

- Athletic leagues
- Athletic training
- Child care
- Concessions/food service
- Gasoline sales
- Golf pro shops
- Tourism paraphernalia
- Water parks

Offering these services, cities would need to perform an economic impact study of their actions. This study may require the use of outside economic consultants, with more costs due to an additional publication requirement as well.

If a local government starts or continues to offer the commercial product or service, then potential administratively burdensome accounting requirements are added by SB 130, in addition to payments in lieu of taxes to the city, county, state, and other local taxing districts. These taxes include at least the following:

- Property taxes to the city, county, school district, state, and any special district assessments.
- Insurance premium taxes to the city, county, and state.
- Occupational license taxes (payroll, net profits and/or gross receipts) to the city, county, and school district.
- Income taxes to the state and federal governments.
- Sales and use taxes to the state.

KLC states that all commercial services or products sold by local governments would not only be audited by public sector accounting standards under SB 130, but taxes would need to be computed as if they were a separate, private corporation. This is to calculate what income taxes are owed to the state and federal governments and what sales taxes are owed to the state government. Cities would then be required to prepare and publish a statement of resource allocation outlining the resources shared for commercial and noncommercial uses. In addition, any commercial products or services sold would have to be 100 percent self-supported, without any subsidized funds from other governmental operations or revenue sources.

KLC also notes that SB 130 appears as though it will capture many services and products in its net, at a considerable expense to taxpayers and/or loss of services to local residents. KLC anticipates that this legislation would have both a significant financial impact and a significant administrative impact on city governments.

Data Source(s): Kentucky League of Cities

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