

**Local Government Mandate Statement
Kentucky Legislative Research Commission
2025 Regular Session**

Part I: Measure Information

Bill Request #:	1328	Bill #:	HB 490
Document ID #:	3726	Sponsor:	Rep. Patrick Flannery
Bill Title:	AN ACT relating to local transient room taxes.		

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

Office(s) Impacted: Local governments that levy local transient room taxes

Requirement: Mandatory Optional

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

Other Fiscal Statement(s) that may exist: Actuarial Analysis Corrections Impact
 Health Benefit Mandate State Employee Health Plan

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

HB 490 Section 1 would amend KRS 91A.390 to require a quarterly filing of local transient room taxes for a person that facilitates the rental of the accommodations by brokering, coordinating, or in any other way arranging for the rental. Local governments would be required to provide for the collection of transient room taxes on a quarterly basis for a person that facilitates the rental of the accommodation by brokering, coordinating, or arranging for its rental. Transient room taxes for all other persons providing accommodations would be required to be filed monthly and collected monthly.

Section 2 would establish that the person who collects the rent for the accommodation would be solely responsible for collecting, reporting, and remitting a tax authorized by this section.

Section 3 would create new section of KRS Chapter 91A.345 to 91A.394 to require local governing bodies who assess various local transient room taxes to provide information to the Secretary of State regarding those taxes and require the Secretary of State to develop a standard return, methods for electronic filing and payment, and publish contact

information for local taxing districts. Local governments that impose transient room taxes would be required to, by ordinance, establish electronic means for submitting and filing transient room tax returns.

HB 490 is expected to have an indeterminate fiscal impact on local governments that levy local transient room taxes.

According to Kentucky Association of Counties, there would be associated costs to counties associated with establishing and providing electronic filings. However, the bill's compliance measures could result in an increase in transient room tax revenue. There is no way to determine if the increased cost or revenue would be greater. It would likely vary by county depending on the county's level of access to the required technology and how many short-term rentals are currently not paying the tax in each jurisdiction.

There would also be costs associated with local governments creating ordinances to comply with this bill. Local governments would incur costs associated with the drafting, publication, indexing and recording of adopted ordinances, and at least every five years, review and eliminate redundant, obsolete, inconsistent, and invalid provisions.

According to Kentucky League of Cities, most cities, especially the smaller ones, retain their city attorney on contract and pay on an hourly basis. Time spent drafting an ordinance is influenced by its complexity and the amount of research that is necessary. In FY 2020, the average hourly rate was \$107. Rates for legal notices vary greatly depending on the length of the publication, the number of times it needs to be published and the newspaper in which the publication is placed. Therefore, these costs are unknown.

According to the Kentucky Association of Counties, "The cost of publishing the ordinance would be borne by the local government enacting the ordinance. Most county ordinances are required to be published once after passage (KRS 67.077). An exception to this is the county budget ordinance which requires two advertisements." While they do not have data on the cost of publishing individual ordinances, a survey conducted in 2023 on total county publication costs found that counties spent on average \$13,433 in FY2022 on publications.

Kentucky League of Cities has not yet provided feedback specific to this bill. This document will be updated when that occurs.

Data Source(s): Kentucky Association of Counties; Kentucky League of Cities

Preparer: JB **Reviewer:** AS (MDA) **Date:** 2/26/25