

**Local Government Mandate Statement
Kentucky Legislative Research Commission
2026 Regular Session**

Part I: Measure Information

Bill Request #:	814	Bill #:	HB 209
Document ID #:	1594	Sponsor:	Representative Nima Kulkarni
Bill Title:	AN ACT relating to certified living wage.		

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

Office(s) Impacted: All local government offices that do not currently pay their employees a living wage as defined by HB 209; local government tax revenues

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 209 would create a new section of KRS Chapter 337 to require all employers, including local government employers, operating in Kentucky on or after the bill’s effective date to pay employees a certified living wage if the business: (1) receives any local, state, or federal government subsidies, economic or tax incentives, financing, workforce assistance, loans, or grants; (2) is located in an enterprise zone or opportunity zone in Kentucky where tax incentives have been or will be provided to the business or its investors; (3) contracts with any local, state, or federal government agency to provide goods or services; or (4) leases or subleases property from a local, state, or federal government entity. The bill would define "certified living wage" as the average hourly rate paid to employees based on occupation type and geographic area, as certified by the Department of Workplace Standards. The Kentucky Center for Statistics would be responsible for determining the certified living wage using data from the Occupational Employment and Wage Statistics program within the U.S. Bureau of Labor Statistics, to be updated annually.

Section 3 of the bill would establish civil penalties ranging from \$100 to \$1,000 per offense on employers found in violation, with each day of noncompliance constituting a separate offense.

The fiscal impact of HB 209 is indeterminable.

The fiscal impact of HB 209 cannot be estimated at this time, as certified living wages would not be determined until after the bill is enacted and would vary by geographic area. The bill could have a fiscal impact on local governments as employers, dependent on whether the certified living wage determined for their jurisdiction changed the wages they would be required to pay their employees. The impact would also depend on the number of businesses subject to the bill, which is likely to include most businesses, and on the taxes levied by the jurisdiction.

Jurisdictions with an occupational license tax would likely experience a positive fiscal impact as a result of the bill due to increased wages leading to higher tax revenues. In contrast, jurisdictions without an occupational license tax could face a negative fiscal impact, as local government would have increased payroll costs without an offsetting increase in tax revenue.

Section 181 of the Kentucky Constitution authorizes all counties and cities to collect an occupational license tax. A county with a population of 300,000 or more may levy an occupational license tax up to 1.25%; a county with a population of 30,000 or more may levy an occupational license tax up to 1%. A county with a population under 30,000 is not subject to a statutory limit on the amount of occupational license tax that may be levied. Nor are cities limited in the percentage occupational license fee they may assess. 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; for example, all occupational license taxes paid to first-class cities are credited against the county occupational license tax. In other cities within counties with populations over 300,000, taxpayers may receive a tax credit if both the city and county contribute to certain joint agencies. Taxpayers in counties with populations under 30,000 are not entitled to credit city occupational license taxes against county occupational license taxes.

The Kentucky Association of Counties (KACO) estimates that 86 Kentucky counties currently impose an occupational license fee and would benefit from increased revenue due to higher wages. Counties without an occupational license fee would not experience increased revenue from BR 814 but could face higher payroll costs for employees who make below a certified living wage.

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 levy an occupational license tax would see increased revenue due to higher wages, while those without such taxes would not see a revenue increase but may face higher payroll expenses. Additionally, because cities are not required to offset county occupational license taxes and are not subject to tax rate limitations, they may experience

a more significant financial impact from increased tax revenues. According to the most recent data (2023) from the U.S. Bureau of Labor Statistics (BLS), approximately 14,000 of Kentucky's 1.1 million hourly workers earn at or below the federal minimum wage of \$7.25 per hour. This figure includes 2,000 workers earning exactly the minimum wage and 12,000 earning below that threshold. It is unknown how many of these workers in Kentucky are employed by local governments.

Data Source(s): LRC Staff; KACo; KLC; U.S. Bureau of Labor Statistics

Preparer: MS **Reviewer:** JB (MDA) **Date:** 1/12/26