

HB 1582 / ACT 686

Fayette County Homestead School Ad Valorem Tax Exemption Frequently Asked Questions

1. What is HB 1582 / Act 686?

HB 1582 is a local law that would create an additional homestead exemption from Fayette County School District property taxes for **educational purposes**. The exemption would apply to qualifying homeowners who use the property as their primary residence.

2. What does “ad valorem tax” mean?

Ad valorem simply means “according to value.” In this case, it refers to the portion of property taxes levied by the Fayette County School District based on the taxable value of property.

3. Does this eliminate Fayette County school property taxes?

No. The exemption would reduce the taxable value of qualifying homestead property by an amount calculated under the law. Any taxable value remaining after the exemption would still be subject to school property taxes.

4. Why is 2025 important?

The law establishes **2025 as the base year**. In future years, Fayette County school property-tax collections would be compared with the amount collected in 2025.

5. When would this new exemption actually generate tax relief?

This is an important part of the law.

Under the language of HB 1582, the **increase in school property-tax collections above the 2025 amount must itself exceed 100% of the amount collected in 2025** before funds are set aside for this particular exemption.

For example, if the School District collected **\$100 million in 2025**, collections of \$150 million in a later year would represent a \$50 million increase. Because that increase is only 50% of the 2025 amount, this exemption would be **\$0 for the following year**.

Under that same example, collections would have to exceed **\$200 million** before the statutory threshold would be crossed.

6. If the threshold is reached, what happens to the money?

The amount collected beyond the threshold would be segregated and made available to offset the cost of the homestead exemption in the following tax year.

The Fayette County Board of Education, working with the Fayette County Tax Commissioner, would calculate the dollar value of the exemption to be applied equally to properties receiving it.

7. Does the Board of Education have discretion over the amount of the exemption?

Yes. The law states that the value of the exemption provided each year is at the discretion of the Fayette County Board of Education. The Board may establish an exemption that uses less than all of the segregated funds. Any unused segregated funds would be deposited into the School District's general fund.

8. Does this freeze my individual property value or my school tax bill at its 2025 amount?

No. HB 1582 does **not** freeze an individual home's assessed value or guarantee that an individual homeowner's school property-tax bill will remain at the 2025 amount.

The calculation established by this Act is based on **school property-tax collections from all properties**, using 2025 collections as the base.

9. Does this replace my existing homestead exemption?

No. This exemption would be **in addition to other applicable homestead exemptions** provided by law.

10. What does a YES vote mean?

A **YES** vote approves the new Fayette County School District homestead-exemption structure established by HB 1582. If approved by a majority of voters, the law provides for the exemption to commence January 1, 2027.

11. What does a NO vote mean?

A **NO** vote means this particular new homestead-exemption structure would not take effect.

Summary

HB 1582 does not simply say that every dollar of school property-tax revenue collected above the 2025 level will automatically be returned to homeowners.

The Act establishes a specific calculation and threshold tied to total Fayette County School District property-tax collections. If that threshold is reached, funds above the threshold may support an additional homestead exemption in the following year, with the Fayette County Board of Education determining the exemption amount within the limits established by the law.

NOTE: This information is provided for educational purposes to help Fayette County voters understand the ballot question and the provisions of HB 1582 / Act 686. It is not an endorsement of a YES or NO vote.

SOURCE: [Official HB 1582 / Act 686](#) and [Official HB 1583 / Act 687](#)