

## **LOUISVILLE METRO REVENUE DESCRIPTIONS**

Following are descriptions of revenue collected by Louisville Metro. State and City law is referenced (if applicable). **Key:** Kentucky Revised Statutes (KRS), and Louisville Metro Code of Ordinances (LMCO).

### **PROPERTY TAXES**

#### **Current Levy:**

**Real & Personal Property** – Louisville Metro levies an ad valorem tax on real property located within the Urban Services District. The current rate is 36.66 cents per \$100 of assessed valuation. Rate limitations are governed by statute (KRS 132.027) and are reviewed each fall. This rate is in addition to the Metro Government rate of 12.55 cents that is applied to all property located within Louisville Metro. Louisville Metro levies an ad valorem tax on tangible personal property (business filed schedules including furniture, fixtures, and computer equipment) of 56.6 cents per \$100 of assessed valuation located within the Urban Services District (KRS 132.010). This rate is in addition to the Metro Government rate of 16.6 cents that is applied to all tangible personal property along with motor vehicles located within Louisville Metro. Louisville Metro also levies an ad valorem tax on abandoned urban real property within the Urban Services District of \$1.50 per \$100 of assessed valuation (KRS 132.012).

**Public Service Corporations** – Public Service Corporations are involved in interstate commerce and have their taxable valuations assessed by the State Revenue Cabinet. Louisville Metro levies an ad valorem tax on real (currently 36.66 cents) and tangible personal (56.6 cents) property of Public Service Corporations located within the Urban Services District. These rates are in addition to the Metro Government rates of 12.55 cents on real property and 16.6 cents on tangible personal property that is applied to all property located within Louisville Metro.

**Bank Deposits & Life Insurance Shares** – Louisville Metro levies a franchise tax at the rate of .025% on the deposits of banks located in the Urban Services District (KRS 136.575). This rate is in addition to the Metro Government rate of .025% that is applied to all bank deposits located within Louisville Metro. Louisville Metro levies a tax at a rate of 15.0 cents per \$100 on the taxable capital of Domestic Life Insurance companies located in the Urban Services District (KRS 136.320). This rate is in addition to the Metro Government rate of 15.0 cents per \$100 that is applied to the taxable capital of Domestic Life Insurance companies located within Louisville Metro.

**Distilled Spirits** – (KRS 132.130 & 132.150) This is a tax on bonded distilled spirits stored in warehouses.

**Agricultural Products** – This is a tax on unmanufactured agricultural products. The current rates are \$0.015/100 of fair cash value on tobacco and \$0.045/100 of the fair cash value on other agricultural products (KRS 132.200 [6]).

**Deed Tax** – This is a fee for the recording of deeds in the County Clerk's Office. The fee is \$0.50/\$500 of the assessed value of the property transferred (KRS 142.050).

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### **Delinquent:**

**Interest & Penalties** – Revenue derived from delinquent Urban Services District and Louisville Metro tax payments. Delinquent payments include a 10% penalty and simple interest calculated at 12% per annum.

**Prior Year** – Urban Services District and Louisville Metro delinquent property taxes.

### **REVENUE COMMISSION PAYMENTS**

**Occupational Taxes** – Louisville Metro levies a 1.25% tax on employee withholdings and business net profits. The tax rate is set at 1.25% by statute (KRS 91.200). In addition, Louisville Metro levies a 5% license tax on the amount of premiums written by insurance companies doing business within Louisville Metro (KRS 91A.080 and LMCO 122.01 – 122.99). Group Health Insurance Premiums are only taxed within the Urban Services District. Under KRS 91.200 (5) and (6), the Revenue Commission operating budget expenses, along with the payment of Louisville Metro’s general obligation debt, are deducted from these total collections. The balance is then remitted to Louisville Metro (LMCO 32.452(C)).

**Water Company Dividend** – Louisville Metro wholly owns the capital stock of the Louisville Water Company and annually receives payment equal to 50% of the net income available for the dividend (based on a rolling three-year average) which is net income less specific exclusions such as deposits to the Infrastructure Replacement Reserve (IRR) if made in the current year.

### **LICENSES AND PERMITS**

**Alcoholic Beverage Licenses** – These funds represent fees paid to the Codes & Regulations Department to regulate licensed businesses selling alcoholic beverages (KRS 243.060 and LMCO 113.15).

**Building Permits** – Louisville Metro collects various fees relating to the issuance of building, electrical, fire suppression, HVAC, sign, and wrecking permits (LMCO 150.095).

**Right-of-Way Permit Fees** – These funds are collected by the Public Works & Assets Department for permits issued for special loading zones in the downtown area. Also included in these funds are fees paid by utility companies for pavement cut permits and other companies’ easement permits encroaching on the right-of-way (LMCO 72.038).

**Degradation Fees** – These funds represent fees paid by utility companies for deterioration costs relating to pavement cuts (LMCO 97.092).

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**Privileges** – These funds represent the payment received by Louisville Metro for encroachment along the right-of-ways. Payments include TARC transit stops shelter fees (Kentucky Constitution Sections 163, 164 and LMCO Table of Special Ordinances, Table XIII, Ordinance No. 124 Series 1998).

**Special Regulatory Licenses** – These funds represent license fees paid to the Codes & Regulations Department for licensing certain activities. Included are adult entertainment establishments, escort services, massage facilities, dance halls, vendors, horse-drawn carriages, junk yards, private detectives, pawn brokers, coin operated machines, block parties and parades (LMCO 115).

**IPL Civil Penalties** – These funds represent civil penalties involving enforcement of housing code violations (LMCO 150).

**Cable TV Franchise** – Louisville Metro collects a per annum amount per Ordinance 76, Series 1998 “so the City can undertake the obligation to provide governmental and educational programming” that had previously been provided by the local cable franchisee.

**Gross Revenue and Excise Tax Fund Payment** – This payment represents the allocated payment made to Louisville Metro under the Tax Modernization Plan included as part of House Bill 272 (KRS 136.600 – 136.660). Under House Bill 272, all cable/satellite TV, and telecommunications companies pay a percentage of their gross revenues (2.4% and 1.3% respectively) along with an excise tax of 3% on cable/satellite TV revenues into the Gross Revenue and Excise Tax Fund administered by the State Revenue Cabinet. The Revenue Cabinet distributes these funds to all local governments, school districts, and special districts. Local governments no longer assess and collect franchise fees from these companies. Payments from this fund offset the loss of franchise fee payments from these companies as well as lower tangible property tax assessments and tax payments from these companies. The new legislation went into effect January 1, 2006.

**Truck License Fees** – This fee derives from the motor vehicle registration fees of heavy trucks, buses, and recreational vehicles (KRS 186.050(3)) (KRS47.020).

**Driver’s License Fees** – This is Louisville Metro’s portion of the fees collected as a part of the driver licensing process (KRS 186.535).

### **FINES**

**Parking Fines** – These funds are collected from parking citations issued for on-street parking violations (LMCO 72.999).

**Citation Fee Revenue** – These funds represent quarterly payments from the State of Kentucky from a pool of funds generated by a \$20 court fee imposed on defendants in Circuit Court criminal cases. Thirty percent of the fund is distributed equally to all local governments with police departments, fifty percent of the fund is distributed to local governments based upon a formula using the number of certified

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officers, and twenty percent of the fund is distributed equally to all jurisdictions that transfer prisoners between jails (KRS 24A.176).

### **REVENUES FROM USE OF MONEY AND PROPERTY**

**Investment Income Interest** – These funds represent interest earned and net capital gains on Louisville Metro’s portfolio.

**Public Telephone Fees** – These funds represent the commission paid to Louisville Metro from companies operating pay telephones on the Metro right-of-ways.

**Rents** – These funds represent payments received by the Louisville Metro for rents or leases of Louisville Metro-owned property, e.g., Old Jail - space occupied by the Commonwealth Attorney, and Downtown Ford. In addition, principal and interest repayments from a prior City of Louisville loan to Humana Inc. for renovations to the Clock Tower building on East Main Street are included in this category.

### **CHARGES FOR SERVICE**

**Revenue Bonds Payment in Lieu of Taxes** – These funds represent payments in lieu of real property taxes paid by property owners to Louisville Metro wherein Louisville Metro issued Revenue Bonds financing improvements to the property. The property is still in Louisville Metro’s name.

**Waste Reduction Center, Waste Disposal** – These funds represent fees charged to businesses and residents for disposal of junk at the Waste Reduction Center.

**Tow-in-Lot Fees** – These funds are fees collected relating to the impoundment and storage of illegally parked and abandoned vehicles along with auction revenue from the sale of unclaimed vehicles no sooner than 45 days after certified notification of owners and lien holders (LMCO 72.062).

**Hazardous Material Inspection Fees** – These funds represent fees assessed on any facility within the Urban Services District that uses, stores, and/or manufacturers hazardous materials and is based on the quantity and total number of containers such as cylinders, drums, etc. to cover Louisville Metro’s cost of inspections, mandated reporting requirements, maintaining and providing an information database to emergency responders, and responses to emergency incidents.

**Emergency Medical Services** – These funds represent the fees paid for receipt of Emergency Medical Services (LMCO 39.045) by Louisville Metro EMS.

**Police Records Report** – These funds represent charges for copies of accident reports and arrest record checks at the Louisville Metro Division of Police (KRS 61.874).

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**Fire Protection** – These funds represent fees paid to Louisville Metro for providing fire protection to sixth class cities (KRS 79.110 and LMCO Table of Special Ordinances, Table XII).

**Miscellaneous** – These miscellaneous revenues include Louisville Metro’s service charges for bad checks, escheat recovery, false alarm fees, child support administration fees, vehicle reimbursement fees from employees with assigned take-home cars, and other small receipts not fitting any of the above categories. In Fiscal Year 2011-2012, Metro recorded a donation from Insight in this category and in Fiscal Year 2012-2013 Metro is budgeting for a PARC-related payment associated with the transfer of former Jefferson County-owned garages.

**Indirect Services** – These funds represent the CDBG funds used to reimburse Louisville Metro for the use of central service agencies to carry out Block Grant activities.

### **INTERGOVERNMENTAL REVENUES**

**25% State Fees** – This is the Metro Government’s portion of the monies collected in the form of fee income by the County Clerk and the County Sheriff for operation of their respective offices (KRS 64.350).

**Fee Officers’ Terms** – This revenue occurs when the County Clerk and/or Sheriff completes their terms or leave office, and is derived from the settling of the accounts of the two offices. As such, this revenue is only realized when either the Clerk and/or Sheriff completes their term or leaves office (KRS 64.830).

**District Court Fees** – This revenue is a portion (5.5%) of the court costs collected by the Jefferson District Court (KRS 42.320(j)).

**Coal/Mineral Severance Taxes** – This revenue is Louisville Metro’s portion of taxes levied by the State for the removal and processing of coal, oil, natural gas, and other natural resources mined in the state. The current rate is 4.5% of gross value (KRS 143A.020).

**Metro Corrections** – This revenue line includes a per diem reimbursement from the State for housing of Federal and out-of-county prisoners as well as a monthly stipend from the State for the operation of the correctional facility (KRS 441.206).

**Youth Detention Services** – This revenue line includes a per diem reimbursement from the Kentucky Department of Juvenile Justice for housing youth offenders (KRS 15A.305).

**Election Expense Refund** – This is a State stipend for the conduction of elections. It is based upon the number of registered voters and the number of precincts in Louisville Metro (KRS 117.343 and 117.345).

**Arena Authority Rebate** – This is a potential rebate to Louisville Metro from the Arena Authority according to Section 7 of Modified Exhibit B to Ordinance No. 143, Series 2007 that relates to “Excess Net Cash Flow” as determined by the Arena Authority by March 31<sup>st</sup> of each year.

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**Indigent Care Reimbursement** – Reimbursement of indigent care expenses as a result of amendments to the Quality and Charity Care Trust Agreement.

**STATE MUNICIPAL AID**

This represents Louisville Metro's share of State Motor Fuels tax collections and interest earned on these funds. These funds are restricted in use for street and street-related expenditures. A portion of the state motor fuel tax collections (7.7%) is distributed to urbanized areas based upon a formula using decennial census counts (KRS 177.365).

**STATE COUNTY ROAD AID**

This represents Louisville Metro's share of State Motor Fuels tax collections distributed to counties based upon a formula that takes into account rural population, road mileage outside urbanized areas, and rural square mileage (KRS 177.320).

**COMMUNITY DEVELOPMENT BLOCK GRANT**

These funds represent Louisville Metro's Federal Community Development Block Grant funds. These funds are restricted for use in low and moderate income areas.