

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

**Part I: Measure Information**

<b>Bill Request #:</b>	156	<b>Bill #:</b>	HB 405
<b>Document ID #:</b>	3367	<b>Sponsor:</b>	Rep. Anne Gay Donworth
<b>Bill Title:</b>	AN ACT relating to occupational license fees levied by a board of education.		

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

Office(s) Impacted:    County Fiscal Courts

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**

Section 1 of HB 405 would amend KRS 160.603 to require a school district to comply with the remainder of HB 405 before levying or increasing occupational license fees. The bill would also require school districts to provide public notice of a proposed tax increase.

Sections 2 through 4 of HB 405 would amend KRS 160.607 and KRS 160.484 to require the fiscal court to vote on increases of the school tax rate of up to 0.25 percent above the maximum rate of 0.5 percent, for a total rate of 0.75 percent, in counties with populations of 300,000 or more.

Section 3 further specifies that if the fiscal court in a county with 300,000 or more residents votes in favor of the tax increase, the higher tax rate would take effect, and any prior tax rates imposed under earlier subsections would be canceled once the new rate begins. If the fiscal court votes against the proposal, the tax increase would not take effect and the existing tax rate would remain in place.

Section 4 would amend KRS 160.485, relating to recall procedures for proposed license tax levies or rate increases, to conform.

**The fiscal impact of HB 405 on local governments is indeterminable, but is likely to be minimal.**

HB 405 would likely impose minimal administrative costs related to compliance and public-notice requirements. Currently, HB 405 would affect only Jefferson County and Fayette County, the only Kentucky counties with populations exceeding 300,000, according to World Population Review. Both counties have merged county governments, meaning legislative authority is no longer vested in traditional fiscal courts. In Jefferson County, the fiscal court was replaced by the Louisville Metro Council in 2003, which would likely be the body responsible for approving any tax increases. In Fayette County, the fiscal court retains limited functions and meets on a schedule set annually by court action. In 2025, the Fayette County Fiscal Court met three times, according to the Fayette County Clerk. HB 405 could require additional meetings of the Fayette County Fiscal Court, potentially resulting in additional administrative expenses.

HB 405 may also have implications for recalls of proposed occupational license taxes through local option questions. According to information received in early 2020 from Harp Enterprises, a vendor that provides electronic voting machines to nearly 100 Kentucky counties, there are additional programming costs associated with adding a new category, such as a local option question or constitutional amendment, to the ballot during an already scheduled statewide election. For example, the cost to add a new category to the ballot for Lexington-Fayette Urban County Government, with 286 precincts, has been estimated at between \$3,500 and \$4,500, and for Franklin County, with 44 precincts, the cost has been estimated at between \$1,700 and \$2,500.

Ballot printing costs are also a factor in election expenses. If a proposed local option question requires additional ballot pages, this would result in additional costs for the county clerk's office.

It is not known whether allowing the fiscal court to vote on tax increases would affect the likelihood of voter recall. As a result, any potential costs or savings associated with recall elections are indeterminable.

**Data Source(s):** World Population Review; Fayette County Clerk; Jefferson County League of Cities; Staff Analysis; Harp Enterprises

**Preparer:** AS **Reviewer:** TJ (MDA) **Date:** 1/22/26