

**EXECUTIVE SUMMARY
AD VALOREM PROPERTY TAXES
FOR SCHOOL PURPOSES
2001-02 YEAR**

All property in the State of West Virginia is classified as follows for ad valorem tax purposes:

- Class I All tangible personal property employed exclusively in agriculture, including horticulture and grazing; all products of agriculture, including livestock, while owned by the producer; all notes, bonds and accounts receivable, stocks and any other evidences of indebtedness.
- Class II All property owned, used and occupied by the owner exclusively for residential purposes; all farms, including land used for horticulture and grazing, occupied and cultivated by their owners or bona fide tenants.
- Class III All real and personal property situated outside of municipalities, exclusive of Class I and II property.
- Class IV All real and personal property situated inside of municipalities, exclusive of Class I and II property.

Note: A five year phase-in began in 1998 to exempt intangible personal property from assessment for property tax purposes. The property is to be taxed at 50% of assessed valuation for tax year 1998; 40% for tax year 1999; 30% for tax year 2000; 20% for tax year 2001 and 10% for tax year 2002.

County boards of education are considered to be local levying bodies, and as such have the authority under State statutes to levy taxes on the various classes of property specified in West Virginia Code §11-8-5.

According to West Virginia Code §11-8-6c, the maximum rates that county boards of education may impose on the various classes of property are:

Class I	22.95¢	per	\$100 of assessed valuation
Class II	45.90¢	per	\$100 of assessed valuation
Class III	91.80¢	per	\$100 of assessed valuation
Class IV	91.80¢	per	\$100 of assessed valuation

The fair and equitable property valuation program (West Virginia Code §11-1C-1 et seq.) was implemented in 1990, however, to ensure that all property in the State is assessed at 60% of fair market value. The legislative goal of the program was that at the end of the initial three-year cycle and every year thereafter, every parcel of property in the State be assessed at sixty percent of current fair market value, except for the values of farms and managed timberland.

According to West Virginia Code §11-8-6f, whenever the property assessments result in an increase of one percent or more in the projected regular levy total property tax revenues for county boards of education, the rates of levy are to be reduced uniformly statewide and proportionately for all classes of property so that the total statewide property tax revenues to be realized from the regular levy tax collections for the forthcoming year will not increase by more than one percent of the current year's projected property tax revenues, unless the State Legislature holds a public hearing.

Excluded from the calculation are increases in projected tax collections due to new construction, improvements to existing real property, or newly acquired personal property. The amounts to be paid to the Assessor's Valuation Fund are also excluded from the calculation.

The total assessed valuations for each class of property and the regular levy rates per each \$100 of assessed valuation for boards of education for the 2001-02 year were:

<u>Class of Property</u>	<u>Assessed Valuations For Tax Purposes</u>	<u>Regular Levy Rates</u>
Class I	\$ 884,421,505	20.48¢
Class II	\$ 16,525,701,241	40.96¢
Class III	\$ 18,590,229,889	81.92¢
Class IV	\$ 10,051,945,904	81.92¢

County boards of education are also authorized to impose an additional (excess) levy not to extend beyond five years if approved by at least a majority of the voters. The rates of levy cannot exceed the maximum rates specified in West Virginia Code §11-8-6c (as presented on the preceding page) and must be proportional for all classes of property.

Forty-three county boards of education have excess levies in effect during the 2001-02 year. Eighteen of the boards have set their excess levy rates for the 2001-02 year at the maximum rates authorized by statute (22.95¢ for Class I property) and the rates of the remaining twenty-five boards range from a low of 4.59¢ for Class I property for Grant County Schools (20% of the maximum allowed) to 22.50¢ for Class I property for Berkeley County Schools (98% of the maximum allowed).

County boards of education are also authorized to establish a permanent improvement fund and set aside a portion of their regular property tax levy rates for permanent improvement purposes, not to exceed 1.5¢ for Class I property.

In addition, if a county board of education has been authorized by at least a majority of the voters in a district to issue bonds pursuant to the provisions of West Virginia Code §13-1-1 et seq, the board of education is required to levy sufficient taxes to pay the principal and interest maturing on such bonds in any year. Bond issues may not extend beyond thirty-four years and the bonded indebtedness of a county board of education cannot exceed five percent of the assessed valuation of property in the district.

Through special acts of the Legislature, a portion of the tax levies of eleven county boards of education are designated for public libraries. These dedicated funds are from regular levy proceeds in nine of the county boards and from excess levy proceeds in two (Cabell and Lincoln). The eleven boards are: Berkeley, Cabell, Hardy, Harrison, Kanawha, Lincoln, Ohio, Raleigh, Tyler, Upshur and Wood. In addition, as the result of a special act of the Legislature, a portion of Cabell County Schools' excess levy proceeds is dedicated for support of the Huntington Park Board.

The rates of levy are imposed on the assessed valuation of all taxable real and personal property as certified by the county assessors on March 3rd of each year. Each levying body in the State is required to hold a meeting or meetings between the seventh and twenty-eighth days of March each year to ascertain the fiscal condition of the entity and determine the amount to be raised from the levy of taxes. The session is then to stand adjourned until the third Tuesday in April.

On that date, each levying body is required to reconvene the previous meeting(s) held between the seventh and twenty-eighth days of March to officially enter all levies, after having received approval from the tax commissioner.

The assessed valuation of property for the current year is used to determine the projected tax collections for the subsequent year. For example, the projected tax collections for Fiscal Year 2002 are based on the assessed valuation of property as certified by the assessor on March 3, 2001 (2001 Tax Year).

The assessed valuation of all property other than public utility property is determined locally by the county assessor and is based on the assessment date of July 1. For the 2001 Tax Year, the assessment date was July 1, 2000.

The assessed valuation of public utility property is established by the Board of Public Works from appraised valuations provided by the state tax commissioner and is based on the assessment date of December 31. For the 2001 Tax Year, the assessment date was December 31, 1999.

The taxes on real property and the interest and other charges upon such taxes attach as an enforceable lien on the first day of July each year. There is no lien denominated as such on personal property. However, statutes provide that the sheriff of a county may distrain for delinquent taxes any goods and chattels belonging to a person assessed. All current taxes assessed on real and personal property may be paid in two installments. The first installment is payable on September first of the year for which the assessment is made, and becomes delinquent on October first, and the second installment is payable on the first day of the following March and becomes delinquent on April first.

Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one-half percent. If taxes are not paid on or before the date on which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until paid.

Local share is calculated under the Public School Support Program to determine the local effort that is available to fund the public schools. The calculation is based on the regular levy property tax collections; excess levy property tax collections are excluded from the calculation. The local share calculated for a particular year is based on the assessed valuations on which the taxes will be collected for that year. For example, the local share calculation for the 2001-02 fiscal year is based on the assessed valuation as certified by the county assessors on March 3, 2001.

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