

1 AN ACT relating to transient room taxes.

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

3 ➔Section 1. KRS 91A.390 is amended to read as follows:

- 4 (1) (a) The commission shall annually submit to the local governing body or bodies  
5 which established it a request for funds for the operation of the commission.
- 6 (b) The local governing body or bodies shall include the commission in the  
7 annual budget and shall provide funds for the operation of the commission by  
8 imposing a transient room tax on the rent for every occupancy ***of thirty (30)***  
9 ***days or less*** of a suite, room, or rooms, charged by all persons, companies,  
10 corporations, or other like or similar persons, groups, or organizations doing  
11 business as motor courts, motels, hotels, inns, or like or similar  
12 accommodations businesses as follows:
- 13 1. For a local governing body or bodies, other than an urban-county  
14 government, the tax rate shall not exceed three percent (3%); and
  - 15 2. For an urban-county government, the tax rate shall not exceed four  
16 percent (4%).
- 17 (c) In addition to the three percent (3%) levy authorized by paragraph (b)1. of this  
18 subsection, the local governing body other than an urban-county government  
19 may impose a special transient room tax not to exceed one percent (1%) for  
20 the purposes of:
- 21 1. Meeting the operating expenses of a convention center; and
  - 22 2. In the case of a consolidated local government, financing the renovation  
23 or expansion of a convention center that is government-owned and  
24 located in the central business district of the consolidated local  
25 government, except that if a consolidated local government imposes the  
26 special transient room tax authorized under this paragraph on or after  
27 August 1, 2014, revenue derived from the levy shall not be used to meet

1           the operating expenses of a convention center until any debt issued for  
2           financing the renovation or expansion of a government-owned  
3           convention center located in the central business district of the  
4           consolidated local government is retired.

5       (d) Transient room taxes shall not apply to the rental or leasing of an apartment  
6           supplied by an individual or business that regularly holds itself out as  
7           exclusively providing apartments. Apartment means a room or set of rooms,  
8           in an apartment building, fitted especially with a kitchen and usually leased as  
9           a dwelling for a minimum period of thirty (30) days or more.

10       (e) The local governing body or bodies that have established a commission by  
11           joint or separate action shall enact an ordinance for the enforcement of the tax  
12           measure enacted pursuant to this section and the collection of the proceeds of  
13           this tax measure on a monthly basis.

14       (2) All moneys collected pursuant to this section and KRS 91A.400 shall be maintained  
15           in an account separate and unique from all other funds and revenues collected, and  
16           shall be considered tax revenue for the purposes of KRS 68.100 and KRS 92.330.

17       (3) A portion of the money collected from the imposition of this tax, as determined by  
18           the tax levying body, upon the advice and consent of the tourist and convention  
19           commission, may be used to finance the cost of acquisition, construction, operation,  
20           and maintenance of facilities useful in the attraction and promotion of tourist and  
21           convention business, including projects described in KRS 154.30-050(2)(a). The  
22           balance of the money collected from the imposition of this tax shall be used for the  
23           purposes set forth in KRS 91A.350. Proceeds of the tax shall not be used as a  
24           subsidy in any form to any hotel, motel, or restaurant, except as provided in KRS  
25           154.30-050(2)(a)3.c. Money not expended by the commission during any fiscal year  
26           shall be used to make up a part of the commission's budget for its next fiscal year.

27       (4) A county with a city of the first class may impose an additional tax, not to exceed

1 one and one-half percent (1.5%) of the room rent. This additional tax, if approved  
2 by the local governing body, shall be collected and administered in the same manner  
3 as the regular tax and shall be used for the purpose of funding additional promotion  
4 of tourist and convention business.

5 (5) An urban-county government may impose an additional tax, not to exceed one  
6 percent (1%) of the room rents included in this subsection. This additional tax shall  
7 be collected and administered in the same manner as the regular tax with the  
8 exception that this additional tax shall be used for the purpose of funding the  
9 purchase of development rights program provided for under KRS 67A.845.

10 (6) Local governing bodies which have formed multicounty tourist and convention  
11 commissions as provided by KRS 91A.350(3) may impose an additional tax, not to  
12 exceed one percent (1%) of the room rents. This additional tax, if approved by each  
13 governing body, shall be collected and administered in the same manner as the  
14 regular tax, with the exception that this additional tax shall be used for the purpose  
15 of funding regional efforts relating to the promotion of tourist and convention  
16 business and convention centers. In no event shall any revenues collected as  
17 provided for under KRS 91A.350(3) be utilized for the construction, renovation,  
18 maintenance, or additions to any convention center that is located outside the  
19 boundaries of the Commonwealth of Kentucky.

20 (7) The commission, with the approval of the tax levying body, may borrow money to  
21 pay its obligations that cannot be paid at maturity out of current revenue from the  
22 transient room tax, but shall not borrow a sum greater than can be repaid out of the  
23 revenue anticipated from the transient room tax during the year the money is  
24 borrowed. The commission may pledge its securities for the repayment of any sum  
25 borrowed.

26 (8) The fiscal court or legislative body of a consolidated local government or city  
27 establishing a commission pursuant to KRS 91A.350(1) or (2) and, in its own name,

1 a commission established pursuant to of KRS 91A.350(1) is authorized and  
2 empowered to issue revenue bonds pursuant to KRS Chapter 58 for public projects.  
3 Bonds issued for the purposes of KRS 91A.350 to 91A.390, may be used to pay any  
4 cost for the acquisition of real estate, the construction of buildings and  
5 appurtenances, the preparation of plans and specifications, and legal and other  
6 services incidental to the project or to the issuance of the bonds. The payment of the  
7 bonds, with interest, may be secured by a pledge of and a first lien on all of the  
8 receipts and revenue derived, or to be derived, from the rental or operation of the  
9 property involved. Bond and interest obligations issued pursuant to this section shall  
10 not constitute an indebtedness of the county, consolidated local government, or city.  
11 All bonds sold under the authority of this section shall be subject to competitive  
12 bidding as provided by law, and shall bear interest at a rate not to exceed that  
13 established for bonds issued for public projects under KRS Chapter 58.

14 (9) A commission established pursuant to KRS 91A.350(3) is authorized and  
15 empowered to issue revenue bonds in its own name, payable solely from its income  
16 and revenue, pursuant to KRS Chapter 58 for revenue bonds for public projects.  
17 Bonds issued for the purposes of KRS 91A.350 to 91A.390, may be used to pay any  
18 cost for the acquisition of real estate, the construction of buildings and  
19 appurtenances, the preparation of plans and specifications, and legal and other  
20 services incidental to the project or to the issuance of the bonds. The payment of the  
21 bonds, with interest, may be secured by a pledge of and a first lien on all of the  
22 receipts and revenue derived, or to be derived, from the rental or operation of the  
23 property involved. Bond and interest obligations issued pursuant to this section shall  
24 not constitute an indebtedness of the county. All bonds sold pursuant to this section  
25 shall be subject to competitive bidding as provided by law, and shall not bear  
26 interest at rates exceeding those for bonds issued for public projects under KRS  
27 Chapter 58.

1       ➔Section 2. KRS 91A.392 is amended to read as follows:

2       (1) In addition to the three percent (3%) transient room tax authorized by KRS 91A.390  
3       and the one percent (1%) transient room tax authorized by KRS 153.440, a  
4       consolidated local government, or the fiscal court in a county containing an  
5       authorized city, except those counties that are included in a multicounty tourist and  
6       convention commission under KRS 91A.350, may levy an additional transient room  
7       tax not to exceed two percent (2%) of the rent for every occupancy of thirty (30)  
8       days or less of a suite, room, or rooms charged by all persons, companies,  
9       corporations, or other similar persons, groups, or organizations doing business as  
10      motor courts, motels, hotels, inns, or similar accommodations businesses.

11      (2) (a) Except as otherwise provided in paragraph (b) of this subsection, all money  
12      collected from the tax authorized by this section shall be applied toward the  
13      retirement of bonds issued pursuant to KRS 91A.390(8) to finance in part the  
14      expansion or construction or operation of a governmental or nonprofit  
15      convention center or fine arts center useful to the promotion of tourism  
16      located in the central business district of the consolidated local government or  
17      the authorized city located in the county.

18      (b) 1. This paragraph shall apply to the tax levied pursuant to this section,  
19      prior to July 1, 2015, by a fiscal court of a county having a population  
20      between seventy-five thousand (75,000) and one hundred thousand  
21      (100,000) based on the 2010 federal decennial census.

22      2. When, in any fiscal year, the money collected from the tax authorized by  
23      this section exceeds the amount required to satisfy the annual debt  
24      service for the bond for that fiscal year, all or a portion of the excess  
25      amount collected for that fiscal year may be used to defray the costs to  
26      operate, renovate, or expand the governmental or nonprofit convention  
27      center or fine arts center described in paragraph (a) of this subsection, if

1 an amount equal to one (1) year's required debt service is held in reserve  
2 to satisfy any future debt service obligations of the bond.

3 (3) After the retirement of the bonds provided for in this section, the additional  
4 transient room tax levied pursuant to this section shall be void, and the consolidated  
5 local government or fiscal court shall take action to repeal the ordinance which  
6 levied the tax.

7 (4) As used in this section, "authorized city" means a city of the first class and a city  
8 included on the registry maintained by the Department for Local Government under  
9 subsection (5) of this section.

10 (5) On or before January 1, 2015, the Department for Local Government shall create  
11 and maintain a registry of cities that, as of August 1, 2014, were classified as cities  
12 of the second class. The Department for Local Government shall make the  
13 information included on the registry available to the public by publishing it on its  
14 Web site.

15 ➔Section 3. KRS 142.400 is amended to read as follows:

16 (1) A transient room tax shall be imposed at a rate of one percent (1%) of the rent for  
17 every occupancy of thirty (30) days or less of any suite, room, rooms, or cabins  
18 charged by all persons, companies, corporations, groups, or organizations doing  
19 business as motor courts, motels, hotels, inns, tourist camps, or like or similar  
20 accommodations businesses. As used in this subsection, rent shall not include any  
21 other local or state taxes paid by the person or entity renting the accommodations.

22 (2) The tax imposed by subsection (1) of this section shall not apply to the rental or  
23 lease of any room or set of rooms that is equipped with a kitchen, in an apartment  
24 building, and that is usually leased as a dwelling for a period of thirty (30) days or  
25 more by an individual or business that regularly holds itself out as exclusively  
26 providing apartments.

27 ➔Section 4. KRS 153.440 is amended to read as follows:

1 In addition to the three percent (3%) transient room tax authorized by KRS 91A.390,  
2 fiscal courts in counties containing cities of the first class or consolidated local  
3 governments may levy an additional transient room tax not to exceed one percent (1%) of  
4 the rent for every occupancy of thirty (30) days or less of a suite, room, or rooms,  
5 charged by all persons, companies, corporations, or other like or similar persons, groups,  
6 or organizations doing business as motor courts, motels, hotels, inns, or like or similar  
7 accommodations' businesses. All moneys collected from the tax authorized by this section  
8 shall be turned over to the Kentucky Center for the Arts Corporation and shall be used to  
9 defray operating costs of the Kentucky Center for the Arts.

10 ➔Section 5. KRS 153.450 is amended to read as follows:

11 (1) In addition to the four percent (4%) transient room tax authorized by KRS 91A.390,  
12 an urban-county government may levy an additional transient room tax not to  
13 exceed two percent (2%) of the rent for every occupancy of thirty (30) days or less  
14 of a suite, room, or rooms, charged by all persons, companies, corporations, or other  
15 like or similar persons, groups, or organizations doing business as motor courts,  
16 motels, hotels, inns, or like or similar accommodations' businesses.

17 (2) All additional moneys collected from the tax authorized by subsection (1) of this  
18 section shall be applied toward the retirement of bonds used to finance a nonprofit  
19 corporation which is created for the funding, construction, and management of a  
20 convention center in an urban-county, and to defray the operating costs of the  
21 nonprofit corporation.

22 (3) (a) As used in this subsection, "project" means the renovation, expansion, or  
23 improvement of a convention center on or after July 15, 2016.

24 (b) In addition to the levy authorized by subsection (1) of this section, an urban-  
25 county government may levy an additional transient room tax not to exceed  
26 two and one-half percent (2.5%) to provide funding for a project.

27 (c) Proceeds from the levy shall be used only for the direct expenditure for, or

1                    repayment of debt associated with, the project.

2            (d) The levy shall sunset upon completion of the project and repayment of all  
3                    associated debt.

4            ➔Section 6. This Act takes effect August 1, 2018.