

Tax Rate Calculation for Cities

Department for Local Government
Cities Branch



Contact

Department for Local Government Cities Branch

website: <http://kydlgweb.ky.gov>

General Information Email: dlg-csd@ky.gov



Property Assessment

- County PVA does assessments (assessment, listing, inspection, appeals, etc.) and sends information to Department of Revenue (DOR)
- DOR certifies assessment information
- DOR sends Certification of Assessment to:
 - DLG for calculation of county and county-wide SPGEs
 - County PVAs for city assessments and other SPGE assessments
- Cities should contact their county PVA for certified assessment information.



Maximum Tax Rate

- Section 157 of KY Constitution sets the maximum tax rate for local governments:
 - Cities with population of:
 - 15,000 or more – \$1.50 per \$100
 - 14,999 to 10,000 - \$1.00 per \$100
 - 9,999 or less - \$0.75 per \$100

Tax Rate Adoption

- Cities on a county's tax bill have 45 days from date of DOR Certification to adopt a tax rate.
- Cities who send their own tax bills do not have a time requirement (*Light v Louisville*).

Adopting Tax Rates

- KY Constitution and KRS 92.280 require every city to annually tax **all real and personal property** within their jurisdiction unless specifically exempted by law.
- Cities must adopt the tax rates by ordinance with a first and second reading, the same as any other ordinance.

Hearing Process – KRS 132.027

- Any rate above the Compensating Rate:
 - A hearing is required
 - Must advertise the hearing at least twice in two consecutive weeks in newspaper with largest circulation in the county
 - OR notice of hearing may be mailed to every property owner in the city
- In addition, any rate in excess of 4% Increase Rate:
 - Subject to recall vote

DLG's Role in Tax Rate Calculation

- Per KRS, DLG is required to calculate tax rates for counties and county-wide districts, but not for cities.
- DLG is required to provide technical assistance to cities, pursuant to KRS 91A.050.
- Tax rate assistance includes:
 - Providing Tax Rate Calculation Workbook
 - Available on the DLG website - *Municipal Home* page
 - Assisting with telephone and email inquiries
 - Reviewing tax calculations



Tax Rate Calculation Workbook

www.kydlgweb.ky.gov

OFFICE OF THE GOVERNOR
DEPARTMENT FOR LOCAL GOVERNMENT
COMMONWEALTH OF KENTUCKY

1 **Municipal Home** **2**

Search information regarding Kentucky's municipalities by clicking [HERE](#).

CITY REPORTS

Adairville Road Aid

2017

UNIFORM FINANCIAL INFORMATION REPORTS

2015 - 2016 Cities UFIR | [FILLABLE](#) | [PRINTABLE](#)
2014 - 2015 Cities UFIR | [FILLABLE](#) | [PRINTABLE](#)
2013 - 2014 Cities UFIR | [FILLABLE](#) | [PRINTABLE](#)
2012 - 2013 Cities UFIR | [FILLABLE](#) | [PRINTABLE](#)
2011 - 2012 Cities UFIR | [FILLABLE](#) | [PRINTABLE](#)

DOWNLOADS

[2017 City TAX RATE Calculation Workbook](#) (.XLS - 103 KB)
[CALENDAR - City Filing Requirements](#) (.DOC - 37 KB)
[City Officials Updates form - 2017](#) (.XLS - 80 KB)
[Direct Deposit Form - Road Aid](#) (.PDF - 34 KB)
[DLG - Historical City Classes \(Excel\)](#) (XLSX - 18 KB)
[DLG - Historical City Classes \(PDF\)](#) (.PDF - 225 KB)
[KRS 95.450 - City Registry for Police/Fire Discipline](#) (.PDF - 184 KB)
[Qualified Cities as Defined KRS 243.075\(9\)](#) (XLSX - 16 KB)
[Sample Budget Calendar](#) (.PDF - 8 KB)

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Tax Rate Calculation Workbook

- Excel Workbook
- 5 pages
- Enter data on page 1 – fields 1-9. The rest of the form will auto-populate.

NOTE: Water Craft & Motor Vehicle do not auto-populate.

Page 1– Real Property

- Compensating Rate
- Substitute Rate
- 4% Increase

Page 2– Personal Property

- Manually entered Rate

Page 3– Personal Property

- using Compensating Rate

Page 4– Personal Property

- using 4% Increase

Page 5– Personal Property

- using Substitute Rate

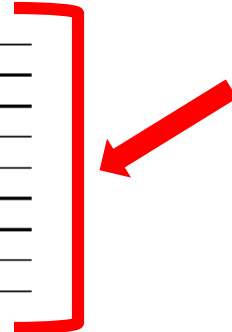
LF 2009EV
Rev. 05/2017

Real Property Tax Rate Calculation

Entity Name _____

City/Special Taxing District Real Property Tax Calculation Worksheet

1. 2016 Actual Tax Rate (per \$100) Real Property
2. 2016 Actual Tax Rate (per \$100) Personal Property
3. 2016 Total Property Subject to Rate (A)
4. 2016 Real Property Subject to Rate (col 1, F, H)
5. 2017 Total Property Subject to Rate (E)
6. 2017 Real Property Subject to Rate (col 3, F, H)
7. 2017 New Property (KRS 132.010) (Net new PVA + PS)
8. 2016 Personal Property Subject to Rate (Col 1, G, I, J)
9. 2017 Personal Property Subject to Rate (Col 3, G, I J)



I. Compensating Rate for 2017 (KRS 132.010(6)):

$$\frac{\text{_____}}{4} / 100 \times \frac{\text{_____}}{1} \text{ is } \frac{\text{_____}}{A \text{ (2016 Real Property Revenue)}}$$

$$\frac{\text{_____}}{A} \text{ div by } \frac{\text{_____}}{6 \text{ minus } 7} \times 100 = \frac{\text{\#DIV/0!}}{\text{Rate I (round up) \#DIV/0!}}$$

Check for minimum revenue limit on compensating rate for 2017 (KRS 132.010 6)):

$$\frac{\text{_____}}{5} / 100 \times \frac{\text{\#DIV/0!}}{\text{Rate I}} \text{ is } \frac{\text{\#DIV/0!}}{\text{Total 2017 Revenue}}$$

$$\frac{\text{_____}}{4} / 100 \times \frac{\text{_____}}{1} \text{ is } \frac{\text{_____}}{2016 \text{ Revenue (R.P.)}}$$

$$\frac{\text{_____}}{8} / 100 \times \frac{\text{_____}}{2} \text{ is } \frac{\text{_____}}{2016 \text{ Revenue (P.P.)}}$$

Grand Total 2016 Revenue (a)
see footnote *a below*

TAX Workbook - Terms & Definitions

- **Real Property (RP)** – all lands within the state and improvement thereon
- **Personal Property (PP)** - every species and character of property, *tangible and intangible*, other than real property, and motor vehicle/watercraft which is taxed separately
- **Total Property** – the addition of real property and personal property for a given year
- **New Property** – the difference in taxable value between real property *additions and deletions*



TAX Workbook - Terms & Definitions

- **Actual Tax Rate** – the tax rate imposed on either real and/or personal property
- **Compensating Rate** – A rate that generates approximately the same revenue as the previous year, exclusive of new property (round up to the next higher one-tenth of one cent)
- **Substitute Rate*** - The “new” compensating rate that is used when the minimum revenue limit is not met in the tax rate calculation process.
NOTE: the term “Substitute Rate” is not found in statute but is commonly used in the explanation of tax rate calculation.
- **4% Rate** – a rate that generates approximately 4% more revenue than the compensating rate, exclusive of new property (round down to the next one-tenth of one cent)



Additional - Terms and Definitions

- **Certification of Assessment** - form used by Department of Revenue for Assessment purposes
- **Recapitulation (recap) Form** – A form completed by the county PVA and submitted to the Department of Revenue showing the tax roll of all real property in a county
- **Rate Chasing Effect*** - The effect created when RP and PP tax rates vary greatly. It can cause the calculated PP rate to increase regardless of whether assessments increase or not. Over time the PP rate will rise dramatically. Address the issue by taking a reduced PP rate.
NOTE: the term “Rate Chasing” is not found in statute but is commonly used in the explanation of tax rate calculation.



Recapitulation – Total Real Property

**Property Valuation Administrator's
Summary Of Real Property Tax Roll Changes
(Since Recapitulation)
2009 Taxable Assessment**

County FRANKLIN - CITY OF FRANKFORT

Columns from Tax Rolls	PVA'S Recapitulation Totals Col.1	Increases by PVA Col.2	Decreases by PVA Col.3	Decreases from Protests Col.4	Total Assessment Col.5
Residential - Lots Land and Improvements	\$859,101,467	\$0	\$0	\$0	\$859,101,467
Farm - Land and Other Improvements (Use Value)	\$1,251,857	\$0	\$0	\$0	\$1,251,857
Commercial, Industrial, Telecommunication and Leasehold Interests (Full Local Rates)	\$503,731,023	\$0	\$0	\$0	\$503,731,023
Value of Timber Rights	\$0	\$0	\$0	\$0	\$0
Total Real Estate (Full Local Rates)	\$1,364,084,347	\$0	\$0	\$0	\$1,364,084,347
Total Telecommunication Assessments (Included in the Above Total)	\$3,184,006	\$0	\$0	\$0	\$3,184,006
Total Real Estate (Leasehold Interests) (1 1/2 State Rate Only)	\$0	\$0	\$0	\$0	\$0

Number of Parcels by Property Class: Residential 9,521 Farm 12 Commercial 1,051 Total Parcels 10,584

I, _____, duly elected and qualified property valuation administrator of FRANKLIN County, hereby certify that I have completed the assessment of taxable property in FRANKLIN County for 2009 taxes in accordance with revenue laws. I further certify that, to the best of my knowledge, all information is listed on the tax roll including all adjustments resulting from protest of assessments or directed by the Office of Property Valuation and all new assessments and corrections made by me since submitting my recapitulation of the tax roll. I further certify that the above is a true summary of said tax roll.

This _____ day of _____, 2009.

(Signed) _____

FRANKLIN County Property Valuation Administrator

P.2

5022265495

Franklin County PVA

Mar 22 11 07:56a

Recapitulation – New Property

Class of Property	65 Years and Older	Disability	Total Exemptions under Homestead Act	Amount Deferred under Agricultural Land Use Act
Residential - Lots	\$69,704,862	\$4,810,100	\$74,514,962	\$4,430,011
Farm	\$101,100	\$0	\$101,100	Fair Cash Value of Farm Residences
Commercial	\$67,400	\$33,700	\$101,100	\$1,025,000

Number of Taxpayers with Homestead Exemptions 2,092 , Disability 152

Class of Real Estate	'Additions to' 2010 Assessment (Taxable)	'Deletions from' 2009 Assessment (Taxable)	'Additions to' 2010 Assessment (Fair Cash Value)	'Deletions from' 2009 Assessment (Fair Cash Value)
Residential - Lots	\$10,993,366	(\$1,741,980)	\$10,993,366	(\$1,741,980)
Farm	\$0	\$0	\$0	\$0
Commercial, Industrial and Telecommunication	\$1,720,200	(\$6,569,380)	\$1,720,200	(\$6,569,380)
Total	\$12,713,566	(\$8,311,360)	\$12,713,566	(\$8,311,360)

\$4,402,206

Net Exonerations from 2009 Assessment

Real Property

Tangible Property
(full local rates)

No. Acres Fire Protection	0
Watershed Acreage	0
Assessed Value of Watershed Acreage	\$0
No. Acres Farmland	720

Instructions

Each property valuation administrator must prepare Property Valuation Administrator's Summary of Real Property Tax Roll Changes (Since Recapitulation), Revenue Form 62A305, showing all changes made on the tax roll after his recapitulation.

Prepare Form 62A305 for each school district in the county. In addition, prepare a consolidated report for the county as a whole if there is more than one school district. Deliver the properly certified Form 62A305, to the Department of Property Valuation six days after the inspection period ends.

Instructions for preparing the form:

Column 1-Show the assessment totals for each class or property for the school district as entered on the property valuation administrator's recapitulation.

Column 2-Show the totals of all increases for the district made by the property valuation administrator on his own initiative, together with those made by him at the direction of the department, after his recapitulation.

Column 3-Show the totals of all decreases for the district made by the property valuation administrator on his own initiative, together with those made by him at the direction of the department, after his recapitulation.

Column 4- Show the totals of all decreases for the district made by the property valuation administrator at the direction of the county clerk as shown by the summary of appeals filed with the county board of assessment appeals.

Column 5-Show the total assessment for each class of property for the school district after all corrections are made.

Tax Rate Calculation

- Information Needed to Calculate Tax Rate:
 - Prior years actual adopted tax rates
 - Recap Form (RP assessment) from PVA for current year
 - Recap Form from PVA for prior year or a copy of prior year's tax rate calculation workbook
 - Personal Property Assessment information from PVA for both current and prior year
 - DLG Tax Rate Calculation Workbook



TAX RATE CALCULATION FORMS:

Real Property

Substitute Rate

New Property

