	\$290.62
Street Lights	46.64	44.00	44.00	65.34
Street Cleaning	21.12	19.80	19.80	28.16
Total	\$380.82	\$358.60	\$369.60	\$384.12

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Urban Services Fund - Recommendation

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

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Special Tax Districts

Taxing District	Current Rates	Requested Rates*
<u>Soil and Water Conservation</u>		
Real Property	.0006	.0006
<u>Extension</u>		
Real Property	.0040	.0040
Personal Property	.0051	.0052
<u>Health</u>		
Real Property	.028	.026
Personal Property	.028	.026

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Questions?



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