## Local Mandate Fiscal Impact Estimate Kentucky Legislative Research Commission 2016 Regular Session

## **Part I: Measure Information**

Bill Request #: <u>174</u>	44		
Bill #: SB 232			
<b>Bill Subject/Title:</b> AN ACT realting to fire protection and volunteer fire department districts in consolidated local governmnet.			
Sponsor: Senator J	ulie R. Raque		
Unit of Government:	City County Urban-County   Charter County X Consolidated Local Government		
Office(s) Impacted:	County Clerks		
Requirement: X	Mandatory Optional		
Effect on Powers & Duties:	Modifies Existing X Adds New Eliminates Existing		

## Part II: Purpose and Mechanics

SB 232 allows fire protection districts or volunteer fire department districts in a county with a consolidated government to establish a property tax rate greater than ten cents per \$100 of assessed valuation. Currently, property tax in all counties, regardless of the form of government, shall not exceed ten cents per \$100. Furthermore, any increase in a tax rate must be approved by a majority vote of the property holders of the fire district.

SB 232 requires that the vote to increase the tax rate shall occur at the same time the district votes on the members of the fire district board of trustees as required by KRS 75.031(2). Furthermore the required notice of election must include

- a statement that voters will be asked to consider an ad valorem tax increase,
- the preceding year tax rate and revenue,
- the proposed tax rate and the projected revenue for the current year, and
- the language that will appear on the ballot asking the voters to approve the rate.

SB 232 exempts the provisions of this proposal from the requirements for exceeding the compensating tax rate found in KRS 132.023.

Compensating tax rate is defined as prior year revenue from real property divided by current year total valuation of real property. The compensating rate is designed to produce revenues equal to those of the preceding year.

SB 232 provides that any voter-approved rate increase shall apply to the year in which the rate was approved and thereafter, unless language in the ballot provides for a later effective date or limits the term in which the rate increase will apply.

## Part III: Fiscal Explanation, Bill Provisions, and Estimated Cost

Whereas SB 232 only affects those fire districts within a consolidated local government, **the only local government affected would be the Louisville Metro Government**.

There would be very minimal cost associated with the elections since a vote to increase the tax rate shall occur at the same time the district holds its annual election for members of the fire district board of trustees.

Louisville Metro Go	Louisville Metro Government Fire Districts		
Anchorage	Lake Dreamland		
Buechel	Lyndon		
Camp Taylor	McMahan		
Eastwood	Middleton		
Fairdale	Okolona		
Fern Creek	Pleasure Ridge Park		
Harrods Creek	St. Matthews		
Highview	Worthington		
Jeffersontown			

Louisville currently has the following fire districts:

A review of current rates show all the above fire districts are at 10%, the maximum currently allowed by statute.

Whereas the Jefferson County Sheriff's Office collects property taxes, any increase in assessment would provide a higher commission to the sheriff's office. KRS 134.119(6) currently sets this at 4.25% or as negotiated between the Sheriff and tax district. KRS 134.119(7) provides additional compensation for the collection of delinquent taxes. The sheriff shall be entitled to an amount equal to ten percent (10%) of the total taxes due plus ten percent (10%) of the ten percent (10%) penalty for all delinquent taxes.

KRS 64.350 requires the Sheriff each calendar year to remit to Louisville Metro Government 25% of the fees collected. Louisville Metro may see an increase in revenues as well. However, they have the option to return a portion or all of these funds back to the Sheriff's office for operating expenses.

Data Source(s): LRC Staff, Louisville Metro Governmet, Jefferson County Fire Service

Preparer:Wendell F. ButlerReviewer:JWNDate:2/22/16