

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

**Part I: Measure Information**

<b>Bill Request #:</b>	1569	<b>Bill #:</b>	SB 76
<b>Document ID #:</b>	3229	<b>Sponsor:</b>	Sen. Amanda Bledsoe
<b>Bill Title:</b>	AN ACT relating to local occupational license fees and taxes.		

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

Office(s) Impacted: Counties between 300,000 and 500,000 (currently Fayette only)

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**

SB 76 would amend KRS 68.180, 68.185, 160.482, and 160.607, relating to local occupational license fees, taxes, and limitations, to increase population thresholds from 300,000 to 500,000.

**The fiscal impact of SB 76 is likely to be neutral, though Lexington-Fayette Urban County Government may have minimal procedural expenses.**

According to the Kentucky Association of Counties (KACO) publication, as of January 2024, 86 out of 120 counties levy a countywide occupational license fee on payroll. Fayette and Jefferson Counties are the only ones impacted by the population thresholds in KRS 68.180, 68.185, 160.482, and 160.607.

By increasing the population threshold in KRS 68.180, 68.185, 160.482, and 160.607 from 300,000 to 500,000, SB 76 would remove Fayette County from the class of local governments eligible for the special occupational tax provisions. Only Jefferson County,

with a population of about 782,969 as of the most recent census, would remain above the 500,000 threshold and thus retain the expanded taxing authority.

As of the most recent U.S. census, Fayette County has 322,570 residents. Therefore, these statutes would no longer apply there. Going forward, Fayette County's fiscal court could only impose occupational taxes under the same laws as other smaller counties.

Under KRS 92.281 and Section 181 of the Kentucky Constitution, cities may impose occupational license taxes and are not subject to the limits that apply to counties. As Fayette County is an urban county government, it is both a city and a county, and therefore may levy these taxes as a city. Indeed, Lexington-Fayette Urban County Government imposes a 2.25% occupational tax rate, which is above the 1.25% rate currently authorized for counties of its size. Since Lexington-Fayette is already imposing a higher occupational tax due to its status as a city, the threshold change will likely have no impact on the occupational tax rate and therefore will not impact revenues. It is unclear how Lexington-Fayette has structured its occupational license taxes, and there may be minimal procedural requirements, however any impact is expected to be insignificant.

Counties with populations below 300,000, which includes all counties other than Jefferson and Fayette, are not currently subject to the provisions of KRS 68.180 or KRS 160.482. Therefore, SB 76 would not alter any existing occupational tax authority for those counties.

**Data Source(s):** LRC Staff; U.S. Census Bureau; KACO

**Preparer:** AS      **Reviewer:** JR (MDA)      **Date:** 1/20/26