

AN ACT proposing to amend Section 181 of the Constitution of Kentucky relating to local levies of sales and use taxes.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. It is proposed that Section 181 of the Constitution of Kentucky be amended to read as follows:

(1) The General Assembly shall not impose taxes for the purposes of any county, city, town or other municipal corporation, but may, by general laws, confer on the proper authorities thereof, respectively, the power to assess and collect such taxes.

(2) The General Assembly may, by general laws only, provide for the payment of license fees on franchises, stock used for breeding purposes, the various trades, occupations and professions, or a special or excise tax. ~~and~~

(3) *The General Assembly* may, by general laws, delegate the power to counties, towns, cities and other municipal corporations, to impose and collect license fees on stock used for breeding purposes, on franchises, trades, occupations and professions.

(4) *The General Assembly may, by general laws, confer upon the proper authority of any city or county the power to levy and collect sales and use taxes, provided that:*

(a) *Net proceeds from the levies shall be used only for the completion of capital projects, including expenses associated with the issuance of debt to finance capital projects;*

(b) *The maximum aggregate local sales and use tax rates that may be imposed within the boundaries of a single county shall not exceed one percent;*

(c) *The sales and use taxes shall be imposed against the same base as the sales and use taxes levied by the Commonwealth;*

(d) *The sales and use tax levies shall be limited in time, for a specific number of years, and shall not extend beyond the time necessary for completion and full payment for the capital project or projects;*

(e) Any residual payments received from the imposition of the sales and use taxes after the taxes have expired shall be used by the city or county levying the tax for the maintenance of the capital project or projects;

(f) The General Assembly may allow for collection of the tax by the Commonwealth on behalf of the city or county with net proceeds remaining the property of the city or county imposing the tax, other than an amount not to exceed one percent to offset the cost of collection;

(g) In administering the tax, the city, county, or Commonwealth may impose penalties, interest, and fees. Any amounts collected in penalties or fees may be retained by the entity administering the tax to offset the cost of collecting the tax. Any interest received shall be expended as provided in paragraphs (d) and (e) of this subsection;
and

(h) Prior to imposition, any local sales and use tax levies shall be approved by a simple majority of those voting at a general election within the city or county proposing the tax, provided that any tax approved by the voters shall apply in any area subsequently annexed by the city or county imposing the tax.

(5) ~~[And]~~The General Assembly may, by general laws only, authorize cities or towns of any class to provide for taxation for municipal purposes on personal property, tangible and intangible, based on income, licenses or franchises, in lieu of an ad valorem tax thereon: Provided, Cities of the first class shall not be authorized to omit the imposition of an ad valorem tax on such property of any steam railroad, street railway, ferry, bridge, gas, water, heating, telephone, telegraph, electric light or electric power company.

➔Section 2. This amendment shall be submitted to the voters of the Commonwealth for their ratification or rejection at the time and in the manner provided for under Sections 256 and 257 of the Constitution and under KRS 118.415. The question to be submitted to the voters shall read as follows: "Are you in favor of giving local

voters a new right to approve or reject the funding of specific local capital projects that would be paid for by a temporary local sales and use tax of no more than one percent, and that would expire when the capital projects are completed, as authorized by the General Assembly?"