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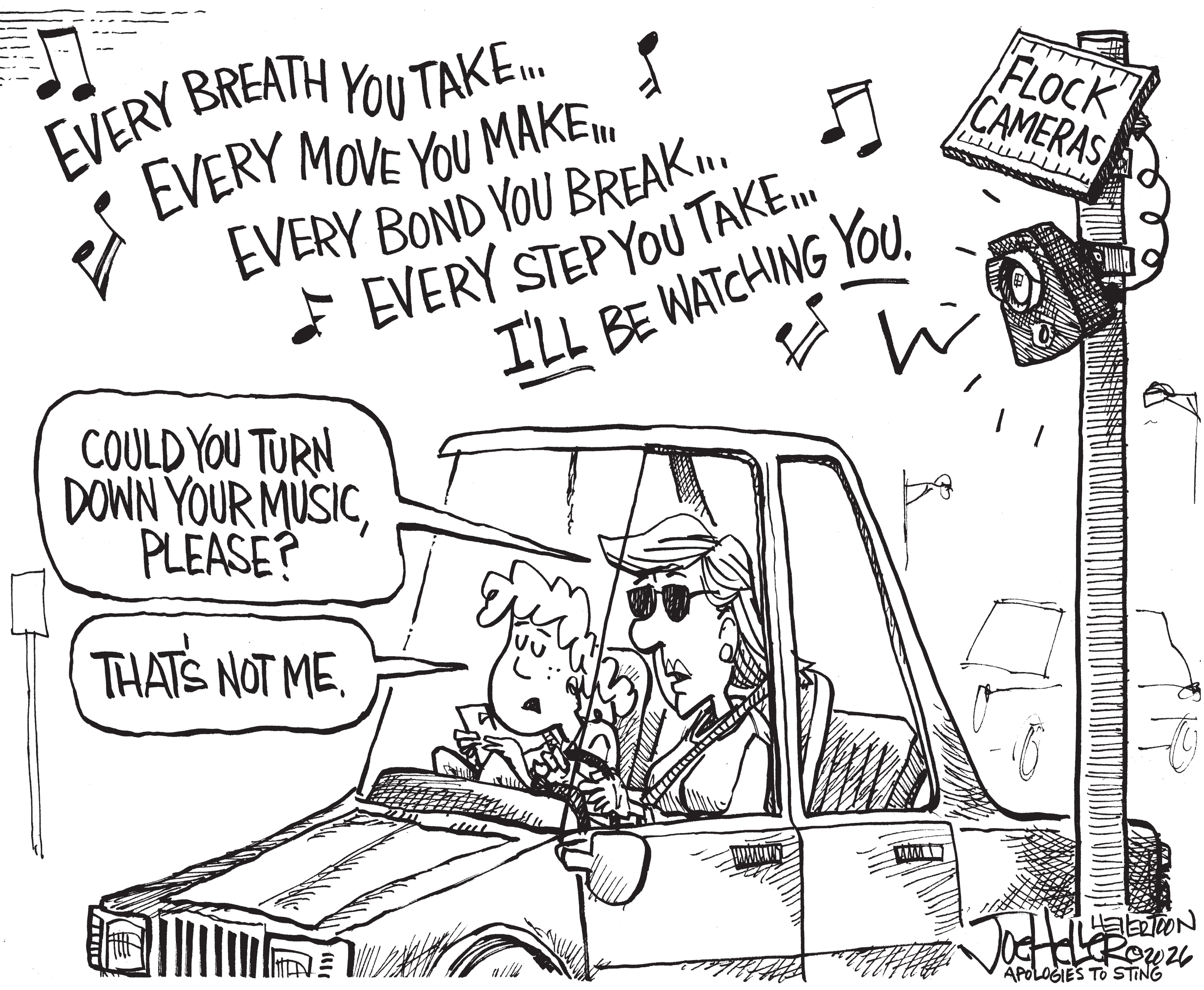
The Citizen-Times

OPINION

AUGUST 20, 2026



How Kentucky Local Governments Establish Property Tax Rates

BY **JEFF JOBE**
COMMUNITY PUBLISHER

Kentucky cities, counties, school boards and special taxing districts are entering the annual property tax-setting season, when officials determine how much revenue to collect from property owners.

Under Kentucky's House Bill 44, taxing districts generally have three choices:

Adopt the compensating rate

Adopt a rate producing up to 4% more revenue from existing real property; or

Adopt a rate producing more than 4% additional revenue, making the excess subject to voter recall.

The 4% provision applies to a district's total revenue from existing real property. It does not necessarily mean the numerical tax rate will increase by 4%, nor does it limit an individual property owner's bill to a 4% increase.

How taxes are calculated

Real property includes land, homes, commercial buildings and permanent improvements. Rates are commonly expressed in cents per $100 of assessed value. A rate of 20 cents per $100 produces a $200 tax on property assessed at $100,000.

A property tax bill may include separate rates established by the state, county, city, school board and special districts such as libraries, fire departments, health departments and extension services. Property inside a city is generally subject to both city and county taxes.

The county property valuation administrator establishes most local assessments. Fiscal courts, city councils, school boards and special-district boards establish their respective tax rates.

The compensating rate

The compensating rate is designed to produce approximately the same revenue from real property that existed during both the previous and current tax years.

When assessments on existing property rise, the compensating rate generally decreases to offset that increase. The district still receives additional revenue from qualifying new property added to the tax rolls.

New property may include newly constructed homes and businesses, major improvements, newly taxable property and certain property annexed into the jurisdiction. A higher assessment on an existing home caused by changing market values is not treated the same as new construction.

The compensating rate should not be described as producing no additional revenue. In a growing community, it maintains approximately the same revenue from existing property while generating additional taxes from new development.

The 4% option

The 4% rate allows a district to collect approximately 4% more from existing real property than it would receive under the compensating calculation. Revenue from new property is added to that amount.

Suppose a district collected $300,000 from existing real property last year and expects $15,000 from new development this year. The compensating rate would produce approximately $315,000.

Under the 4% option, the district could collect approximately $312,000 from existing property, plus revenue from new development. Its total revenue increase could therefore exceed 4%.

Public notice and hearings

A city or county can generally adopt the compensating rate without conducting a House Bill 44 public hearing.

A proposed rate above the compensating rate, including the 4% rate, requires a hearing. The district must disclose the previous rate and revenue, the proposed and compensating rates, expected revenue from new and personal property, and how the additional money will be used.

State law requires the notice to be published twice in consecutive weeks in the newspaper with the largest circulation in the county. The hearing must be held seven to 10 days after the second notice is published.

A rate producing more than 4% additional revenue from existing real property is subject to recall. Qualified voters generally have 45 days to complete the petition process. A valid petition ordinarily requires signatures equal to at least 10% of the votes cast in the affected jurisdiction during the previous presidential election.

A rate producing no more than the permitted 4% increase requires a hearing but is not subject to recall under House Bill 44.

What it means for taxpayers

The 4% provision applies to a district's overall revenue, not each property owner's bill. An individual bill can rise by more than 4% if the property's assessed value increases faster than the community average.

Taxpayers should look beyond whether the numerical rate increased or decreased. The important questions are how much total revenue will be collected, how much will come from new development and why additional money is needed.

For a growing community, the compensating rate already allows revenue to increase through new taxable development. Choosing the 4% rate allows the government to collect that growth revenue while also increasing collections from existing property owners.

Jeff Jobe is community publisher for JOBEnews, which serves a 10-county region and has the largest paid print readership and online audience in the communities it covers. He can be reached at jobe@jobeinc.com.

LETTER TO THE EDITOR

Appreciates Real Local News

Dear Mr. Jeff Jobe,

I bought a small farm in Allen County in 1977. Moved to it in 1978 and moved back to Illinois in 2022-2023.

I was 42 years old when I arrived, 87 years old when I left and will be 90 years old this Saturday, Aug. 8, 2026 if God be willing. 45 years. Best years of my life. Regret moving back to my birth state.

I am last one of my generation family on both sides. Nearest relatives, two nephews and six nieces who are now old themselves. What friends are still alive... are in Kentucky. Too late I realize my home is Kentucky.

I have taken this newspaper for years. I am unable to travel now. This paper means a lot to me.

You are doing an excellent job with it. It keeps me connected. I am a friend of Montie and Bob Harrison.

It is a pleasure to read how well the city and county are progressing. What a better place to live. Caler County, Charleston, Illinois is far behind. It was just the opposite when I moved there.

Caler County needs a good—excellent newspaper like *The Citizen-Times*. I am old school of course. I hear about events a week after they occur. I cannot find a Real Estate Broker. I want to move—been searching three years for another place. Internet doesn't work out well for me. I get there...the property is sold, etc. Your 30 minutes show is called "That was the closest I have gotten!"

These people need progress—need to see what their political people are doing. I'd be more informed by the truth instead of lies and hearsay. I would have loved to come here and use your methods on a NEW information newspaper.
If not...can you use your influence to spur someone to start a brilliant paper here? I hope I live long enough to be a subscriber.

Sincerely Yours,
Virginia C. Norris

▪CLINIC

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to 2 p.m. at the Washington Center, 110 S. Court Street, Scottsville. The event is open to eligible Allen County residents and others with criminal charges in Allen County.

Expungement is the legal process of removing eligible charges or convictions from a person's criminal record. A successful expungement can reduce barriers to employment, housing, education and other opportunities.

To qualify for assistance, participants must either live in Allen County or have a criminal charge originating in the county. Kentucky Legal Aid strongly encourages advance registration to help speed up the process, as walk-in assistance will be limited.

Individuals interested in attending should register by Monday, Aug. 24 by calling (270) 782-5740.

The clinic is made possible through a partnership between Kentucky Legal Aid, the Allen County Fiscal Court, and the Allen County Opioid Settlement Advisory Group.

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