



TO: Erlanger City Council
FROM: Mark Collier, Dir. of Economic
DATE: January 31 2025
SUBJECT: Legislative Update – Centralized Statewide
Collection of Occupational Tax

Overview:

Momentum is building around a proposal to centralize the collection of occupational tax at the state level. While initial discussions with our legislative caucus indicated the bill was unlikely to gain traction, recent efforts by advocacy groups suggest otherwise. The Kentucky League of Cities (KLC) anticipates that Rep. Bauman (R-Louisville) may sponsor the bill, though the assigned committee remains uncertain.

Rather than pursuing a resolution in opposition, our NKY Caucus has recommended that we update the City Council and advocate directly to legislators.

Key Legislative Updates:

- Legislative session restarts 2/4/25.
- Bill filings are expected to increase, with a filing deadline 10 legislative days later.
- The bill is likely to be filed on the 4th and could be heard in committee as early as the 5th.
- Uncertainty remains about which committee will handle the bill.
- The bill draft language includes a new wing of the Department of Revenue that would be created to oversee collection, but the latest proposal suggests housing it in the Treasurer's Office, which lacks the necessary staff and resources.

Concerns & Historical Context:

- In 2012, a similar proposal was considered but failed due to strong opposition.
- No engagement has taken place with the Governor's Office on the current iteration.
- A flat administrative fee on collected revenues remains a major concern.
- Centralization could disrupt city revenues and administrative control.

Lobbying & Advocacy Approach:

- Cities have been encouraged to pass resolutions in opposition.
- KLC and advocacy groups are actively engaging mayors and city officials to clarify potential impacts.

- We will focus on direct engagement with our NKY Caucus members rather than pursuing a formal resolution at this time.
- Cities and Counties will likely lock arms in opposition.
- There is an effort to recruit member organizations that would support this bill: likely builders, realtors, potentially Chambers of Commerce.
- I have reached out to our NKY Chamber to see if they had been solicited for support and they have not taken a stance yet.

Next Steps for Erlanger:

- Continue monitoring legislative developments.
- Engage directly with state legislators to express concerns.
- Prepare to respond if the bill gains further traction.

Please feel free to reach out with any questions or additional input.