

# School Board Issues Relative to Property Tax on Aging Bourbon

Presented to the  
Bourbon Barrel Taxation Task Force

September 23, 2022

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KSBA Director of Advocacy



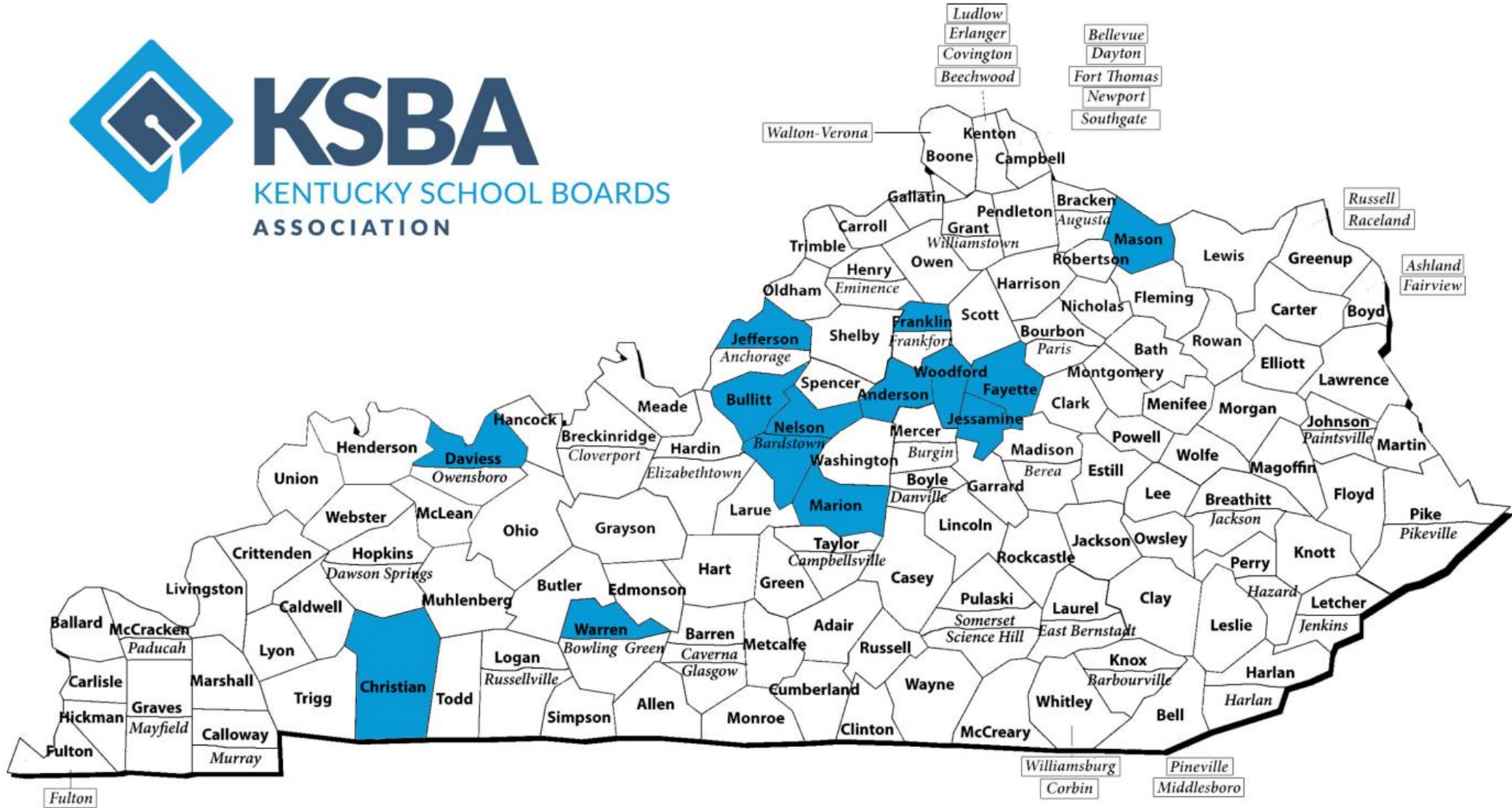
# Some school-specific issues to discuss

- “Nickel” levies restricted to debt service. Note: [Nickel Facts](#) info from KDE.
- SEEK calculations show net losses, in part because formula sets the state funding based on 30 cent minimum rate, not actual rates levied (and any [restricted] nickel portions of those rates). Note: SEEK and tax rate interactions discussed in: [LRC Research Report 354](#).
- Importance of 100% fair cash value assessment of property in all districts to ensure fair state funding across districts
- Recent unmined coal valuation shift as an example of how the SEEK – tax rate interactions can impact district finances when a class of property is  
2 (effectively) exempted



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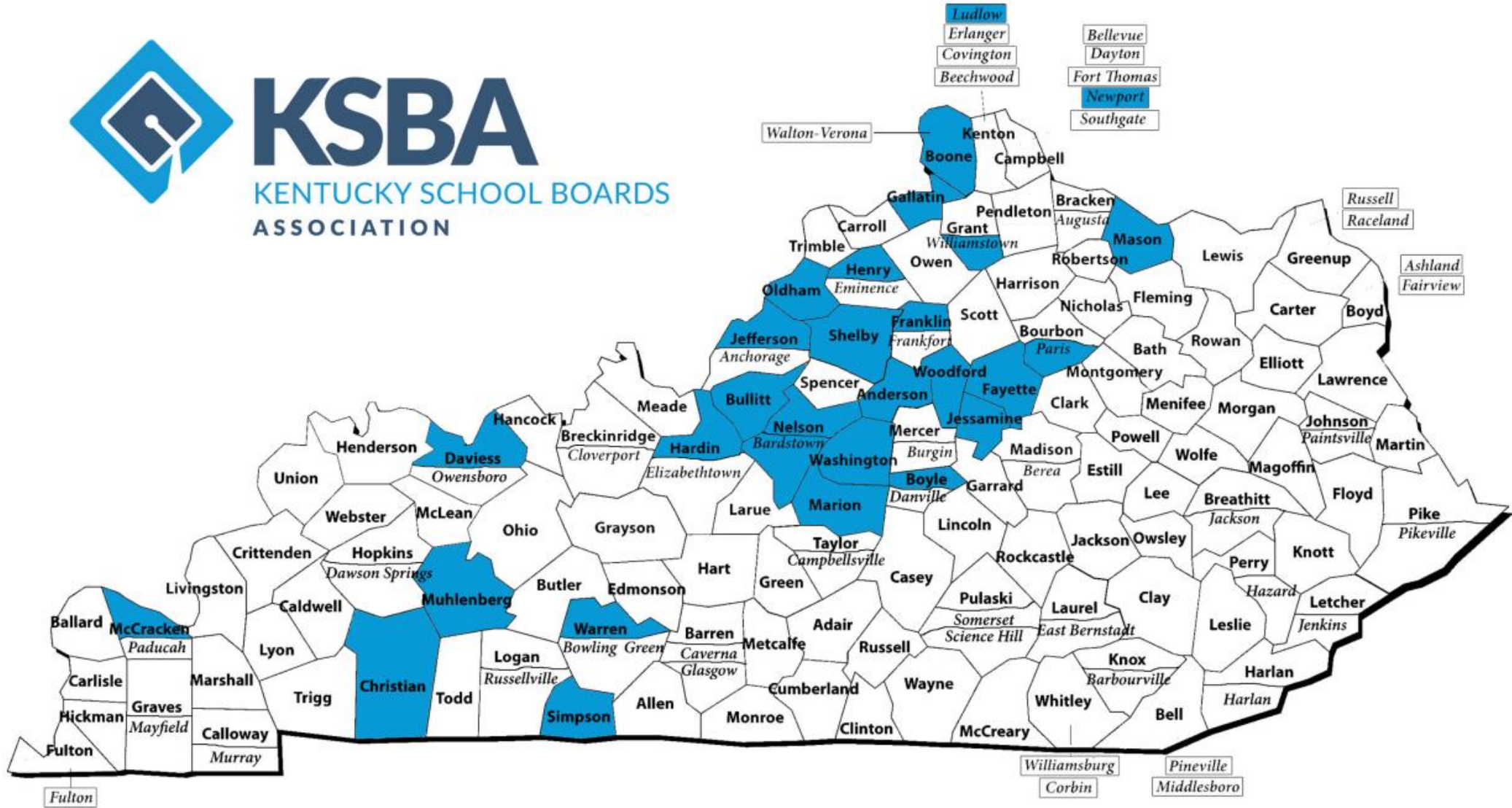
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**SEEK INPUTS:**

Assessment	\$	1,881,097,316	Prior Year End of Year AADA	2,964.614
Per Pupil Assessment	\$	634,517	Growth	0.000
91-92 State Per Pupil Funding	\$	2,835.00	Prior Year AADA Plus Growth	2,964.614
Transportation (Unprorated)	\$	2,185,413	At Risk	1,750.714
Maximum Tier I Rate		43.7	Prior Year December 1 Child Count	
Levied Equivalent Rate		69.4	Low (Severe: Weight 2.35)	69
Base Year Levied Equivalent Rate		70.7	Moderate (Moderate: Weight 1.17)	229
Current year Levied Equivalent Rate		69.4	High (Speech: Weight 0.24)	138
Current Year Second Month Growth %		0.000	Prior Year Home & Hospital	7.599
			Limited English Proficiency	132

**NICKELS CALCULATION:**

	<u>Local</u>	<u>State</u>	<u>Prorated Adjustment</u>	<u>Adjusted State</u>
FSPK	\$ 940,549	\$ 565,475	\$ 0	\$ 565,475
Original Growth	\$ 0	\$ 0	\$ 0	\$ 0
Equalized Growth	\$ 0			
Recallable	\$ 940,549	\$ 565,475	\$ 0	\$ 565,475
Equalized Facility Funding	\$ 0	\$ 0	\$ 0	\$ 0
BRAC	\$ 0	\$ 0	\$ 0	\$ 0
Category Five	\$ 0	\$ 0	\$ 0	\$ 0

**SEEK CALCULATION:**

	<u>Per Pupil</u>	<u>Total</u>
Guaranteed Base *	\$ 4,100	\$ 12,154,917
At Risk	363	1,076,689
Home & Hospital	10	30,396
Exceptional Child	641	1,899,120
Transportation	507	1,503,639
Limited English Proficiency	18	51,955
Calculated Base Funding	\$ <b>5,639</b>	\$ <b>16,716,716</b>
Less 30 Cent Local Effort	1,904	5,643,292
Calculated State Portion	\$ <b>3,735</b>	\$ <b>11,073,424</b>
Base Prorated Adjustment	0	0
Prior Year Adjustment	0	0
Adjusted State Portion	\$ <b>3,735</b>	\$ <b>11,073,424</b>
State Tier I	331	979,906
State Tier I Prorated Adjustment	0	0
Adjusted Tier I	\$ <b>331</b>	\$ <b>979,906</b>
Hold Harmless	0	0
January Growth **		0
4% Adjusted Assessment **		0
Adjustments **	0	0
Total State SEEK *	\$ <b>4,066</b>	\$ <b>12,053,330</b>
Unallocated Amount		0
Total State Funds		\$ <b>12,053,330</b>
Less Capital Outlay		296,461
Net General Fund SEEK		\$ <b>11,756,869</b>

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# Unmined coal valuation – example of impacts

$$\text{Taxable Present Value} = \text{MA} \times \text{H} \times \text{D} \times \text{R} \times \text{\$/T} \times \text{OI} \times \text{DF}$$

Where:

- MA = Mineable Acres
- H = Coal Thickness in inches
- D = Coal Density Factor (tons/acre/inch = 145)
- R = Mining Recovery Rate
- $\text{\$/T}$  = Royalty due coal reserve owner as \$ per ton
- OI = Owner's Interests in the property (as a percentage)
- DF = Discount factor for Applicable Year of Mining



Harlan Co. leaders told unmined mineral tax shortfall could cost district \$303,000, forcing "difficult decisions" in next year's budget; issue compounds use of compensating tax rate

Harlan Daily Enterprise, Dec. 23, 2016

Schools bracing for tax reduction

Unmined mineral tax projected to lessen

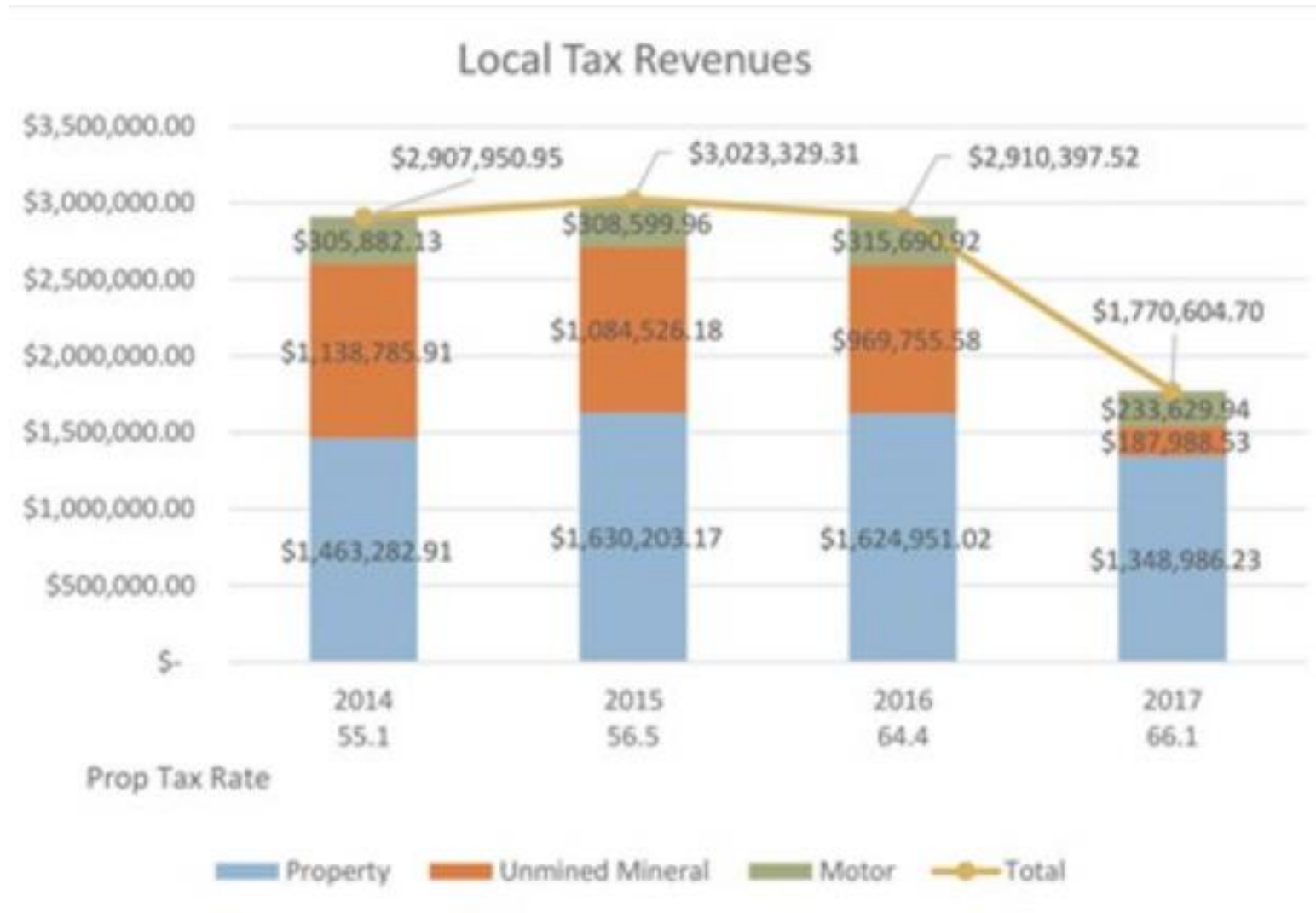
Staff report

**Knott County Schools' unmined coal tax revenues**

2013 – \$1.5 million  
2014 – \$982,000  
2015 – \$1.1 million  
2016 – \$1.2 million  
2017 – \$121,000  
2018 – \$65,000

**Pike County Schools' year-end contingency fund**

2013 – \$7.4 million  
2014 – \$5 million  
2015 – \$5.5 million  
2016 – \$1.7 million  
2017 – \$308,000



**Leslie County BOE Local Tax Revenues**

Knott County BOE general fund real property tax rate:

- 2017/2018 - 50.4 cents per \$100 in value
- 2018/2019 – 58 cents per \$100 in value

A **15.07%** increase in each taxpayer's rate shown on their bill.

The 50.4 cents rate was not the compensating rate that year, which would have been a larger increase. The 58 cents rate was the compensating rate in that year, in other words, a 15.07% increase just to remain at the 'new normal' level.



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