



Overview of Local Taxation

Appropriations & Revenue Committee

October 19, 2022



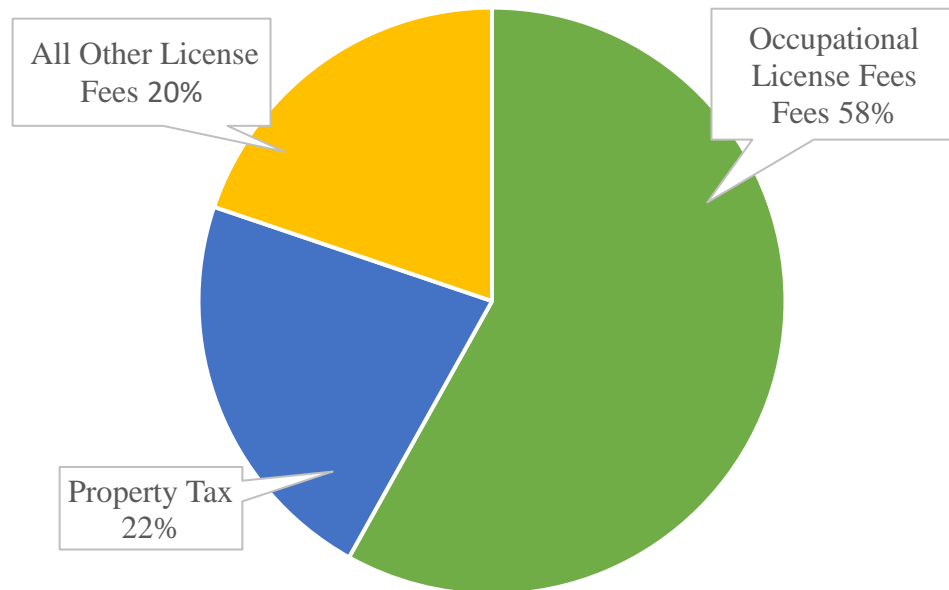
Local Taxation The Big Picture

Revenue related to local taxation is generated by two major categories:

Various License Fees
Property Tax

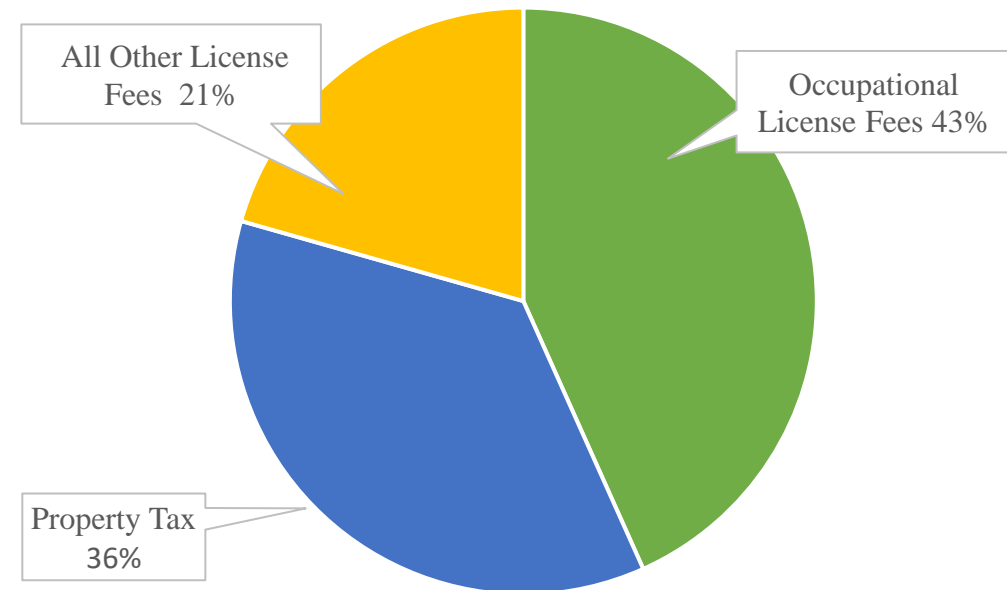
City & County Receipts for License Fees and Property Taxes

Cities - 2019



Kentucky League of Cities

Counties - 2021



Kentucky Association of Counties



Section 181

Kentucky Constitution

The General Assembly may, by general laws:

- Delegate the power to counties, towns, cities and other municipal corporations, to impose and collect license fees on:
 - Stock used for breeding purposes;
 - Franchises, trades, occupations, and professions; and
- Authorize cities or towns of any class to provide for taxation for municipal purposes on:
 - Personal property, tangible and intangible, based on income, licenses or franchises, in lieu of an ad valorem tax thereon.

Other License Fee Examples

Taxing Who or Taxing What

Who	What
Insurance Companies	Transient Rooms
Banks	Vehicle Rentals
Taxicab or Limousine Companies	Cable Television
Extraction Companies, i.e. Minerals (except coal), Crude Oil, Forestry	Certain Sales, i.e., Ice Cream, Soft Drinks, Tobacco, Alcohol
Restaurants	Motor Trucks or Semitrailers
Recreational Companies, i.e. Billiards, Bowling Alleys	Coin-operated Machines



Section 180

Kentucky Constitution

Every ordinance and resolution passed by any county, city, town or municipal board or local legislative body, levying a tax, shall specify distinctly the purpose for which said tax is levied, and no tax levied and collected for one purpose shall ever be devoted to another purpose.



Section 157

Kentucky Constitution

- Provides for the taxation of property within local jurisdictions
- Sets maximum property tax rates

Jurisdiction	Maximum Property Tax Rate
Cities, population of 15,000 or more	\$1.50 on each \$100 of value
Cities, population between 15,000 & 10,000	\$1.00 on each \$100 of value
Cities, population less than 10,000	\$0.75 on each \$100 of value
Counties and Taxing Districts (except for schools)	\$0.50 on each \$100 of value



Property Tax Rate Example

Anderson County

Taxing Jurisdiction	Real Property	Tangible Property	Merchants Inventory	Watercraft	Aircraft	Inventory in Transit
Fiscal Court	12.9000	12.9000	12.9000	12.9000	12.9000	0
Extension Services	1.4000	1.4000	1.4000	0	0	0
Health	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000
Library	<u>7.5000</u>	<u>7.5000</u>	<u>7.5000</u>	<u>7.5000</u>	<u>7.5000</u>	<u>7.5000</u>
County-wide total	<u>24.8000</u>	<u>24.8000</u>	<u>24.8000</u>	<u>23.4000</u>	<u>23.4000</u>	<u>10.5000</u>
School	62.3000	62.3000	62.3000	0	62.3000	0
Anderson Co. Fire	10.0000	10.0000	10.0000	10.0000	10.0000	10.0000
City, Lawrenceburg	19.5000	23.5500	23.5500	0	0	0



Property Tax

Other Constitutional Provisions

- Section 170
 - Real Property exemptions – in the constitution
 - Personal Property exemptions – some in the constitution, but mainly statutory exemptions
- Section 174
 - Taxed according to value
- Section 172
 - Assessed at fair cash value
- Section 171
 - Uniform upon all property of the same class



Local Taxation In The Weeds

- Constitutional limits or parameters
- 106 different references to local tax
- Diversely located across chapters of KRS
- Piecemealed together over time
- May be based on a city classification system that ended on January 1, 2015