

**Local Government Mandate Statement
Kentucky Legislative Research Commission
2019 Regular Session**

Part I: Measure Information

Bill Request #: 460

Bill #: SB 29 GA

Document ID #: 5151

Bill Subject/Title: AN ACT relating to licensing fees for the sale of alcoholic beverages.

Sponsor: Senator Danny W. Carroll

Unit of Government: City County Urban-County
 Charter County Consolidated Local Unified Local
 Government

Office(s) Impacted: _____

Requirement: Mandatory Optional

Effect on
Powers & Duties: Modifies Existing Adds New Eliminates Existing

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

SB 29 GA provides that a city with a population of less than 20,000 or a county not containing a city with a population equal to or greater than 20,000 can impose a regulatory license fee not to exceed 5% upon the gross receipts of the sale of alcoholic beverages of each establishment located in the city or county licensed to sale alcoholic beverages. The populations to be determined by the most recent federal decennial census.

A city or county not meeting the above requirements that had a regulatory license fee imposed prior to January 1, 2019 of this Act may continue to impose the fee.

Any city or county that imposes a regulatory license fee higher than 5% prior to January 1, 2019 may continue to impose the rate. The rate shall be calculated annually and shall not exceed the rate imposed on January 1, 2019.

KRS 243.075(1)(c)(2) currently provides that if both a city and county levy a regulatory license tax, then the county tax would not apply within the city jurisdictional boundaries.

Thus, if a county is currently levying a tax, and a qualifying city under SB 29 imposes a tax, the county would lose the revenue within those city boundaries.

2017 Estimates based on 2010 Census data and provided as a point of reference and with the assumption it takes a minimal population to support an alcohol-selling establishment,

- 60 cities have populations falling within 5,000 and 20,000; and
- 89 cities have populations falling between 3,000 and 20,000.

The lower threshold is arbitrary presented to show the possible number of cities that may have a local option election to impose a regulatory license fee. The attached table list these cities with their counties, along with 2017 population estimates.

Note: Cities within the 3,000 up to 19,999 population range were classified as third and fourth class cities prior to January 1, 2015.

The fiscal impact on those local governments opting to have a local option election to impose an alcohol regulatory fee could be significant based on the fee rate chosen and the market in which they are located. The city or county shall generate only enough revenue to cover reasonable expenses actually incurred for policing, regulations, and administration of the regulatory license fee.

There are other factors which might determine rather not an alcohol establishment chooses to do business in a particular city or county, such as location, Will it be a border business attracting people from across the city or county boundary? Will it be near a bigger population center perhaps over a current boundary line? It is doubtful SB 29 would significantly attract new consumers but those consumers who have been traveling across the city or county line to purchase can now stay within those boundaries and purchase.

Part III: Differences to Local Government Mandate Statement from Prior Versions

SB 29 GA keeps the major provisions of SB 29 SCS 1 and makes the following change when calculating the annual license fee rate:

- removes language that the license fee rate shall not exceed an annual estimated amount needed to reimburse the local government for the cost of additional policing, regulatory, or administrative expenses related to the sale of alcoholic beverages.

SB 29 SCS 1 keeps the provisions of SB 29 as introduced and makes the following changes and additions:

- The effective of SB 29 is January 1, 2019.
- City and counties may continue to impose a rate higher than 5% if that rate was in effect prior to January 1, 2019. It may not exceed the rate imposed on January 1, 2019 or estimated to cover cost associated with the regulatory license fee.

CITY	COUNTY	2017
Providence	Webster	3,017
Wilder	Campbell	3,064
Barbourville	Knox	3,104
Springfield	Washington	3,119
Hodgenville	LaRue	3,225
Russell	Greenup	3,226
West Liberty	Morgan	3,336
Crestview Hills	Kenton	3,338
Prestonsburg	Floyd	3,438
Morganfield	Union	3,466
Beaver Dam	Ohio	3,577
Stanford	Lincoln	3,628
Carrollton	Carroll	3,834
Lancaster	Garrard	3,860
Crittenden	Grant, Kenton	3,876
Southgate	Campbell	3,892
Williamstown	Grant, Pendleton	3,931
Walton	Boone, Kenton	3,974
Grayson	Carter	3,999
Crescent Springs	Kenton	4,039
Paintsville	Johnson	4,082
Greenville	Muhlenberg	4,269
Hurstbourne	Jefferson	4,403
Scottsville	Allen	4,447
Benton	Marshall	4,499
Ludlow	Kenton	4,507
Prospect	Jefferson, Oldham	4,856
Columbia	Adair	4,881
Crestwood	Oldham	4,982
Hazard	Perry	5,090
Williamsburg	Whitley	5,280
Dayton	Campbell	5,449
Lebanon	Marion	5,651
Douglas Hills	Jefferson	5,728
Fort Wright	Kenton	5,729
Bellevue	Campbell	5,772
Central	Muhlenberg	5,775
Union	Boone	5,895
Vine Grove	Hardin	6,093
Princeton	Caldwell	6,108
Monticello	Wayne	6,112
Wilmore	Jessamine	6,343
Cold Spring	Campbell	6,370
Cynthiana	Harrison	6,370
Pikeville	Pike	6,685

CITY	COUNTY	2017
Taylor Mill	Kenton	6,765
Leitchfield	Grayson	6,889
Russellville	Logan	7,073
Highland Heights	Campbell	7,100
Flatwoods	Greenup	7,177
Mount Sterling	Montgomery	7,209
Oak Grove	Christian	7,266
Corbin	Whitley, Knox, Laurel	7,272
Villa Hills	Kenton	7,437
Morehead	Rowan	7,736
Middletown	Jefferson	7,914
London	Laurel	8,006
Fort Mitchell	Kenton	8,248
Harrodsburg	Mercer	8,394
Elsmere	Kenton	8,644
Edgewood	Kenton	8,720
Franklin	Simpson	8,781
Maysville	Mason	8,800
La Grange	Oldham	8,877
Hillview	Bullitt, Jefferson	9,076
Versailles	Woodford	9,292
Alexandria	Campbell	9,438
Middlesboro	Bell	9,460
Paris	Bourbon	9,808
Mayfield	Graves	9,847
Lawrenceburg	Anderson	11,318
Campbellsville	Taylor	11,415
Somerset	Pulaski	11,423
Lyndon	Jefferson	11,485
Shepherdsville	Bullitt	12,260
Bardstown	Nelson	13,165
Glasgow	Barren	14,362
Mount Washington	Bullitt	14,554
Newport	Campbell	15,033
Berea	Madison	15,597
Shively	Jefferson	15,800
Shelbyville	Shelby	15,872
Fort Thomas	Campbell	16,263
Danville	Boyle	16,735
St. Matthews	Jefferson	18,139
Winchester	Clark	18,486
Erlanger	Kenton, Boone	18,840
Madisonville	Hopkins	19,067
Murray	Calloway	19,200

Data Source(s): LRC Staff

Preparer: Wendell F. Butler **Reviewer:** _____ **Date:** _____