

**Local Government Mandate Statement
Kentucky Legislative Research Commission
2024 Regular Session**

Part I: Measure Information

Bill Request #: 1110

Bill #: HB 297

Document ID #: 2209

Bill Title: AN ACT relating to the establishment of minimum wages by local governments.

Sponsor: Representative Chad Aull

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

Office(s) Impacted: All offices within a jurisdiction that choose to set a minimum wage greater than the current state minimum wage of \$7.25/hour and that is paying some employees no more than \$7.25/hour.

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

HB 297 would amend KRS 65.016 to authorize the legislative body of any city, county, urban-county government, consolidated local government, charter county government or unified local government to adopt an ordinance setting a minimum wage greater than the current minimum wage of \$7.25 an hour. If a legislative body has done so then every employer shall pay at least that minimum wage to each employee. In the instance of a merged government if both the county and a city within that county have adopted an ordinance, the ordinance establishing the highest minimum wage shall apply.

HB 297 is optional and so imposes no fiscal mandate on local governments. Since it is unknown which local governments might raise the minimum wage within their jurisdiction the fiscal impact on those local governments is indeterminable. Any jurisdiction that chooses to adopt an ordinance setting a higher minimum wage than the

current state minimum would incur increased salary expense. Local governments that choose to do so would incur costs to draft, publish, and hold hearings on the new ordinance.

Cities and counties that are authorized to collect an occupational tax would increase revenue from that tax. Four-fifths of Kentucky cities with a population of 5,000 or more currently levy an occupational license tax. These more populous cities also have more jobs. Cities with a population below 1,000 may also levy a payroll tax on a percentage basis. Of cities with a population of 1,000 to 2,999 56% levy a payroll, or occupational license tax. Counties, too, may impose an occupational license tax, with some exceptions, ranging from 1% to 1.25% depending on population size. The Kentucky Association of Counties estimates 84 Kentucky counties currently impose an occupational license fee on workers in their county. License fees paid to a city are, generally, credited against the county license fee.

Of the approximately 1.1 million hourly wage earners in Kentucky, approximately 4,000 currently earn minimum wage of \$7.25 an hour.

See, <https://www.bls.gov/opub/reports/minimum-wage/2022/home.htm>.

It is unknown how many of those minimum wage workers in Kentucky are employed by local governments.

Data Source(s): Kentucky Association of Counties; Kentucky League of Cities; U.S. Bureau of Labor Statistics; "Today's Kentucky City", July 2020 Kentucky League of City's publication; LRC staff

Preparer: Mary Stephens (BW) **Reviewer:** KHC **Date:** 1/29/24