



10-Minute Supervisor Trainings

Kentucky Soil and Water Conservation Commission

November 2010

INCREASING MILLAGE TAX

At times, it may become necessary for a district to increase their tax rate by 4% or more on a yearly basis.

- A conservation district that is on millage tax has the right to request an increase each year as long as it doesn't go above the 4%. In order to do that, a district must establish their final tax rate within forty-five days of the Department of Revenue's certification of the county's property tax roll, generally by September 1.
- KRS 132.023 sets forth the guidelines for increasing tax rates. There are 3 types of increases, each with different requirements.
 - **RAISE UP TO COMPENSATING TAX RATE:** The compensating tax rate is the rate at which the district will receive the same amount of tax revenue as the previous year. If a conservation district wishes to raise their tax rate by this amount, they should submit a letter to the fiscal court requesting this change and include as an attachment a copy of minutes from the meeting when requesting this change was approved.
 - **RAISE MORE THAN THE COMPENSATING RATE, BUT NOT MORE THAN 4%:** If a conservation district wishes to raise their tax rate up to, but not exceeding, 4%, they must follow the guidelines set forth in KRS 132.023 (2). The basic steps are as follows:
 1. The taxing district must have a public hearing to discuss the increase in the rate.
 2. The district must advertise this hearing by having it published in the newspaper with the largest county circulation 2 consecutive weeks and not less than 12 column inches.
 3. The advertisement must include:
 - a) Tax rate levied the previous year.
 - b) Tax rate proposed for the current year and the revenue expected to be produced.
 - c) Compensating rate and its revenue.
 - d) Revenue expected from new property and personal property.



- e) General areas to which revenue in excess of the proceeding year is to be allocated.
 - f) Time and place for the public hearing.
 - g) Purpose of the hearing.
 - h) Statement that the General Assembly required the publication.
3. This hearing must occur not less than 7 days and no more than 10 days following the second published advertisement.
 4. The hearing must be open to the public, but the tax rate increase can not be recalled.
- RAISE MORE THAN 4%: The district must follow the above guidelines for a public hearing. There will be a 45 day window after the hearing before the tax goes into effect. During this time, any 5 qualified voters may form a petitioning committee to attempt to stop the passage of the increase (i.e., recall the increase). If a committee is formed and the petition is submitted and certified, the tax increase and proposal will be postponed until the next election as to where it must be voted on. If no committee is formed nor a petition submitted, then the new tax rate will go into effect.

DISCUSSION QUESTIONS

1. Explain the positives and negatives of increasing a tax rate more than 4%.
2. What county officials could assist the Conservation District in achieving a rate increase?
3. If a conservation district did achieve a more than 4% increase, what new activities and programs could they provide the general public with?

