

65A.110

1. Applies to any ad valorem tax or fee by SPGE not otherwise required to be adopted or approved through an official act of an establishing entity. (SPGE could otherwise not act without approval.)
2. Exempted: Air Board, Fire Protection District, Ambulance Taxing District. These are mentioned by the statutes used to form the SPGEs. The DLG has the formation statute of each *registered* SPGE on its website.
3. "Compensating tax rate" is defined is KRS 132.010, and applies to ALL SPGEs with the authority to levy ad valorem taxes.
4. (a) All SPGEs not exempted by (2) proposing an ad valorem tax increase **above the compensating rate**, or an ad valorem tax for **the first time**, must submit in writing the proposed rate to the establishing entity of that SPGE.

- This must be done within 7 days after the tax rate was created.
- Guidance is given as to which body shall be notified.

(b) The governing body then has 30 days to respond. The options are to:

- Approve the rate or fail to act
- Approve a rate lower than that proposed, but higher than the compensating rate on a proposed rate higher than the compensating rate
- Approve a rate lower than that proposed on a new tax
(After any of these, the rate may be implemented.)

- Disapprove the entire rate
(If it is a previous levy, the SPGE may use a rate that does not exceed the compensating rate. If it is a new levy, the SPGE may not impose the levy and must wait 1 year before a new proposal.)

The DLG calculates the rates. An Excel will be provided to calculate these rates. It will be similar to the calculation used for County's compensating rates.

5. Similar laws apply to fees.

In this case, **new fees** or **increases in fees** that are expected to produce increased revenue over the prior fiscal year must be submitted.

The notification of such a proposed fee must be submitted no later than 45 days prior to the scheduled implementation of the fee.

(b) Again, the governing body has 30 days to respond. The options are to:

- Approve the fee or fail to act
- Approve a fee in an amount less than proposed
(After either of these, the fee may be implemented.)

- Disapprove the entire fee
(If it is a previous fee, any fee in existence shall remain unchanged, and the SPGE must wait 1 year to propose an increase. If it is a new fee, the SPGE must wait one year for a new proposal.)

6. Subsection 5 does not apply to 11 specified fees.

Establishing entities may impose reporting or submission requirements that are more strict than the above.

SPGEs are required to hold public hearings for proposals for tax rates above the compensating rate.