

General Services and Urban Services Districts

## FY 2016 Ad Valorem Tax Rates

# Table of Contents

<b>FY 2016 Ad Valorem Tax Rate Calendar .....</b>	<b>ii</b>
<b>FY 2016 Property Tax Options .....</b>	<b>1</b>
<b>General Services Fund (1101) .....</b>	<b>1</b>
<b>Urban Services Fund (1115) .....</b>	<b>2</b>
<b>FY 2016 Property Tax Information .....</b>	<b>3</b>
<b>Tax Facts.....</b>	<b>4</b>
<b>General Fund Realty Rates Adopted vs. Allowed, FY 1994 – 2015.....</b>	<b>5</b>
<b>Urban Fund Realty Rates Adopted by Service, FY 1994 – 2015 .....</b>	<b>6</b>
<b>Recall Procedures .....</b>	<b>7</b>
<b>Supplemental Information .....</b>	<b>8</b>
<b>Background Information .....</b>	<b>8</b>
<b>Definitions of Tax Categories .....</b>	<b>9</b>
<b>Comparison of Realty Tax Rates .....</b>	<b>11</b>
<b>Homestead Exemptions.....</b>	<b>12</b>
<b>Personalty Assessments.....</b>	<b>13</b>
<b>Motor Vehicle and Watercraft Assessments.....</b>	<b>14</b>
<b>Tax Rates in Selected Kentucky Cities .....</b>	<b>15</b>
<b>Library Funding Statute.....</b>	<b>17</b>

## FY 2016 Ad Valorem Tax Rate Calendar

### KRS 132.0225 Deadline for Establishing Final Tax Rate

A taxing district that does not elect to attempt to set a rate that will produce more than four percent (4%) in additional revenue, exclusive of revenue from new property as defined in KRS 132.010, over the amount of revenue produced by the compensating tax rate as defined in KRS 132.010 shall establish a final tax rate within forty-five (45) days of the department's certification of the county's property tax roll. A city that does not elect to have city ad valorem taxes collected by the sheriff as provided in KRS 91A.070(1) shall be exempt from this deadline. Any nonexempt taxing district that fails to meet this deadline shall be required to use the compensating tax rate for that year's property tax bills.

M	T	W	TH	F
<b>JULY</b> 20	21	22	23 CERTIFICATION DATE <b>DAY 1</b>	24
27	28	29	30	31
<b>AUGUST</b> 3	4	5	6	7
10	11 WORK SESSION DISCUSSION AND APPROVAL OF RATES	12	13 COUNCIL MEETING FIRST READING OF TAX RATES	14 FIRST ADVERTISEMENT*
17 SECOND ADVERTISEMENT*	18 WORK SESSION	19	20	21
24	25 WORK SESSION	26	27 COUNCIL MEETING PUBLIC HEARING** SECOND READING OF TAX RATES	28
31	<b>SEPTEMBER 1</b>	2	3	4 <b>DAY 45 (September 5<sup>th</sup>)</b>

Advertisements and Public Hearings are required for a tax rate greater than the Compensating rate but equal to, or less than, the 4% rate. Tax rates greater than the 4% rate are subject to voter recall.

\* Advertisements must be in two separate weeks.

\*\* Cannot be less than 7 or more than 10 days after the 2<sup>nd</sup> advertisement.

## FY 2016 Property Tax Options General Services Fund (1101)

Based on estimated property assessments, revenues were originally budgeted at \$21,527,230. The following table shows the *categories* of property for which rates must be adopted, the *options* available in setting the rates, and the *fund balance impact* of each option. These rates are not subject to voter recall, but Option 3 does require a Public Hearing. Rates are per \$100 assessed valuation.

Category	Prior Year Rates	Option 1	Option 2 Compensating	Option 3 (Maximum) <sup>1</sup>
Real Estate	0.08	0.08	0.08	0.083
Personalty <sup>2</sup>	0.0931	0.0915	0.0915	0.0949
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 <sup>3</sup>	0.0931	0.0915	0.0915	0.0949
Watercraft (Non-Commercial)	0.0931	0.0915	0.0915	0.0949
Abandoned Property <sup>4</sup>		1.00		
<b>Impact on Fund Balance:</b> <sup>5</sup>		<b>\$594,950</b>	<b>\$594,950</b>	<b>\$1,352,950</b>

**Option #1:** All rates remain the same as last year except Personalty which must be lowered. This option provides less than the 4% revenue increase from existing real properties per House Bill 44 limits. Any revenue increases are derived from new property. **The net increase to fund balance is \$594,950.**

**Option #2:** All rates are set at the **Compensating Rate**, which provides approximately the same revenue as previous years for existing property. Any revenue increases are derived from new property. **The net increase to fund balance is \$594,950.** Based on the calculation of the rates, the compensating rate and option #1 produced the same rates this year.

**Option #3:** All rates are set at the **Maximum Rate**, 4% above the Compensating Rate. This is the highest increase that can be generated without triggering a voter recall. In this scenario Personalty can only be raised to .0949 if the maximum rate for Real Estate is selected. **The net increase to fund balance is \$1,352,950.**

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

Taxing District	Prior Rates	Compensating	Maximum (Plus 4%)
LFUCG			
General	\$132.00	\$132.00	\$136.95
<b>TOTAL</b>	<b>\$132.00</b>	<b>\$132.00</b>	<b>\$136.95</b>

<sup>1</sup> The maximum rates without triggering a recall.

<sup>2</sup> Personalty assessments include tangible personal property only. Personal Property consists of items such as office furniture, office machines, store fixtures, professional trade/business fixtures, leasehold equipment, machinery and equipment (manufacturing and non-manufacturing), free standing signs, raw materials, inventories of all kinds, aircraft and many other personal items that may have value and utility.

<sup>3</sup> Tangible item not included in personalty, which may be taxed or exempted at local option.

<sup>4</sup> FY 2016 is the first year to collect an additional "Abandoned Property" ad valorem tax. For this reason, the revenue generated from this tax is not included in the Fund Balance impact calculation.

<sup>5</sup> Net of the \$82,700 increase to the Library.

## Urban Services Fund (1115)

The *largest* single category of revenue to the Urban Services Districts Fund is ad valorem, accounting for 89.4% of the total revenues for FY 2016. In addition to the basic services provided to all residents of Fayette County, property owners in the urban services areas have one or more of the following services available to them: refuse collection, street lights, and street cleaning. These services are funded by an additional ad valorem tax paid only by the property owners in the respective districts.

Based on estimated property assessments, revenues were originally budgeted at \$33,897,670 for FY 2016. The following chart outlines the categories of property for which rates must be set and the proposed rate for each. Options 1, 3 and 4 require a Public Hearing and Option 4 is subject to voter recall. Rates are per \$100 assessed valuation.

Category	Prior Year Rates	Option 1 (Prior Rates)	Option 2 (Compensating)	Option 3 (Maximum) <sup>6</sup>	Option 4 (Cost of Service)
Refuse Collection	.1431	.1431	.1416	.1472	.1441
Street Lights	.0210	.0210	.0208	.0216	.0325
Street Cleaning	.0097	.0097	.0096	.0099	.0101
Public Service Companies	.1738	.1738	.1720	.1787	.1867
Insurance Companies Capital	.0920	.0920	.0920	.0920	.0920
<b>Impact on Fund Balance:</b>		<b>\$130,330</b>	<b>(\$222,670)</b>	<b>\$1,094,330</b>	<b>\$2,718,330</b>

**Option #1:** All rates remain the same as last year. This option provides less than the 4% revenue increase from existing real properties per House Bill 44 limits. **The net increase to fund balance is \$130,330.**

**Option #2:** All rates are set at the **Compensating Rate**, which provides approximately the same revenue as previous years for existing property. Any revenue increases are derived from new property. **The net decrease to fund balance is \$222,670.**

**Option #3:** Increase rates to those that give a 4% revenue increase from existing real properties per House Bill 44 limits. **The net increase to fund balance is \$1,094,330.**

**Option #4:** Increase rates to Cost of Service rates. The increases for Street Lights and Street Cleaning are subject to referendum vote. **The net increase to fund balance is \$2,718,330.**

### 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	\$233.64	\$242.88	\$237.77
Street Lights	34.65	34.32	35.64	53.63
Street Cleaning	16.01	15.84	16.34	16.67
<b>TOTAL</b>	<b>\$286.77</b>	<b>\$283.80</b>	<b>\$294.86</b>	<b>\$308.06</b>

<sup>6</sup> The maximum rates without triggering a recall.

## FY 2016 Property Tax Information

- Fayette County property tax rates must be established for the following categories no later than September 5, 2015.<sup>7</sup>
  - Real Estate
  - Personalty
  - Motor Vehicles/Watercraft
  - Tobacco in Storage
  - Agricultural Products in Storage
  - Insurance Companies Capital
  - Aircraft
  - Inventory in Transit
- The total assessed value of taxable property in Fayette County for the 2015 tax year is more than \$27.5 billion. Real estate assessments account for approximately \$23.8 billion of the total, and various personal property categories make up the difference.
- Real estate assessments have increased 2.1% since last year, with 1.0% due to new growth and 1.1% due to reassessments.
- There are 107,902 parcels of taxable property included in this year's assessment, which break down as follows:

Residential	97,908
Commercial	7,550
Farm	2,444
Totals	107,902

- The General Services Fund (1101) realty tax rate could be raised to 0.083 and still comply with House Bill 44, which limits revenue growth from reassessments to 4% (see page 1).
- The personalty tax rate is limited by the rate set on realty and is not subject to voter recall. The maximum rate allowed for this category is .0949 (assuming realty is increased to .0830).
- The maximum rate allowed for motor vehicle and watercraft is .0880 and is not subject to voter recall.<sup>8</sup>
- Rates for *tobacco in storage*, *agricultural products*, and *insurance companies capital* are at the maximum allowed by law.
- Per KRS 173.360, the LFUCG provides an annual appropriation to the Lexington Public Library based on a funding level of five cents (5¢) on each one hundred dollars (\$100) worth of property assessed for local taxation. **The appropriation is not affected by a change in the tax rates adopted by the LFUCG.** Because the actual growth in assessments is more than the budgeted amount, *the Library is entitled to \$14,364,650, an increase of \$82,700 from the FY 2016 Adopted Budget.*
- Aircraft (recreational/non-commercial) may be taxed or exempted at local option. If this category was exempted from taxation, the Library would still be entitled to funds based on the assessment.

<sup>7</sup> Intangible personal property may be taxed only by the state.

<sup>8</sup> The maximum rate is based on the allowed 1983 personalty rate, which was .0880.

## Tax Facts

- LFUCG levies two categories of taxes on real property: (1) a county-wide tax (General Services District) for the support of the general operations of the government; and (2) Urban Services taxes paid by residents receiving one or more of the government services of refuse collection, street lights, and street cleaning.
- State real estate rates have decreased 45.5% since FY 1983 (see page 11).
- Fayette County School Board real estate rates have increased by 75.4% since FY 1983.
- LFUCG General Services real estate rates have decreased 9% since FY 1983.
- LFUCG property tax rates on realty are lower than those levied in most other cities/counties in Kentucky (see pages 15-16). Prior to FY 2001, the LFUCG levied the same rate on personal property (including motor vehicles and watercraft) as was levied on real property (8.10¢ per \$100 assessed valuation).
- The **Homestead Exemption** (\$36,900 for the 2015 tax year) is available to homeowners who are at least 65 years old during the tax period or have been classified as totally disabled by any public or private retirement system. The total value of property exempted from the tax rolls is \$729 million for the 2015 tax year. This represents taxpayer savings of over \$583,000 (at the current tax rate). An additional 359 homes qualified for the exemption this year, bringing the total number of Fayette County exemptions to 19,940 (see page 12).
- The **Agricultural Use Exemption** is for farm properties that have at least 10 contiguous acres. The agricultural use value is based on the agricultural capability of the land plus any improvements located on the land.
- In December 2013, the Vacant Property Review Commission began identifying properties that are vacant and blighted, developing programs and policies to return these properties to productive use, and crafting recommendations to policy makers regarding vacant and blighted property. The Vacant Property Review Commission is recommending that an **Abandoned Property** rate of \$1.00 per \$100 of assessed value for properties classified by the Commission as “abandoned urban property.” This recommendation has been reviewed by the Department of Law and is in accordance with applicable laws.

## General Fund Realty Rates Adopted vs. Allowed, FY 1994 – 2015

The chart below illustrates the General Services (Fund 1101) real estate rates adopted by the LFUCG, versus allowed rates, from FY 1994–2015. The FY 2001 and FY 2002 rollback provided a 4% revenue increase from existing properties.

The 1979 Special Session of the General Assembly enacted House Bill 44 to provide property tax relief in a time of rapidly increasing assessments. The basic provisions of House Bill 44 establish three options in setting the tax rates for realty:

- (1) A compensating tax rate can be set so that revenue from existing property remains the same. Additional revenue over last year would come only from new property.
- (2) The rate may be set (either lowered or raised, depending on the assessment change) so that the total revenue from existing property increases up to 4%. This requires public notice and a public hearing. Additional revenue would come from new property.
- (3) A rate may be set that provides an increase in revenue from existing property of more than 4%. This rate would be subject to voter recall (see page 7).

AS SET BY STATE				
Year	Compensating Rate	Compensating +4% Rate	LFUCG Adopted Rate	Action Taken
FY 1994	0.0810	0.0840	0.0810	Compensating Rate, No Tax Increase
FY 1995	0.0810	0.0840	0.0810	Compensating Rate, No Tax Increase
FY 1996	0.0790	0.0820	0.0810	Less Than 4%, No Tax Increase
FY 1997	0.0790	0.0820	0.0810	Less Than 4%, No Tax Increase
FY 1998	0.0790	0.0820	0.0810	Less Than 4%, No Tax Increase
FY 1999	0.0790	0.0820	0.0810	Less Than 4%, No Tax Increase
FY 2000	0.0780	0.0810	0.0810	+4% Rate (No Change in Rate)
FY 2001	0.0770	0.0800	0.0800	+4% Rate -- Roll-Back
FY 2002	0.0760	0.0790	0.0790	+4% Rate -- Roll-Back
FY 2003	0.0760	0.0790	0.0790	+4% Rate (No Change in Rate)
FY 2004	0.0770	0.0800	0.0800	+4% Rate – Tax Increase
FY 2005	0.0780	0.0810	0.0800	Less Than 4%, No Tax Increase
FY 2006	0.0770	0.0810	0.0800	Less Than 4%, No Tax Increase
FY 2007	0.0780	0.0810	0.0800	Less Than 4%, No Tax Increase
FY 2008	0.0770	0.0800	0.0800	+4% Rate (No Change in Rate)
FY 2009	0.0790	0.0820	0.0800	Less Than 4%, No Tax Increase
FY 2010	0.0810	0.0840	0.0800	Less Than 4%, No Tax Increase
FY 2011	0.0810	0.0840	0.0800	Less Than 4%, No Tax Increase
FY 2012	0.0810	0.0840	0.0800	Less Than 4%, No Tax Increase
FY 2013	0.0810	0.0840	0.0800	Less Than 4%, No Tax Increase
FY 2014	0.0810	0.0840	0.0800	Less Than 4%, No Tax Increase
FY 2015	0.0800	0.0830	0.0800	Less Than 4%, No Tax Increase



## Urban Fund Realty Rates Adopted by Service, FY 1994 – 2015

The chart below illustrates the Urban Services (Fund 1115) real estate rates adopted by the LFUCG, by service provided, from FY 1994–2015.

<b>Year</b>	<b>Refuse Collection</b>	<b>Street Lights</b>	<b>Street Cleaning</b>	<b>Total Tax Rate</b>
FY 1994	0.1750	0.0311	0.0094	0.2155
FY 1995	0.1750	0.0311	0.0094	0.2155
FY 1996	0.1750	0.0311	0.0094	0.2155
FY 1997	0.1750	0.0311	0.0094	0.2155
FY 1998	0.1750	0.0311	0.0094	0.2155
FY 1999	0.1750	0.0311	0.0094	0.2155
FY 2000	0.1750	0.0311	0.0094	0.2155
FY 2001	0.1750	0.0311	0.0094	0.2155
FY 2002	0.1750	0.0311	0.0094	0.2155
FY 2003	0.1750	0.0311	0.0094	0.2155
FY 2004	0.1750	0.0260	0.0094	0.2104
FY 2005	0.1600	0.0210	0.0094	0.1904
FY 2006	0.1600	0.0210	0.0094	0.1904
FY 2007	0.1600	0.0210	0.0094	0.1904
FY 2008	0.1590	0.0210	0.0094	0.1894
FY 2009	0.1590	0.0210	0.0094	0.1894
FY 2010	0.1431	0.0210	0.0094	0.1735
FY 2011	0.1431	0.0210	0.0094	0.1735
FY 2012	0.1431	0.0210	0.0094	0.1735
FY 2013	0.1431	0.0210	0.0094	0.1735
FY 2014	0.1431	0.0210	0.0097	0.1738
FY 2015	0.1431	0.0210	0.0097	0.1738

## **Recall Procedures <sup>9</sup>**

If an urban-county government levies a tax rate which will produce revenue from real property, exclusive of revenue from new property, that is more than 4% over the amount of revenue produced by the compensating tax rate, the portion which exceeds the 4% is subject to a recall vote or reconsideration by the taxing district.

1. Within 7 days after adoption of the tax rate, the urban-county government must publish a display advertisement in the newspaper of largest circulation in the county.
2. The advertisement shall be not less than 12 column inches and contain:
  - The fact that the urban-county government has adopted such rate.
  - The fact that the part of the rate which will produce revenue from real property (exclusive of new) in excess of 4% over the amount produced by the compensating tax rate is subject to recall.
  - The name, address and phone number of county clerk with note that such official will provide information on petition to initiate recall of the tax rate.
3. The tax rate subject to recall goes into effect 45 days after its passage.
4. During the 45 day period a petition signed by 10% of the voters in the last Presidential election may be presented to the county clerk or authorized deputy or to the urban-county government or legislative body of a taxing district and the tax rate is suspended from going into effect.
5. The county clerk determines whether the petition contains enough signatures of qualified voters to suspend the effect of the tax rate levy.
6. The urban-county government may cause cancellation of the recall vote by amending the tax levy to produce no more revenue from real property than 4% over the amount produced by the compensating tax rate on real property, provided such action is taken within 15 days of presentation of the petition.
7. The urban-county government shall submit to voters at next regular election questions as to whether voters are “for” or “against” the tax levy. The amount subject to recall shall not go into effect unless a majority of the votes cast are “for” its passage.

---

<sup>9</sup> Per KRS 132.027 and KRS 132.017.

# Supplemental Information

## Background Information

*The following information was copied from COUNTY GOVERNMENT IN KENTUCKY, Informational Bulletin #115, prepared by the Legislative Research Commission, Frankfort, Ky., November 2014. It is provided to give some background on property taxes and certain statutory limitations.*

### TAXATION AND REVENUE

#### Taxes Generally

Counties must levy an ad valorem tax on all property subject to county taxation (KRS 68.090). An ad valorem tax is one based on the monetary value of the object being taxed. Most counties raise the majority of their local tax funds through ad valorem taxes on real and personal property. Those counties that have chosen to impose an occupational license tax usually collect more from that tax than from ad valorem taxes. The occupational tax is not suitable for many counties, however, because significant numbers of residents commute out of the county for work. License fees and franchise taxes are other sources of local revenue available to the fiscal court.

#### Property Tax - Constitutional Limitations

The constitution categorically states that the tax rate of counties for other than school purposes shall never exceed the rate of 50 cents on the \$100 valuation of property (Ky. Const., sec. 157). Few counties approach this limit on the tax levy because the compensating and 4 percent tax rate limits of KRS 68.245 keep the levy well below that level in most counties. However, the use of countywide special districts often increases the actual cumulative tax rate through the imposition of special district taxes.

#### Statutory Limitations

The 1965 Court of Appeals ruling in *Russman v. Luckett* directed that real property be assessed at 100% of its real market value, in accordance with Section 172 of the Constitution. In the 1970s, dramatic fluctuations in the value of real property caused owners of that property to pay higher taxes on it. The 1979 General Assembly passed HB 44, by which name this statutory construct is still known, to place some controls on the amount of taxes the property owners would be responsible for paying if the value of property were to again increase drastically.

The essence of the statutory construct known as HB 44 is that the state local finance officer in the Department for Local Government notes a compensating tax rate for each local government (KRS 68.245). The compensating tax rate is the rate that takes into account the amount of growth in terms of property value of the current year. The rate is adjusted to provide approximately the same amount of revenue to the local government from the previous tax year. New construction is not included in this calculation (KRS 132.010). Using that compensating tax rate as a base, the local government can apply any constitutionally allowable rate to the property; however, if the tax rate that the local government decides to levy is anticipated to realize more than 4 percent revenue beyond the amount collected from the previous year (excluding new construction), then the particular rate calculated to realize more than 4 percent revenue is subject to recall as provided in KRS 132.017 (KRS 68.245). Any tax rate in excess of the compensating tax rate must be discussed in a public hearing (KRS 68.245).

## **Definitions of Tax Categories**

### **Real Property and Personal Property**

All real and personal property in the state, including property of nonresidents and corporations doing business in the state, is subject to the county ad valorem property tax at rates set by the fiscal court, plus any additional levies unless exempted by the constitution or by statute (KRS 132.190). Agricultural and horticultural land is assessed for ad valorem tax purposes according to its value for agricultural and horticultural use (Ky. Const., sec. 172A). Persons at least 65 years old and persons who are considered by a public or private retirement system to be totally disabled pay ad valorem taxes only on that portion of their homestead's assessed valuation in excess of \$36,000 for the 2013 and 2014 tax periods, according to Department of Revenue staff (indexed the first quarter of every odd year to the cost of living), except for assessments for special benefits (Ky. Const., sec. 170; KRS 132.810).

### **Public Service Companies**

All public carriers and utility companies, such as gas companies, water companies, electric companies, pipelines, and railroads, must pay taxes to the county in which their operating property is located. The Kentucky Department of Revenue performs the assessment of these taxes for the counties. Bus lines, common carrier truck companies, and taxicab companies are exempted from this tax (KRS 136.120). The Department of Revenue informs the county of the assessed value of operating property owned by a particular company, and the county applies its ad valorem tax rate and bills the main office of the company.

### **Watercraft**

Watercraft, as defined by KRS 136.1802, are taxed by the state and are subject to local taxes. The Department of Revenue collects the revenue attributable to local taxes and distributes it to the appropriate local governments (KRS 136.1801-136.1806).

### **Life Insurance Capital**

The county in which the principal office of a domestic life insurance company is located may impose a tax of 15 cents on each \$100 of "taxable capital," as determined by the Department of Revenue (KRS 136.320).

### **Distilled Spirits**

Distilled spirits stored in bonded warehouses are taxable by the county, subject to the constitutional limit of 50 cents per \$100, plus any additional voted tax levies. The Department of Revenue assesses the stored spirits as of January 1 of each year, and the tax is due and payable the following September 15 (KRS 132.160).

### **Agricultural Products**

Counties may impose an ad valorem tax not exceeding 1.5 cents on each \$100 of the fair cash value of all unmanufactured tobacco and not exceeding 4.5 cents on each \$100 of the fair cash value of all other unmanufactured agricultural products, excluding livestock and domestic fowls, that are neither on hand at manufacturing plants nor in the hands of the producer or agents to whom the products have been conveyed or assigned for the purpose of sale (KRS 132.200). Consult KRS 132.200 for a complete list of exemptions.

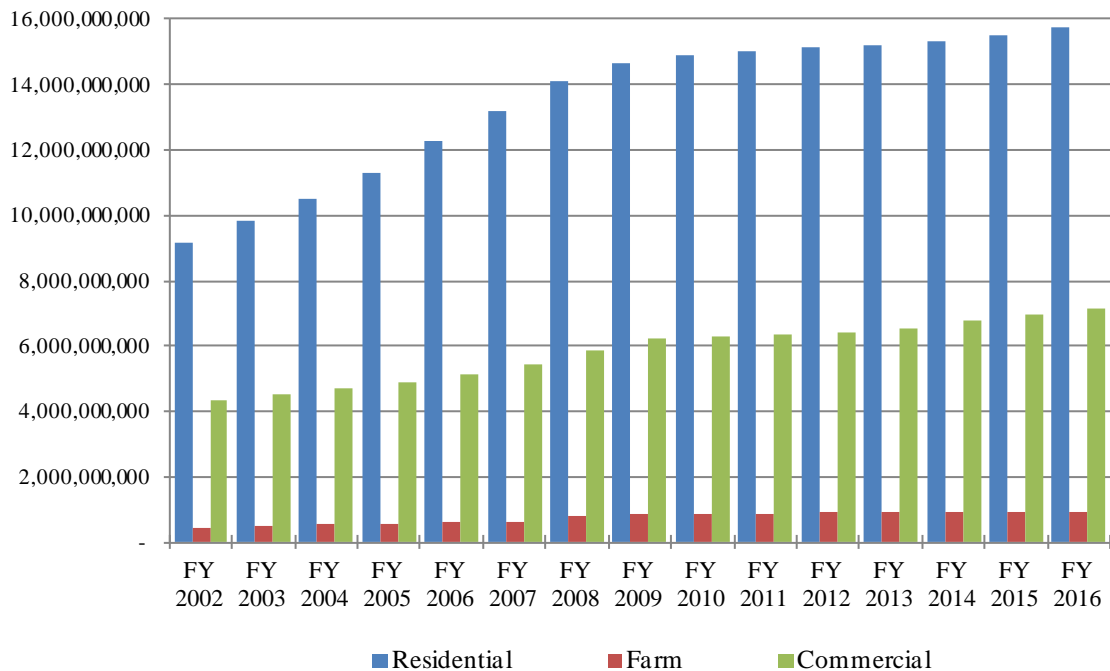
### **Unmined Minerals**

Unmined coal is subject to local taxes and must be taxed at the same rate as other real property. It should be assessed at 100 percent of real value, and the county's real property rate should be applied to that assessment. Assessments are based on information returned by property owners. In some instances the mineral resources will be assessed separately from the interest in the real property; in other instances, they will not (KRS 132.820).

## Real Estate Assessments By Category

### Fayette County: FY 2002 – FY 2016

Growth, by categories of residential, farm, and commercial properties, is illustrated below. This information was compiled from data provided by the Fayette County PVA, which does not include public service companies' assessments or oil, mineral, and timber rights. The total real estate assessment for FY 2016 is \$24,121,616,017 with these categories included. The total assessment for Residential, Farm and Commercial totals \$23,822,641,100.



### General Services District

Year	Residential	Farm	Commercial	TOTAL	% Change
FY 2002	9,141,865,110	446,553,400	4,326,254,800	13,914,673,310	9.3%
FY 2003	9,823,997,246	465,697,000	4,543,167,072	14,832,861,318	6.6%
FY 2004	10,486,255,531	545,897,300	4,695,549,138	15,727,701,969	6.0%
FY 2005	11,287,422,600	559,828,600	4,897,577,600	16,744,828,800	6.5%
FY 2006	12,304,134,800	596,790,100	5,110,109,000	18,011,033,900	7.6%
FY 2007	13,207,007,700	624,912,200	5,444,972,200	19,276,892,100	7.0%
FY 2008	14,116,472,700	819,013,400	5,890,069,400	20,825,555,500	8.0%
FY 2009	14,681,278,300	836,737,800	6,219,161,800	21,737,177,900	4.4%
FY 2010	14,887,509,900	866,958,400	6,310,733,400	22,065,201,700	1.5%
FY 2011	15,043,326,400	880,218,800	6,377,418,000	22,300,963,200	1.1%
FY 2012	15,164,243,100	898,982,400	6,421,876,600	22,485,102,100	0.8%
FY 2013	15,235,648,200	897,667,200	6,523,119,000	22,656,434,400	0.8%
FY 2014	15,299,695,300	899,945,700	6,757,308,200	22,956,949,200	1.3%
FY 2015	15,497,091,000	911,673,200	6,935,829,200	23,344,593,400	1.7%
FY 2016	15,741,024,300	919,465,700	7,162,151,100	23,822,641,100	2.0%
FY 2015 - 2016	1.6%	0.9%	3.3%		

## Comparison of Realty Tax Rates State, School, and LFUCG

The Lexington-Fayette Urban County Government, the Commonwealth of Kentucky, and the Fayette County School Board levy property taxes each year. The tax bill received by Fayette County taxpayers includes amounts for each of these entities.<sup>10</sup>

### Fayette County Tax Rates, 2014 (FY 2015)

Taxing District	Tax Rate <sup>11</sup>	Tax Paid on \$165,000 Property	Percent of Total Property Tax Bill
State	.1220	\$201.30	11.1%
School	.7190	\$1,186.35	65.7%
LFUCG			
General	.0800	\$132.00	7.3%
Refuse Collection	.1431	\$236.12	13.1%
Street Lights	.0210	\$34.65	1.9%
Street Cleaning	.0097	\$16.01	0.9%
<b>TOTAL</b>	<b>1.0948</b>	<b>\$1,806.42</b>	<b>100.0%</b>

<sup>10</sup> In FY 1983, the total Fayette County tax rate was \$9561. By FY 2015 the total rate had increased by 14.5%. The rates for the Lexington-Fayette Urban County Government (General and Urban) were 21.2% lower than in FY 1983, the state rates were lower by 45.5%, and School Board rates were higher by 75.4%.

<sup>11</sup> Per \$100 assessed value.

## Homestead Exemptions

The homestead exemption, originally established under a constitutional amendment in 1971 and prescribed in KRS 132.810, is \$36,900 for FY 2016. To qualify for the homestead exemption, a person must be at least 65 years old during the tax period or have been classified as totally disabled under a program authorized or administered by an agency of the United States government or by any retirement system either within or without the Commonwealth of Kentucky.

Prior to enactment of constitutional amendment Number 2 in November 1998, only taxpayers disabled under Social Security or Railroad Retirement were eligible for the disability exemption.

Every person filing an application for exemption under the homestead exemption provision must own and maintain the property for which the exemption is sought as his personal residence.

### History of Fayette County Homestead Exemptions And General Fund Taxpayer Savings

Fiscal Year	General Fund Real Estate Rate	Exemptions Per Residence	Number of Homes	Value of Homestead Exemptions <sup>12</sup>	Change in Exemptions	Taxpayer Savings
1989	.0820	17,100	8,811	150,659,920	9,313,020	123,541
1990	.0810	17,100	9,644	177,456,367	26,796,447	143,740
1991	.0810	18,400	10,135	186,487,267	9,030,900	151,055
1992	.0810	18,400	10,675	216,711,950	30,224,683	175,537
1993	.0810	20,300	10,998	223,262,350	6,550,400	180,843
1994	.0810	20,300	11,353	247,490,000	24,227,650	200,467
1995	.0810	21,800	11,607	253,028,986	5,538,986	204,953
1996	.0810	21,800	11,937	275,754,612	22,725,626	223,361
1997	.0810	23,100	12,211	282,065,828	6,311,216	228,473
1998	.0810	23,100	12,455	303,897,000	21,831,172	246,157
1999	.0810	24,400	13,231	305,397,505	1,500,505	247,372
2000	.0810	24,400	13,411	333,271,200	27,873,695	269,950
2001	.0800	25,400	13,463	336,449,100	3,177,900	269,159
2002	.0790	25,400	13,833	365,448,700	28,999,600	288,704
2003	.0790	26,800	14,003	370,331,680	4,882,980	292,562
2004	.0790	26,800	14,409	396,908,900	26,577,220	313,558
2005	.0800	28,000	14,581	403,508,000	6,599,100	322,806
2006	.0800	29,400	14,835	430,778,800	27,270,800	344,623
2007	.0800	29,400	15,208	441,992,000	11,213,200	353,594
2008	.0800	31,400	15,676	487,026,500	45,034,500	389,621
2009	.0800	31,400	16,120	502,532,500	15,506,000	402,026
2010	.0800	33,700	16,763	559,042,100	56,509,600	447,234
2011	.0800	33,700	17,338	578,481,700	19,439,600	462,785
2012	.0800	34,000	17,645	594,290,900	15,809,200	475,433
2013	.0800	34,000	18,452	621,556,500	27,265,600	497,245
2014	.0800	36,000	19,078	679,909,400	58,352,900	543,928
2015	.0800	36,000	19,581	697,941,500	18,032,100	558,353
2016	.0800	36,900	19,940	729,415,700	31,474,200	583,533

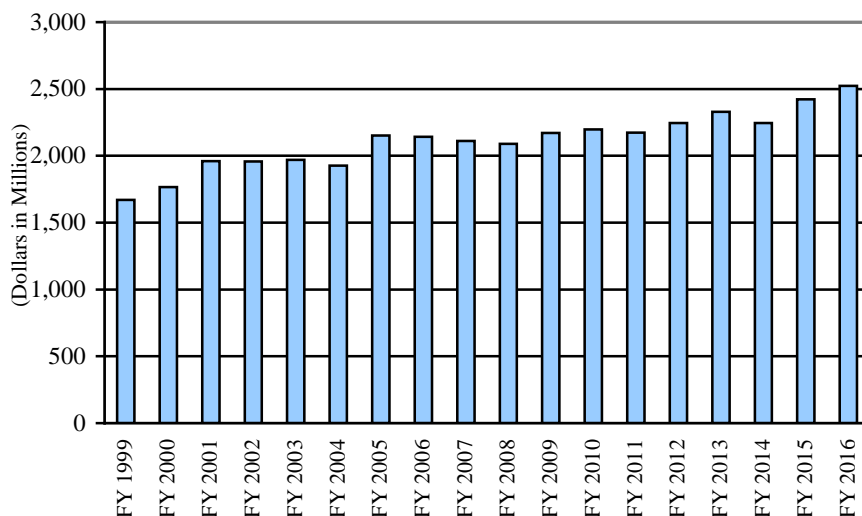
<sup>12</sup> The total value of homestead exemptions does not equal the maximum allowed exemption times the number of properties. This is because some of the properties are valued at less than the maximum exemption amount.

## Personalty Assessments

### Fayette County: FY 1999 – FY 2016

#### General Services District

Year	Total Personalty	% Change	
FY 1999	1,668,829,944		
FY 2000	1,764,651,201	5.7%	A
FY 2001	1,960,708,761	11.1%	
FY 2002	1,957,658,156	-0.2%	B
FY 2003	1,968,793,874	0.6%	B
FY 2004	1,925,902,590	-2.2%	
FY 2005	2,151,421,301	11.7%	C
FY 2006	2,142,841,463	-0.4%	
FY 2007	2,110,619,831	-1.5%	
FY 2008	2,089,408,340	-1.0%	
FY 2009	2,172,046,129	4.0%	
FY 2010	2,197,198,759	1.2%	
FY 2011	2,173,198,119	-1.1%	
FY 2012	2,244,544,557	3.3%	
FY 2013	2,327,833,452	3.7%	
FY 2014	2,245,545,073	-3.5%	
FY 2015	2,422,843,968	7.9%	
FY 2016	2,522,282,887	4.1%	



Personalty assessments include tangible personal property only. Tangible personal property consists of items that have value and utility themselves, such as automobiles, airplanes, construction equipment, manufacturing machinery, merchandise, livestock, and other materials and goods.

#### Notes:

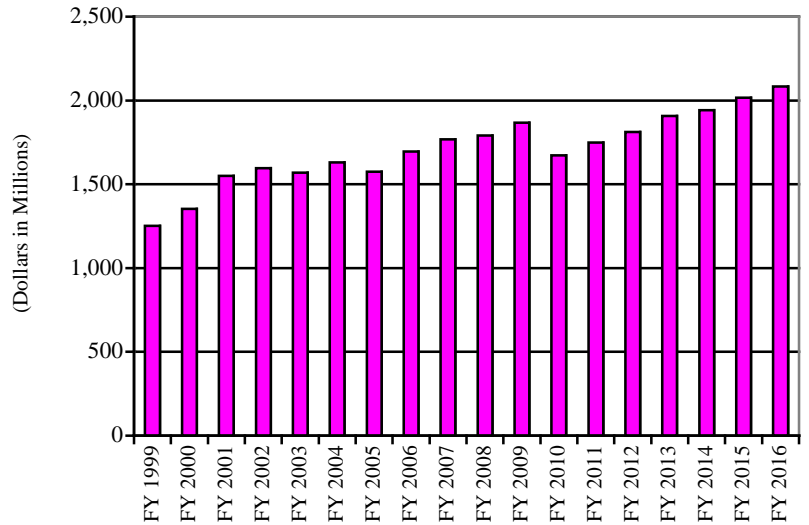
- A. Aircraft (recreational/non-commercial) was separated from personalty in FY 2000, and local governments now have the option to tax or exempt this category from taxation. Inventory in transit was added for local tax option.
- B. FY 2002 and FY 2003 assessments were down state-wide, which was attributed to the economy.
- C. There was a large increase in the personal property assessments of Public Service Companies.



## Motor Vehicle and Watercraft Assessments Fayette County: FY 1999 – FY 2016

### General Services District

Year	Motor Vehicles & Watercraft	% Change	
FY 1999	1,251,963,750		A
FY 2000	1,352,870,679	8.1%	
FY 2001	1,549,218,050	14.5%	
FY 2002	1,595,914,353	3.0%	
FY 2003	1,570,055,171	-1.6%	
FY 2004	1,629,889,151	3.8%	
FY 2005	1,574,969,478	-3.4%	
FY 2006	1,694,976,831	7.6%	
FY 2007	1,768,686,661	4.3%	
FY 2008	1,790,160,720	1.2%	
FY 2009	1,867,359,987	4.3%	
FY 2010	1,673,164,212	-10.4%	
FY 2011	1,749,651,556	4.6%	
FY 2012	1,812,027,836	3.6%	
FY 2013	1,907,014,389	5.2%	
FY 2014	1,942,208,626	1.8%	
FY 2015	2,017,674,715	3.9%	
FY 2016	2,084,539,987	3.3%	



### Notes:

- A. The 1998 Kentucky General Assembly enacted legislation (HB 74) retroactive to January 1, 1998, amending KRS 132.485 to base motor vehicle taxable value for ad valorem property tax purposes on the average trade-in value listed in the standard manual prescribed by the Kentucky Revenue Cabinet, resulting in a reduction of motor vehicle taxable value for FY 1999.

## Tax Rates in Selected Kentucky Cities

### Comparison of City/County Rates for the 2014 Tax Year (FY 2015)

Rate of Tax in Dollars per \$100 Assessed Value

City	City Rate	County Rate	Total City/County
Georgetown	0.065	0.1661	0.2311
<b>Lexington *</b>	<b>0.1738</b>	<b>0.1719</b>	<b>0.3457</b>
Winchester	0.146	0.239	0.385
Richmond	0.14	0.253	0.393
Nicholasville	0.186	0.209	0.395
Bowling Green	0.206	0.216	0.422
Louisville	0.3666	0.1255	0.4921
Owensboro	0.2593	0.244	0.5033
Frankfort	0.209	0.3385	0.5475
Covington	0.3045	0.31933	0.62383
Ashland	0.2891	0.478	0.7671

### Comparison of Total Tax Rates for the 2014 Tax Year (FY 2015)

Rate of Tax in Dollars per \$100 Assessed Value

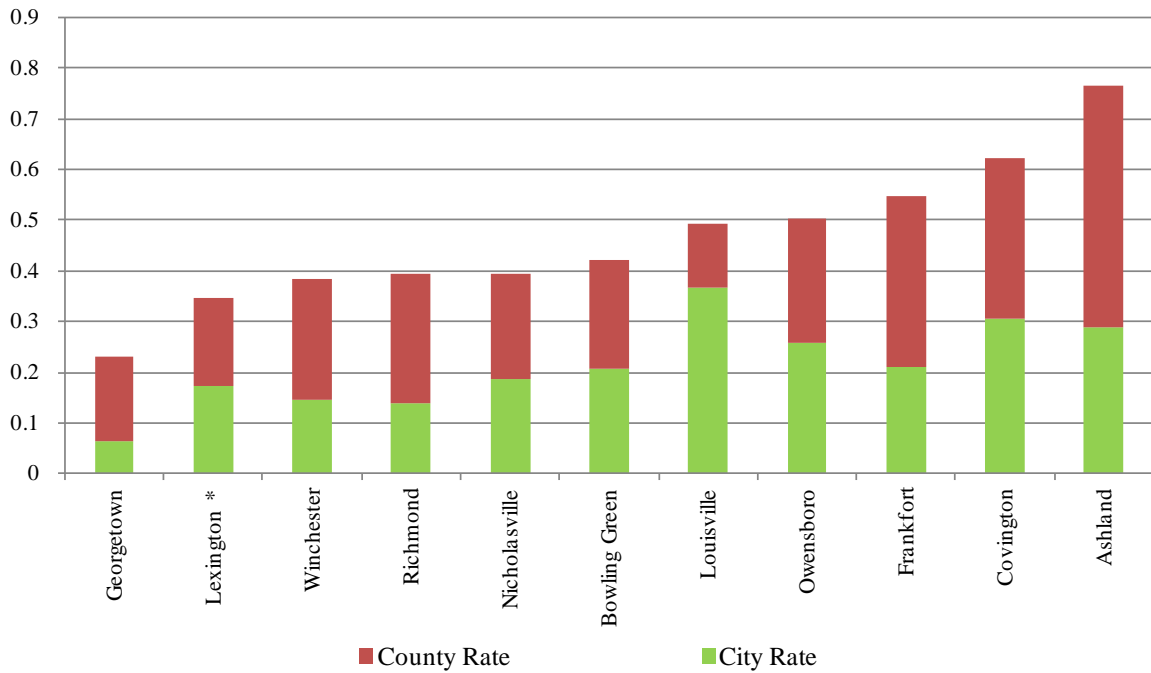
City	City/County Rate	State Rate	School Rate	Total Rate
Georgetown	0.2311	0.122	0.476	0.8291
Winchester	0.385	0.122	0.574	1.081
Richmond	0.393	0.122	0.601	1.116
Nicholasville	0.395	0.122	0.66	1.177
<b>Lexington *</b>	<b>0.3457</b>	<b>0.122</b>	<b>0.719</b>	<b>1.1867</b>
Bowling Green	0.422	0.122	0.756	1.3
Frankfort	0.5475	0.122	0.653	1.3225
Louisville	0.4921	0.122	0.71	1.3241
Owensboro	0.5033	0.122	0.85	1.4753
Ashland	0.7671	0.122	0.679	1.5681
Covington	0.62383	0.122	1.132	1.87783

*Source: Kentucky Revenue Cabinet, Department of Property Taxation*

Note: The tax rates listed here are real property rates only. This does not reflect the total tax burden for households.

\* For comparison purposes the Lexington "City" rate is the Full Urban Services rate and the "County" rate is the combination of the General Services, Health Department, LexTran, Extension, and Soil Conservation rates.

## City/County Tax Rates in Selected Kentucky Cities 2014 Tax Year (FY 2015)



\* For comparison purposes the Lexington "City" rate is the Full Urban Services rate and the "County" rate is the combination of the General Services, Health Department, LexTran, Extension, and Soil Conservation rates.

## Library Funding Statute

### **173.360 Annual appropriations, amounts -- Powers and duties of board as to funds.**

- (1) After the legislative body of a governmental unit has made provisions for library service according to any of the methods set forth in KRS 173.310, the legislative body shall appropriate money annually to furnish such service. In library regions it shall not be less than three cents (\$0.03), nor more than ten cents (\$0.10) on each one hundred dollars (\$100) worth of property assessed for local taxation. In counties containing a city of the first class it shall be not more than fifteen cents (\$0.15) on each one hundred dollars (\$100) worth of property assessed for local taxation. **In all other governmental units it shall be not less than five cents (\$0.05) nor more than fifteen cents (\$0.15) on each one hundred dollars (\$100) worth of property assessed for local taxation.** In those instances where county library service has been established on the initiative of the fiscal court and when an appropriation of less than the minimum amount required by this subsection is proposed, the minimum amount of support for county library service may be determined annually through a mutual agreement of the county library board, the county fiscal court, and the state Department for Libraries and Archives. This agreement shall be reflected in the records of the legislative body of the governmental unit making the appropriation.
- (2) All funds for the library shall be deposited monthly to the credit of the library board. These funds shall not be used for any but library purposes. The treasurer of the library board shall be required to execute bond with good and sufficient surety thereon for the faithful performance of his duties, the amount of the bond to be fixed by the board. If the bond has a corporate surety the premium shall be paid from the library fund. The board shall have exclusive control of expenditures, subject to an examination of accounts as may be required by the legislative body, and money shall be paid only upon vouchers approved by the board. The board shall not make expenditures or incur indebtedness in any year in excess of the amount of money appropriated and available for library purposes, except where a library board is the owner of real estate not used for library purposes, in which case they may borrow money secured solely by that property. Principal and interest on indebtedness on real estate owned by a library board not used for library purposes is not chargeable to the library funds derived from taxation.

**History:** Amended 1964 Ky. Acts ch. 55, sec. 3. -- Amended 1960 Ky. Acts ch. 61, sec. 2. -- Created 1944 Ky. Acts ch. 160, sec. 7.

**Division of Budgeting  
Lexington-Fayette Urban County Government  
200 East Main Street  
Lexington, Kentucky 40507  
(859) 258-3060**

**Paid For With Lexington-Fayette Urban County Government Funds**