



Local ad valorem taxes include city taxes (possibly multiple within a county), general county-wide taxes including ambulance services, extension services, mental health, hospitals, library, soil conservation, county-wide emergency medical services, mental health, mental retardation, and special districts that by statute may levy ad valorem taxes. The most common special districts are ambulance, fire, watershed, and emergency medical services. Also levied at the local level are ad valorem taxes to fund county and independent school districts. A county may have several of the above ad valorem taxes or a few.

All counties, cities, and special districts will lose revenue streams derived from ad valorem taxes. In 2021, the statewide value of motor vehicles, including taxable recreational vehicles, trailers, and semi-trailers was \$33,437,350,130. The motor vehicle value for the state’s individual counties ranged from less than 1% to nearly 4%, with two counties comprising 7% and 17% of the aggregate state value. We are unable to put a definitive impact on this mandate statement because each county is different, and is made of up varying taxing districts as detailed above. The data we do have is incomplete.

For a specific example, Franklin County tax rates are applied in a table below. For a vehicle valued at \$13,300 and local taxes comprised of the following:

<b>Tax Description</b>	<b>Tax Rate per \$100 Value</b>	<b>Vehicle Value</b>	<b>Tax</b>
County-wide	0.1700	\$ 13,300	\$ 22.61
County School Tax	0.5100	\$ 13,300	\$ 67.83
Library Tax	0.0490	\$ 13,300	\$ 6.52
Health Tax	0.0725	\$ 13,300	\$ 9.64
Extension Service Tax	0.0100	\$ 13,300	\$ 1.33
<b>Total</b>	<b>0.8115</b>		<b>\$ 107.93</b>

This will be a \$107.93 savings for the individual taxpayer for county taxes, but a loss from a revenue standpoint for the county. These funds would need to be made up from other sources to continue the related programs. This example does not consider state motor vehicle ad valorem taxes.

Additionally, KRS 134.805 provides a 4% commission to the county clerk for collecting the state ad valorem taxes as well as all county, school, and special district ad valorem taxes. For FY 2022, the county clerks’ aggregate commission for collecting the state portion of the motor vehicle ad valorem tax was approximately \$8 million. County Clerk offices are fee-based and their operating budget is comprised of the fees they collect. This does not include the commissions for the local taxes.

The county clerks will continue to receive a 4% commission for collecting the state ad valorem taxes on motorboats.

**Part III: Differences to Local Government Mandate Statement from Prior Versions**

Part II refers to HB 132 as introduced. There are not prior versions.

**Data Source(s):** LRC Staff

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