

August Trustee Tip: Setting the Library's Tax Rate

One of your most important tasks as a library trustee is setting the library's tax rate. In this tip, KDLA answers some of the questions trustees often ask about how tax rates are generated and the process involved.

Who generates the tax rates we receive?

Taxes for the coming year begin with Certified Property Valuations provided to the Kentucky Finance and Administration Cabinet by local Property Valuation Administrators. Using numbers generated by the Finance and Administration Cabinet and a formula provided by the Department for Local Government, KDLA calculates a compensating rate and a four percent increase rate for each library taxing district.

Do library boards set the rates for all sources of tax income?

While library taxing districts may receive income from several taxing sources, library boards are only charged with setting the rates for real property and personal property.

What is the basis for the compensating rate?

Public libraries cannot operate without a reliable year-to-year income. According [to Kentucky Revised Statute 132.010](#), the compensating rate should produce "an amount of revenue approximately equal to that produced in the preceding year from real property."

Why are we given the option of a four percent increase? How do we establish this increase?

Construction projects, renovations or increased demand for services are some examples of circumstances that may necessitate additional tax income. Libraries are allowed to raise tax rates up to four percent (4%) above the income produced by the compensating rate. In order to take the four percent increase, a public hearing must be held immediately before a fiscal court meeting in the same building where the fiscal court meets. This public meeting must be advertised in the newspaper for two (2) consecutive weeks, and citizens who wish to be heard must be allowed reasonable time for an oral testimony.

If our current tax rate is bringing in more than enough money, can we set a lower tax rate?

Yes, library districts may request alternate rates for consideration. For questions about setting tax rates, please contact your regional consultant or Jay Bank (jay.bank@ky.gov).

This Trustee Tip is not intended as legal advice. If you need legal advice, please consult an attorney.