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2010 Tax Rate Procedures

Governing bodies of political subdivisions will conduct public hearings in August and September in connection with the determination of the 2010 tax rates to be set prior to October 1st. Because of increased demands on public services during these economic times, the loss of revenue by these political subdivisions may create additional hardships. Two mechanisms exist to ameliorate the dramatic loss of revenue: recoupment and voluntary rollback recovery.

Recoupment. Any political subdivision which experiences a reduction in the amount of assessed valuation relating to a prior year, due to decisions of the state tax commission or a court or due to clerical errors or corrections in the calculation or recordation of any assessed valuation may revise the tax rate ceiling to compensate for the reduction. The recoupment may be made at the time of the next calculation of the tax rate and shall be calculated in a manner that results in the revised tax rate ceiling being the same as it would have been had the corrected or finalized assessment been available at the time of the prior calculation. The forms from the State Auditor's Office provide specific direction for the calculation.

Whether or not the recoupment will actually reflect an increase in the rate for the 2010 year will depend upon the tax rate computation based on the 2010 projected assessments. The recoupment rate is added to the rate computed for 2010 and the total is recorded as the authorized tax rate.

Voluntary Rollback Recovery. For those political subdivisions that voluntarily reduced the tax rate in 2008, the 2009 tax rate ceiling was based on the voluntarily reduced rate instead of the prior year 2007 tax rate ceiling. The tax rate ceiling based on the voluntarily reduced rate will continue unless the political subdivision's governing board formally raises the tax rate ceiling. The forms from the State Auditor's office provide direction for the continuation of the prior 2007 tax rate had the 2008 voluntary reduction not taken place.

To increase the voluntarily reduced tax rate, the political subdivision must conduct a public hearing, and in a public meeting adopt an ordinance, resolution, or policy statement justifying its action prior to setting and certifying its previously voluntary reduced rate as its 2010 tax rate.

Please consult your legal counsel with any questions. For more information, please contact [John Fox Arnold](#) or [Lisa O. Stump](#) at (314) 621-2939.