



COMMUNITY DEVELOPMENT FUNDS (CDF)

The Kentucky Constitution severely limits revenue options that are available to city governments. City officials need greater flexibility to tailor their tax policies to fit the unique needs of their communities.

CONSUMER-BASED RESTAURANT FUNDS:

Current state law allows former fourth and fifth class cities to collect consumer-based restaurant revenue for community development. In FY 2018, tourism commissions received \$23.6 million from consumer-based restaurant revenue statewide. If all cities were allowed this as a revenue option and enacted up to a 3% consumption-based tax, tourism commissions could receive at least \$52 million.

ALLOWING ALL CITIES TO DEVELOP COMMUNITY FUNDS:

KLC seeks legislation that allows all cities, regardless of their former class, to have the ability to collect consumer-based restaurant revenue. Kentucky cities also support making fund-allocation more flexible in order to create more options for funding communities and tourism.

UP TO 75%

Up to 75% of the revenues collected should be available for community development funds such as quality of life enhancements.

AT LEAST 25%

At least 25% of the revenues collected should stay with the local tourism commission to fund marketing, branding and promotional activities.

PARAMETERS:

Cities would be prohibited from imposing a percentage-based occupational license fee or license tax from the restaurant's net profits or gross receipts. Consumer-based restaurant revenue retained by a city government would be used for the capital construction, maintenance or operation of infrastructure that supports tourism, recreation and economic development.

Our local leaders must be equipped with the tools necessary to help our cities progress and raise the quality of life of residents across the state. KLC's proposal allows elected leaders who vote in favor of this revenue option to have a more direct say in how funds are used for local tourism and community development so that they may continue to effectively develop the communities that they serve.

