

## Explaining the Property Tax Increase.

Property Tax is a tax levied on real property (land, buildings, and related improvements) and tangible property (business equipment and inventories) in the City of Bellevue. The rate for each is set by Council and tax bills based on the new rates are mailed in mid-October and are due by November 30<sup>th</sup>. The rate is determined by a specific formula using assessment data from the Campbell County Property Valuation Office and calculated by the Northern Kentucky Area Development District.

This year, the City of Bellevue is seeking to increase the revenue received from real and tangible property taxes by 4% as allowed by law (HB44). The tax rate will increase from .290 to 306 per \$1,000 on all Real Property. If the new rates are enacted, revenue to the city will increase approximately \$45,000 for the fiscal year 2014-15. This revenue will be used to offset the increasing costs of providing municipal services (Police, Fire, EMT, Snow Removal, etc) to Bellevue residents. It is important to know how this rate is calculated and the impact of the assessed value of our community is. Expressed a different way, the tax rates are the ratio of the amount the City is requesting divided by the total assessed value of the City.

|             |                             |               |        |
|-------------|-----------------------------|---------------|--------|
| Numerator   | Real Property Tax Revenue   | \$1,072,930   |        |
| Denominator | Total Taxable Real Property | \$350,629,700 | .00306 |

## The Numerator – Revenues collected

The State of Kentucky limits the amount of revenue that a City can receive from property tax assessments. Like other Cities, the City of Bellevue can only increase its property tax revenue by 4% without a voter referendum. It is the City's intent to increase its property tax revenue by 4% for the 2014-15 Fiscal Year and has followed the State of Kentucky defined procedure for the increase. In some conversations, this is known as "taking the 4%" It is important to note that this doesn't necessarily translate to a 4% increase to all tax payers in the City on a year to year basis for reasons due to increases and decreases in the denominator of our equation.

## The Denominator – Assessed Property Value

Total Taxable property or property value is derived from several different sources:

|  |                |
|--|----------------|
| PVA Assessment                             | \$384,211,997  |
| Less Homestead/Disability Exemptions       | (\$19,288,572) |
| Less Fully Exempted                        | (\$19,805,481) |
| Less Other Adjustments                     | (\$1,716,231)  |
| Public Service Assessment (CSX, Duke, etc) | \$7,227,990    |
| Total                                      | \$350,629,703  |

**PVA Assessment** This dollar amount represents the Certified Real Estate assessment presented to the City by the Campbell County Property Valuation Office. It represents the total value of both commercial and residential real estate in Bellevue. This value fluctuates based on the PVA's 4 year assessment cycle, property sale amount, owner requested reductions, and new real estate investment.

**Homestead/Disability Exemptions (HEX/DEX)** The PVA office provides two exemptions to assist elderly and disabled homeowners. The value of both exemptions is \$36,000 and is subtracted from the assessed value of real property. For example, if property had an assessed value of \$106,000. After the HEX/DEX exemption is applied, the property tax is assessed on \$70,000.

**Fully Exempted Government Owned Properties, Schools, Church/Religious property and Public Charities** are all considered Fully Exempted.

**Other Adjustments** Other adjustments represent Tax Exonerations and Moratoriums granted in accordance to state constitution. The assessed value is frozen at a particular value for five years. At the conclusion of the five years, the property is assessed at its full value.

**Public Service Companies Assessment** Both Duke Energy and CSX property holdings are included in the assessment.

These five figures combined form the Total Taxable Real Property for the City of Bellevue.

## **The Value of Reinvesting Tax Revenues**

It is important to note that the City of Bellevue has always "taken the 4%" revenue and reinvested the tax proceeds into the community in the form of better roads/streets, safer communities, promoting additional real estate development/improvements, and developing a sustainable community. These efforts, coupled with individual resident efforts of maintaining and improving their own properties have paid off. Since 2001, the assessed value of the City of Bellevue has nearly doubled. Please refer to Chart One – Bellevue Real Property Tax Rate – 2001 to Proposed 2014. ***This doubling of the tax rate ratio's denominator has a stabilizing effect on the City's Property Tax Rate.***

While the City has consistently increasing its revenue 4% annually, it has historically spread this revenue across an increasing assessed value. The result is a stable tax rate. As the chart indicates, the lowest tax rate was .00232 per \$1000 in 2008 and the highest was .00307 per \$1,000 in 2003. In 2014-15, a resident with a \$100,000 home in Bellevue will pay \$306 in property taxes. This is an increase of about \$16 over last year's assessment of \$290. The City continues to look for opportunity to increase the value of our community though reinvestment of the tax revenue provided by the property tax rate.

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| <b>Bellevue Real Property Tax Rate 2001 to Proposed 2014</b> |
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**Historic Perspective**

| <i>Year</i> | <i>Tax Rate</i> | <i>Assessed Value</i> |
|-------------|-----------------|-----------------------|
| 2001        | 0.00275         | \$ 176,329,700        |
| 2002        | 0.00278         | \$ 180,967,500        |
| 2003        | 0.00307         | \$ 174,674,800        |
| 2004        | 0.00268         | \$ 208,254,600        |
| 2005        | 0.00256         | \$ 228,084,000        |
| 2006        | 0.00255         | \$ 239,224,600        |
| 2007        | 0.00260         | \$ 282,995,200        |
| 2008        | 0.00232         | \$ 334,407,300        |
| 2009        | 0.00245         | \$ 334,329,500        |
| 2010        | 0.00253         | \$ 345,310,500        |
| 2011        | 0.00263         | \$ 353,434,000        |
| 2012        | 0.00273         | \$ 355,223,000        |
| 2013        | 0.00290         | \$ 353,049,800        |
| 2014        | 0.00306         | \$ 350,629,700        |

**Impact of Change**

|  |           |
|--|-----------|
| Change in Bellevue Assessed Value 2001 to 2014 | 98.8%     |
| Change in Bellevue Assessed Value 2011 to 2014 | -1.3%     |
| 2013 Revenue generated from \$100,000 home     | \$ 290.10 |
| 2014 Revenue generated from \$100,000 home     | \$ 306.00 |
| Variance                                       | \$ 15.90  |

**Examples of Services provided for \$306 per year:**

|                         |                                |
|-------------------------|--------------------------------|
| Police Services         | Code Enforcement Services      |
| EMT Services            | Parks and Recreation Services  |
| Fire Services           | Municipal Maintenance Services |
| Animal Control Services | Administrative Services        |

**Estimated Real Property Tax Revenues over 10 years**  
**Impact of not "taking 4%" in first year**

**Property Valuation Held Constant**

|      | Property Valuation | 4% Deferred in Base Year |                   | 4% Taken in Base Year |                   | Variation    |
|------|--------------------|--------------------------|-------------------|-----------------------|-------------------|--------------|
|      |                    | Tax Rate                 | Estimated Revenue | Tax Rate              | Estimated Revenue |              |
| 2014 | \$ 350,629,700     | 0.00293                  | \$ 1,027,350      | 0.00306               | \$ 1,072,930      | \$ (45,580)  |
| 2015 | \$ 350,629,700     | 0.00305                  | \$ 1,068,440      | 0.00318               | \$ 1,115,840      | \$ (47,400)  |
| 2016 | \$ 350,629,700     | 0.00317                  | \$ 1,111,180      | 0.00331               | \$ 1,160,480      | \$ (49,300)  |
| 2017 | \$ 350,629,700     | 0.00330                  | \$ 1,155,620      | 0.00344               | \$ 1,206,900      | \$ (51,280)  |
| 2018 | \$ 350,629,700     | 0.00343                  | \$ 1,201,850      | 0.00358               | \$ 1,255,170      | \$ (53,320)  |
| 2019 | \$ 350,629,700     | 0.00356                  | \$ 1,249,920      | 0.00372               | \$ 1,305,380      | \$ (55,460)  |
| 2020 | \$ 350,629,700     | 0.00371                  | \$ 1,299,920      | 0.00387               | \$ 1,357,590      | \$ (57,670)  |
| 2021 | \$ 350,629,700     | 0.00386                  | \$ 1,351,920      | 0.00403               | \$ 1,411,900      | \$ (59,980)  |
| 2022 | \$ 350,629,700     | 0.00401                  | \$ 1,405,990      | 0.00419               | \$ 1,468,370      | \$ (62,380)  |
| 2023 | \$ 350,629,700     | 0.00417                  | \$ 1,462,230      | 0.00436               | \$ 1,527,110      | \$ (64,880)  |
|      |                    |                          | \$ 12,334,420     |                       | \$ 12,881,670     | \$ (547,250) |