

KENTUCKY LEAGUE OF CITIES
★
2025
**LEGISLATIVE
PRIORITIES**

Presented by:

KLC Executive Director/CEO **J.D. Chaney**

KLC President & Benton Mayor **Rita Dotson**

KLC First Vice President & Beaver Dam Mayor **Paul Sandefur**





The 68 members of the **KLC Board of Directors** set the legislative agenda.



Every item outlined in the **KLC 2025 Legislative Agenda** aims to help city officials serve the public more effectively at the local level, so they can build the desirable and vibrant communities that the public expects.

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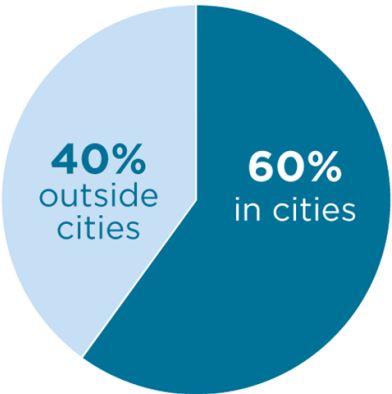
LEGISLATIVE AGENDA

2025 EDITION

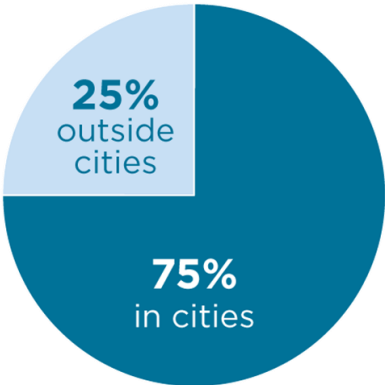


Cities Matter

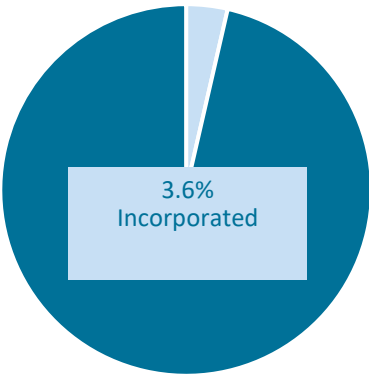
Population



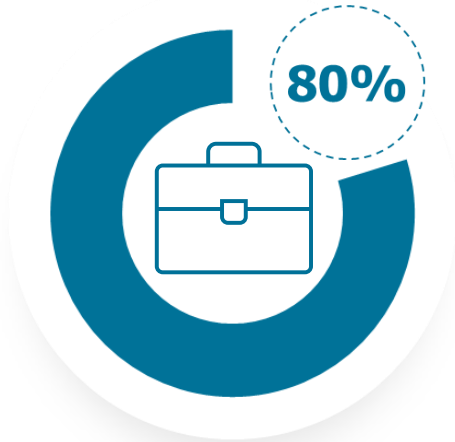
Economic Activity



Kentucky's Land



Jobs Are in Cities



TOP PRIORITY: Road Funding Allocations



Kentucky will experience a drop of 3.6 cents per gallon in its gas tax in the first 9 months of fiscal year 2025.



As state and federal funding continues to dwindle, municipalities are forced to do more with less.



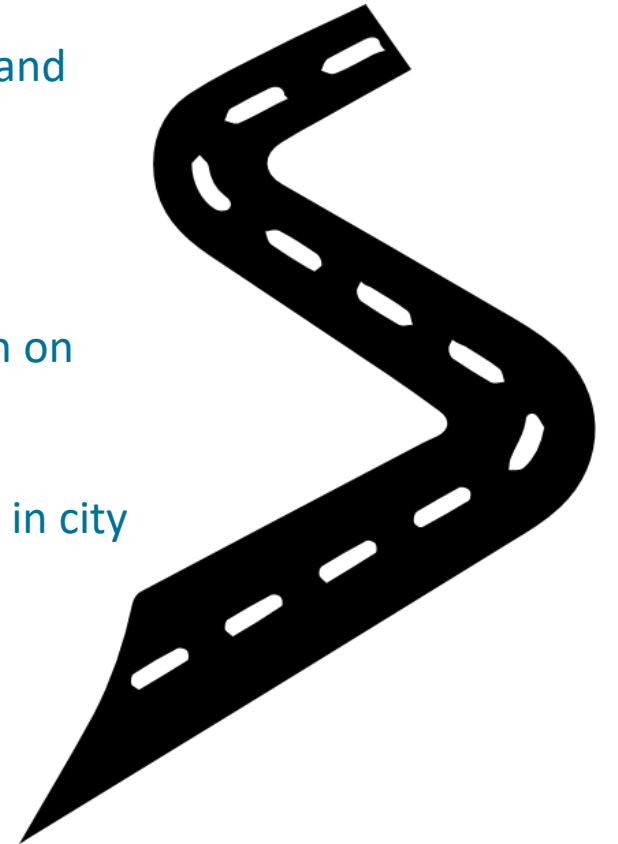
Motor fuels taxes are the only portion of the road fund shared with local governments.

Road Funding Allocations

CITY vs COUNTY: % of Road Expenditures Paid for by Revenues

		REVENUES	EXPENDITURES	
FY 2018	CITY	54,046,584	328,943,221	16% vs 48%
	COUNTY	128,448,400	267,293,450	
FY 2019	CITY	54,575,297	341,287,933	16% vs 48%
	COUNTY	129,704,928	271,369,590	
FY 2020	CITY	52,333,513	343,110,531	15% vs 41%
	COUNTY	127,422,900	311,453,614	
FY 2021	CITY	52,768,257	325,804,153	16% vs 43%
	COUNTY	125,410,300	292,226,407	
FY 2022	CITY	54,560,214	362,228,351	15% vs 37%
	COUNTY	129,669,105	353,890,368	
FY 2023	CITY	56,353,969	394,568,927	14% vs 35%
	COUNTY	133,932,160	381,138,769	

- In fiscal budget year 2023, cities expensed approximately \$395 million to maintain and construct over 10,000 miles of roads.
- In comparison, counties expensed \$381.1 million that fiscal year.
- On average over the last five fiscal years (FY 2019-2023), cities spent \$349.2 million on streets and roads while counties expensed \$322 million over that same period.
- This discrepancy exists despite a greater percentage of Kentucky's population living in city areas (58.7%) versus 41.3% in counties.



TOP PRIORITY: Road Funding Allocations

A previous understanding between KLC and the Kentucky Association of Counties (KACo) to update the state's road funding mechanism acknowledges the growth and demand on city streets.

It would equally divide shareable motor fuels revenue over \$825 million – the high reached in FY 2014. Kentucky would evenly split any amount above that threshold between the municipal and county road aid programs at 13% each from the 48.2% allocated to local governments.

The update would ensure cities have the resources needed to keep high-traffic areas safe while also holding counties harmless. The amount going to the rural secondary road aid fund would remain unchanged.

Restaurant Revenue

- KLC supports legislation that would sever the statute that limits the ability of cities that are of a specific size to collect consumption-based restaurant revenue rather than imposing a net profits or gross receipts tax on restaurant businesses.
- This approach ensures that every city can benefit from the economic advantages of restaurant revenue to support increased tourism in our communities.



Protecting City Revenue

KLC will oppose any efforts to eliminate city taxpayer offsets on occupational taxes or insurance premium taxes in areas where the credits are currently applicable.

In FY 2023, \$328.9 million in revenue was reported for insurance premiums taxes and approximately \$1.4 billion in occupational taxes.

Occupational License taxes account for 60.4% of total revenues collected from property, insurance premium, occupation, and tourism (motel and restaurant) in FY 2023.

KLC will also fight to maintain crediting of taxes paid to cities against what it owed to a county and oppose any effort to centralize collection of local revenue.

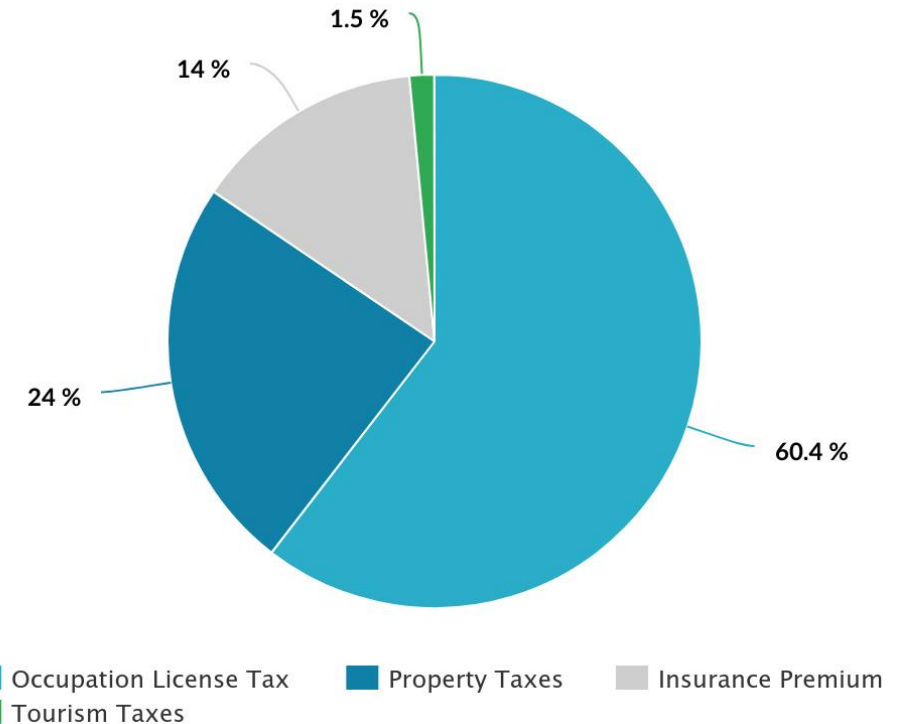
Revenue Diversification



KLC is seeking an amendment to Section 181 of the Kentucky Constitution to permit local governments to impose any tax (that is not in violation of the Kentucky Constitution) without the addition of any mandate that would force cities to lose any local flexibility.



This would permit the legislature to consider other revenue options for cities.



County Employees Retirement System (CERS) Administration

- Continue to monitor the independence and administration of CERS and Kentucky Public Pensions Authority (KPPA) administration expenses paid by CERS.
- Ensure the local pension system continues to operate efficiently and in the best interest of employers and members.



Substance Abuse

There were 1,984 overdose deaths in 2023. This was a decrease from 2022, but the number of overdose deaths remains high compared to prior years and remains disproportionate amongst race and age.

According to 2022 data from the Centers for Disease Control and Prevention (CDC), Kentucky ranked 7th nationally in the drug overdose death rate (deaths per 100,000) at 53.2%.



Alcohol Regulatory License Fee Equity



Cities continue to be limited in their abilities to collect much needed revenue so that they can continue to provide governmental services at their current levels.



Kentucky must expand the authority for all cities to collect an alcohol regulatory license fee - not just for those cities with populations below 20,000.



A statutory change is needed to allow the imposition of local licenses at the state level to align local and state license fees.

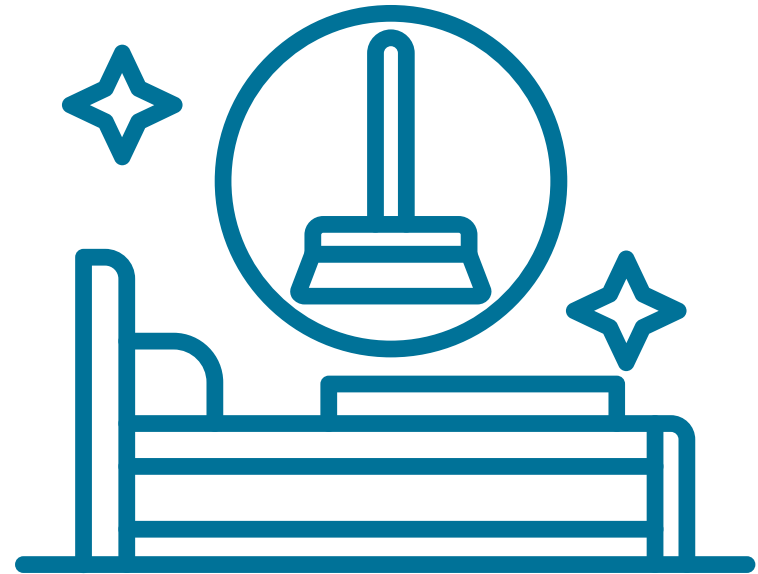
County Jail Overcrowding

KLC opposes any legislation that would impose incarceration costs to cities for county jail costs.



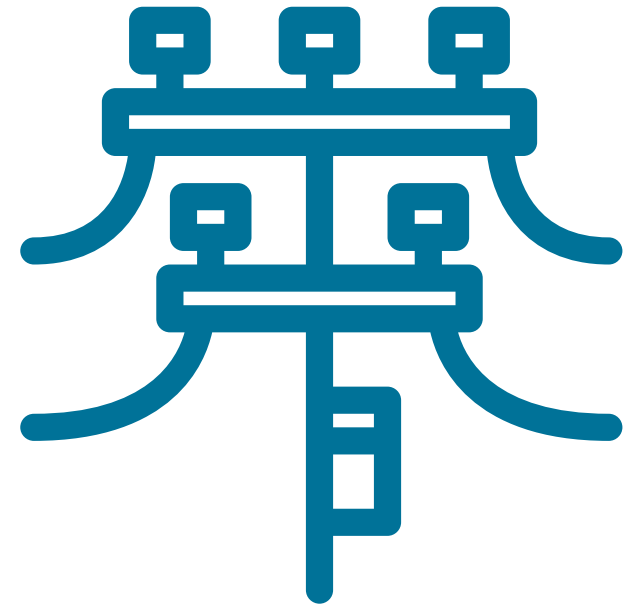
Transient Room Taxes from Web-Based Platforms

- Current legislation requires all online travel rental companies to remit transient room taxes to local governments.
- Oppose the centralization of local transient room tax revenue collection and support forced compliance of web-based platforms, such as Airbnb, with state law.



Utility Franchise Agreements

- Authorize imposition of penalties for utilities that fail to enter into a franchise agreement with cities.
- Shorten the notification period for rebidding franchises.



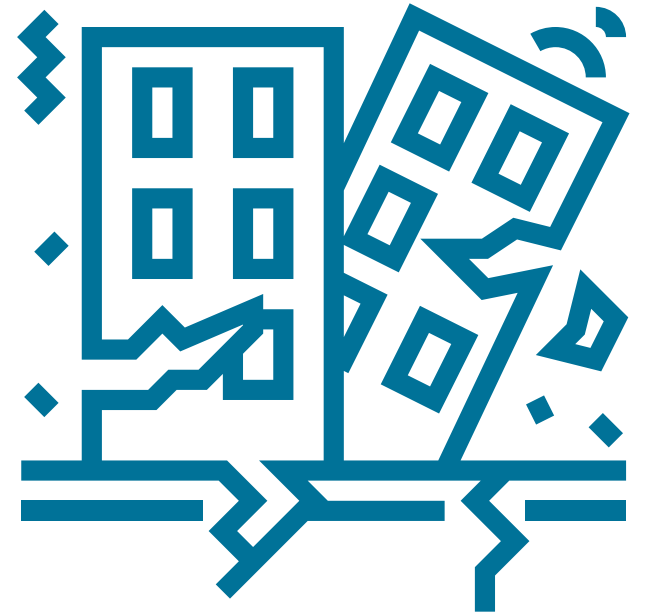
Planning and Zoning Training

- KRS 147A.027, requires members to complete four hours of orientation training within one year of their appointment or within 120 days following the appointment.
- These requirements far exceed those for other commissions and boards.
- Similarly, the proposed changes could encourage greater civic engagement from community members who were previously deterred by the training requirements.
- Continued training requirements include a requirement that members of planning commissions and boards of adjustment receive training on the impact of land use decisions on housing accessibility – one of the biggest issues facing our communities.



Disaster Response Funds

- Allow all cities in a county to appoint an emergency response director to develop emergency plans.
- Allow cities with their own emergency response agencies to receive state funds directly from Kentucky Emergency Management (KYEM).
- Require an annual review of state-funded programs that includes input from all cities in the county.



Newspaper Publication Reforms



- Only a select few of Kentucky's cities can publish public notices, documents, and other legal announcements on their city-run website. Other cities are required to pay to publish in the local (or regional) newspaper.
- Modernize publication laws to permit cities of all sizes to publish advertisements and post full documents on their city websites.
- Publication requirements cost city taxpayers more than \$1 million a year while notices published on a city website are available in one location, free of charge, for a longer time.

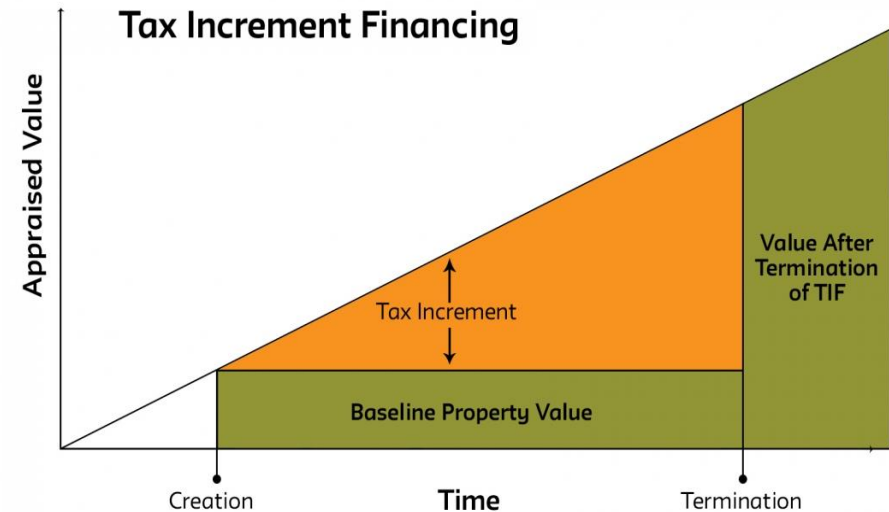
City Voluntary Training Program Amendments

- Allow for greater local flexibility for city governments to incentivize elected officials to participate in trainings that will assist them in serving their constituents.



Tax Increment Financing (TIF) Fix

Continue working with legislators for a permanent solution to the impacted TIF agreements – those that only received temporary relief in the 2024 Regular Session (House Bill 8).



Source: Planning Tank. Tax Increment Financing (TIF) | Public Financing | Types of TIF. <https://planningtank.com/finance/tax-increment-financing-tif-types-tif> (accessed 2018).

Housing Shortages

- Housing is vital for attracting and retaining a skilled workforce and improving quality of life for residents.
- Seek legislation to help cities locally manage land use, planning, and zoning.



Housing Shortages

- KLC and its member cities oppose any state mandates that would override local land use decisions.
- City efforts to enhance affordable housing supply must be supported by state programs and funding to accelerate progress.



Opioid Settlement Funds

Permit the expanded use of funds from opioid settlements for law enforcement and first responders so long as the cities that received funds conform to the limitations outlined in the master settlement agreement.



CERS Health Insurance Benefits

KLC supports reasonable modifications to enhance health insurance benefits for city retirees under the County Employees Retirement System (CERS).



Municipal Audits

Pursue legislation that would provide alternative requirements regarding the completion of city audits so that cities can meet statutory deadlines.



Pension Spiking Exceptions

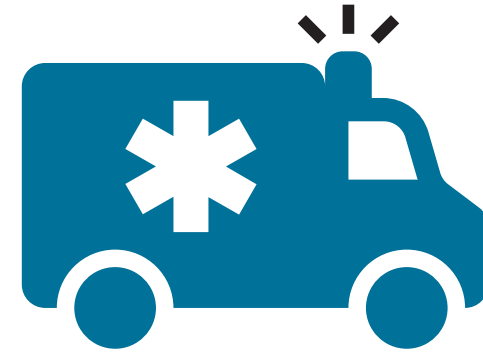
Provide for an exception from pension spiking for situations where there are market-based pay adjustments for employees that result in pay increases greater than 10%.

These pay adjustments are based on pay and classification plan changes across departments or entire employers.



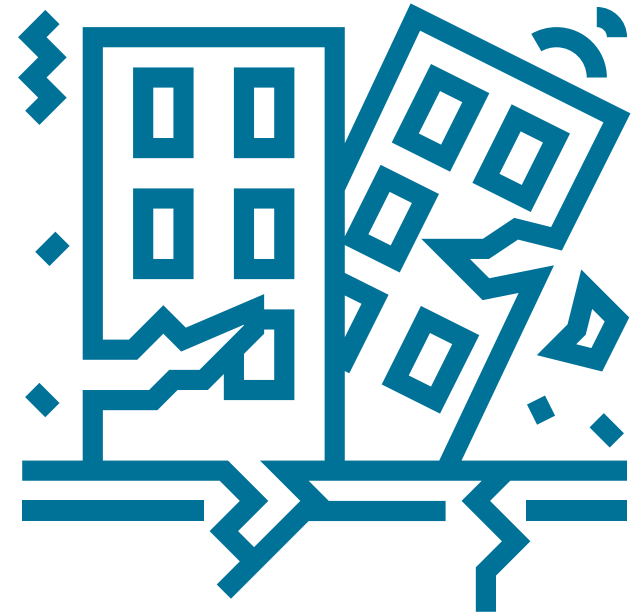
EMS Fee Collections

Permit a city or county government to collect Emergency Medical Services (EMS) fees to fund emergency services in the same capacity as the collection of 911 fees.



Expanded Building Code Jurisdiction

Ensure that cities with expanded enforcement jurisdiction of the building code could work in other cities across the commonwealth, especially in times of disaster.



ABC Officer Police Powers



KLC supports legislation that would define the peace officer powers of Alcoholic Beverage Control (ABC) officers.

State Fire Marshal Office

Strengthen the positioning and funding of the state fire marshal office to ensure the fulfillment of its mission and a rewriting of state statutes.

This will help ensure accountability, transparency, and enforcement.



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Thank you!

