

# The Nickel Tax

## Frequently Asked Questions

(Straightforward Answers to Common Questions)

### **Q. What is the nickel tax and why do we need it?**

**A.** The nickel tax is the one commitment required of Lewis County citizens to obtain state assistance for the construction of a new Central Elementary School.

- The state ranks all schools from first to last based on the need for replacement and/or repair and Central is near the top of that list.
- Kentucky has made it clear they will not give any financial help to districts unless they first pass this tax.
- Even though this tax will only generate \$289,261 per year, this increases our bonding (borrowing) capability from 2 million dollars to 13 million dollars, with an additional several hundred thousand dollars per year available from the state (\$482,209).
- Many other districts have already taken advantage of these state monies by having levied a nickel tax, received millions from Kentucky's building funds, and have built modern facilities that give their children the best environment in which to learn.
- If we do not pass this tax, we may never receive enough funding to build a new school.

### **Q. How much money will this nickel tax cost me every year?**

**A.** The nickel tax is 5 cents per \$100 assessed value on your home or land. The median home and land value in Lewis County, Kentucky is \$60,139, according to [www.city-data.com](http://www.city-data.com), which means 50% of Lewis Co home/landowners will pay less than \$31 dollars a year. For these people that breaks down to about 8 cents per day. Examples:

\$25,000 valued home would be \$12.50 per year.

\$100,000 valued home would be \$50.00 per year.

\$1,000,000 valued home would be \$500 per year.

\*\*\*To calculate your exact additional tax, multiply your assessed value by .0005. \*\*\*

### **Q. How much will building a new school cost?**

**A.** Current estimates put the cost somewhere between \$12 million and \$16 million dollars.

### **Q. Why can't we just fix up the existing school rather than build a new one?**

**A.** The cost of a complete renovation for Lewis County Central Elementary is estimated at \$10,631,000. The cost of constructing a new school is estimated at \$12,784,260 on the state Parson's report and estimated at \$14,100,372 by a KDE-approved architect. Therefore, it would cost nearly the same amount of money to renovate as it would to construct a new school; however, we would not receive the bonding/borrowing potential or other state assistance, effectively making it impossible to do either option. Even though Central Elementary has been a great school in the past and has served its purpose well, it has been patched, repaired, and "piece-milled" together for the past 75 years. The building's electrical wiring is inadequate for today's needs; the floors and roof are in constant need of repair; the technology infrastructure is old and outdated; along with many other issues.

### **Q. Why is this tax only for land/homeowners and not for everyone?**

**A.** It is mandatory by state law (KRS 160.460 (3) and related KRS 132.010 and 133.125) that school taxes can only be increased through property taxes. This is the only way to secure funding for state assistance for

construction funds. Is it as fair and equitable as other ways might be? Maybe or maybe not, but it is the only option we have.

**Q. Why wasn't this nickel tax put on the general ballot so everyone could vote for it?**

**A.** The law states that we take the steps that are currently being taken. Each district within the county has an elected school board member who votes on that district's behalf just as do your fiscal court magistrates, state representatives, and state senators. Your school board representatives recognize and understand the need for the construction of a new Central Elementary and all members are in support of this tax. If this initiative is blocked by petition, then it will be placed on the ballot.

**Q. What happens if the nickel tax does not pass?**

**A.** If the nickel tax does not pass, the school district will not receive the several hundred thousand dollars in state assistance, the new school will not be built, and the state assistance will go to the next available school district that has passed the local nickel tax.

**Q. If this tax does not pass, can it be brought up again in a future attempt?**

**A.** Yes, it may be brought up again but it would delay and potentially cost us the available state assistance for the construction of a new school.

**Q. Why can't the tax be for just those people who have school-aged children in the county?**

**A.** The law does not allow for "picking and choosing" on who gets taxed (KRS 160.460 (3)). It is a county wide property tax or no tax at all.

**Q. Isn't there any other way to raise the money for a new school besides a tax, such as "trimming the fat" from the school system?**

**A.** All school districts across Kentucky have experienced major budget cuts over the past 7 years which has forced all districts to seek out and reduce excess waste. While not perfect by any measure, the Lewis County school district has been very active and successful in finding ways to more efficiently utilize its revenue and resources. However, the maintenance needs and costs have increased yearly as our buildings get older but the funds to renovate them have stayed nearly the same or dropped. Even if we were somehow able to cut out enough staff and educational programs to save \$200,000 - \$300,000 per year, this would not increase our bonding/borrowing capability and we would not have access to the \$12 million or more dollars it will take to build a new school. The state simply will not help us in any way if the nickel tax is not passed. If the tax IS passed, the majority of the construction costs will be paid by the state, with an estimated \$289,261 paid locally per year. However, with no state assistance, it would take many years (at least 45 years) to pay for a new school AND maintain the 6 other school buildings in the district.

**Q. How much money will this tax actually generate for the school district?**

**A.** It will generate less than \$290,000 per year. But that money will open the door for state assistance (\$482,209) and a much greater bonding/borrowing capability (up to \$13 million).

**Q. Specifically, what can the money be spent on and what can it not be spent on?**

**A.** The money can be spent ONLY on our facility construction or renovation. Our local Facilities and Planning Committee has made the building of a new Central Elementary the number one priority for this district; something the students, faculty, and community deserve and can be proud of. The money set aside for new construction can only be spent for construction or repairs identified by the planning committee—not salaries of teachers, administrators, bus drivers, etc.

**Q. How long will I have to pay this tax? Will it temporary or permanent?**

**A.** The tax can be temporary or recalled but only after the bonding loans have been paid off (typically a 20-year bond). However, as with the other 100-plus districts in the state that have passed this tax, the tax is typically used even after the bonding loans have been paid, since other facilities within the district will be facing similar needs at that time. It is important to remember that this tax will only bring in an additional \$290,000 per year to the school district and can only be utilized for new construction or maintenance and renovations to the existing schools.

**Q. When will the tax take effect?**

**A.** The tax would take effect in the 2015-2016 school year. If the petition against the tax is successful, then the tax will be delayed which would potentially cost the district in the next funding cycle.

**Q. Where will the new Central Elementary be built?**

**A.** The proposed new school would be located on an as yet to be determined site in the Vanceburg vicinity. The local planning committee, at regular meetings held over the past decade, has discussed various site locations, including an area on the high school campus. The committee will continue to look at all options for the best available site for our students.

**Q. What will happen to the old school?**

**A.** There are many community-friendly ideas that have been proposed. Some include: to continue to support Little League, Amber's Angels, and the Lewis County Educational Foundation, to name a few. However, the school board will make the final decision on what will happen with this facility.

**Q. If the school district gets this tax, what is to keep them from asking for and getting another nickel tax sometime in the future?**

**A.** Historically, this school district has taken the stance that they will not pass any unneeded taxes. However, much like how today's family could not maintain a home with income from 50 years ago, this district can no longer maintain our children's school buildings with our current level of revenue. We are one of the lowest taxed districts in the state and this is the first time this local nickel tax has ever been requested. If this tax is passed, the funding will be there to help us to provide a safe and rich learning environment for our students.

**Q. Who will build the new school and how will they be selected?**

**A.** The construction of the new school would go out for sealed bids and the school board will select the winning bid. The law requires that new construction is put out for **sealed, competitive** bids.

**Q. I've heard rumors that, if the new Central Elementary gets built, they will close Laurel Elementary and bring those kids to Central. Is that going to happen?**

**A.** While no one knows what the future will bring, there have been no discussions about closing the school or any intentions to close Laurel Elementary School. The Laurel school is one of our best schools in the district and there are no plans or discussions to close it. This tax, whether it passes or not, will have no bearing on any decisions concerning the future of the Laurel school.

**Q. I've heard that the current Central school is not in as bad a shape as it is being reported. Is this true?**

**A.** The district has made every effort over the years to try to fix the leaks, plumbing, lighting and electrical problems as well as many exterior issues associated with Central Elementary, but with the original structure well over 75 years old and even the newest addition now 26 years old, the building is in overall poor condition. In terms of its physical structure, the state ranks it as the 16<sup>th</sup> worst school building in the entire state.