

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

**Part I: Measure Information**

<b>Bill Request #:</b>	1054	<b>Bill #:</b>	HB 67
<b>Document ID #:</b>	1568	<b>Sponsor:</b>	Representative Daniel Grossberg
<b>Bill Title:</b>	AN ACT relating to wages.		

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

Office(s) Impacted:      All who employ persons earning minimum wage or receive occupational license 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 67 would increase the required minimum wage payable to employees from the current \$7.25 per hour to \$10 per hour on the effective date of the Act. It would then increase annually on July 1 of each subsequent year through 2029, rising to \$11.50 per hour on July 1, 2026, \$12.50 per hour on July 1, 2027, \$14 per hour on July 1, 2028, and ultimately reach \$15 per hour on July 1, 2029.

Additionally, HB 67 would require employers to pay tipped workers at least \$5 per hour unless federal law mandates a higher minimum, in which case the higher federal rate would apply.

**HB 67 could have a positive fiscal impact on cities and counties that impose an occupational license tax on workers in their jurisdiction. HB 67 could have a negative fiscal impact on cities and counties that do not levy occupational license tax, since their payroll costs from paying employees a higher minimum wage could increase and not be offset by increased revenues from occupational license taxes.**

Under KRS 68.197, counties with populations of 30,000 or more may impose an occupational license tax of up to 1%. Counties that enacted an occupational license tax under KRS 67.083 are not required to reduce their tax rate if their population later exceeds 30,000. In general, KRS 68.197 requires that occupational license taxes paid to cities be credited against the county occupational license tax imposed under that statute.

Under KRS 68.180, counties with populations of 300,000 or more may increase the occupational license tax up to 1.25%. KRS 68.190 provides that all occupational license taxes paid to first-class cities are credited against the county occupational license tax imposed under KRS 68.180. Other city taxpayers in counties with populations greater than 300,000 may receive a tax credit if both the city and county contribute to certain joint agencies.

Under Section 181 of the Kentucky Constitution and KRS 67.083, all Kentucky counties are authorized to collect occupational license taxes. Counties with populations under 30,000 are not subject to the statutory limitations on tax rates imposed by KRS 68.197 and KRS 68.180. Similarly, cities may impose occupational license taxes under Section 181 of the Kentucky Constitution and KRS 92.281 and, like counties with populations under 30,000, are not subject to statutory limits on their tax rate.

Taxpayers in counties with populations under 30,000 are not entitled to credit city occupational license taxes against county occupational license taxes. Counties that grow from a population under 30,000 to 30,000 or more are grandfathered in and remain exempt from providing a credit for city occupational license taxes under KRS 68.199.

The Kentucky Association of Counties estimates 86 Kentucky counties currently impose an occupational license fee on workers in their county and would benefit from increased revenue from wage increases. Counties without an occupational license fee would not benefit from increased revenue from HB 67 but could have increased wage expenses for their minimum wage employees.

Counties with a population under 30,000 that impose occupational license taxes may have more significant financial benefits under HB 67 because they are not subject to limits on the occupational license tax rate and are not required to offset city occupational license taxes.

According to a 2023 publication from the Kentucky League of Cities (KLC), approximately 173 Kentucky cities imposed an occupational license tax in FY 2023. Like counties, cities that impose occupational license taxes would benefit from increased tax revenues due to higher wages, while those without such taxes would not see increased revenue but may face higher payroll expenses. Additionally, because cities are not required to offset county occupational license taxes and are not subject to the limitations on rates, they may experience a greater financial impact from these tax revenues. LRC staff reached out to the KLC for updated information. If KLC provides information this mandate statement may be amended.

Approximately 14,000 of Kentucky's 1.1 million hourly workers currently make at or below the federal minimum wage of \$7.25 per hour, according to the most recent 2023 data from the U.S. Bureau of Labor Statistics (BLS). This figure includes 2,000 workers earning exactly minimum wage and an additional 12,000 earning below that threshold. It is unknown how many of these workers in Kentucky are employed by local governments.

**Data Source(s):** Kentucky League of Cities; Office of the Kentucky Secretary of State; Kentucky Association of Counties; LRC staff; U.S. Bureau of Labor Statistics.

**Preparer:** AS **Reviewer:** MM (MDA) **Date:** 1/30/25