

# 2021 Proposed County Tax Rate



August 2021





# Purpose

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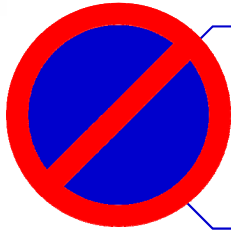
**To provide the Judge/Executive's  
recommendation for the  
2021 County Property Tax Rates**

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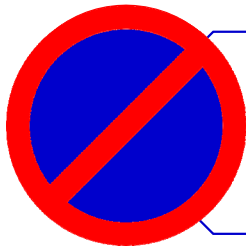


# Only County Taxes

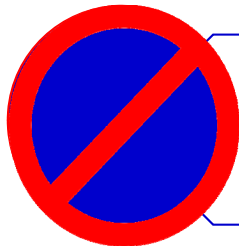
## NOT



**School Tax Rates**  
Levied by Local School Boards



**State Tax Rates**  
Levied by State Legislature



**City Tax Rate**  
Levied by City Councils



# County Property Tax

## Categories Included in this Proposal

**Real  
Property  
Tax**

**Personal  
Property  
Tax**

**Motor  
Vehicle  
Watercraft  
Aircraft**

**Wooded  
Acreage**

**Soil  
Conservation**

**Cooperative  
Extension**

**Health  
Department**



# Taxes Not Imposed By Hardin County Government

**NO**

Occupational  
Tax

**NO**

Insurance  
Premium  
Tax

**NO**

Public  
Library  
District Tax

**NO**

Fire District  
Tax

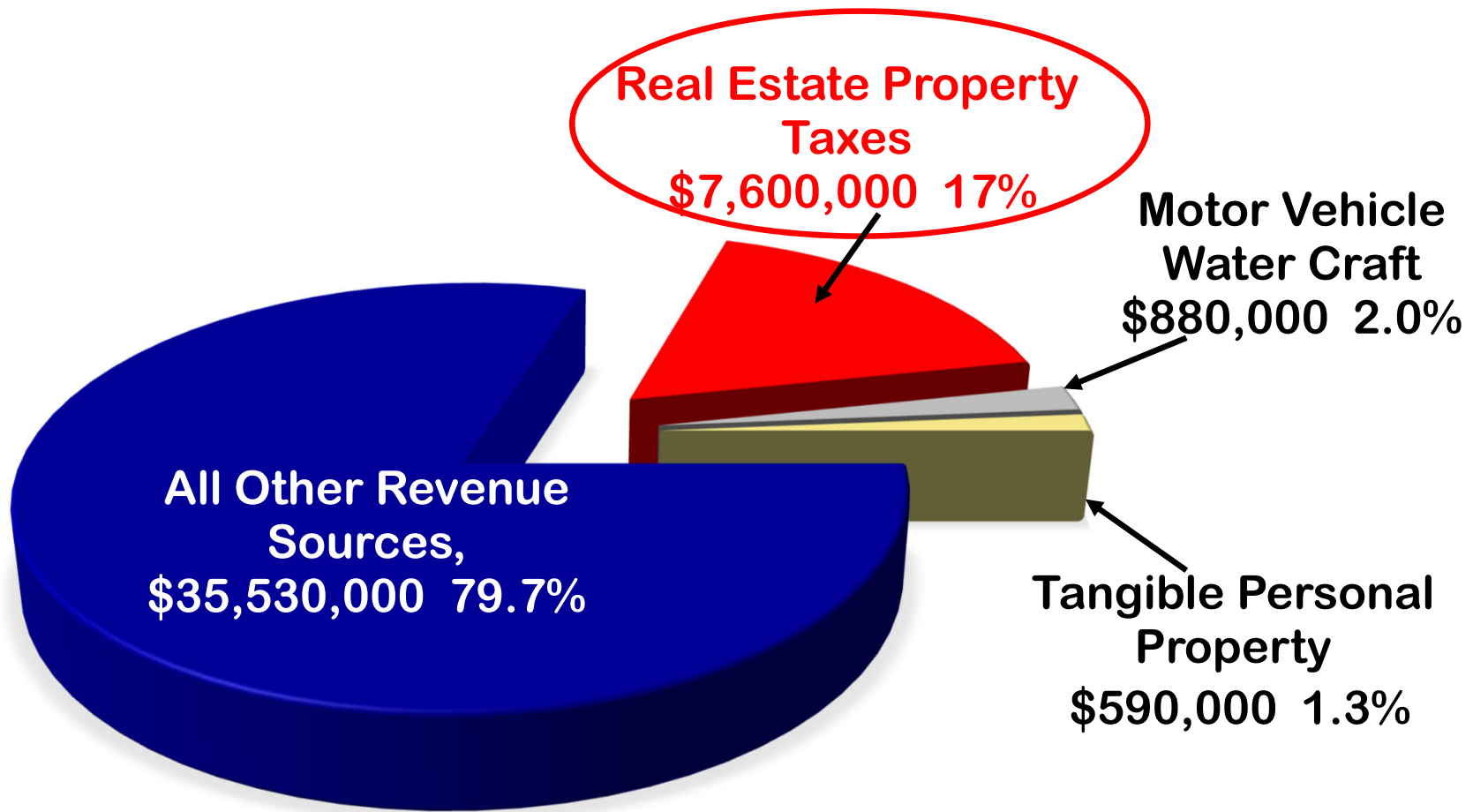
**NO**

Hotel  
Tax

**NO**

Local Sales  
or  
Restaurant  
Tax

# Revenue 2021/2022 Budget Year



**\$44,600,000 Total Revenue**



# Property Tax Rate Definitions

## Compensating Rate:

KRS 132.010 defines “Compensating Tax Rate” as that rate which applied to the current year’s assessment of the property subject to taxation, *excluding new property added to the tax roll for the current year*, produces an amount of revenue approximately equal to that produced in preceding year.



The “Compensating Rate” keeps the tax **PAYMENT** (approximately) the same:

- NO cost of inflation added
- NO CPI added

If overall property valued decline, the tax RATE would increase to keep the PAYMENT approximately the same.

If overall property values increase, the tax RATE would decrease to keep the PAYMENT approximately the same.





# Property Tax Rate Definitions

## 4% Growth Rate:

KRS 68.245 states that the portion of a tax rate levied by Fiscal Court which will produce revenue, *exclusive of revenue from new property*, of more than 4% over the amount of revenue produced by the compensating tax rate shall be subject to recall vote.



The “4% Growth Rate” provides a 4% increase (approximately) to the tax PAYMENT:

- Allows taxing authority to account for the impact of inflation
- Allows taxing authority to account for an increase in the CPI
- Subjects tax rate to potential “*voter recall*” for any increase producing more than a 4% increase to the tax PAYMENT



# Recommendation

- **Adopt the Compensating Rate**
- **Will lower current rate of 12.4 cents / \$100 valuation to 12.0 cents / \$100 valuation**



# Real Property Taxes

Budget Year 2021/2022

Value of Real Property Subject to Rate= \$6,847,266,679

	<u>*Rate</u>	<u>Gross Revenue</u>
4% Growth Rate	12.40	\$8,490,611
Proposed Rate	12.00	\$8,216,720
Compensating Rate	12.00	\$8,216,720

\*(Cents Per \$100 Valuation)



## Gross vs. Net Revenue Based on 2021/2022 Real Property Tax Rates

	Rate (Cents \$100 Valuation)	Gross Revenue (Projected)	Net Revenue* (Estimated)
4% Growth Rate	12.40	\$8,490,611	\$7,885,580
Proposed Rate	12.00	\$8,216,720	\$7,631,197
Compensating Rate	12.00	\$8,216,720	\$7,631,197

Net of:

1. Estimated collection rate by Sheriff's Office =0.97%
2. Fees to Sheriff's Office (10% of First \$5K + 4.25% of Balance)

# Impact of Real Property Tax Rate Decrease

<u>Home/ Property Valuation</u>	<u>12.0* Compensating Rate</u>	<u>12.0* Proposed Rate</u>	<u>Annual Increase</u>
\$100,000	\$120.00	\$120.00	\$0
\$200,000 (Average Home Value)	\$240.00	\$240.00	\$0
\$300,000	\$360.00	\$360.00	\$0

\* Cents per \$100 valuation



# History of Real Property Tax

- ✓ The property tax rate has been set below the 4% Growth Rate 11 of the last 19 years.
- ✓ Before 2003, the rate was always set at the 4% Growth Rate.
- ✓ This is the 5<sup>TH</sup> time in 19 years the Property Tax Rate has been reduced.



# **Summary**

**Recommend adopting the  
Compensating Tax Rate at the  
lower rate of 12.0 cents per  
\$100 valuation for Real Property**





# Proposed County 2021 Tax Rates

12.0000

## Real Property (Real Estate)

General and Road Fund

2.2000

Health Department

1.8000

Cooperative Extension Service

0.1500

Soil Conservation District

## Tangible Personal Property

12.6000

General and Road Fund

2.2000

Health Department

2.6700

Cooperative Extension Service

## Motor Vehicles, Watercraft and Aircraft

11.5000

General and Road Fund

2.2000

Health Department

1.4600

Cooperative Extension Service

## Wooded Acreage

2.0000

Fire Protection Fund

*Cents per \$100 valuation*