

# 2026 Legislative Agenda

**KLC President & Beaver Dam Mayor Paul Sandefur**  
**KLC Executive Director/CEO J.D. Chaney**  
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**October 21, 2025**



# KLC Principles of Advocacy

**Home Rule:** City officials must have the authority to make decisions to meet the needs of their citizens.

**Adequate, Stable & Flexible Resources:** Cities must be able to generate sufficient revenues to provide for the level of services desired by local citizens.

**Economic Prosperity:** Cities must have the ability to encourage economic development and enhance the quality of life.

# 2026 Legislative Priorities

- **Growing Kentucky's economy** through stronger infrastructure, business-ready communities, and modern revenue tools
- **Protecting public safety** to keep neighborhoods, schools and businesses secure
- **Modernizing infrastructure** and services to support economic growth and to improve quality of life
- **Streamlining and saving taxpayer dollars** and making government work efficiently



# Growing Kentucky's Economy

# Revenue Diversification

Kentucky must modernize city revenue options, as modernization is the key to paying for the vital services that Kentuckians and businesses expect and deserve.

KLC supports an amendment to Section 181 of the KY Constitution that would:

- Permit cities to impose any tax not in violation of the Constitution
- Preserve local flexibility
- Avoid harm to any city government

# Restaurant Tax

KLC supports legislation that allows all cities to collect consumption-based restaurant revenue.

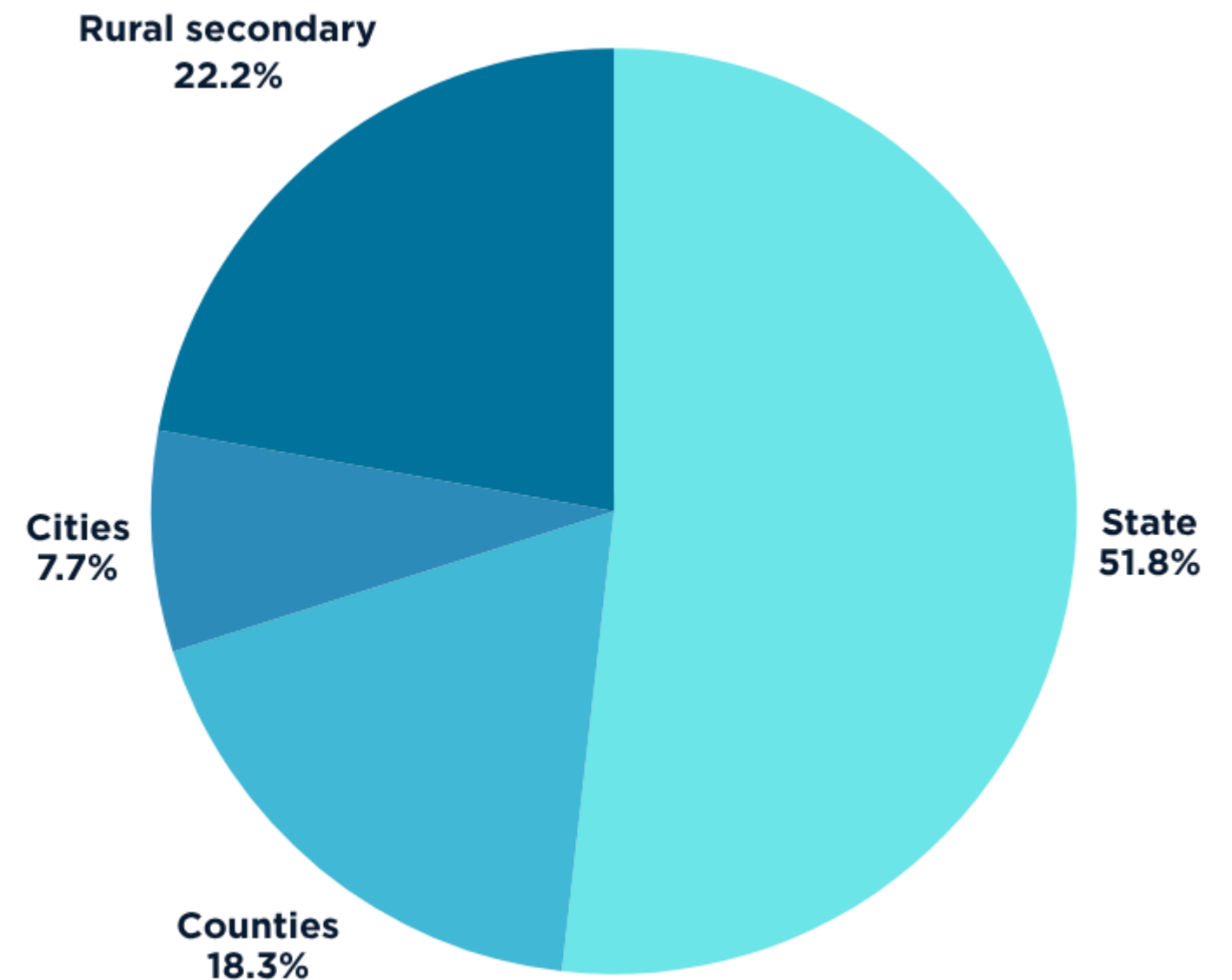
This equitable approach ensures that every city can share in the economic benefits of tourism-driven revenue.



# Road Funding Allocations

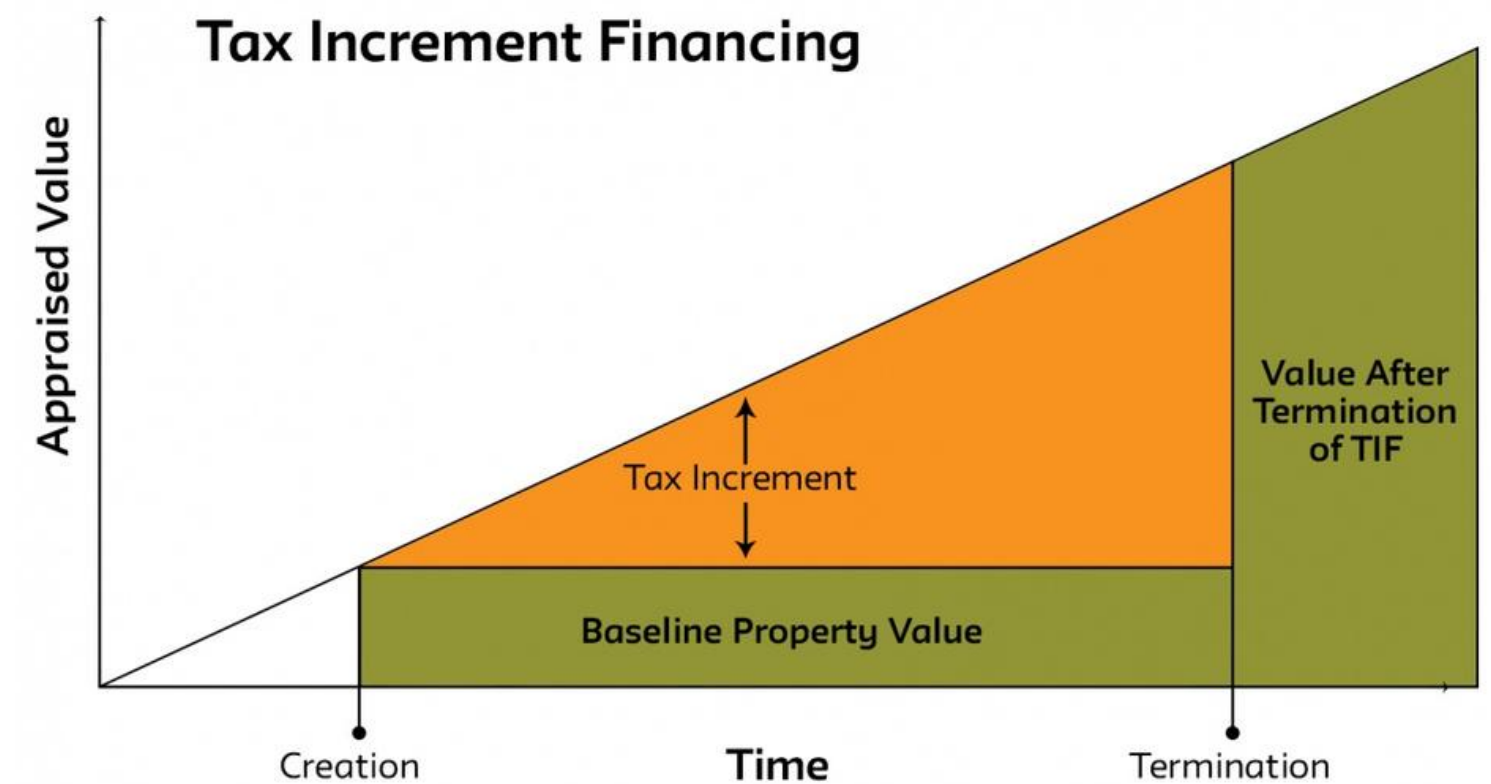
- Pursue equity in share of gas tax for cities
- Ensure EV/hybrid fees are distributed locally
- In FY 2024, Municipal Road Aid (MRA) payments covered just 12.2% of the \$529 million cities spent to maintain their local streets.

## Motor Fuels Tax Formula Breakdown



# TIF Fix - Tax Increment Financing

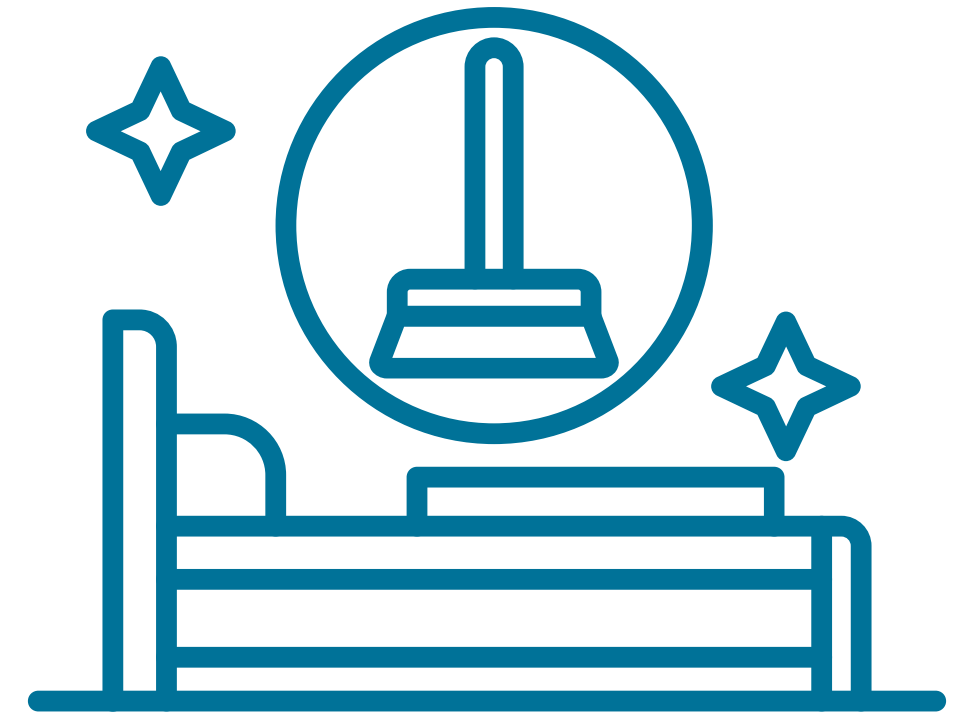
- Seek permanent solution for TIF agreements
- Extend beyond temporary relief granted in 2024 HB 8



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

# Transient Room Taxes

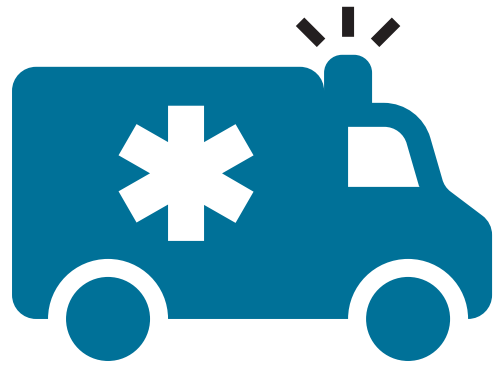
- Current statute requires all online travel rental companies to remit transient room taxes to local governments.
- KLC opposes the centralization of local transient room tax revenue collection and support forced compliance of web-based platforms, such as Airbnb, with state law.





# Protecting Public Safety

# Strengthening Local Emergency Response



- Allow all local governments to participate in disaster planning
- Direct state funds to cities with response agencies
- Multiple agencies per county can apply for funds
- Clarify city plans should take precedent within the boundaries of the city

# Massage Parlors & Facilities

- Clarify city authority to address criminal activity related to massage parlors
- Remove state-level preemptions that prevent cities from regulating massage parlors





# Modernizing Infrastructure & Services

# Regional Economic Development Taxation

Clean up legislation from 2025 Session to ensure that cities **within** areas that form regional taxing districts can collect occupational taxes

1 AN ACT relating to economic development.  
2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*  
3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 65 IS CREATED TO  
4 READ AS FOLLOWS:  
5 (1) As used in this section:  
6 (a) "Board" means the board of trustees of a district;  
7 (b) "District" means a taxing district established under subsection (2)(b) of this  
8 section;  
9 (c) "Local government" means a city, county, urban-county government,  
10 charter county government, consolidated local government, or unified local  
11 government located within the Commonwealth; and



# Streamlining & Saving Taxpayer Dollars

# Newspaper Publication Reforms



- Continuing to work with the Kentucky Press Association to ensure greater equity in newspaper publication requirements for local governments
- Reduce taxpayer costs
- Improve accessibility & transparency

# Procurement Threshold Amendments

- Raise small purchase threshold (\$40K → \$60K)
- Update bid advertisement requirements to reflect raised threshold
- Reflect alternative pricing practices in the state price contract exemption
- Allow “best value” determinations for competitive sealed bidding

# CITYDAY & CITYNIGHT

## SAVE THE DATE

2.25.26



WEDNESDAY  
FEB. 25, 2026



KENTUCKY HISTORY  
CENTER, FRANKFORT



KLC.ORG

KENTUCKY LEAGUE OF CITIES  
★  
2026  
**LEGISLATIVE  
PRIORITIES**

**Thank you!**

