MARSHALL COUNTY OFFICE OF
PROPERTY VALUATION

TONY HENSON
PROPERTY VALUATION ADMINISTRATOR

SUSAN JOHNSON
CHIEF DEPUTY

September 14, 2017

Marshall County Fiscal Court
1101 Main St
Benton, KY 42025

Gentlemen,

Per the enclosed letter from the Finance and Administration Cabinet dated August 29th, 2017, the final county appropriation to the Property Valuation Administrator for fiscal year 2017/2018 totals $100,700. This is a $25,000 increase from the March 21st, 2017 estimate.

Per 132.590 (9):

> *Each county fiscal court shall annually appropriate and pay each fiscal year to the office of the property valuation administrator as its cost for use of the assessment, as required by KRS 132.280, an amount determined as follows:*

Assessment Subject to County Tax of:

At Least	*But Less Than*	*Amount*
---	*$100,000,000*	*$0.005 for each $100 of the first $50,000,000 and $0.002 for each $100 over $50,000,000*
$100,000,000	*$150,000,000*	*$0.004 for each $100 of the first $100,000,000 and $0.002 for each $100 over $100,000,000*
$150,000,000	*$300,000,000*	*$0.004 for each $100 of the first $150,000,000 and $0.003 for each $100 over $150,000,000.*
$300,000,000	---	*$0.004 for each $100*

However, there are limits placed on this calculation outlined in the next subsection of 132.590:

> *The total sum to be paid by the fiscal court to any property valuation administrator's office under the provisions of subsection (9) of this section shall not exceed the limits set forth in the following table:*

Assessed Value of Property Subject to County Tax of:

At Least	*But Less Than*	*Limit*
---	*$700,000,000*	*$25,000*
$700,000,000	*$1,000,000,000*	*$35,000*
$1,000,000,000	*$2,000,000,000*	*$50,000*
$2,000,000,000	*$2,500,000,000*	*$75,000*
$2,500,000,000	*$5,000,000,000*	*$100,000*
$5,000,000,000	---	*$175,000*

After receiving the letter, I verified the numbers to make sure that we had crossed one of the thresholds listed above. Marshall County did, in fact, move into the $100,000 bracket. I will walk through calculating the 'assessed value of property subject to county tax' and show how it can be partially verified via the Certification of Equalized Assessment. However, before we begin there needs to be an understanding of how tax rates are applied to personal property.

Personal, or tangible, property is broken down into categories. Each category has its own code and its own tax rates. The following page contains a complete breakdown:

1101 MAIN STREET, SECOND FLOOR, BENTON, KY 42025 PH: 270.527.4728 FX: 270.527.4736

Code	Property Type	Rates
17	Schedule A	45¢ State & Full Local
27	Schedule B	15¢ State Rate only
31	Merchants Inventory	5¢ State & Full Local Rates
32	Manufacturers Finished Goods	5¢ State & Full Local Rates
33	Manufacturers Raw Materials/Goods in Process	5¢ State Rate only
34	Motor Vehicles Held for Sale (dealers only) New Farm Machinery Held Under a Floor Plan New Boats & Marine Inventory (dealers only) Salvage Titled Vehicles (insurance companies only)	5¢ State Rate only
35	Goods Stored in Public Warehouse	5¢ State & Full Local Rates
36	Inventory - In Transit	Exempted from state rate, county, city, & school rates. LOCAL OPTION for Fire (& other special) districts.
37	Unmanufactured Tobacco Products NOT at Plant/ Or in Hands of Grower or His Agent	1½¢ State & City, County
38	Other Unmanufactured Agri. Products NOT AT Plant or in Hands of Grower or His Agent	1½¢ State & 4½¢ City & County
39	Unmanufactured Agri. Products AT Plant or in Hands of Grower or His Agent/I. R. B. 's	1½¢ State Rate Only
40	Aircraft: non-commercial	1½¢ State & LOCAL OPTION
41	Watercraft: non-commercial	1½¢ State & LOCAL OPTION
50	Livestock & Farm Machinery/ Fluidized Bed Energy Facilities	$^{1}/_{10}$¢ State Rate Only
60	Schedule C - Other Tangible & Charter Aircraft & Non KY Registered Watercraft	45¢ State & Full Local Rates
70	Foreign Trade Zone	$^{1}/_{10}$¢ State Rate Only
81	Construction Work in Progress - mfg. machinery	15¢ State Rate only
82	Construction Work in Progress - other tangible	45¢ State & Full Local Rates
90	Recycling Machinery & Equipment	45¢ State Rate only

Line items 17 and 27 refer to depreciable assets categorized into six economic life classes, with 27 dealing specifically with manufacturing process assets.

1101 MAIN STREET, SECOND FLOOR, BENTON, KY 42025 PH: 270.527.4728 FX: 270.527.4736

Looking at the previous table you can see that codes 17, 31, 32, 35, 40, 41, 60, and 82 are subject to full local rates. Codes 37 and 38 are subject to special general fund rates and code 36 is optional for special taxing districts at their full rate.

One last note about local taxable assessments before we begin calculations. As seen in the previous table, the property must be subject to a tax rate. This also applies to real property, so all non-taxable properties are excluded (e.g. churches, government, schools). The taxable assessment is also **not** the same as the fair cash value assessment:

Taxable Assessment = Fair Cash Value - Exemptions

Exemptions can be agricultural, over 65, or 100% disabled. In 2017, those exemption totals were $223,632,334.00, $138,226,739.00, and $16,952,526 respectively.

For the tax year 2017, the following numbers make up the local taxable assessment:

2017 Local Taxable Values

Real Property	$	1,879,159,535
Oil & Mineral Rights	$	37,254
Tangible Code 17	$	98,248,342
Tangible Code 31	$	39,924,573
Tangible Code 32	$	21,124,029
Tangible Code 35	$	17,469,370
Tangible Code 36	$	125,296,397
Tangible Code 37	$	-
Tangible Code 38	$	-
Tangible Code 40	$	60,000
Tangible Code 41	$	7,423,381
Tangible Code 60	$	49,289,021
Tangible Code 82	$	3,932,208
Motor Vehicles	$	266,939,230
Motor Boats	$	24,994,506
TOTAL	**$**	**2,533,897,846**

1101 MAIN STREET, SECOND FLOOR, BENTON, KY 42025 PH: 270.527.4728 FX: 270.527.4736

Some of these numbers can be verified by the certificate of equalized assessment. This is the document mailed out to all taxing entities and is used to calculate tax rates. The following chart excludes all zero value entries, but I have enclosed a copy of the entire document for reference.

2017 CERTIFICATION OF EQUALIZED ASSESSMENT

Real Estate		
Residential-Lots	$	1,268,888,924.00
Farm	$	210,295,023.00
Commercial and Industrial	$	399,975,588.00
Oil & Mineral Rights	$	37,254.00
Unmined Coal	$	-
Total Equalized Assessment - Real Estate	$	1,879,196,789.00
Total Equalized Assessment - Leaseholds	$	-
Tangible Personal Property		
Total Equalized Assessment (Full Rates)	$	151,469,571.00
Total Equalized Assessment (state rate only)	$	98,959.00
Total Equalized Assessment (state rate only)	$	1,259,566,633.00
Tangible Personal Property		
Subject to 5 cent state rate only	$	104,351,461.00
5 cent state rate (full local rates)	$	78,517,972.00
Tangible Personal Property		
Subject to 1/10 cent state rate only	$	1,424,421.00
Subject to Mixed State and County Rates		
Aircraft (Recreational & Non-Commercial)	$	60,000.00
Watercraft (Non-Commercial)	$	7,423,381.00
Inventory In Transit	$	125,296,397.00
Total Equalized Assessment	$	3,607,405,584.00

This document does not include the taxable assessments for motor vehicle and motor boats, so this will only verify the tangible and real numbers.

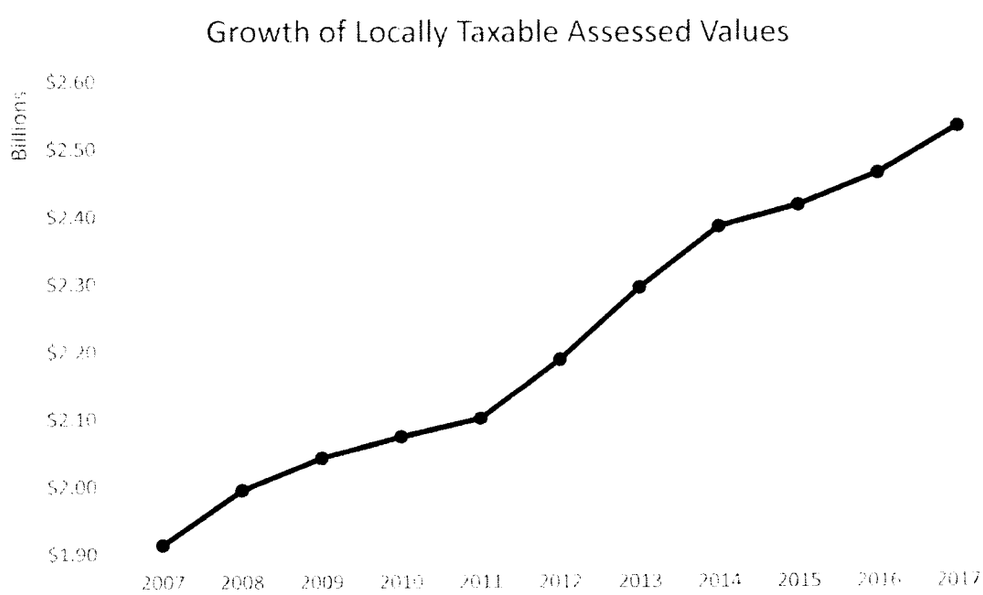
1101 MAIN STREET, SECOND FLOOR, BENTON, KY 42025 PH: 270.527.4728 FX: 270.527.4736

If we take the motor vehicle and boat numbers from page 4 and add it to the highlighted values on page 5:

Total Equalized Assessment - Real Estate	$ 1,879,196,789.00
Total Equalized Assessment (Full Rates)	$ 151,469,571.00
5 cent state rate (full local rates)	$ 78,517,972.00
Aircraft (Recreational & Non-Commercial)	$ 60,000.00
Watercraft (Non-Commercial)	$ 7,423,381.00
Inventory In Transit	$ 125,296,397.00
Motor Vehicles	$ 266,939,230
Motor Boats	$ 24,994,506
Total Local Taxable Assessment	**$ 2,533,897,846.00**

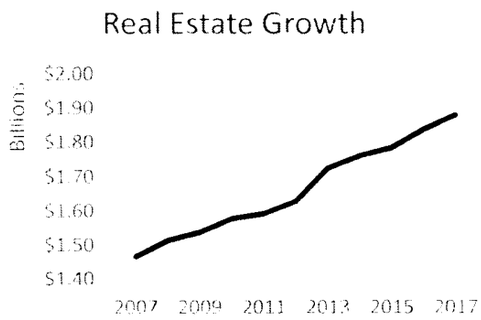
You can see that the total matches the initial calculation on page 3.

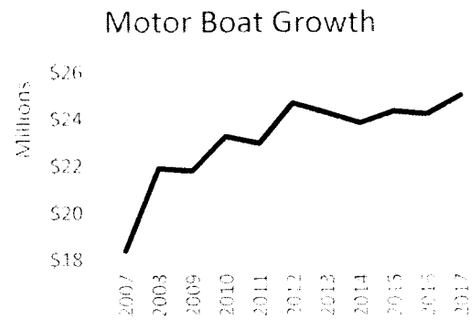
Now that there has been an explanation of the statute and the calculations involved, the next question is - will the county's statutory contribution continue to stay at this level? The short answer? Probably. The following chart shows the growth of the locally taxable assessed values over the past decade:

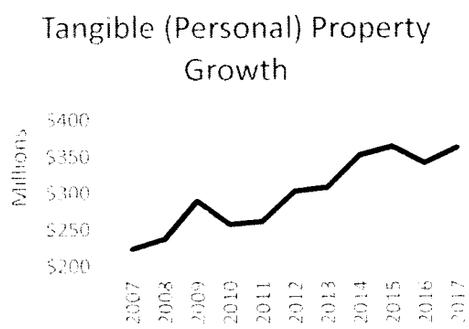


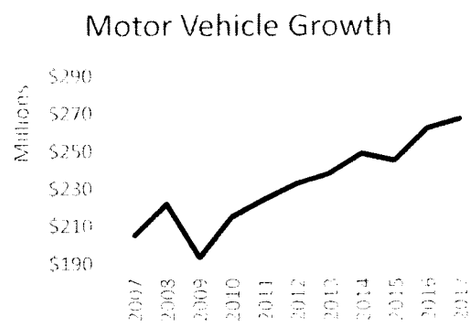
1101 MAIN STREET, SECOND FLOOR, BENTON, KY 42025 PH: 270.527.4728 FX: 270.527.4736

As the chart clearly shows, this number has not declined over the past ten years. However, to understand why I say probably, and not definitely, let's look at charts for the components of the values:

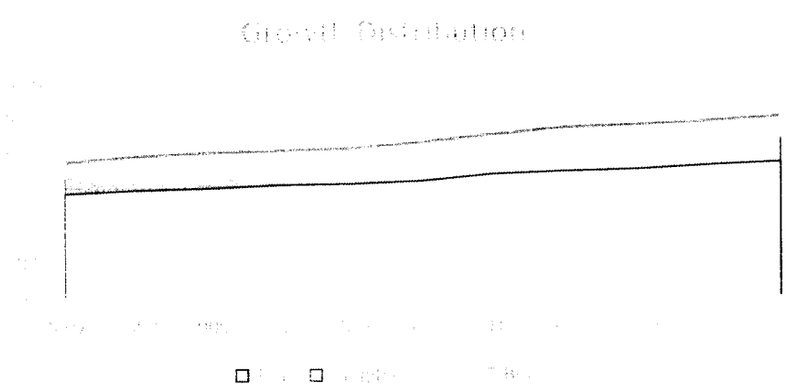








These individual charts show that outside of real estate, there has been some fluctuation over the years. Note that real estate is measured in billions, while the others are in millions.



1101 MAIN STREET, SECOND FLOOR, BENTON, KY 42025 PH: 270.527.4728 FX: 270.527.4736

Taking all this data into consideration, it is highly unlikely that the total local taxable assessment will drop in the foreseeable future. Looking at the initial chart on page 1, the next increase occurs at $5 billion. Based on the average rate of increase over the past decade, it will be another 40 years before this happens again.

I know that charts and tables can be tedious, but I felt it was important to explain in detail why this happened. It is also important to point out that this is a good thing! Marshall County is growing, has grown, and by all indicators will continue to grow. As always, if you have any questions I will be happy to try and answer them.

Respectfully,

Tony Henson
Marshall County PVA

encl.

1101 MAIN STREET, SECOND FLOOR, BENTON, KY 42025 PH: 270.527.4728 FX: 270.527.4736

MATTHEW G. BEVIN
GOVERNOR

DANIEL BORK
COMMISSIONER

RET. COL. WILLIAM LANDRUM, III
SECRETARY

DAVID L. GORDON
EXECUTIVE DIRECTOR

FINANCE AND ADMINISTRATION CABINET
DEPARTMENT OF REVENUE
OFFICE OF PROPERTY VALUATION
PVA ADMINISTRATIVE SUPPORT BRANCH
PO BOX 1463
FRANKFORT, KY 40602 - 1463
Phone: (502) 564-5620 Fax: (502) 564-5219

RECEIVED
SEP 06 2017
MARSHALL CO. JUDGE'S OFFICE

August 29, 2017

The Honorable Kevin Neal
Marshall County
Benton, KY 42025

RE: Final County Appropriation to the Property Valuation Administrator Fiscal Year 2017/2018

Dear Judge Neal:

KRS 132.590(9) requires each county fiscal court to annually appropriate and pay to the office of the Property Valuation Administrator (PVA) funds sufficient to cover the county's use of the property assessments. The amount to be paid is determined according to the formula established in KRS 132.590(9) and in accordance with the limitations established in KRS 132.590(10).

In a letter dated March 21, 2017, the Finance Cabinet PVA Administrative Support Branch advised you of the estimated appropriation for fiscal year 2017/2018. The January 1, 2017 assessment of property subject to tax has now been certified for your county. Based upon the certified assessment, an amount of $100,700.00 should be appropriated and paid to the Property Valuation Administrator's office for Fiscal Year 2017/2018 in accordance with the statutes referenced above. This amount represents a $25,000.00 Increase in the amount estimated in our letter of March 21, 2017. The total appropriation and statutory authorities are as follows:

2017/2018 Statutory Appropriation per KRS 132.590 (11) and (12)	$100,000.00
Inspection Period Advertisement per KRS 133.045(2)	$400.00
Annual Education Conference per KRS 131.140 (4)	$300.00
Telephone Appropriation, if paid by PVA OAG 85-57	$0.00
Subtotal	**$100,700.00**
Add:	
June 30, 2017 outstanding balance	_____
Total Appropriation	==========

Should you need additional information regarding the appropriation, please do not hesitate to call the PVA Administrative Support Branch at 502-564-5620 or the Office of Property Valuation.

Sincerely,

JoJuana Leavell-Greene
PVA Administrative Support Branch
Branch Manager

cc: HENSON, TONY A.
Marshall County PVA

Robert O. Brown
State and Local Finance Officer
Department for Local Development

Commonwealth of Kentucky
Department of Revenue
Office of Property Valuation
Frankfort, KY 40620

CERTIFICATION OF EQUALIZED ASSESSMENT

MARSHALL COUNTY

CLASS OF PROPERTY		2017 EQUALIZED ASSESSMENT			
Real Estate					
Residential-Lots		$ 1,268,888,924			
Farm		210,295,023			
Commercial and Industrial		399,975,588			
Oil & Mineral Rights		37,254			
Unmined Coal		-			
Total Equalized Assessment-Real Estate		1,879,196,789	@ 12.2	$	2,292,620.08
Total Equalized Assessment-Leaseholds		-	@ 1.5		-
Tangible Personal Property					
Total Equalized Assessment (Full Rates)		151,469,571	@45.0		681,613.07
Total Equalized Assessment (state rate only)		98,959	@45.0		445.32
Total Equalized Assessment (state rate only)		1,259,566,633	@15.0		1,889,349.95
Total Equalized Assessment-Tangible Personal					
Subject to 5 cent state rate only		104,351,461	@5.0		52,175.73
5 cent state rate (full local rates)		78,517,972	@5.0		39,258.99
Tangible Personal Property					
Subject to 1/10 cent state rate only		1,424,421	@1/10		14.24
Tangible Personal Property					
Subject to Mixed State and County Rates					
Aircraft (Recreational & Non-Commercial)		60,000	@1 1/2		9.00
Watercraft (Non-Commercial)		7,423,381	@1 1/2		1,113.51
Inventory-in transit		125,296,397	-		-
(Unmfg. agr. products not at mfg. plant)					
Tobacco:					
State 1 1/2 ct.- Co. 1 1/2 ct.	-				
All Other:					
State 1 1/2 ct.- Co. 4 1/2 ct.	-	-			
Subject to 1 1/2 ct. State Rate Only					
Unmfg. ag. prod.-mfg. plant	-	-			
		-	@1 1/2		-
Intangible Personal Property					
Subject to 25 ct. State Rate Only		-	0		-
Subject to 1 1/2 ct. State Rate Only		-	0		-
Subject to 1/10 ct. State Rate Only		-	0		-
Brokers' Accts. Subj to 10 ct. State Rate Only		-	0		-
Total Equalized Assessment		$ 3,607,405,584		$	4,956,599.89
No. Acres Fire Protection	-	Acres Water District			-
Values Acres Water District	-				

I, David L. Gordon, Executive Director, Office of Property Valuation, certify that the above total is the equalized assessment of the different classes of property and the total assessment of MARSHALL County as made by the Office of Property Valuation and the taxes due therefrom for state purposes for 2017, subject to any increases or decreases that may hereafter be made as a result of the appeals to the Kentucky Board of Tax Appeals.

Witness my hand this
24 July 2017

David L. Gordon, Executive Director
Office of Property Valuation
Finance and Administration Cabinet