



TODAY'S KENTUCKY CITY

A Comprehensive Analysis of City Operations

June 2013



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**TODAY’S KENTUCKY CITY:
A COMPREHENSIVE ANALYSIS OF CITY OPERATIONS**

JUNE 2013

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KEY FINDINGS

Today's Kentucky City: A Comprehensive Analysis of City Operations is the most complete report ever published about how city governments in Kentucky actually work. By combining data and information from over 100 sources and citations, we can get a clear picture of how cities operate based on their size and city classification.

The key findings from this report include the following:

- Many of the state's policies negatively impact urban areas.
- Total compensation paid to city employees has declined by three percent from FY 2007 to FY 2011, but benefit costs have increased 19 percent in that time.
- There are around 11 full-time equivalent employees per 1,000 city residents, which is almost the exact same ratio as in 1997.
- Cities spend more on wages and benefits for public safety personnel than they do in all other areas combined.
- Pension reforms passed during the 2013 Regular Session of the Kentucky General Assembly are projected to save cities around \$1.6 billion over the next 20 years.
- Around 39 percent of vehicle miles traveled on local roads are in urban areas that receive only 16 percent of the funds shared through the state's road aid formulas.
- Statewide median tax rates for the primary taxes levied by Kentucky cities include the following:
 - Real property – 20.0 cents/\$100
 - Personal property – 18.1 cents/\$100
 - Motor vehicles – 17.0 cents/\$100
 - Payroll – 1.00 percent
 - Net profits – 1.35 percent
 - Insurance premium – 7.00 percent
- City taxes produce around \$1.5 billion each year, with the balance of revenues coming from fees, service charges, intergovernmental revenue, debt, utilities and miscellaneous sources.
- Cities spend around \$4.5 billion each year, with almost one-half of that going toward enterprise functions such as utilities.
- The current city classification scheme chooses winners and losers among cities and encourages cities to change classes – even if they do not meet the statutory population criteria – for more favorable treatment under the law.
- A local option sales tax, which is currently not allowed under the Kentucky Constitution, could have a significant impact on the quality of life of those who live, work, learn and play in cities. A tax of this nature would enable local voters to determine what significant investments, if any, are best suited for their community.



Today's Kentucky City: A Comprehensive Analysis of City Operations
is a research publication of the Kentucky League of Cities.

100 East Vine Street, Suite 800, Lexington, KY 40507, 1-800-876-4552, klc.org

For over 80 years, the Kentucky League of Cities (KLC) has been the primary source for information important to and about the cities of the commonwealth. In addition to popular member services such as legislative, legal, training, financial and insurance services, KLC provides research assistance and analysis to city officials, legislators, members of the media and the general public.

Today's Kentucky City: A Comprehensive Analysis of City Operations provides a wealth of information on how city governments actually function. It combines original research with publicly accessible data to offer a thorough analysis of city spending, taxation, personnel, service provision and more. This report offers a large amount of data on some of the most frequently asked questions about cities and how they operate.

Some of the questions this report answers include the following:

- What are some of the major policy factors that affect cities?
- What are the tax rates in cities of a certain size?
- How many employees do most cities have?
- How do cities structure their boards and commissions?
- What types of utilities and other services do cities provide?
- How many police and firefighters do cities employ?
- How much do cities collect in franchise fees?
- How much do cities spend on wages and benefits?
- How do cities procure services?
- What are some of the common ordinances in cities?

We hope this information will help policy makers, local decision makers, members of the media and others have a better understanding of how Kentucky cities operate.

Requests for printed copies of this publication may be directed to the KLC office at 1-800-876-4552 or via klc.org.
A fee may be charged for printed copies.

If you have any questions about the data presented in this report or want more information about city operations, please contact the KLC research department at 1-800-876-4552.

METHODOLOGY

Today's Kentucky City: A Comprehensive Analysis of City Operations includes over 100 citations of various statutes, publications and other resources. This comprehensive report pulls information together from a number of sources to provide a holistic analysis of the operations of Kentucky cities.

The most frequently cited sources of information for this report include the following:

- KLC City Census Survey – This occasional survey – most recently conducted in November 2012 – asks over 30 questions about the operations and functions of city governments. This survey was sent to all cities regardless of whether the city is a member of the Kentucky League of Cities (KLC). It had an 80 percent response rate, including 95 percent of all cities with at least 3,000 residents.

KLC City Census Survey Response Rate
(as of November 1, 2012)

Classification	Number of Cities	% Completed Survey	Population	Number of Cities	% Completed Survey
Merged/Metro	2	100%	100,000 or more	2	100%
2nd	12	100%	20,000-99,999	16	100%
3rd	18	89%	8,000-19,999	32	91%
4th	117	91%	3,000-7,999	57	96%
5th	111	80%	1,000-2,999	98	81%
6th	158	66%	Less than 1,000	213	70%

- *City Officials Legal Handbook* (2013 edition) – This over-500-page handbook is updated every other year to provide basic information about the framework of city government and how it functions. It covers topics such as form of government, planning and conducting meetings, budgeting, taxes, municipal finance and investment, planning and zoning, ethics, and much more. It is also published by the Kentucky League of Cities.
- Uniform Financial Information Reports – Cities are required to complete the Uniform Financial Information Report (UFIR) after each fiscal year. This form includes information about city tax rates, revenues, expenditures, debt and cash. The Kentucky League of Cities uses the data provided to the Kentucky Department for Local Government (DLG) to identify trends and offer analysis of city finances. Although the form has changed over the years, KLC maintains databases of UFIR data since 1992.
- Kentucky Revised Statutes – The laws enacted by the General Assembly are codified as the Kentucky Revised Statutes. These statutes, which are allowed by the Kentucky Constitution, provide detailed requirements on the organization and operations of city governments. A number of chapters and specific statutes are designated throughout this report to provide the statutory reference for certain functions.

Each primary section of the report contains end notes to help the reader understand the source and/or seek more information about the topic. A complete list of all end notes is included in Appendix B. This report contains a number of charts, graphs and tables, all of which include a reference note.

Almost all of the data is displayed in two different ways: by city classification and by population range. Cities are currently classified in one of six classes, which are based on population. Close to 400 classification-related laws affect public safety, alcohol beverage control, revenue options and others, many of which are interconnected. The population requirements in Section 156 of the Kentucky Constitution were repealed in 1994, but the General Assembly has not yet created a new classification system.

Problems with the current classification system have resulted in reclassification of some cities to a class higher than permitted based on population alone. Other cities fail to seek reclassification as their population grows or shrinks. Therefore, many Kentucky cities currently are not in the appropriate class according to the population-based classification system that was in Section 156 of the Kentucky Constitution prior to its repeal. In fact, 33 percent of Kentucky cities are in the wrong class based on their 2010 population.

Because one-third of Kentucky cities do not fit the population criteria for their designated class, this report presents most data based on classification as well as population range – the same population ranges that were tied to the six classes in Section 156 of the Kentucky Constitution.

Kentucky Cities by Classification and Population

Classification	Number of Cities	Population	Number of Cities
Merged/Metro	2	100,000 or more	2
2nd	12	20,000-99,999	16
3rd	18	8,000-19,999	32
4th	117	3,000-7,999	57
5th	111	1,000-2,999	98
6th	158	Less than 1,000	213



For the purposes of this report, Louisville/Jefferson County Metro Government (consolidated local government) and Lexington/Fayette Urban County Government (urban county government) are included under the heading “merged/metro” in the tables. Even though both Louisville and Lexington retain the powers of their class – first and second class, respectively – prior to their consolidation or merger, they are most similar to each other because of their large populations and they are combined city and county governments.

All populations used in this report are from the 2010 Decennial Census conducted by the United States Census Bureau. Other U.S. Census Bureau data sources used in this report include the following:

- Annual Survey of Public Employment and Payroll
- State and Local Government Finances
- Annual Population Estimates
- Historic Decennial Censuses

City tax rates are collected by the Kentucky League of Cities through a number of sources, including the following:

- Kentucky Office of Property Valuation
- Kentucky Personnel Cabinet
- Kentucky Department of Insurance
- Kentucky Society of Certified Public Accountants (CPAs)
- Uniform Financial Information Reports

URBAN EVOLUTION

Kentucky is often considered a predominantly rural state. Our abundance of fertile farmland, Appalachian Mountains, lush bluegrass and winding waterways starkly contrast busy city streets, mass transportation networks and high-rise buildings.

By many counts, Kentucky is still a rural state. In fact, over 96 percent of the state's land area is considered rural.¹ That means over 38,075 square miles of the state's land area is rural or unincorporated area (out of 39,486 total square miles of land).¹ Kentucky ranks 27th among the states in rural land area, although we have a lot of company – over 90 percent of the land area in four out of five states is rural.¹

Despite these facts, Kentucky has continued to grow as a more urbanized state. Over 58 percent of the state's residents, or over 2.5 million people, live in urban areas as defined by the Census Bureau.² Urban areas are densely developed residential, commercial and other nonresidential areas.³

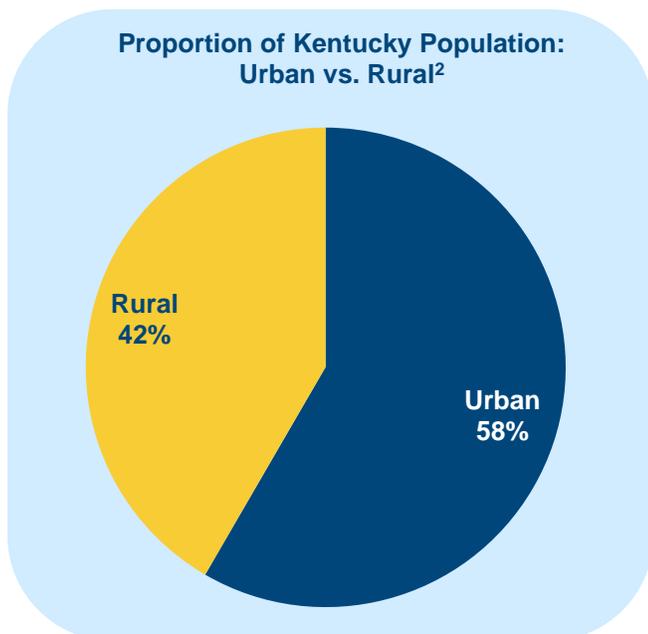
The Census Bureau defines two types of urban areas: "urbanized areas" of 50,000 or more people and "urban clusters" of at least 2,500 and less than 50,000 people.³ There are 486 urbanized areas and 3,087 urban clusters nationwide. Kentucky has nine urban areas and 72 urban clusters, although some of these cross state lines.⁴

The Census Bureau's urban and rural classification provides an important baseline for analyzing changes in the distribution and characteristics of urban and rural populations. The Census Bureau's urban areas also form the cores of metropolitan and micropolitan statistical areas, as defined by the Office of Management and Budget, and are used in other agencies' and organizations' urban and rural classifications.⁵

In the late-1700s wilderness that would become Kentucky, the concept of community was a cave or a campfire. Survival was the order of the day and the earliest communal structures were crude forts designed to keep out attacking Native Americans and wild animals. Migrants from the relatively crowded eastern seaboard had been lured across the Allegheny Mountains by stories from Daniel Boone and other early explorers about a land featuring rich soil, abundant water, plentiful game and towering trees.⁶

By 1800, "a hub of settlements had grown up in the Bluegrass region around Lexington, and several other places had been planted at sites along the Ohio River...(they) all dreamed of becoming great metropolises, and, for a few at least, such dreams would become reality."⁷

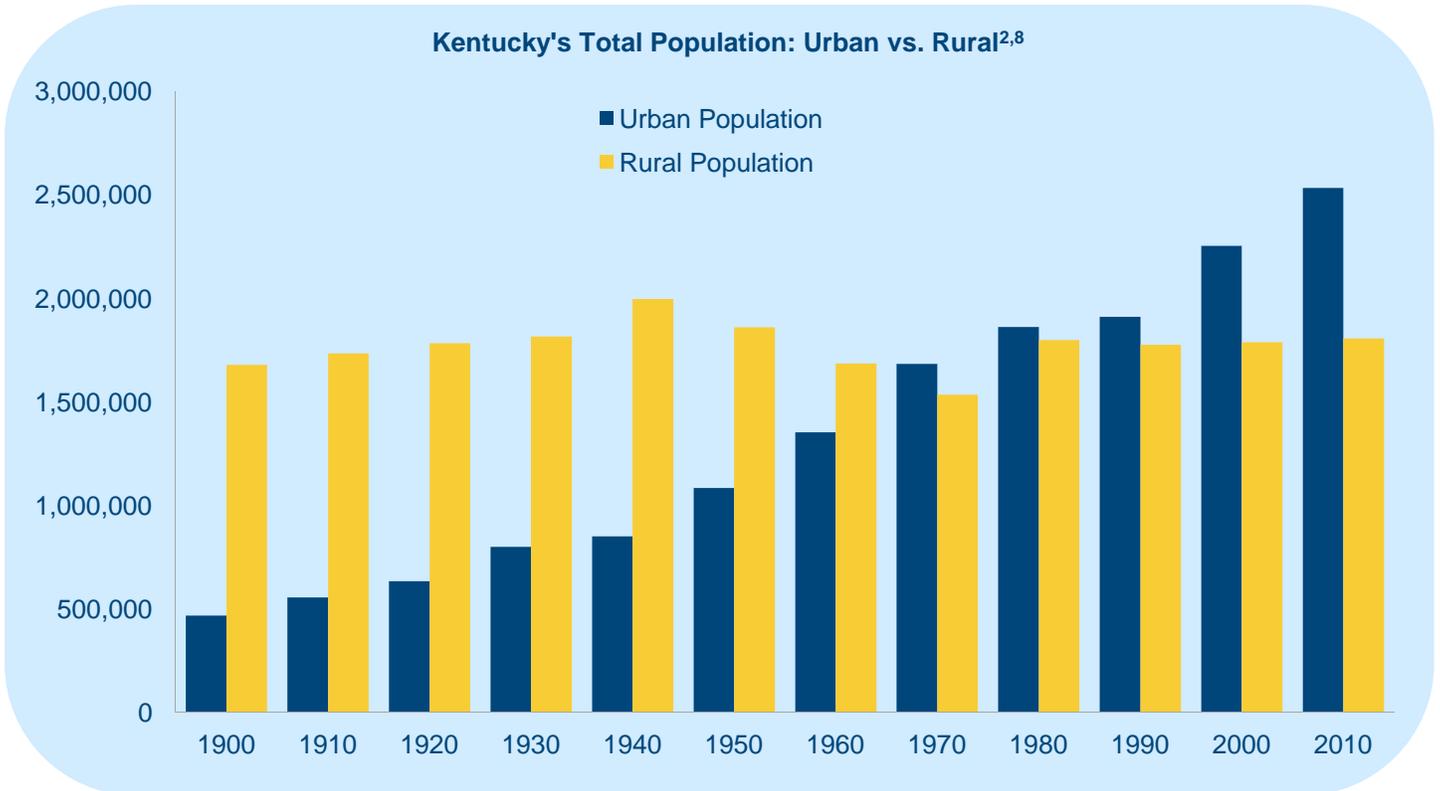
Only 22 percent of the state's population was considered urban by 1900, which was one of the first years that the U.S. Census Bureau started defining such areas.⁸ At that time there were close to 250 incorporated cities, which constituted close to the state's entire "urban" population.⁹



Since 1900, the state's urban population has grown 442 percent, while the rural population has grown by only 7.5 percent.^{2,8} From 1950 to 2010, the state's urban population increased 134 percent while the rural population actually declined by three percent.^{2,8} As the country has evolved, so has the Census Bureau's definition of urban, but these trends clearly show a significant growth in urbanization throughout the commonwealth.⁹

Kentucky's urban population continued the growth trend between 2000 and 2010, when it grew by 11 percent.^{2,8} During that same time, the state's rural population grew by only one percent.^{2,8} Nationwide, the urban population grew by 12 percent while the rural population grew by 10 percent.^{2,8}

Even though nearly three in five Kentucky residents currently live in an urban area,² many state laws still favor rural areas or no longer meet the needs of our growing communities. Some of these are the result of the Kentucky Constitution, which was ratified in 1891 when only around one in five residents lived in an urban area.⁸



However, the General Assembly has favored rural interests over urban interests for decades. Three of the main areas of concern for cities include city classification, revenue restrictions and road aid sharing.

CITY CLASSIFICATION

Cities continue to struggle with restrictions based on a century-old classification system. The population-based classification system has proven inadequate because of variations within classes, including tax base, form of government and geography. Because of these challenges, one-third of all Kentucky cities are not in the proper class based on population standards.^{1,10}

Kentucky voters approved a constitutional amendment in 1994 authorizing the General Assembly to create classifications of cities as it deems necessary based on population, tax base, form of government, geography or any other reasonable basis.¹¹ Unfortunately, the General Assembly has not yet acted to change the population-based classification system that has been in place for over a century.

(Note: See the “Methodology” section earlier in this report for more information.)

REVENUE RESTRICTIONS

One of the most constraining issues with the classification system is the arbitrary nature of the revenue restrictions. The Kentucky Constitution and state statutes severely limit the revenue options available to city governments. Many people benefit from city infrastructure, amenities, proximity to jobs, and commercial and cultural resources, but the current taxing structure prohibits a city's ability to fairly recoup costs.

(Note: See the “Taxes and Fees” section later in this report for more information.)

URBAN EVOLUTION

Some of the revenue restrictions include the following:

- Cities must levy property taxes, but statutes known as HB 44 (which was passed in 1979 and later amended) severely limit their ability to increase property tax rates each year.¹²
- Many cities levy an occupational tax on payroll and business net profits, but sixth class cities cannot levy the tax as a percentage of payroll or net profits.¹³ If a small county also has an occupational license tax, then the city and county tax rates are usually required to be stacked on top of each other.¹⁴
- Restaurant taxes are limited to just cities of the fourth and fifth classes, are capped at three percent and all revenues are required to go to the city's tourist and convention commission.¹⁵
- Motel taxes are also capped and all revenues must be used to fund the city's tourist and convention commission or to promote convention and tourist activity.¹⁶
- Insurance premium taxes cannot be changed during the course of a fiscal year.¹⁷
- Only third and fourth class cities may levy a regulatory gross receipts tax on alcohol sales.¹⁸

Since the adoption of the Kentucky Constitution in 1891, Kentucky cities have been preempted from levying a local option sales tax.¹⁹ Section 181 of the Kentucky Constitution does not allow the General Assembly to permit any unit of local government to levy an excise tax, which is a tax paid on the purchase of a specific good. Even though the state collected over \$3 billion in sales and use tax revenue in FY 2012,²⁰ the cities of the commonwealth are not afforded the same option. Thirty-eight states allow one or more local governments to levy a local option sales tax.²¹

A local option sales tax could have a significant impact on the quality of life of those who live, work, learn and play in cities. A tax of this nature would enable local voters to determine what significant investments, if any, are best suited for their community. The Governor's Blue Ribbon Commission on Tax Reform endorsed this option in December 2012.²²

ROAD AID

The distribution of the state's gas tax revenue also puts cities and urban areas at a competitive disadvantage. The state's motor fuels tax was projected to generate nearly \$850 million in FY 2013.²³ Much of that will be shared with local governments for highway and bridge construction, reconstruction and maintenance. Of the amount shared with other entities, counties receive a total of 40.5 percent of the funds through the county road aid program and the rural secondary program (18.3 percent and 22.2 percent, respectively).²⁴ The municipal road aid program receives 7.7 percent of the motor fuels tax revenues.²⁵

Both the county road aid and the rural secondary programs distribute their funds using a "formula of fifths" that is heavily slanted toward rural counties.²⁶ The formula was enacted in 1948 and has not changed in over 60 years. According to the Census Bureau, only 30 percent of Kentucky's population lived in urban areas in 1940.⁸ Since then, Kentucky's urban population has more than doubled and now accounts for almost 60 percent of the total population.²

None of the formulas — municipal road aid, county road aid or rural secondary — take into account lane miles, traffic counts or other measures related to use and/or maintenance need.²⁶ The county and rural secondary formulas actually hurt counties that are growing rapidly, since more of their population is considered urban.

(Note: See the "Utilities and Public Services" section later in this report for more information.)

Despite a consistent rural mind-set from many state leaders, Kentucky's urban population is growing and shows no signs of stopping. People are moving to cities and their surrounding urbanized areas for the benefits that density and developed communities provide — improved access to jobs, education, and the arts; better public safety; expanded parks and recreational opportunities; and more.

Only by embracing this urban evolution, while still respecting our rural heritage and resources, can Kentucky truly become an international center of commercial, cultural and educational opportunity in this century.

SECTION NOTES

- ¹ Population, Housing Units, Area, and Density. U.S. Census Bureau. 2010.
- ² Urban and Rural: Total Population. U.S. Census Bureau. 2010.
- ³ Urban and Rural Classification. U.S. Census Bureau. <http://www.census.gov/geo/reference/urban-rural.html>
- ⁴ Urbanized Areas and Urban Clusters. U.S. Census Bureau. 2010.
- ⁵ "Growth in Urban Population Outpaces Rest of Nation, Census Bureau Reports." U.S. Census Bureau. March 26, 2012.
- ⁶ *The Kentucky Encyclopedia*. John E. Kleber, ed., et al. 1993.
- ⁷ *Cities in the Commonwealth: Two Centuries of Urban Life in Kentucky*. Allen J. Share. 1982.
- ⁸ Urban and Rural Population: 1900 to 2000. U.S. Census Bureau.
- ⁹ Urban and Rural Areas. U.S. Census Bureau. http://www.census.gov/history/www/programs/geography/urban_and_rural_areas.html
- ¹⁰ KRS 81.010.
- ¹¹ Kentucky Constitution §156a.
- ¹² KRS 132.010 – KRS 132.027.
- ¹³ KRS 92.281.
- ¹⁴ KRS 68.197 – KRS 68.199.
- ¹⁵ KRS 91A.400.
- ¹⁶ KRS 91A.390.
- ¹⁷ KRS 91A.080.
- ¹⁸ KRS 243.075.
- ¹⁹ Kentucky Constitution §181.
- ²⁰ Monthly Tax Receipts. Kentucky Office of State Budget Director. June 2012
- ²¹ "Local Option Sales Tax and Kentucky Cities." Kentucky League of Cities. August 2012
- ²² "Report by the Blue Ribbon Commission on Tax Reform to Governor Steve Beshear." December 17, 2012.
- ²³ Road Fund 2012-14 Official Revenue Estimate. Kentucky Office of State Budget Director. April 2012.
- ²⁴ KRS 177.320.
- ²⁵ KRS 177.365.
- ²⁶ KRS 177.360 and KRS 177.366.



PERSONNEL AND RETIREMENT

Employment
Civil Service
Collective Bargaining
Meet and Confer
County Employees Retirement System (CERS)
Old Pension Plans
Other Retirement Plans
Section Notes



PERSONNEL AND RETIREMENT

EMPLOYMENT

According to the United States Census Bureau, Kentucky cities employ over 37,000 people, about two-thirds of which are full-time employees.²⁷ This figure includes elected officials, temporary workers and people paid per meeting attended. They estimate that just over 26,500 are full-time equivalent (FTE) employees.²⁷ There are around 11.19 FTE employees per 1,000 residents, which is almost the exact same ratio as in 1997.²⁷

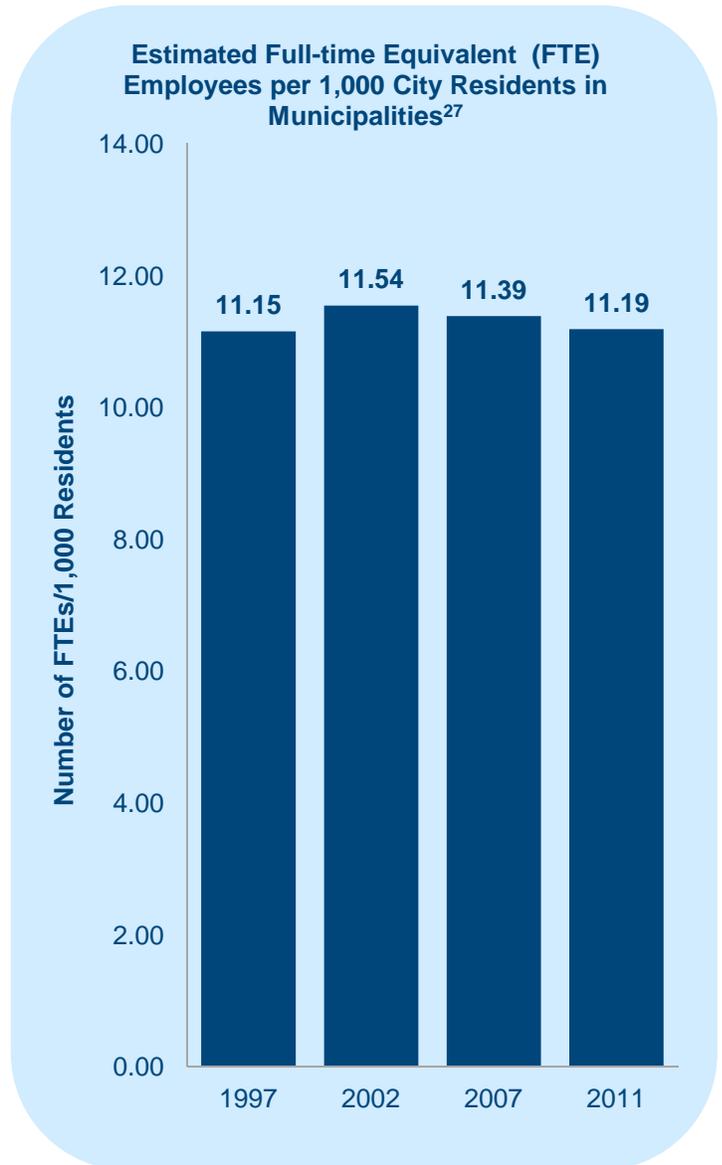
At more than \$1.5 billion annually, wages and benefits make up about one-third of city budgets in Kentucky.²⁸ The primary drivers for benefit costs are retirement and health insurance.²⁸ With the passage of comprehensive pension reform (Senate Bill 2) in the 2013 Regular Session of the General Assembly, cities are projected to save around \$1.6 billion in pension costs through 2032.²⁹ The effect of the federal Affordable Care Act on city budgets is still unknown since most of its provisions begin in 2014.

CIVIL SERVICE

Civil service is a system that addresses the reprimand, pay reduction, hiring, removal, suspension and dismissal of city employees.³⁰ It is mandatory for first class cities.³¹

Civil service is not mandatory for cities of the second through fifth classes, but these cities do have the option to adopt the system.³² Sixth class cities are not authorized to adopt a civil service system.³²

Only around 10 percent of cities that have full-time employees have adopted the civil service system.³³ That's equivalent to six percent of all cities, since only three-fifths of cities have full-time employees.³³



Median Number of Permanently Employed Positions in Kentucky Cities³³
(as of July 1, 2012)

Classification	Number of Cities	Full-time Permanent Employees	Part-time Permanent Employees	Population	Number of Cities	Full-time Permanent Employees	Part-time Permanent Employees
Merged/Metro	2	4,027	188	100,000 or more	2	4,027	188
2nd	12	308	9	20,000-99,999	16	261	7
3rd	18	146	12	8,000-19,999	32	97	13
4th	117	27	4	3,000-7,999	57	28	3
5th	111	6	2	1,000-2,999	98	14	4
6th	158	0	2	Less than 1,000	213	1	1

Percentage of Kentucky Cities with Full-time Employees that Operate under the Civil Service System³³
(as of November 1, 2012)

Classification	% with Civil Service	Population	% with Civil Service
Merged/Metro	100%	100,000 or more	100%
2nd	50%	20,000-99,999	44%
3rd	6%	8,000-19,999	11%
4th	10%	3,000-7,999	8%
5th	4%	1,000-2,999	8%
6th	5%	Less than 1,000	4%

COLLECTIVE BARGAINING

Consolidated local governments and urban county governments are required to collectively bargain with their public safety officers.³⁴ All other cities may voluntarily recognize unions for any class of employees because of their home rule authority.³⁵

Very few cities have elected to collectively bargain with any union representing public employees (such as the Fraternal Order of Police; International Association of Fire Fighters; American Federation of State, County and Municipal Employees; etc.). A total of 11 cities collectively bargain with at least one union, two of which – Louisville and Lexington – are required to do so with public safety unions.³³ That represents 4.4 percent of all cities that have full-time employees, or 2.6 percent of all cities in the state.³³

Percentage of Kentucky Cities that Collectively Bargain with at Least One Union³³
(as of November 1, 2012)

	Cities with Full-time Employees	All Cities
Yes	4.4%	2.6%
No	95.6%	97.4%

MEET AND CONFER

Meet and confer is not the same process as collective bargaining. The style of negotiations for most meet and confer arrangements is usually more collaborative instead of adversarial. Typically, managers and employee groups work together toward common solutions. Meet and confer also does not result in a specific contract signed by multiple parties, unlike a collective bargaining agreement.

Around three percent of Kentucky cities with full-time employees report that they informally meet and confer with representatives of city employee groups.³³ It is important to note that this refers to employee groups – such as unions – being used to informally discuss labor issues. Meeting with department managers is not considered the same as meeting and conferring with employee groups.

Percentage of Kentucky Cities that Meet and Confer with Any City Employee Group³³
(as of November 1, 2012)

	Cities with Full-time Employees	All Cities
Yes	3.2%	1.9%
No	96.8%	98.1%

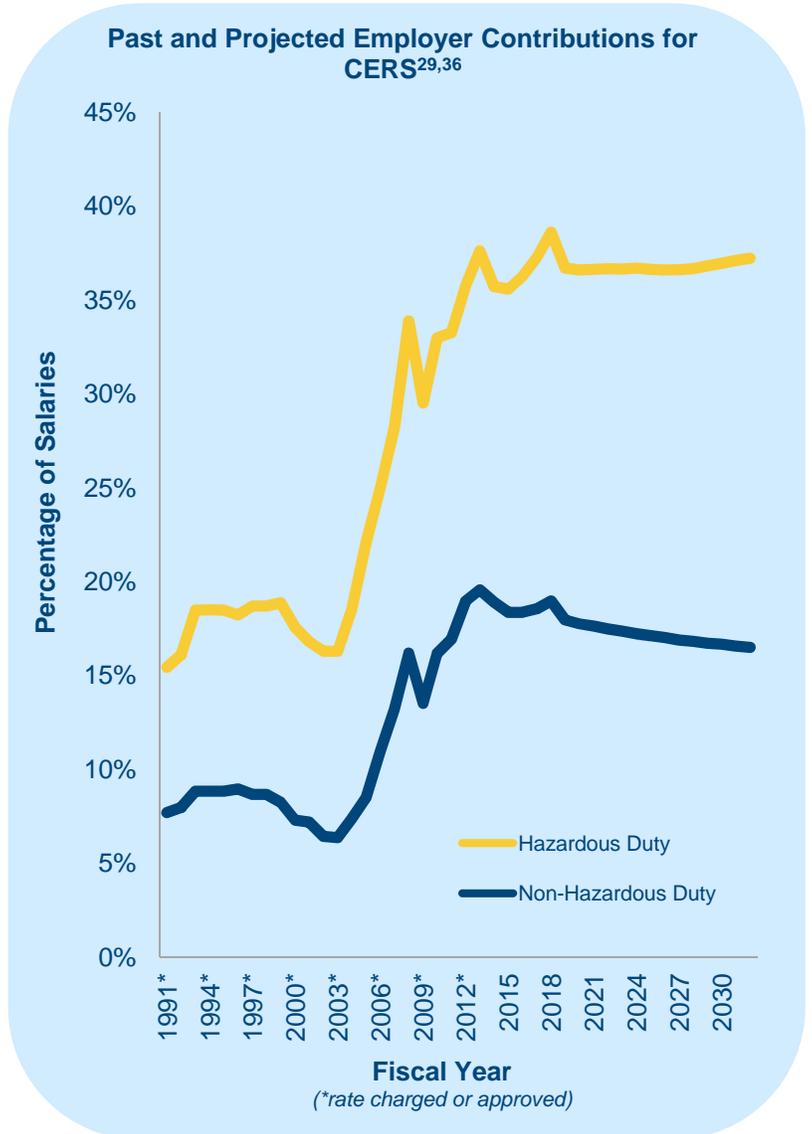
PERSONNEL AND RETIREMENT

COUNTY EMPLOYEES RETIREMENT SYSTEM

A total of 222 cities currently participate in the County Employees Retirement System (CERS).³⁶ CERS is a state-administered pension system open to employees of local governments, school boards and other governmental entities. Cities are not required to participate in CERS; however, if a city wants a defined benefit pension plan for their employees, they must participate in CERS.³⁷ Once a city is in CERS, they cannot cease participation.³⁷

About nine in 10 cities that have full-time employees participate in CERS.^{33,36} These cities pay a percentage of the employees' salaries based on their classification – hazardous or non-hazardous. In FY 2012, cities paid over \$205 million to the Kentucky Retirement Systems (KRS), the administrator of CERS. In FY 2003, cities paid about \$54 million into CERS.³⁶

The General Assembly passed comprehensive pension reform (Senate Bill 2) during the 2013 Regular Session. Among other things, the bill permanently suspends cost of living adjustments (COLAs) and creates a new hybrid cash balance plan for new employees (as opposed to the current fully defined benefit pension system). Based on current actuarial projections, cities will save around \$1.6 billion through 2032 and employer contribution rates will stabilize and be reduced in future years.²⁹



OLD PENSION PLANS

All city-operated defined benefit pension plans were closed to new members in 1998, except Lexington's Police and Fire Pension Fund. (The General Assembly controls the design of this plan even though it is administered on the local level.³⁸) After 1988, any defined benefit pension plan provided to city employees had to be through the County Employees Retirement System (CERS).³⁹

Even though they were closed to new members, actives and retirees could stay in the old pension systems. Today, only six percent of cities still have active employees, retirees or their beneficiaries in those systems.³³

Percentage of Kentucky Cities that Participate in CERS and Median Contributions for FY 2003 and FY 2012 by Classification³⁶
(as of July 1, 2012)

Classification	Number of Cities	% in CERS	Median FY 2003 CERS Contribution	Median FY 2012 CERS Contribution
Merged/Metro	2	100%	\$9,151,961	\$44,855,098
2nd	12	100%	\$1,075,589	\$3,453,536
3rd	18	100%	\$367,293	\$1,140,130
4th	117	92%	\$62,815	\$214,276
5th	111	56%	\$14,184	\$50,683
6th	158	13%	\$6,388	\$24,266

PERSONNEL AND RETIREMENT

OTHER RETIREMENT PLANS

As previously mentioned, cities are not required to participate in CERS unless they elect to offer a defined benefit pension plan. Cities may offer a defined contribution account, such as a 401(k) or 457 account.

Among those that have full-time employees, cities most frequently utilize the Kentucky Public Employees' Deferred Compensation Authority (KPEDCA) for their defined contribution needs. KPEDCA offers participants a number of accounts, including 401(k), 457 and IRAs.⁴⁰

Many other cities provide their employees access to additional retirement accounts through other providers. Around three in 10 cities that have full-time employees offer a 401(k) and almost as many (27 percent) offer a 457 account. Only 17 percent offer an IRA option.⁴⁰

Percentage of Kentucky Cities that Participate in CERS and Median Contributions for FY 2003 and FY 2012 by Population³⁶
(as of July 1, 2012)

Population	Number of Cities	% in CERS	Median FY 2003 CERS Contribution	Median FY 2012 CERS Contribution
100,000 or more	2	100%	\$9,151,961	\$44,855,098
20,000-99,999	16	100%	\$908,669	\$3,259,562
8,000-19,999	32	100%	\$293,373	\$943,017
3,000-7,999	57	95%	\$82,977	\$275,473
1,000-2,999	98	69%	\$33,461	\$117,243
Less than 1,000	213	23%	\$7,218	\$26,419

Percentage of Cities with Beneficiaries in Old Pensions and Median Number of Beneficiaries by Classification³³
(as of November 1, 2012)

Classification	% with Beneficiaries in Old Pensions	Median Number of Beneficiaries
Merged/Metro	100%	247
2nd	75%	45
3rd	33%	12
4th	3%	14
5th	0%	-
6th	0%	-

Percentage of Cities with Beneficiaries in Old Pensions and Median Number of Beneficiaries by Population³³
(as of November 1, 2012)

Population	% with Beneficiaries in Old Pensions	Median Number of Beneficiaries
100,000 or more	100%	247
20,000-99,999	50%	54
8,000-19,999	25%	12
3,000-7,999	5%	5
1,000-2,999	0%	-
Less than 1,000	0%	-

Retirement Accounts Available for Full-time Employees⁴⁰
(FY 2012)

Retirement Accounts Available	% of Cities
County Employees Retirement System (CERS)	90%
State Deferred Compensation	40%
401(k)	30%
457	27%
IRA	17%
Other	3%

PERSONNEL AND RETIREMENT

SECTION NOTES

- ²⁷ Annual Survey of Public Employment and Payroll. U.S. Census Bureau. 2011.
- ²⁸ Uniform Financial Information Reports. Kentucky Department for Local Government. FY 2011.
- ²⁹ Senate Bill 2 Actuarial Analysis. Kentucky Legislative Research Commission. 2013.
- ³⁰ *City Officials Legal Handbook*. Kentucky League of Cities. 2013.
- ³¹ KRS 90.110 – KRS 90.230.
- ³² KRS 90.300 – KRS 90.410; KRS 95.761.
- ³³ KLC City Census Survey. Kentucky League of Cities. 2012.
- ³⁴ KRS 67C.400 – KRS 67C.418; KRS 345.030; KRS 67A.6901 – KRS 67A.6911.
- ³⁵ KRS 82.082.
- ³⁶ Kentucky Retirement Systems. <https://www.kyret.ky.gov/>
- ³⁷ KRS 78.530.
- ³⁸ KRS 67A.360 – KRS 67A.690.
- ³⁹ KRS 78.530(7)(a).
- ⁴⁰ Wage and Salary Survey of Kentucky Cities. Kentucky League of Cities. 2012.



BOARDS AND COMMISSIONS

*Planning Unit
Zoning Authority
Housing Authority
Tourist and Convention Commission
Code/Nuisance Enforcement
Industrial Development Authority
Other Types of Boards and Commissions
Special Purpose Governmental Entities
Section Notes*



BOARDS AND COMMISSIONS

PLANNING UNIT

Around 60 percent of Kentucky cities have a planning unit of some kind.⁴¹ The planning commission – whether independent or joint – must prepare and adopt a comprehensive plan based on research, analysis and projections of population trends, economic activity, transportation needs, community facilities, etc.⁴²

One-quarter of all Kentucky cities operate an independent, city-only planning commission. Half of all cities have entered into an agreement to form a joint planning unit, most often with the county government. About one-quarter of cities have elected not to participate in a planning unit.⁴¹ If a joint planning unit exists with one or more cities and their county government, then no self-excluded city may form an independent planning unit.⁴³

Type of Planning Unit in Kentucky Cities by Classification⁴¹
(as of November 1, 2012)

Classification	Number of Cities	% Independent (City Only)	% Joint with Other City/Cities	% Joint with County	% Multi-county/Regional	% None	% Other
Merged/Metro	2	50%	50%	0%	0%	0%	0%
2nd	12	50%	0%	50%	0%	0%	0%
3rd	18	31%	6%	44%	13%	6%	0%
4th	117	38%	2%	47%	5%	8%	0%
5th	111	21%	7%	34%	1%	37%	0%
6th	158	7%	1%	54%	2%	35%	1%

Type of Planning Unit in Kentucky Cities by Population⁴¹
(as of November 1, 2012)

Population	Number of Cities	% Independent (City Only)	% Joint with Other City/Cities	% Joint with County	% Multi-county/Regional	% None	% Other
100,000 or more	2	50%	50%	0%	0%	0%	0%
20,000-99,999	16	44%	0%	50%	6%	0%	0%
8,000-19,999	32	24%	0%	62%	10%	3%	0%
3,000-7,999	57	43%	6%	40%	4%	8%	0%
1,000-2,999	98	35%	5%	35%	1%	23%	1%
Less than 1,000	213	9%	2%	50%	2%	37%	0%

ZONING AUTHORITY

Complementary to planning though not always connected to the same authority, cities may implement zoning regulations to govern land use. These regulations outline the boundaries within which certain uses are allowed as well as provisions for granting variances and conditional use permits.⁴² No zoning regulations have legal effect until a Board of Adjustment is appointed.⁴⁴ These entities grant conditional use permits and variances, hear cases relating to nonconforming uses of land and review the decisions of administrative officials in the enforcement of zoning regulations.⁴⁴ About 28 percent of cities operate an independent zoning authority, while 30 percent operate a joint commission. Forty-one percent of Kentucky cities have not adopted zoning regulations.⁴¹

Type of Zoning Authority in Kentucky Cities by Classification⁴¹
(as of November 1, 2012)

Classification	Number of Cities	% Independent (City Only)	% Joint with Other City/Cities	% Joint with County	% Multi-county/Regional	% None	% Other
Merged/Metro	2	50%	50%	0%	0%	0%	0%
2nd	12	58%	0%	42%	0%	0%	0%
3rd	18	63%	0%	38%	0%	0%	0%
4th	117	49%	2%	40%	3%	6%	1%
5th	111	22%	7%	35%	1%	35%	0%
6th	158	4%	1%	53%	0%	41%	1%

Type of Zoning Authority in Kentucky Cities by Population⁴¹
(as of November 1, 2012)

Population	Number of Cities	% Independent (City Only)	% Joint with Other City/Cities	% Joint with County	% Multi-county/Regional	% None	% Other
100,000 or more	2	50%	50%	0%	0%	0%	0%
20,000-99,999	16	56%	0%	44%	0%	0%	0%
8,000-19,999	32	38%	0%	55%	7%	0%	0%
3,000-7,999	57	58%	4%	30%	2%	6%	0%
1,000-2,999	98	38%	5%	35%	0%	19%	3%
Less than 1,000	213	7%	2%	49%	1%	41%	0%

HOUSING AUTHORITY

Housing authorities can be created to own or operate public housing or housing for low-income families, provide rental assistance for low-income families, assist elderly and disabled people, and more.⁴⁵

Type of Housing Authority in Kentucky Cities by Classification⁴¹
(as of November 1, 2012)

Classification	Number of Cities	% Independent (City Only)	% Joint with Other City/Cities	% Joint with County	% Multi-county/Regional	% None	% Other
Merged/Metro	2	50%	50%	0%	0%	0%	0%
2nd	12	92%	8%	0%	0%	0%	0%
3rd	18	56%	0%	19%	0%	25%	0%
4th	117	44%	0%	6%	4%	37%	10%
5th	111	11%	1%	5%	5%	79%	0%
6th	158	2%	0%	5%	0%	92%	1%

BOARDS AND COMMISSIONS

Just over one-third of Kentucky cities have a housing authority. Most (23 percent of all cities) have set up an independent housing authority, while only one-tenth of cities have a joint authority. Sixty-two percent of cities do not have a housing authority.⁴¹

Type of Housing Authority in Kentucky Cities by Population⁴¹
(as of November 1, 2012)

Population	Number of Cities	% Independent (City Only)	% Joint with Other City/Cities	% Joint with County	% Multi-county/Regional	% None	% Other
100,000 or more	2	50%	50%	0%	0%	0%	0%
20,000-99,999	16	81%	6%	0%	0%	13%	0%
8,000-19,999	32	46%	0%	11%	7%	25%	11%
3,000-7,999	57	44%	0%	6%	4%	44%	2%
1,000-2,999	98	28%	0%	7%	3%	55%	8%
Less than 1,000	213	3%	1%	5%	1%	89%	1%

TOURIST AND CONVENTION COMMISSION

Cities may create separate tourist and convention commissions to promote and develop convention and tourist activities and facilities. They can be operated independently or jointly with other area local governments.⁴⁶

Sixty percent of cities have not created or designated a tourist and convention commission. About 22 percent have formed a joint commission, while around 13 percent operate one independently.⁴¹

All cities with a tourist and convention commission may levy a transient room tax of up to three percent. An additional one percent may be added for the sole purpose of meeting the operating expenses of a convention center.⁴² (Urban county and consolidated local governments may have higher rates.⁴²)

Fourth and fifth class cities that have established a tourist and convention commission may levy a restaurant tax in addition to the transient room tax. The restaurant tax may not exceed three percent of gross retail sales of restaurants within the city.⁴² (See the "Taxes and Fees" section later in this report for more information.)

Type of Tourist and Convention Commission in Kentucky Cities by Classification⁴¹
(as of November 1, 2012)

Classification	Number of Cities	% Independent (City Only)	% Joint with Other City/Cities	% Joint with County	% Multi-county/Regional	% None	% Other
Merged/Metro	2	50%	50%	0%	0%	0%	0%
2nd	12	20%	10%	40%	10%	0%	20%
3rd	18	19%	0%	50%	0%	25%	6%
4th	117	30%	0%	22%	4%	37%	6%
5th	111	5%	2%	19%	5%	69%	1%
6th	158	2%	0%	6%	1%	89%	2%

BOARDS AND COMMISSIONS

Type of Tourist and Convention Commission in Kentucky Cities by Population⁴¹
(as of November 1, 2012)

Population	Number of Cities	% Independent (City Only)	% Joint with Other City/Cities	% Joint with County	% Multi-county/Regional	% None	% Other
100,000 or more	2	50%	50%	0%	0%	0%	0%
20,000-99,999	16	29%	7%	36%	0%	14%	14%
8,000-19,999	32	14%	0%	46%	4%	21%	14%
3,000-7,999	57	31%	0%	18%	8%	39%	4%
1,000-2,999	98	15%	0%	22%	3%	58%	3%
Less than 1,000	213	4%	1%	9%	2%	82%	1%

CODE/NUISANCE ENFORCEMENT

Cities may create code enforcement and/or nuisance enforcement boards to help enforce city ordinances.⁴²

Type of Code Enforcement and/or Nuisance Enforcement Board in Kentucky Cities by Classification⁴¹
(as of November 1, 2012)

Classification	Number of Cities	Code Enforcement Board Only	Nuisance Enforcement Board Only	Separate Code & Nuisance Boards	Combined Code & Nuisance Board	None
Merged/Metro	2	0%	0%	50%	50%	0%
2nd	12	45%	0%	0%	45%	9%
3rd	18	75%	0%	13%	6%	6%
4th	117	38%	2%	4%	19%	36%
5th	111	20%	8%	1%	8%	63%
6th	158	2%	2%	1%	9%	86%

Type of Code Enforcement and/or Nuisance Enforcement Board in Kentucky Cities by Population⁴¹
(as of November 1, 2012)

Population	Number of Cities	Code Enforcement Board Only	Nuisance Enforcement Board Only	Separate Code & Nuisance Boards	Combined Code & Nuisance Board	None
100,000 or more	2	0%	0%	50%	50%	0%
20,000-99,999	16	47%	0%	0%	40%	13%
8,000-19,999	32	52%	3%	10%	10%	24%
3,000-7,999	57	49%	2%	4%	12%	33%
1,000-2,999	98	23%	4%	3%	18%	52%
Less than 1,000	213	7%	4%	1%	9%	79%

BOARDS AND COMMISSIONS

Code enforcement boards are used by cities to provide a more effective and efficient enforcement process for many types of city ordinances. These boards have the power to impose civil fines and issue remedial orders as a means of enforcing designated city ordinances.⁴⁷ Nuisance enforcement boards can also be created by cities to deal with specific nuisances, such as rubbish, junk and excessive growth of weeds or grass.⁴⁸

Cities may create separate boards to handle these issues, or they may create a board that combines both functions.⁴⁸ Thirteen percent of cities have combined boards while three percent have both a code enforcement board and a nuisance board. About one-quarter of cities have just a code enforcement board, while nearly six in 10 cities do not have any such board.⁴¹

INDUSTRIAL DEVELOPMENT AUTHORITY

Cities may create a local industrial development authority to do the following:⁴⁹

1. Aid in the acquisition, retention and development of land for industrial and commercial purposes;
2. Aid in the development and promotion of sites, parks and subdivisions for industrial and/or commercial needs; and
3. Promote and stimulate the acquisition, retention and development of land for industrial and commercial purposes by other local development organizations.

Type of Industrial Development Authority in Kentucky Cities by Classification⁴¹
(as of November 1, 2012)

Classification	Number of Cities	% Independent (City Only)	% Joint with Other City/Cities	% Joint with County	% Multi-county/Regional	% None	% Other
Merged/Metro	2	0%	50%	0%	0%	0%	50%
2nd	12	18%	18%	27%	18%	18%	0%
3rd	18	0%	13%	56%	0%	25%	6%
4th	117	7%	0%	39%	5%	45%	5%
5th	111	2%	1%	20%	7%	69%	1%
6th	158	2%	1%	5%	1%	90%	1%

Type of Industrial Development Authority in Kentucky Cities by Population⁴¹
(as of November 1, 2012)

Population	Number of Cities	% Independent (City Only)	% Joint with Other City/Cities	% Joint with County	% Multi-county/Regional	% None	% Other
100,000 or more	2	0%	50%	0%	0%	0%	50%
20,000-99,999	16	13%	20%	33%	13%	13%	7%
8,000-19,999	32	4%	4%	46%	7%	29%	11%
3,000-7,999	57	6%	0%	31%	10%	53%	0%
1,000-2,999	98	5%	1%	33%	3%	54%	4%
Less than 1,000	213	2%	1%	10%	2%	85%	1%

About 37 percent of cities have an industrial authority, and almost all of them are joint with their county or other local governmental entities. Only four percent operate an independent industrial development authority.⁴¹

OTHER TYPES OF BOARDS AND COMMISSIONS

Cities often have other types of boards and commissions based on state law and/or their local and area needs. These include, but are not limited to, the following:

- Airport Board – Oversees the operation, finances and maintenance of the local or regional airport.⁵⁰
- Ethics Board – Enforces the city's code of ethics, including maintenance of financial disclosure statements, receipt of complaints alleging possible violations of the code of ethics, issuance of opinions in response to inquiries relating to the code of ethics, investigation of possible violations of the code of ethics and imposition of penalties provided in the code of ethics.⁵¹
- Human Rights Commission – Ensures that local policies and actions safeguard all individuals within its jurisdiction from discrimination because of race, color, religion, national origin, sex, age, or sometimes sexual orientation and gender identity.⁵²
- Parks and Recreation Board – Provides and maintains parks, playgrounds and/or recreation centers. These are often joint boards with cities and counties participating together.⁵³
- Transit Authority – Promotes and develops mass transportation in a transit area and may acquire, operate and extend mass transit systems.⁵⁴
- Tree Board – Hears appeals from denials of applications for permits; advises appropriate municipal agencies on matters of care, preservation, planting, removal and replacement of trees in parks, along streets and in public areas; and/or promotes urban forestry. These boards may be created under the city's home rule authority codified as KRS 82.082.
- Utility Commission – Oversees the operation, finances and maintenance of the local utility and distribution and/or collection systems.⁵⁵

SPECIAL PURPOSE GOVERNMENTAL ENTITIES

The General Assembly enacted House Bill 1 during the 2012 Regular Session to increase transparency and accountability of special purpose governmental entities. A special purpose governmental entity is defined as any agency, authority or entity created or authorized by statute that:

- Exercises less than statewide jurisdiction;
- Exists for the purpose of providing one or a limited number of services or functions;
- Is governed by a board, council, commission, committee, authority or corporation with policy-making authority that is separate from the state and the governing body of the city, county, or cities and counties in which it operates; and
- Has the independent authority to generate public funds or may receive and expend public funds, grants, awards or appropriations from the state or any agency or authority of the state, from a city or county, or from any other special purpose governmental entity.

The definition includes entities created or authorized by city and county governments, including those formed as nonprofit corporations or by interlocal agreements. These entities have specific registering, reporting and operating requirements as a result of House Bill 1.

See the "2013 KLC Legislative Update" for more information about the provisions of HB 1.

BOARDS AND COMMISSIONS

SECTION NOTES

- ⁴¹ KLC City Census Survey. Kentucky League of Cities. 2012.
- ⁴² *City Officials Legal Handbook*. Kentucky League of Cities. 2013.
- ⁴³ KRS 100.121
- ⁴⁴ KRS 100.217 – KRS 100.271.
- ⁴⁵ KRS Chapter 80.
- ⁴⁶ KRS 91A.350.
- ⁴⁷ KRS 65.8801 – KRS 65.8839.
- ⁴⁸ KRS 82.700 – KRS 82.725.
- ⁴⁹ KRS Chapter 154.50.
- ⁵⁰ KRS 183.132 – KRS 183.165.
- ⁵¹ KRS 65.003.
- ⁵² KRS 344.300 – KRS 344.350.
- ⁵³ KRS 97.030 – KRS 97.035.
- ⁵⁴ KRS 96A.020.
- ⁵⁵ KRS Chapter 96.



UTILITIES AND PUBLIC SERVICES

Drinking Water Systems
Wastewater Systems
Stormwater Systems
Electric Systems
Natural Gas Systems
Telecommunications Systems
Solid Waste
Recycling
Streets and Roads
Other Services
Section Notes



UTILITIES AND PUBLIC SERVICES

DRINKING WATER SYSTEMS

About one-half of Kentucky cities operate a public drinking water utility system in the state.⁵⁶ City water utilities reported around \$370 million in sales in FY 2011 for an average of over \$2 million per utility.⁵⁷ During that same year, costs for salaries, operations and capital outlays totaled over \$500 million.⁵⁷ These figures do not include benefits paid to employees, the issuance of debt or payments toward debt.

Municipal water systems employed around 1,600 full-time equivalent personnel in 2011.⁵⁸ Those positions are most frequently water plant superintendents, water plant operators and water distribution operators.⁵⁹ The operator positions must be certified by the Division of Compliance Assistance and have various classifications based on education and experience levels.⁶⁰ Kentucky cities paid over \$68.5 million in salaries and wages for drinking water personnel in FY 2011.⁵⁷

Cities with Drinking Water Systems with Average Receipts and Expenditures by Classification^{56,57}
(FY 2011)

Classification	Number of Cities	Operating a Drinking Water System	Average Receipts	Average Expenditures (Excl. Debt Payments and Employee Benefits)
Merged/Metro	2	50%	\$157,770,877	\$278,632,327
2nd	12	67%	\$7,673,337	\$7,259,090
3rd	18	69%	\$3,494,938	\$3,194,864
4th	117	64%	\$1,414,943	\$1,463,349
5th	111	53%	\$597,160	\$637,823
6th	158	21%	\$377,334	\$728,532

Cities with Drinking Water Systems with Average Receipts and Expenditures by Population^{56,57}
(FY 2011)

Population	Number of Cities	Operating a Drinking Water System	Average Receipts	Average Expenditures (Excl. Debt Payments and Employee Benefits)
100,000 or more	2	50%	\$157,770,877	\$278,632,327
20,000-99,999	16	75%	\$6,372,447	\$5,774,629
8,000-19,999	32	55%	\$2,949,018	\$2,509,651
3,000-7,999	57	58%	\$1,428,834	\$1,503,462
1,000-2,999	98	65%	\$791,681	\$902,721
Less than 1,000	213	34%	\$386,794	\$544,075

Note: Because drinking water, wastewater and stormwater utilities often have combined operations, cities sometimes report the data together.

WASTEWATER SYSTEMS

The utility system that most cities operate is a wastewater or sanitary sewer system. In fact, 53 percent of all cities operate a municipal sewer system.⁵⁶ City wastewater utilities reported around \$390 million in receipts in FY 2011 for an average of over \$2.1 million per utility.⁵⁷ During that same year, costs for salaries, operations and capital outlays totaled over \$733 million.⁵⁷ These figures do not include benefits paid to employees, the issuance of debt or payments toward debt.

Municipal wastewater systems employed around 1,000 full-time equivalent personnel in 2011.⁵⁸ Those positions are most frequently wastewater plant superintendents, wastewater plant operators and wastewater collection system operators.⁵⁹ The operator positions must be certified by the Division of Compliance Assistance and have various classifications based on education and experience levels.⁶¹ Kentucky cities paid over \$80 million in salaries and wages for wastewater personnel in FY 2011.⁵⁷

Cities with Wastewater Systems with Average Receipts and Expenditures by Classification^{56,57}
(FY 2011)

Classification	Number of Cities	Operating a Wastewater System	Average Receipts	Average Expenditures (Excl. Debt Payments and Employee Benefits)
Merged/Metro	2	100%	\$118,313,809	\$274,428,393
2nd	12	50%	\$6,481,361	\$6,336,364
3rd	18	69%	\$2,323,055	\$2,248,161
4th	117	69%	\$1,017,920	\$1,336,949
5th	111	66%	\$285,307	\$332,444
6th	158	23%	\$181,864	\$223,164

Cities with Wastewater Systems with Average Receipts and Expenditures by Population^{56,57}
(FY 2011)

Population	Number of Cities	Operating a Wastewater System	Average Receipts	Average Expenditures (Excl. Debt Payments and Employee Benefits)
100,000 or more	2	100%	\$118,313,809	\$274,428,393
20,000-99,999	16	63%	\$5,333,912	\$5,372,123
8,000-19,999	32	62%	\$2,341,060	\$2,990,451
3,000-7,999	57	60%	\$1,018,525	\$1,035,682
1,000-2,999	98	74%	\$373,132	\$520,677
Less than 1,000	213	36%	\$157,939	\$201,573

Note: Because drinking water, wastewater and stormwater utilities often have combined operations, cities sometimes report the data together.

UTILITIES AND PUBLIC SERVICES

STORMWATER SYSTEMS

Stormwater is the result of precipitation and immediately occurs following rainfall or snowmelt. Stormwater runoff is the precipitation that does not evaporate or is not absorbed by land or vegetation. Instead, it flows off land and impervious surfaces such as pavements and building rooftops. The stormwater runoff typically carries pollutants such as oil and grease, chemicals, nutrients, metals and bacteria that accumulate on impervious surfaces.⁶² About 19 percent of Kentucky cities operate a stormwater utility to collect and treat the runoff.⁵⁶

Percentage of Kentucky Cities Operating a Stormwater System⁵⁶
(as of November 1, 2012)

Classification	Number of Cities	Operating a Stormwater System	Population	Number of Cities	Operating a Stormwater System
Merged/Metro	2	50%	100,000 or more	2	50%
2nd	12	58%	20,000-99,999	16	63%
3rd	18	63%	8,000-19,999	32	45%
4th	117	32%	3,000-7,999	57	30%
5th	111	10%	1,000-2,999	98	21%
6th	158	3%	Less than 1,000	213	5%

ELECTRIC SYSTEMS

Only around seven percent of Kentucky cities operate an electric utility system in the state.⁵⁶ The four investor-owned electric utilities – Duke Energy, Kentucky Power, Kentucky Utilities, and Louisville Gas and Electric – and the 21 rural electric cooperatives provide the majority of the electricity used in the commonwealth.⁶³

In spite of so few cities providing the service, municipal electric utility sales totaled \$230 million in FY 2011.⁵⁷

Cities with Electric Systems with Average Receipts and Expenditures by Classification^{56,57}
(FY 2011)

Classification	Number of Cities	Operating an Electric System	Average Receipts	Average Expenditures (Excl. Debt Payments and Employee Benefits)
Merged/Metro	2	0%	-	-
2nd	12	17%	\$137,388,454	\$133,592,985
3rd	18	19%	\$20,340,645	\$9,951,744
4th	117	11%	\$6,476,650	\$8,365,794
5th	111	3%	\$1,757,876	\$2,539,820
6th	158	0%	-	-

UTILITIES AND PUBLIC SERVICES

Cities with Electric Systems with Average Receipts and Expenditures by Population^{56,57} (FY 2011)

Population	Number of Cities	Operating an Electric System	Average Receipts	Average Expenditures (Excl. Debt Payments and Employee Benefits)
100,000 or more	2	0%	-	-
20,000-99,999	16	44%	\$76,077,949	\$74,367,539
8,000-19,999	32	17%	\$13,714,299	\$12,129,264
3,000-7,999	57	9%	\$5,361,522	\$4,959,896
1,000-2,999	98	6%	\$1,550,946	\$2,107,732
Less than 1,000	213	1%	\$929,420	\$913,740

NATURAL GAS SYSTEMS

About 11 percent of Kentucky cities operate a natural gas system in the state.⁵⁶ Cities collected about \$146 million from natural gas sales and spent \$135 million in FY 2011.⁵⁷

Most of the natural gas used in the state is provided by private companies, such as Atmos Energy, Columbia Gas, Duke Energy, and Louisville Gas and Electric.⁶³

The largest municipal natural gas utility in Kentucky is operated by the City of Carrollton. In fact, their receipts represented 30 percent of all natural gas utility revenues statewide reported by cities in FY 2011.⁵⁷ They serve residential, commercial and industrial customers in four counties – Carroll, Trimble, Owen and Gallatin.⁶⁴

Cities with Natural Gas Systems with Average Receipts and Expenditures by Classification^{56,57} (FY 2011)

Classification	Number of Cities	Operating a Natural Gas System	Average Receipts	Average Expenditures (Excl. Debt Payments and Employee Benefits)
Merged/Metro	2	0%	-	-
2nd	12	17%	\$11,456,183	\$10,409,702
3rd	18	19%	\$11,174,008	\$7,734,348
4th	117	17%	\$4,107,779	\$4,203,126
5th	111	13%	\$618,404	\$584,200
6th	158	2%	\$385,537	\$262,898

UTILITIES AND PUBLIC SERVICES

Cities with Natural Gas Systems with Average Receipts and Expenditures by Population^{56,57}
(FY 2011)

Population	Number of Cities	Operating a Natural Gas System	Average Receipts	Average Expenditures (Excl. Debt Payments and Employee Benefits)
100,000 or more	2	0%	-	-
20,000-99,999	16	19%	\$11,657,027	\$10,908,394
8,000-19,999	32	7%	\$10,731,655	\$10,504,473
3,000-7,999	57	25%	\$5,484,309	\$5,083,725
1,000-2,999	98	14%	\$881,883	\$728,743
Less than 1,000	213	5%	\$454,400	\$344,079

TELECOMMUNICATIONS SYSTEMS

Only around five percent of Kentucky cities operate a telecommunications system that provides television, telephone and/or Internet services.⁵⁶ The largest municipal telecommunications system is operated by the City of Bardstown.⁵⁷ Their annual revenue accounts for about half of all telecommunications utility revenues statewide reported by cities in FY 2011.⁵⁷

Percentage of Kentucky Cities Operating a Telecommunications System⁵⁶
(as of November 1, 2012)

Classification	Number of Cities	Operating a Telecommunications System	Population	Number of Cities	Operating a Telecommunications System
Merged/Metro	2	0%	100,000 or more	2	0%
2nd	12	17%	20,000-99,999	16	13%
3rd	18	6%	8,000-19,999	32	10%
4th	117	6%	3,000-7,999	57	8%
5th	111	7%	1,000-2,999	98	5%
6th	158	1%	Less than 1,000	213	2%

SOLID WASTE

The primary responsibility for solid waste collection, management and disposal in Kentucky rests with counties and waste management districts.⁶⁵ However, cities play a large role in waste management throughout the state.⁶⁶

Kentucky cities reported around \$82 million in solid waste collection and disposal charges in FY 2011.⁵⁷ In that same year, cities spent \$123 million on sanitation/solid waste.⁵⁷

UTILITIES AND PUBLIC SERVICES

The most common type of solid waste collection in cities is operated by private companies. Typically, a city will negotiate a franchise agreement with a private waste management company to collect and dispose of their residents' solid waste. Private companies operate some or all of the solid waste collection in 62 percent of cities. Nearly 30 percent of cities manage their own independent solid waste collection operation.⁵⁶

Types of Solid Waste Collection and Disposal by Kentucky Cities by Classification⁵⁶
(as of November 1, 2012)

Classification	Number of Cities	By the City Independently	By the County	By a Private Company	Other	None
Merged/Metro	2	100%	0%	100%	0%	0%
2nd	12	64%	0%	55%	0%	0%
3rd	18	50%	0%	50%	0%	0%
4th	117	38%	6%	58%	1%	1%
5th	111	23%	3%	67%	3%	6%
6th	158	15%	13%	63%	2%	8%

Types of Solid Waste Collection and Disposal by Kentucky Cities by Population⁵⁶
(as of November 1, 2012)

Population	Number of Cities	By the City Independently	By the County	By a Private Company	Other	None
100,000 or more	2	100%	0%	100%	0%	0%
20,000-99,999	16	50%	0%	56%	0%	0%
8,000-19,999	32	38%	3%	62%	0%	0%
3,000-7,999	57	40%	4%	58%	2%	0%
1,000-2,999	98	35%	5%	57%	4%	3%
Less than 1,000	213	16%	11%	65%	1%	8%

Note: Survey respondents could select all types that applied to their city.

RECYCLING

According to the Kentucky Division of Waste Management, Kentuckians recycled 29 percent of common household recyclables (such as aluminum, cardboard, plastic, glass, paper, etc.) in 2010.⁶⁶ Much of that came from city households through a number of means.

About 45 percent of cities have curbside pickup available for household recyclables in their community. Forty percent have drop-off locations, typically at city waste management facilities, private recyclers, schools and/or locations with a mobile collection unit. Nearly one-quarter of cities do not have any recycling programs in their community, but they are all below 8,000 population.⁵⁶

UTILITIES AND PUBLIC SERVICES

Types of Recycling Programs Available in Kentucky Cities by Classification⁵⁶
(as of November 1, 2012)

Classification	Number of Cities	Curbside Pickup	Other Types of Pickup	Drop-off Locations	Other	None
Merged/Metro	2	100%	50%	100%	0%	0%
2nd	12	82%	9%	73%	18%	0%
3rd	18	63%	19%	63%	6%	6%
4th	117	53%	6%	50%	3%	12%
5th	111	31%	3%	40%	6%	33%
6th	158	43%	4%	22%	5%	35%

Types of Recycling Programs Available in Kentucky Cities by Population⁵⁶
(as of November 1, 2012)

Population	Number of Cities	Curbside Pickup	Other Types of Pickup	Drop-off Locations	Other	None
100,000 or more	2	100%	50%	100%	0%	0%
20,000-99,999	16	69%	6%	75%	13%	0%
8,000-19,999	32	76%	7%	48%	3%	0%
3,000-7,999	57	58%	6%	49%	4%	13%
1,000-2,999	98	33%	6%	46%	4%	28%
Less than 1,000	213	38%	4%	27%	5%	33%

Note: Survey respondents could select all types that applied to their city.

STREETS AND ROADS

Cities maintain around 9,000 miles of city streets.⁶⁷ Cities spent over \$220 million constructing and maintaining streets and roads in FY 2011.⁵⁷ However, cities were allocated just \$51 million in formula road aid from the state, mostly through the municipal road aid program.⁶⁷

Kentucky's formula for funding the construction, reconstruction and maintenance of secondary and rural roads has remained unchanged since its enactment in 1948. The current formula focuses primarily on highway mileage and geographic size without consideration for highway usage. As a result, highway funding flows toward lesser-traveled rural roads at the expense of more heavily traveled urban streets.

By statute, 48.2 percent of Kentucky motor fuels tax collections is distributed to local jurisdictions as follows:^{68, 69}

- County road aid (18.3%);
- Rural secondary aid (22.2%); and
- Municipal road aid (7.7%).

A “formula of fifths” is used to allocate the county and rural secondary program dollars, with one-fifth each for the following:⁷⁰

- One-fifth in equal shares to all counties;
- One-fifth by percent of the state’s rural road mileage;
- One-fifth by percent of the state’s rural population; and
- Two-fifths by the county’s percent of the state’s rural land area.

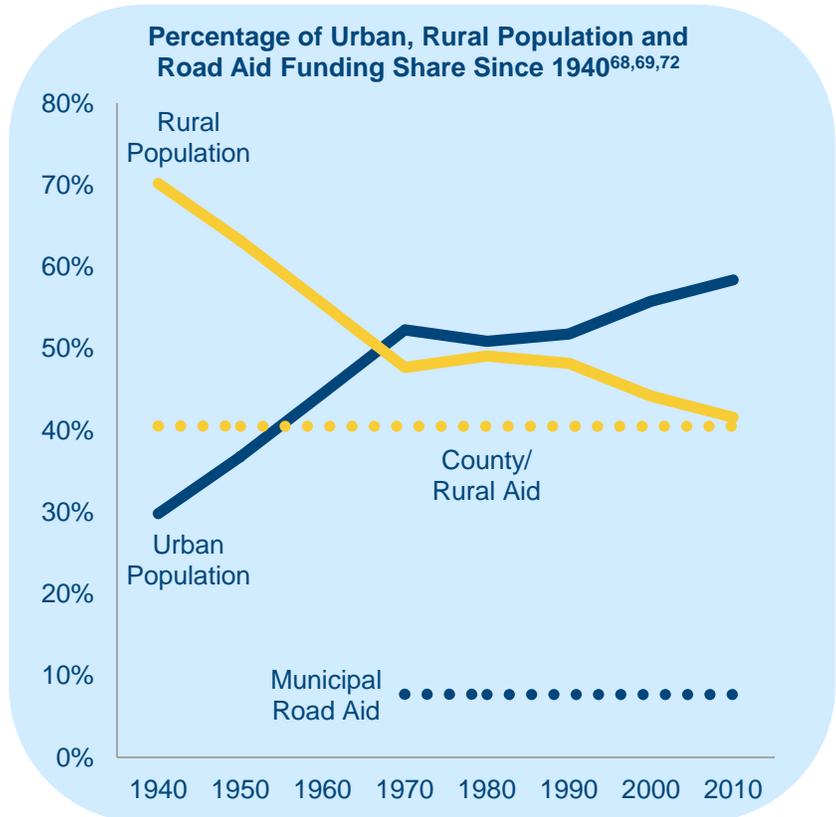
This formula actually hurts counties that are growing rapidly. Municipal road aid dollars are distributed to cities and some county governments based on their percentage of Kentucky’s urban population.⁷⁰

Kentucky’s gas tax generated over \$790 million in FY 2012, much of which was shared with local governments for highway and bridge construction, reconstruction and maintenance.⁷¹ Over \$330 million was allocated to local governments through road aid programs in FY 2012.⁶⁷ However, cities collectively received about \$55 million for an average payout of around \$132,000 or \$23.50 per capita in road aid sharing. County governments received nearly \$280 million for an average of \$2.4 million or \$140 per capita (based on unincorporated area population, which is part of the county formula).⁶⁷

The municipal road aid program was created by the General Assembly in 1972.⁶⁹ It distributes motor fuels tax revenues to incorporated cities based solely on population.⁷⁰ The statute also allows “urban areas” – defined by the U.S. Census Bureau – to receive funds, which are given to county fiscal courts because the areas are not incorporated cities.⁷⁰ Twenty-five county governments received an average of over \$200,000 in FY 2012 through the municipal road aid program because of this loophole.⁶⁷

According to the Census Bureau, only 30 percent of Kentucky’s population lived in urban areas in 1940. Over 70 years, Kentucky’s urban population has more than doubled and now accounts for almost 60 percent of the total population.⁷²

Currently, 61 percent of annual vehicle miles traveled in Kentucky are on local rural roads that receive 84 percent of road aid funds allocated to local governments. Conversely, local urban roads account for 39 percent of vehicle miles traveled, but cities only receive 16 percent of the total distributed through the state road aid formulas.⁷³



Percentage of Vehicle Miles Traveled on Local Roads⁷² and Percentage Received through All Road Aid Formulas⁶⁷

Type of Roads	% Vehicle Miles Traveled on Local Roads	Type of Government	% Received through All Road Aid Formulas
Urban	39%	Cities	16%
Rural	61%	Counties	84%

None of the formulas — municipal road aid, county road aid or rural secondary — take into account lane miles, traffic counts or other measures related to use and/or maintenance need.⁷⁰ The current funding formula treats each mile of road equally regardless of traffic count, the number of lanes or maintenance costs.⁷⁰ Urban roads that contain more than two lanes to accommodate traffic demands are given the same weight as rural two-lane roads with considerably less vehicle traffic. The costs of maintaining or reconstructing a heavily traveled, multiple lane road generally exceed the costs associated with maintaining or reconstructing a two-lane road.

UTILITIES AND PUBLIC SERVICES

OTHER SERVICES

Cities provide a number of other public and community services. These include parks and recreation, housing and community development, transit, public welfare and more. Over 60 cities reported expenditures totaling \$4 billion for the operations and maintenance of city-owned cemeteries.⁵⁷

Selected Other Direct Expenditures⁵⁷ (FY 2011)

Expenditure Category	Average Expenditures (Excl. Debt Payments and Employee Benefits)
Parks and Recreation	\$115 million
Housing and Community Development	\$135 million
Transit	\$86 million
Parking	\$46 million
Public Welfare	\$37 million
Public Health	\$23 million

SECTION NOTES

- ⁵⁶ KLC City Census Survey. Kentucky League of Cities. 2012.
- ⁵⁷ Uniform Financial Information Reports. Kentucky Department for Local Government. FY 2011.
- ⁵⁸ Annual Survey of Public Employment and Payroll. U.S. Census Bureau, 2011.
- ⁵⁹ Wage and Salary Survey of Kentucky Cities. Kentucky League of Cities. 2012.
- ⁶⁰ "How to Become a Certified Water Treatment, Distribution and/or Bottled Water System Operator." Kentucky Division of Compliance Assistance. February 2012.
- ⁶¹ "How to Become a Certified Wastewater Treatment and/or Collection System Operator." Kentucky Division of Compliance Assistance. February 2012.
- ⁶² Kentucky Stormwater Association. <http://kystormwater.org/>
- ⁶³ Kentucky Public Service Commission. <http://www.psc.ky.gov/>
- ⁶⁴ Carrollton Utilities. <http://www.carrolltonutilities.com/gas.html>
- ⁶⁵ KRS 109.011.
- ⁶⁶ "Statewide Solid Waste Management Report." Kentucky Division of Waste Management. 2010.
- ⁶⁷ Kentucky Transportation Cabinet. <http://transportation.ky.gov/>
- ⁶⁸ KRS 177.320.
- ⁶⁹ KRS 177.365.
- ⁷⁰ KRS 177.360 and KRS 177.366.
- ⁷¹ Monthly Tax Receipts. Kentucky Office of State Budget Director. June 2011.
- ⁷² Urban and Rural Population: 1900 to 2010. U.S. Census Bureau.
- ⁷³ *Highway Statistics*. Federal Highway Administration. 2010.



PUBLIC SAFETY

*Police Protection and Response
Fire Protection and Response
Emergency Medical Response
Code Enforcement/Inspection
Emergency Management Plan
Section Notes*



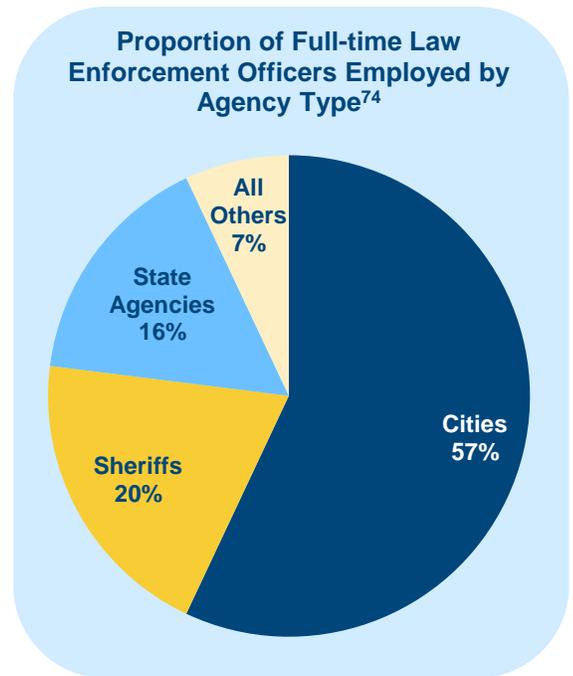
PUBLIC SAFETY

POLICE PROTECTION AND RESPONSE

Kentucky cities employ around 57 percent of the total full-time law enforcement officers in the state – including state agencies, county police departments, sheriff departments, drug task forces, colleges and schools, and other law enforcement agencies.⁷⁴ However, they typically respond to and process over three-quarters of the violent offenses – such as murder, robbery, assault, etc. – reported in the state.⁷⁵

Fifty-seven percent of Kentucky cities operate a police department.⁷⁶ About 90 percent of cities greater than 1,000 population primarily use their own city police department for police protection and response in their community.⁷⁷ The median number of certified officers in city police departments statewide is six.⁷⁶ Sixteen percent of cities only have one certified police officer in the department. City police departments also employ over 700 full-time civilian employees statewide.⁷⁴

In FY 2011, cities spent \$280 million in wages and around \$64 million in hazardous duty retirement benefits through the County Employees Retirement System (CERS) for police services.⁷⁸ Although wages paid increased roughly 10 percent from FY 2007 through FY 2011, CERS hazardous duty payments for police increased nearly 50 percent.^{78,79}



Percentage of Kentucky Cities with a Police Department and Median Number of Certified Officers⁷⁶
(as of August 1, 2012)

Classification	Number of Cities	% with Police	Median Number of Officers	Population	Number of Cities	% with Police	Median Number of Officers
Merged/Metro	2	100%	816	100,000 or more	2	100%	816
2nd	12	100%	57	20,000-99,999	16	100%	56
3rd	18	100%	33	8,000-19,999	32	97%	24
4th	117	93%	10	3,000-7,999	57	86%	11
5th	111	68%	3	1,000-2,999	98	85%	5
6th	158	14%	1	Less than 1,000	213	27%	1

Type of Entity that Handles Primary Police Protection and Response in Cities by Classification⁷⁷

(as of November 1, 2012)

Classification	Number of Cities	City Dept.	County Dept.	Sheriff Dept.	Other City/ Joint Dept.	Other
Merged/Metro	2	100%	0%	0%	0%	0%
2nd	12	100%	0%	0%	0%	0%
3rd	18	100%	0%	0%	0%	0%
4th	117	90%	4%	1%	4%	1%
5th	111	72%	4%	16%	7%	1%
6th	158	20%	23%	35%	13%	10%

Type of Entity that Handles Primary Police Protection and Response in Cities by Population⁷⁷
(as of November 1, 2012)

Population	Number of Cities	City Dept.	County Dept.	Sheriff Dept.	Other City/Joint Dept.	Other
100,000 or more	2	100%	0%	0%	0%	0%
20,000-99,999	16	100%	0%	0%	0%	0%
8,000-19,999	32	93%	0%	0%	3%	3%
3,000-7,999	57	85%	8%	4%	4%	0%
1,000-2,999	98	89%	3%	4%	5%	0%
Less than 1,000	213	34%	17%	31%	11%	7%

FIRE PROTECTION AND RESPONSE

About two-thirds of Kentucky cities operate their own fire department, although almost half of all cities operate a majority volunteer fire department.⁷⁷ Just over one-quarter of cities receive fire protection and response services from independent fire districts.⁷⁷ KRS 75.010 through KRS 75.260 governs the creation and operations of fire protection districts. These entities are governed by a separate board of trustees and may levy their own property tax rates.⁸⁰ Almost all of the 83 suburban incorporated cities in Jefferson County (excluding Louisville) are covered by one of 16 independent fire protection districts, which is four-fifths of all cities using a special district for fire protection and response.^{77, 81}

The U.S. Census Bureau estimates that there are about 2,900 full-time equivalent (FTE) firefighters and 125 other FTE fire department employees in Kentucky cities.⁸²

In FY 2011, cities spent \$180 million on salaries and wages and an estimated \$41 million on CERS hazardous duty retirement benefits for fire and emergency services.⁷⁸ Although total salaries paid increased roughly four percent from FY 2007 through FY 2011, the CERS hazardous duty payments for firefighters and emergency medical services personnel increased nearly 40 percent.^{78,79}

Type of Entity that Handles Primary Fire Protection and Response in Cities by Classification⁷⁷
(as of November 1, 2012)

Classification	Number of Cities	City Dept. - Majority Full-time	City Dept. - Majority Volunteer	County Dept.	Fire District	Other
Merged/Metro	2	100%	0%	0%	0%	0%
2nd	12	92%	0%	0%	8%	0%
3rd	18	81%	6%	0%	13%	0%
4th	117	26%	53%	3%	13%	5%
5th	111	2%	62%	8%	24%	3%
6th	158	0%	45%	7%	45%	4%

PUBLIC SAFETY

Type of Entity that Handles Primary Fire Protection and Response in Cities by Population⁷⁷

(as of November 1, 2012)

Population	Number of Cities	City Dept. - Majority Full-time	City Dept. - Majority Volunteer	County Dept.	Fire District	Other
100,000 or more	2	100%	0%	0%	0%	0%
20,000-99,999	16	88%	0%	0%	13%	0%
8,000-19,999	32	62%	10%	7%	17%	3%
3,000-7,999	57	28%	47%	2%	15%	8%
1,000-2,999	98	6%	68%	5%	19%	1%
Less than 1,000	213	1%	51%	7%	37%	4%

EMERGENCY MEDICAL RESPONSE

Type of Entity that Handles Primary Emergency Medical Response in Cities by Classification⁷⁷

(as of November 1, 2012)

Classification	Number of Cities	City Dept.	County Dept.	Special District	Private Contractor	Other
Merged/Metro	2	100%	0%	0%	0%	0%
2nd	12	33%	8%	17%	17%	25%
3rd	18	50%	19%	19%	6%	6%
4th	117	19%	49%	16%	7%	10%
5th	111	13%	50%	16%	13%	9%
6th	158	19%	60%	12%	5%	5%

Type of Entity that Handles Primary Emergency Medical Response in Cities by Population⁷⁷

(as of November 1, 2012)

Population	Number of Cities	City Dept.	County Dept.	Special District	Private Contractor	Other
100,000 or more	2	100%	0%	0%	0%	0%
20,000-99,999	16	25%	19%	19%	13%	25%
8,000-19,999	32	34%	45%	10%	7%	3%
3,000-7,999	57	19%	44%	19%	8%	10%
1,000-2,999	98	17%	42%	18%	10%	13%
Less than 1,000	213	17%	60%	11%	7%	5%

About half of Kentucky cities rely on their county government for provision of emergency medical services (EMS).⁷⁷ Only around one in five cities operates its own EMS department – either as a standalone department or in conjunction with the city’s fire department.⁷⁷ Special districts are used in 14 percent of cities, while private contractors and other entities – such as hospitals, other cities or joint boards – are each primarily used in eight percent of cities.^{77,83}

Cities frequently combine the positions of firefighter and EMS provider, such as emergency medical technician or paramedic.⁸⁴ All providers of emergency medical services – as well as ambulances – must be certified by the Kentucky Board of Emergency Medical Services.⁸⁵

CODE ENFORCEMENT/INSPECTION

The law states that “Every city shall have the power to establish fines, penalties, and forfeitures that may be imposed for violation of its ordinances, and may secure injunctions and abatement orders, when appropriate, to insure compliance with its ordinances.”⁸⁶ In efforts to protect, promote and improve the health, safety and welfare of local government residents and to give cities a more effective and less costly alternative to the court process, KRS 65.8801 to KRS 65.8839 authorize local governments to create administrative boards with the authority to issue remedial orders and impose civil fines.⁸⁷ (See the “Boards and Commission” section earlier in this report for more information.)

Cities are also authorized to employ citation officers as needed and as prescribed by ordinance.⁸⁸ A number of cities, typically the largest, employ code enforcement officers or other employees to inspect and enforce building, zoning, land use and other codes.⁸⁴ Excluding personnel benefits, Kentucky cities spent over \$14 million on code enforcement activities in FY 2011.⁷⁸

EMERGENCY MANAGEMENT PLAN

All cities and counties in the state are required to create, support and maintain a local emergency management agency, which must develop, implement and maintain a local emergency operations plan, among other things.⁸⁹ Each local government is encouraged to jointly create a single, unified local emergency management agency to serve all local governments collectively.⁸⁹ As a result, county emergency management agencies and their directors usually take the lead in working with the Kentucky Division of Emergency Management.⁹⁰

About three-quarters of Kentucky cities have an emergency management plan in place.⁷⁷ One in four cities report that they do not have an emergency plan, although they are likely covered by the countywide plan.⁷⁷

Percentage of Kentucky Cities with an Emergency Management Plan in Place⁷⁷
(as of November 1, 2012)

Response	All Cities
Yes	74%
No	26%

PUBLIC SAFETY

SECTION NOTES

⁷⁴ “Crime in Kentucky.” Kentucky State Police. 2011.

⁷⁵ “Crime in Kentucky.” Kentucky State Police. 2010.

⁷⁶ Department for Criminal Justice Training. <https://docjt.ky.gov/>

⁷⁷ KLC City Census Survey. Kentucky League of Cities. 2012.

⁷⁸ Uniform Financial Information Reports. Kentucky Department for Local Government. FY 2011.

⁷⁹ Uniform Financial Information Reports. Kentucky Department for Local Government. FY 2007.

⁸⁰ KRS 75.010 – KRS 75.260.

⁸¹ Jefferson County Fire Service. <http://www.jeffcofire.com/>

⁸² Annual Survey of Public Employment and Payroll. U.S. Census Bureau. 2011.

⁸³ KRS 65.710.

⁸⁴ Wage and Salary Survey of Kentucky Cities. Kentucky League of Cities. 2012

⁸⁵ Kentucky Board of Emergency Medical Services. <http://kbems.kctcs.edu/>

⁸⁶ KRS 83A.065.

⁸⁷ KRS 65.8801.

⁸⁸ KRS 83A.087.

⁸⁹ KRS 39B.010.

⁹⁰ Kentucky Division of Emergency Management. <http://kyem.ky.gov/>



TAXES AND FEES

- Increasing Local Revenues*
- Tax Restrictions*
- Tax Revenues*
- Property Tax Rates*
- Occupational License Tax Rates*
- Insurance Premium Tax Rates*
- Transient Room Tax Rates*
- Restaurant Tax Rates*
- City/County Tax Sharing*
- Collection of Property Taxes*
- Alcohol Gross Receipts Tax*
- Franchise Fees*
- Other Taxes and Fees*
- Section Notes*



TAXES AND FEES

TAX RESTRICTIONS

The tax options that are available to Kentucky cities are restricted by both the Kentucky Constitution and the Kentucky Revised Statutes. For instance, even though the Kentucky Constitution requires property to be taxed – although some types can be exempted – and KRS 92.280 requires cities to tax real and personal property, KRS 132.027 severely restricts the ability of cities to raise property taxes from one year to the next.⁹¹

Since the adoption of the Kentucky Constitution in 1891, Kentucky cities have been preempted from levying a local option sales tax. Section 181 of the Kentucky Constitution does not allow the General Assembly to permit any unit of local government to levy an excise tax, which is a tax paid on the purchase of a specific good.⁹² Even though the state collected over \$3 billion in sales and use tax revenue in FY 2012,⁹³ the cities of the commonwealth are not afforded the same tax option.

Thirty-eight states currently allow one or more cities or counties to levy a local option sales tax.⁹⁴ A total of 12 states do not allow any of their local governments to have a local option sales tax, although four of those do not collect a sales tax for the state government either.⁹⁴

Local general sales taxes generated over \$62 billion nationwide in FY 2010.⁹⁵ Local governments that do not have the option of levying a local sales tax are forced to rely more heavily on property taxes, business- or income-related taxes, intergovernmental revenue and/or service charges/fees.

TAX REVENUES

As a result of these restrictions, general local sales taxes account for zero percent of Kentucky local (city, county and special district) tax revenues, compared to 11 percent for Kentucky's competitor states.⁹⁶ Property tax collections are also lower in Kentucky compared to competitor states. Property taxes account for 60 percent of tax revenue for Kentucky's local governments, while in competitor states property taxes make up 70 percent of their tax revenues.⁹⁶

Kentucky is only one of 15 states with local income taxes, although these are technically occupational license taxes as opposed to true income taxes. These make up 25 percent of local tax revenue.⁹⁶ But, for Kentucky cities, occupational license taxes are much more important – cities get nearly 60 percent of tax revenues from occupational license taxes.⁹⁷

Property taxes made up just more than one-quarter of city tax revenues while insurance premium taxes – another business-related tax – accounted for around 14 percent of city tax revenues.⁹⁷ Tourism-related taxes, such as the restaurant tax and transient room (motel) tax, only make up one percent of total city tax revenues.⁹⁷

INCREASING LOCAL REVENUES

“If, in periods of restricted state budgets, there is a view that local governments in Kentucky will need to be more responsible...for their own funding, Kentucky's current local tax structure might impose some serious constraints on local funding. Property taxation rates and levy limits in Kentucky are constrained by HB 44 and evidence suggests that these property tax limits can severely limit local government spending. In addition, there is evidence that businesses have become much more effective in finding ways to avoid paying property taxes further diminishing growth in this base.

A tax base Kentucky relies on heavily, unlike almost all other states, is local income taxes. In the case of Kentucky, it is a local occupation license tax that is imposed on individual earnings at the site of employment. The tax rate, when all local taxes are aggregated, exceed two percent in both Jefferson and Fayette counties with this rate applied from dollar zero of earnings. Given the relatively high rates of state income taxation in Kentucky, particularly when compared to that found in bordering states, additional taxes on income and earnings might prove to put Kentucky in a serious competitive disadvantage.

Given the limited opportunities for growth in the property tax and concerns about competitiveness with regard to the occupational license tax, if local governments are to increase their own revenues, more flexibility in revenue sources, most likely through a local sales tax option might be advisable.”

“Report to Governor's Blue Ribbon Commission on Tax Reform by Economic Consultants,”
September 19, 2012

In Kentucky, just over 55 percent of non-utility city revenues in FY 2011 came from taxes, mostly occupational license and property taxes.⁹⁷ In that same year, around 17 percent of non-utility city revenues came from intergovernmental sources, mostly from the federal and state governments.⁹⁷ The next largest portion – 16 percent – came from service charges, such as parking, parks and recreation, and franchise fees.⁹⁷

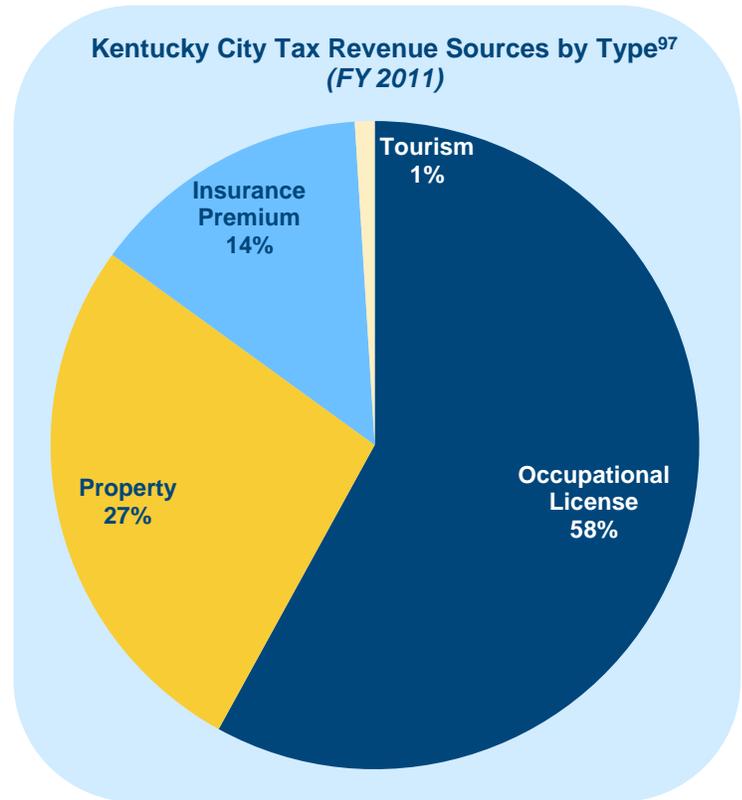
PROPERTY TAX RATES

Local property tax rates are primarily made up of real property (buildings and land), tangible personal property (all other types of property that are physically tangible) and motor vehicles (which is a subset of tangible personal property).^{97,98}

The average real property tax rate for Kentucky cities is 22.157 while the average personal property tax rate is 28.483. The average real property tax rate for county governments is 29.389, which is about one-third higher than the average city rate. Similarly, the average personal property tax rate for counties is 36.889, 30 percent higher than the average city rate. (Note: Lexington and Louisville are urban county and metro governments, respectively, and both have urban service areas that are taxed at higher rates than the rural areas of the county. These “city” rates are not included in the above calculations.) Cities and counties have very similar average motor vehicle property tax rates.⁹⁸

On average, school districts tax property at around double the rates of cities. Special districts have average tax rates of 10.221 cents per \$100 of assessed value, but many of these overlap areas.⁹⁸ (Note: Many property tax rates for special districts are capped by state law.)

Not surprisingly, the cities that tend to offer more public services – the larger cities – are the ones that tend to have the highest tax rates, particularly for property and occupational license taxes.⁹⁸ However, the statutes known as HB 44 (which was passed in 1979 and later amended) add a number of restrictions to local governments on how property tax rates can be increased from one year to the next.⁹⁶ As a result, almost two-thirds of cities elect to take the “compensating rate,” which is the tax rate that would produce the same revenue in the following year, exclusive of personal property and new property added to the tax rolls.^{97,101} That’s likely because a city must give notice and hold a public hearing for a proposed rate that exceeds the compensating rate.⁹¹ A rate that would increase revenues by more than four percent is subject to a recall petition and referendum election.⁹¹



Average Property Tax Rates by Type of Government in Kentucky⁹⁸
(Cents/\$100 Value – FY 2013)

Government Type	Average Real Property Tax Rate	Average Personal Property Tax Rate	Average Motor Vehicle Tax Rate
Cities	22.157	28.483	24.823
Counties	29.389	36.889	24.593
School Districts	56.802	56.796	55.527
Special Districts	10.221	10.408	10.037

TAXES AND FEES

Type of Real Property Tax Rate Selected by Cities⁹⁷ (FY 2011)

Real Property Rate Selected	% Selecting Rate
Less than Compensating Rate	16%
Compensating Rate	65%
Between Compensating Rate and 4% Growth Rate	9%
4% Growth Rate	16%
More than 4% Growth Rate	1%

Median Property Tax Rates in Kentucky Cities by Classification⁹⁸ (Cents/\$100 Value – FY 2013)

Classification	Number of Cities	Median Real Property Tax Rate	Median Personal Property Tax Rate	Median Motor Vehicle Property Tax Rate
Merged/Metro	2	37.28	41.55	12.70
2nd	12	24.30	26.45	25.55
3rd	18	20.22	18.25	19.40
4th	117	21.40	20.10	20.00
5th	111	21.71	23.10	20.71
6th	158	19.00	0.00	0.00

Median Property Tax Rates in Kentucky Cities by Population⁹⁸ (Cents/\$100 Value – FY 2013)

Population	Number of Cities	Median Real Property Tax Rate	Median Personal Property Tax Rate	Median Motor Vehicle Property Tax Rate
100,000 or more	2	37.28	41.55	12.70
20,000-99,999	16	22.25	25.55	21.30
8,000-19,999	32	16.80	16.95	17.50
3,000-7,999	57	21.60	20.30	19.77
1,000-2,999	98	22.90	22.87	21.00
Less than 1,000	213	19.40	13.50	10.00

OCCUPATIONAL LICENSE TAX RATES

The occupational or business license tax (or fee) is the most significant tax generator for Kentucky cities, accounting for almost 60 percent of all tax revenues.⁹⁷ These taxes can be imposed as a percentage of gross earnings, gross receipts or net profits on all persons working within or conducting a business within a city.⁹¹ (Note: Sixth class cities are prohibited from imposing an occupational or business license fee measured as a percentage of gross earnings or net profits. Any license fee imposed by a sixth class city must be based on a flat annual rate.¹⁰²)

The most prevalent is the payroll tax, which is a tax based on the wages earned at an occupation. In fact, 80 percent of all cities greater than 5,000 population and 36 percent of all cities levy a payroll tax. The median tax rate is one percent.^{99,100} Cities collected \$700 million in FY 2011 through payroll taxes, or 84 percent of all occupational or business license fee revenue.⁹⁷

Just over 20 percent of Kentucky cities levy a net profits tax, with a median statewide rate of 1.4 percent.¹⁰⁰ In FY 2011, cities collected \$110 million in net profits tax revenue.⁹⁷ Only 20 cities – five percent of all cities – have a gross receipts tax.¹⁰⁰ Cities collected almost \$17 million in FY 2011, and the current median rate for gross receipts taxes is 0.25 percent.⁹⁷ (Note: See “Alcohol Gross Receipts Tax” later in this section for more discussion about gross receipts taxes.)

Median Occupational License Tax Rates in Kentucky Cities by Classification^{99,100}
(FY 2013)

Classification	Number of Cities	% with Payroll Tax	Median Payroll Tax Rate	% with Net Profits Tax	Median Net Profits Tax Rate	% with Gross Receipts Tax	Median Gross Receipts Tax Rate
Merged/Metro	2	100%	1.85%	100%	1.85%	0%	-
2nd	12	100%	1.90%	75%	1.75%	17%	1.175%
3rd	18	78%	1.50%	56%	1.50%	11%	0.075%
4th	117	68%	1.00%	40%	1.00%	9%	0.125%
5th	111	34%	1.00%	16%	1.00%	4%	0.500%
6th	158	3%	\$4.33	0%	-	0%	-

Median Occupational License Tax Rates in Kentucky Cities by Population^{99,100}
(FY 2013)

Population	Number of Cities	% with Payroll Tax	Median Payroll Tax Rate	% with Net Profits Tax	Median Net Profits Tax Rate	% with Gross Receipts Tax	Median Gross Receipts Tax Rate
100,000 or more	2	100%	1.85%	100%	1.85%	0%	-
20,000-99,999	16	100%	1.63%	75%	1.50%	13%	1.038%
8,000-19,999	32	84%	1.50%	53%	1.50%	13%	0.213%
3,000-7,999	57	60%	1.00%	32%	1.50%	14%	0.075%
1,000-2,999	98	51%	1.00%	29%	1.00%	4%	0.550%
Less than 1,000	213	9%	1.00%	4%	1.00%	1%	0.163%

TAXES AND FEES

INSURANCE PREMIUM TAX RATES

Cities may also elect to impose and collect license fees or taxes upon insurance companies for the privilege of engaging in the business of insurance within the city limits.¹⁰³ Eighty-five percent of Kentucky cities have elected to levy a tax on insurance companies providing one or more lines of insurance within the city.¹⁰⁴ Cities may levy a different tax rate on seven different categories of insurance:

- Fire and Allied Perils
- Casualty Liability Only
- Vehicle
- Inland Marine
- Health
- Life
- All Other Risks

The median rate levied by cities statewide is seven percent. Forty percent of those cities that levy an insurance premium tax on at least one line of insurance exempt all health insurance premiums. (Almost 50 percent of all cities do not have a tax on health insurance premiums.¹⁰⁴) Insurance premium taxes produced over \$200 million – or around \$93 per capita in cities with the tax – for Kentucky cities in FY 2011.⁹⁷

Median Insurance Premium Tax Rates in Kentucky Cities and Percentage Exempting Health Insurance by Classification¹⁰⁴
(FY 2014)

Classification	Number of Cities	% Levying Insurance Premium Tax	Median Rate	% with No Tax on Health Insurance
Merged/Metro	2	100%	5.00%	0%
2nd	12	100%	8.00%	17%
3rd	18	94%	8.00%	39%
4th	117	94%	8.00%	44%
5th	111	89%	8.00%	49%
6th	158	73%	5.00%	58%

Median Insurance Premium Tax Rates in Kentucky Cities and Percentage Exempting Health Insurance by Population¹⁰⁴
(FY 2014)

Population	Number of Cities	% Levying Insurance Premium Tax	Median Rate	% with No Tax on Health Insurance
100,000 or more	2	100%	5.0%	0%
20,000-99,999	16	94%	8.0%	25%
8,000-19,999	32	94%	8.0%	41%
3,000-7,999	57	93%	8.0%	47%
1,000-2,999	98	95%	7.5%	43%
Less than 1,000	213	77%	6.0%	56%

TRANSIENT ROOM TAX RATES

Cities may also have tourism-related taxes – restaurant and transient room (motel) taxes – if they have established a tourist and convention commission and based on their classification.⁹¹ Cities of all classes may levy a transient room tax of up to three percent of the rent for every occupancy of a room at motels and hotels. They may also levy an additional one percent for the sole purpose of meeting the operating expenses of a convention center.¹⁰⁵ Cities collected \$4 million in transient room taxes in FY 2011.⁹⁷ Urban county governments and consolidated local governments (Lexington and Louisville, respectively) may impose additional transient room taxes.⁹¹ Only around 10 percent of all cities have adopted a transient room tax,⁹⁷ although some counties have adopted the tax that applies countywide.

RESTAURANT TAX RATES

Only cities of the fourth and fifth classes may levy a restaurant tax. The restaurant tax may not exceed three percent of gross retail sales of restaurants within the city, and all revenue from the restaurant tax must be turned over to the tourist and convention commission.¹⁰⁶ Cities collected over \$11 million in restaurant taxes in FY 2011.⁹⁷ Only around 16 percent of fourth and fifth class cities – or nine percent of all cities – have adopted a restaurant tax.⁹⁷ The average rate is 2.4 percent, but three-fifths levy the maximum rate of 3.0 percent.⁹⁷

CITY/COUNTY TAX SHARING

Any city, county, urban county or consolidated local government may by ordinance enter into cooperative interlocal agreements for the sharing of revenues.¹⁰⁷ Only around 10 percent of Kentucky cities have elected to approve an interlocal agreement with their county to share tax revenues.¹⁰⁸ The tax revenues most often shared include the following:¹⁰⁸

- Occupational license (payroll) tax
- Insurance premium tax
- Motor vehicle tax

Percentage of Kentucky Cities Sharing Tax Revenues with Their County Government¹⁰⁸
(as of November 1, 2012)

Classification	Number of Cities	% Shares Tax Revenues with County	Population	Number of Cities	% Shares Tax Revenues with County
Merged/Metro	2	n/a	100,000 or more	2	n/a
2nd	12	20%	20,000-99,999	16	14%
3rd	18	19%	8,000-19,999	32	18%
4th	117	10%	3,000-7,999	57	11%
5th	111	7%	1,000-2,999	98	6%
6th	158	10%	Less than 1,000	213	10%

COLLECTION OF PROPERTY TAXES

Except for taxes on motor vehicles and watercraft, a city may select either to collect their own real and personal property taxes or to have the county sheriff collect these taxes.⁹¹ About 90 percent of Kentucky cities have chosen to collect their own property taxes, while 10 percent have elected to have the county sheriff collect the city's ad valorem taxes.¹⁰⁸

TAXES AND FEES

Percentage of Kentucky Cities Collecting Property Taxes by the City or by the County Sheriff¹⁰⁸
(as of November 1, 2012)

Classification	Number of Cities	% by the City	% by the County Sheriff	Population	Number of Cities	% by the City	% by the County Sheriff
Merged/Metro	2	0%	100%	100,000 or more	2	0%	100%
2nd	12	100%	0%	20,000-99,999	16	100%	0%
3rd	18	94%	6%	8,000-19,999	32	93%	7%
4th	117	96%	4%	3,000-7,999	57	96%	4%
5th	111	84%	16%	1,000-2,999	98	91%	9%
6th	158	89%	11%	Less than 1,000	213	87%	13%

ALCOHOL GROSS RECEIPTS TAX

Third and fourth class cities in which alcohol sales are permitted are authorized to impose a regulatory license fee on the gross receipts of each establishment selling alcoholic beverages within their city. The license fee offsets estimated costs of additional policing, regulatory or administrative expenses related to the sale of alcoholic beverages in the city.¹⁰⁹ A second class city that meets complex criteria may also levy a gross receipts tax on the sale of alcoholic beverages.¹¹⁰ Around one-third of all third and fourth class cities – or close to half of all third and fourth class cities that allow the sale of alcoholic beverages (are not “dry”) – have a gross receipts tax on the sale of alcoholic beverages, with a median rate of five percent.¹⁰⁸

Percentage of Kentucky Cities Levying a Gross Receipts Tax on the Sale of Alcoholic Beverages¹⁰⁸
(as of November 1, 2012)

Classification	Number of Cities	% Levying Alcohol Gross Receipts Tax	Population	Number of Cities	% Levying Alcohol Gross Receipts Tax
Merged/Metro	2	n/a	100,000 or more	2	n/a
2nd	12	9%	20,000-99,999	16	20%
3rd	18	33%	8,000-19,999	32	36%
4th	117	36%	3,000-7,999	57	24%
5th	111	n/a	1,000-2,999	98	21%
6th	158	n/a	Less than 1,000	213	1%

FRANCHISE FEES

A franchise is a right or special privilege granted by a governmental entity to a party to do some act that the party could not legally do without a grant from the government.⁹¹ The Kentucky Constitution requires public utilities to acquire a franchise before operating within a city.¹¹¹ Franchise fees are not taxes – they are the contractual amount paid to a city for the privilege of using city streets and rights-of-way.⁹¹ Kentucky cities collected around \$50 million in FY 2011 from franchise fees.⁹⁷

Percentage of Kentucky Cities Collecting Franchise Fees and Median Per Capita Franchise Fee Revenue in Kentucky Cities by Classification⁹⁷
(FY 2011)

Classification	Number of Cities	Electric		Natural Gas		Water/Wastewater		Other	
		% with Fee	Per Capita Revenue	% with Fee	Per Capita Revenue	% with Fee	Per Capita Revenue	% with Fee	Per Capita Revenue
Merged/Metro	2	100%	\$11.88	50%	\$8.67	50%	\$6.25	50%	\$12.40
2nd	12	50%	\$20.82	42%	\$4.59	8%	\$7.84	75%	\$6.85
3rd	18	50%	\$21.10	17%	\$6.21	17%	\$34.28	83%	\$14.81
4th	117	44%	\$23.84	20%	\$4.74	3%	\$6.35	76%	\$13.43
5th	111	38%	\$15.41	16%	\$2.68	6%	\$19.48	68%	\$14.42
6th	158	31%	\$19.89	4%	\$2.14	2%	\$195.61	46%	\$8.86

Percentage of Kentucky Cities Collecting Franchise Fees and Median Per Capita Franchise Fee Revenue in Kentucky Cities by Population⁹⁷
(FY 2011)

Population	Number of Cities	Electric		Natural Gas		Water/Wastewater		Other	
		% with Fee	Per Capita Revenue	% with Fee	Per Capita Revenue	% with Fee	Per Capita Revenue	% with Fee	Per Capita Revenue
100,000 or more	2	100%	\$11.88	50%	\$8.67	50%	\$6.25	50%	\$12.40
20,000-99,999	16	50%	\$19.29	38%	\$4.93	6%	\$7.84	75%	\$8.97
8,000-19,999	32	39%	\$23.20	26%	\$5.33	16%	\$15.47	84%	\$13.07
3,000-7,999	57	49%	\$24.57	13%	\$2.95	4%	\$58.74	70%	\$13.90
1,000-2,999	98	43%	\$19.32	18%	\$3.62	5%	\$13.61	73%	\$14.34
Less than 1,000	213	31%	\$24.55	7%	\$2.65	2%	\$83.20	52%	\$12.26

OTHER TAXES AND FEES

Cities often have other types of fees based on state law and/or their local and area needs. These include, but are not limited to, the following:

- Alcoholic beverage licenses – Cities can charge licensing and regulatory fees on the sale of alcoholic beverages.¹¹² Senate Bill 13, which passed during the 2013 Regular Session of the General Assembly, eliminates the classification-based fee structure for alcoholic beverage licensing.¹¹³ These license fees generated about \$7.7 million in FY 2011.⁹⁷
- Auto stickers – Under their home rule authority, cities may require most motor vehicles to be licensed for the privilege of operating the vehicle on city streets.⁹¹ Just under six percent of cities license vehicles, and these stickers generated \$1.6 million in FY 2011.⁹⁷

TAXES AND FEES

- Bank franchise and local deposit tax – Cities may impose a franchise tax, not to exceed 0.025 percent (or 0.050 percent for urban counties) on almost all bank deposits located within the city.¹¹⁴ About half of Kentucky cities levy this tax, and it generated nearly \$16 million in FY 2011.⁹⁷
- Domestic animal licenses – Only around eight percent of Kentucky cities charge a fee to license domestic animals.¹⁰⁸ Most charge a lower fee for altered pets.¹⁰⁸
- Parking – Kentucky cities collected over \$20 million in parking fees in FY 2011 through the use of public parking lots, parking structures and metered-street spaces.⁹⁷
- Parks and recreation receipts – Cities generated over \$41 million in revenue in FY 2011 from parks and recreation receipts, such as fees for using public golf courses, swimming pools, athletic leagues and more.⁹⁷
- Permits and other licensing fees – Cities may impose fees to offset the reasonable cost of regulating a business or certain activities.⁹¹ Fees are often assessed to individuals for construction permits, development impact fees, building inspections, etc. These permits and other licenses generated over \$12 million for cities in FY 2011.⁹⁷
- Riverports – About \$7.5 million was generated in FY 2011 from riverports operated by Kentucky cities.⁹⁷
- Transit – Cities collected over \$12 million in FY 2011 from public transit usage fees.⁹⁷

SECTION NOTES

- ⁹¹ *City Officials Legal Handbook*. Kentucky League of Cities. 2013.
- ⁹² Kentucky Constitution §181.
- ⁹³ Monthly Tax Receipts. Kentucky Office of State Budget Director. June 2012.
- ⁹⁴ "Local Option Sales Tax and Kentucky Cities." Kentucky League of Cities. August 2012.
- ⁹⁵ State and Local Government Finances by Level of Government and by State. U.S. Census Bureau. FY 2010.
- ⁹⁶ "Report to Governor's Blue Ribbon Commission on Tax Reform by Economic Consultants." September 19, 2012.
- ⁹⁷ Uniform Financial Information Reports. Kentucky Department for Local Government. FY 2011.
- ⁹⁸ "Commonwealth of Kentucky Property Tax Rates." Kentucky Office of Property Valuation. 2012.
- ⁹⁹ Kentucky Local Withholding Tax Codes. Kentucky Personnel Cabinet. January 8, 2013.
- ¹⁰⁰ 2013 Kentucky Communities Imposing an Occupational Tax. Kentucky Society of CPAs. February 18, 2013.
- ¹⁰¹ KRS 132.010.
- ¹⁰² KRS 92.281.
- ¹⁰³ KRS 91A.080.
- ¹⁰⁴ Local Government Premium Tax Schedule. Kentucky Department of Insurance. FY 2014.
- ¹⁰⁵ KRS 91A.390.
- ¹⁰⁶ KRS 91A.400.
- ¹⁰⁷ KRS 65.245.
- ¹⁰⁸ KLC City Census Survey. Kentucky League of Cities. 2012.
- ¹⁰⁹ KRS 243.075.
- ¹¹⁰ KRS 242.1292.
- ¹¹¹ Kentucky Constitution §163.
- ¹¹² KRS Chapter 243.
- ¹¹³ "2013 KLC Legislative Update." Kentucky League of Cities.
- ¹¹⁴ KRS 136.575.

Note: Senate Bill 13, which passed during the 2013 Regular Session, makes significant changes to alcohol beverage control statutes, namely KRS Chapters 241 through 244. As of press time, this bill had not been codified. Therefore, the above reference notes may change after the statute revision process.

TAXES AND FEES



SPENDING AND PURCHASING

Public Purpose Spending
General Government and Administration
Public Safety
Public Services
Community Services
Utilities
Pension and Benefits
General Bidding Statute vs. Local Model Procurement Code
State Price Contracts
Section Notes



SPENDING AND PURCHASING

GENERAL GOVERNMENT AND ADMINISTRATION

General government expenditures include all general functions of government, including finance, administration, elected officials, public buildings, general insurance coverage, bond insurance costs and miscellaneous costs.¹¹⁵ General government expenditures totaled over \$680 million in FY 2011 and ranked third highest of all five expenditure categories.

Spending on wages and benefits for general government and administration has declined from \$77 to \$75 per capita from FY 2007 to FY 2011.^{115,116} When adjusting for inflation (into FY 2007 dollars), it declined to \$69 per capita in FY 2011.¹¹⁷ Non-hazardous duty employer contribution rates for the County Employees Retirement System (CERS) increased by 28 percent from FY 2007 to FY 2011.¹¹⁸

PUBLIC SAFETY

Public safety expenditures now total around \$1 billion a year.¹¹⁵ Public safety costs include police, fire, emergency medical services, corrections, inspection and code enforcement activities, and any other activity that promotes the protection of life and property.¹¹⁵

Hazardous duty retirement costs – which totaled \$116 million in FY 2011 – are also included.¹¹⁵ CERS hazardous duty employer contribution rates increased 18 percent from FY 2007 to FY 2011,¹¹⁸ and total contributions to CERS hazardous increased by 44 percent during that time (meaning total wages went up through wage increases, additional personnel or both).^{115,116}

Spending on wages and benefits for public safety increased from \$301 to \$338 per capita from FY 2007 to FY 2011.^{115,116} When adjusting for inflation (into FY 2007 dollars), per capita spending on public safety wages and benefits increased to \$312, or by 3.5 percent.¹¹⁷ Personnel costs account for 80 percent of all public safety spending.¹¹⁵

PUBLIC SERVICES

Although public services is the lowest expenditure category, Kentucky cities still spent over \$470 million in this area in FY 2011.¹¹⁵ This category includes maintenance and construction of basic infrastructure

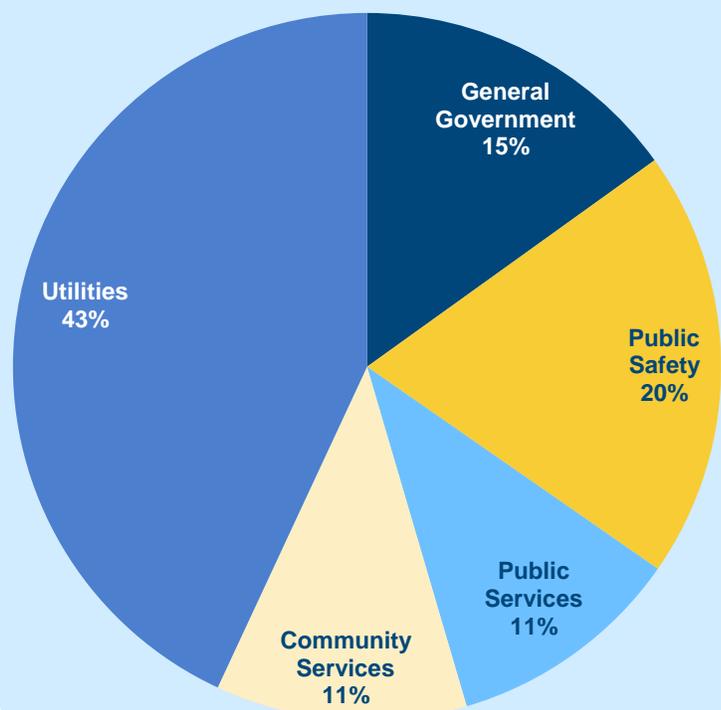
PUBLIC PURPOSE SPENDING

“It is a fundamental rule for most governments: public funds may only be spent for public purposes. Although the rule is simply stated, practice shows that the line between valid public purpose expenditures and invalid expenditures can sometimes become very unclear. Most governmental expenditures do not fit neatly into a defined category and often private individuals or groups are benefited even though the expenditure may ultimately serve the public welfare...”

“In Kentucky, the public purpose spending rule has its foundation in the Kentucky Constitution. The Kentucky Constitution provides that ‘taxes shall be levied and collected for public purposes only...’¹¹⁹ Because cities generate a significant amount of their revenue through the imposition of taxes, the expenditure of those funds must always be for the good of the citizens the government serves. In other words, the city may not make expenditures with the intent of solely benefiting a private individual or group.”

City Officials Legal Handbook
Kentucky League of Cities, 2013

FY 2011 City Expenditures by Category¹¹⁵



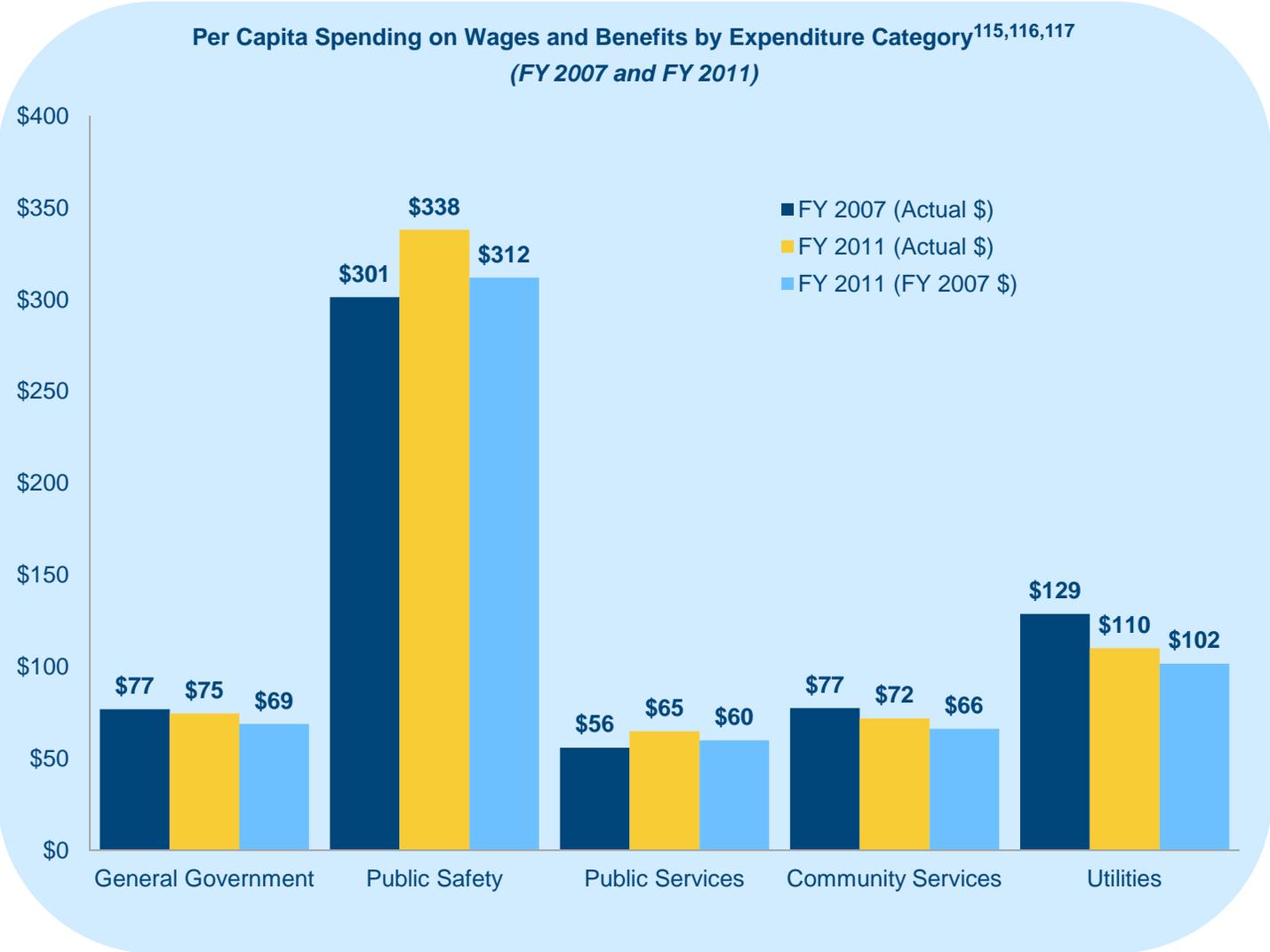
and solid waste activities. It also includes streets and roads, leaf and brush collection, recycling, solid waste collection, public parking, riverports and natural resources management.¹¹⁵

Spending on wages and benefits for public services has increased from \$56 to \$65 per capita from FY 2007 to FY 2011.^{115,116} When adjusting for inflation (into FY 2007 dollars), it only increased to \$60 per capita in FY 2011.¹¹⁷ Because non-hazardous duty employer contribution rates for CERS increased by 28 percent from FY 2007 to FY 2011,¹¹⁸ actual public services wages paid remained relatively flat.¹¹⁵

COMMUNITY SERVICES

Over half a billion dollars was spent in FY 2011 on community services.¹¹⁵ This category includes parks and recreation, public health, public welfare and assistance, housing and community development, transit programs and educational support.¹¹⁵

Spending on wages and benefits for community services has declined from \$77 to \$72 per capita from FY 2007 to FY 2011.^{115,116} When adjusting for inflation (into FY 2007 dollars), it declined to \$66 per capita in FY 2011.¹¹⁷ Cities collectively pay roughly the same amount of wages and benefits for community services as they do for general government and administration.¹¹⁵



SPENDING AND PURCHASING

Per Capita Spending on Salaries and Wages in Expenditure Categories by Kentucky Cities by Classification¹¹⁵
(FY 2011)

Classification	Number of Cities	General Government	Public Safety	Public Services	Community Services	Utilities
Merged/Metro	2	\$71	\$305	\$54	\$99	\$80
2nd	12	\$49	\$266	\$51	\$43	\$70
3rd	18	\$36	\$229	\$50	\$10	\$75
4th	117	\$37	\$148	\$39	\$15	\$82
5th	111	\$43	\$77	\$17	\$5	\$88
6th	158	\$38	\$18	\$1	\$2	\$42

Per Capita Spending on Salaries and Wages in Expenditure Categories by Kentucky Cities by Population¹¹⁵
(FY 2011)

Population	Number of Cities	General Government	Public Safety	Public Services	Community Services	Utilities
100,000 or more	2	\$71	\$305	\$54	\$99	\$80
20,000-99,999	16	\$31	\$183	\$37	\$20	\$44
8,000-19,999	32	\$38	\$217	\$45	\$14	\$67
3,000-7,999	57	\$39	\$132	\$41	\$18	\$83
1,000-2,999	98	\$39	\$115	\$26	\$8	\$109
Less than 1,000	213	\$52	\$32	\$4	\$2	\$63

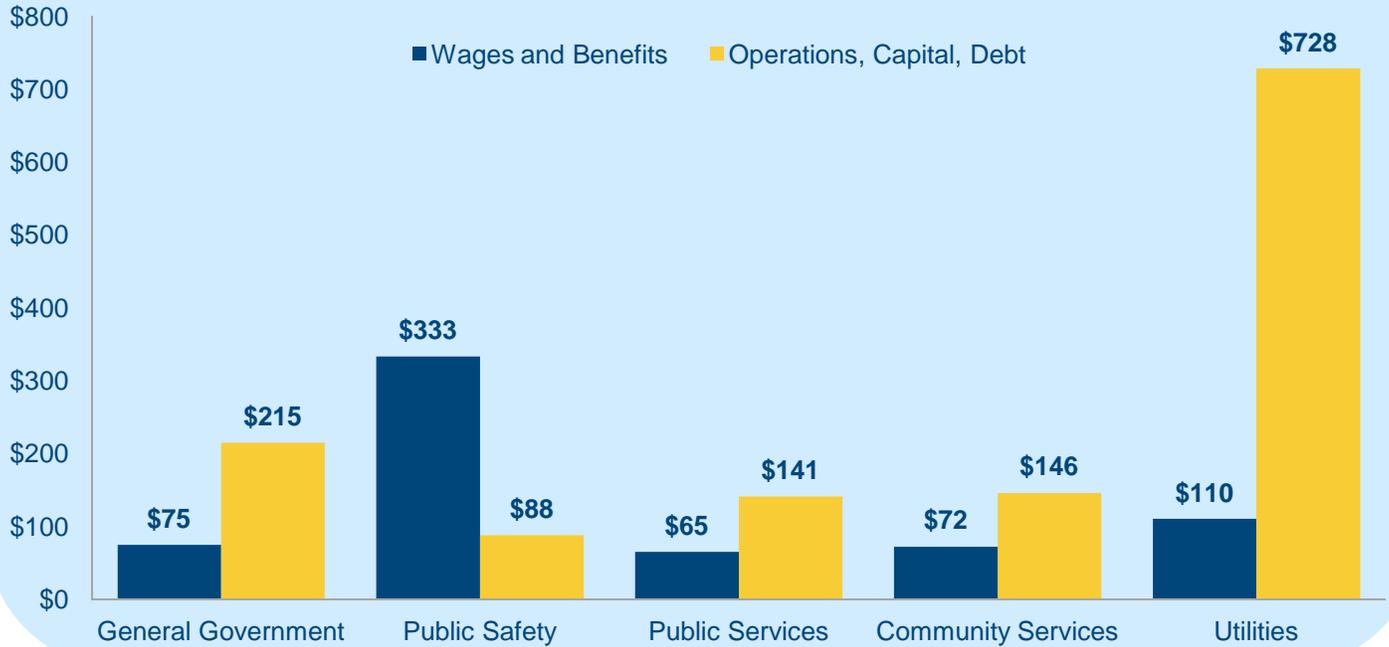
UTILITIES

Cities spent around \$2 billion on their utilities in FY 2011.¹¹⁵ Approximately half of Kentucky cities own at least one utility, which may include water, wastewater, stormwater, natural gas, electric, and/or telecommunications services.^{115,120} Over half of all cities provide water and/or sewer services.¹²⁰ (See the “Utilities and Public Services” section earlier in this report for more information.)

These systems are capital-intensive, so they demand a lot of funding for construction and maintenance. In fact, cities spent almost \$550 million on equipment and construction in FY 2011, and they paid nearly \$230 million in debt payments.¹¹⁵ Only 13 percent of total expenditures for utilities went toward wages in FY 2011.¹¹⁵

Spending on wages and benefits for utilities has declined from \$129 to \$110 per capita from FY 2007 to FY 2011.^{115,116} When adjusting for inflation (into FY 2007 dollars), it declined to \$102 per capita in FY 2011,¹¹⁷ which represents a 21 percent decline in real terms.

Per Capita Spending on Wages and Benefits vs. Operations, Capital and Debt by Expenditure Category¹¹⁵
(FY 2011)



PENSION AND BENEFITS

Kentucky cities spent over \$1 billion on wages and nearly \$500 million on benefits for city employees in FY 2011.¹¹⁵ Cities spend over \$200 per capita for employee benefits.¹¹⁵ These break down as follows.^{115,118}

- Health insurance – 36 percent
- CERS hazardous – 27 percent
- CERS non-hazardous – 16 percent
- All other benefits – 21 percent

Per Capita Spending on Benefits by Kentucky Cities by Classification¹¹⁵
(FY 2011)

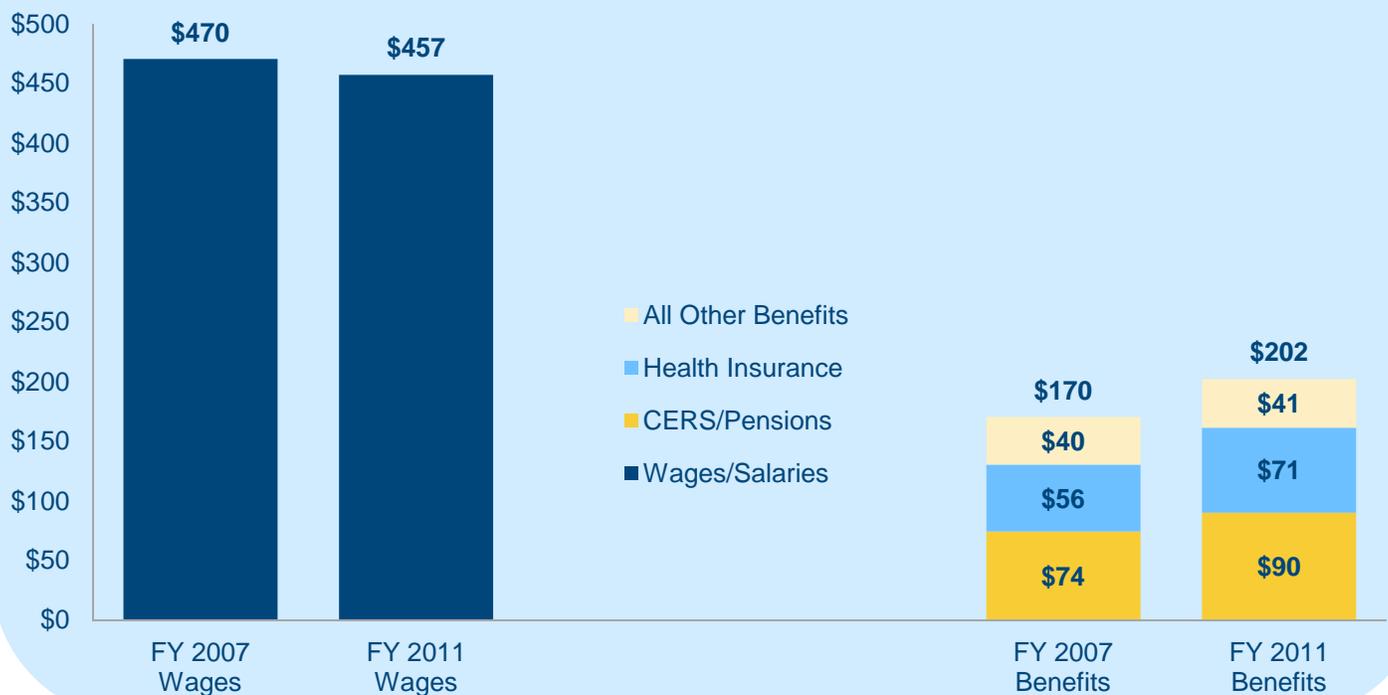
Classification	Number of Cities	CERS Non-Hazardous	CERS Hazardous	Other Pension	Health Insurance	All Other Benefits
Merged/Metro	2	\$48	\$44	\$13	\$76	\$78
2nd	12	\$41	\$76	\$5	\$105	\$28
3rd	18	\$27	\$59	\$5	\$71	\$18
4th	117	\$31	\$34	\$1	\$54	\$13
5th	111	\$19	\$13	\$1	\$39	\$5
6th	158	\$6	\$2	\$0	\$11	\$3

SPENDING AND PURCHASING

Per Capita Spending on Benefits by Kentucky Cities by Population¹¹⁵
(FY 2011)

Population	Number of Cities	CERS Non-Hazardous	CERS Hazardous	Other Pension	Health Insurance	All Other Benefits
100,000 or more	2	\$48	\$44	\$13	\$76	\$78
20,000-99,999	16	\$37	\$68	\$4	\$95	\$29
8,000-19,999	32	\$27	\$55	\$2	\$57	\$11
3,000-7,999	57	\$32	\$26	\$4	\$58	\$12
1,000-2,999	98	\$29	\$18	\$1	\$51	\$7
Less than 1,000	213	\$10	\$4	\$0	\$20	\$5

Unadjusted Per Capita Spending by Kentucky Cities on Wages vs. Benefits^{115,116}
(FY 2007 and FY 2011)



GENERAL BIDDING STATUTE VS. LOCAL MODEL PROCUREMENT CODE

Kentucky cities are required to comply with either the general bidding statute (KRS 424.260) or the Local Model Procurement Code (KRS 45A.343 – KRS 45A.460).¹²¹ If a city has not passed an ordinance adopting the Local Model Procurement Code, it must operate under the general bidding statute by default.¹²²

The general bidding statute requires cities to advertise for bids for any contract, lease or other agreement for materials, supplies, equipment or nonprofessional services that involve an expenditure exceeding \$20,000.¹²²

SPENDING AND PURCHASING

However, certain exceptions apply to the bidding requirement, and cities may establish a bidding threshold that is less than \$20,000.¹²¹ There is no requirement under KRS 424.260 to accept either the lowest or best bid, nor is there a requirement for bids to be received, opened or announced in public.¹²¹ About 70 percent of Kentucky cities procure goods and services using the general bidding statute.¹²⁰

The Local Model Procurement Code is much more prescriptive. It requires almost all contracts and purchases exceeding \$20,000 to be awarded by competitive sealed bidding.¹²³ It also requires the city to award the contract to the bidder with the lowest bid price or the lowest evaluated bid price.¹²¹ In cases in which competitive sealed bidding is not feasible, the city may be able to use competitive or noncompetitive negotiation.¹²³ Only around 30 percent of Kentucky cities have adopted the Local Model Procurement Code.¹²⁰

Percentage of Kentucky Cities Using the General Bidding Statute vs. the Local Model Procurement Code¹²⁰
(as of November 1, 2012)

Classification	Number of Cities	General Bidding Statute	Local Model Procurement Code	Population	Number of Cities	General Bidding Statute	Local Model Procurement Code
Merged/Metro	2	50%	50%	100,000 or more	2	50%	50%
2nd	12	33%	67%	20,000-99,999	16	50%	50%
3rd	18	56%	44%	8,000-19,999	32	55%	45%
4th	117	65%	35%	3,000-7,999	57	71%	29%
5th	111	75%	25%	1,000-2,999	98	64%	36%
6th	158	78%	22%	Less than 1,000	213	78%	22%

STATE PRICE CONTRACTS

KRS 45A.050 permits cities to purchase materials and supplies in accordance with a contract for materials and supplies entered into by the Kentucky Finance and Administration Cabinet.¹²⁴ Bids are not required if the state purchase contract was let by competitive bidding or where the contract was entered into between the state and a vendor who maintains a U.S. General Services Administration (GSA) price agreement.¹²⁵

Percentage of Kentucky Cities Using State-Negotiated Price Contract in the Last Two Years¹²⁰
(as of November 1, 2012)

Classification	Number of Cities	Used State-Negotiated Contract in Last Two Years	Population	Number of Cities	Used State-Negotiated Contract in Last Two Years
Merged/Metro	2	100%	100,000 or more	2	100%
2nd	12	100%	20,000-99,999	16	100%
3rd	18	100%	8,000-19,999	32	93%
4th	117	83%	3,000-7,999	57	83%
5th	111	46%	1,000-2,999	98	65%
6th	158	11%	Less than 1,000	213	20%

SPENDING AND PURCHASING

Around one-half of Kentucky cities made a purchase using a state-negotiated price contract in the previous two years (as of November 1, 2012).¹²⁰ Almost all of the cities greater than 8,000 population and about 90 percent of all cities above 3,000 population used a state-negotiated contract recently.¹²⁰

SECTION NOTES

¹¹⁵ Uniform Financial Information Reports. Kentucky Department for Local Government. FY 2011.

¹¹⁶ Uniform Financial Information Reports. Kentucky Department for Local Government. FY 2007.

¹¹⁷ Consumer Price Index History Table. U.S. Bureau of Labor Statistics. April 6, 2013.

¹¹⁸ Kentucky Retirement Systems. <https://www.kyret.ky.gov/>

¹¹⁹ Kentucky Constitution §171.

¹²⁰ KLC City Census Survey. Kentucky League of Cities. 2012.

¹²¹ *City Officials Legal Handbook*. Kentucky League of Cities. 2013.

¹²² KRS 424.260.

¹²³ KRS 45A.343 – KRS 45A.460.

¹²⁴ KRS 45A.050.

¹²⁵ KRS 45A.045.



LEGAL AND ORDINANCES

Role of the City Attorney
Obtaining Legal Services
Abandoned or Blighted Property
Ordinance Codification Service
Delinquent Tax Payment Plans
Sale of Tax Liens
Uniform Residential Landlord and Tenant Act
International Property Maintenance Code®
Music Licensing Agreement
Regulating Concealed Weapons
HB 500 Repeals
Section Notes



LEGAL AND ORDINANCES

OBTAINING LEGAL SERVICES

In general, cities have three basic options of appointing a city attorney.¹²⁶

- Hire a city attorney as an independent contractor;
- Create a full- or part-time position of employment; or
- Create the nonelected office of city attorney.

About half of Kentucky cities have created the nonelected office of city attorney pursuant to KRS 83A.080.¹²⁷ This statute requires appointment by the executive authority of the city with approval of the legislative body, if separate from the executive authority.¹²⁸

One-quarter of city legislative bodies approve a personal service contract, while 17 percent put money in the budget for procurement of legal services by the executive authority.¹²⁷

ROLE OF THE CITY ATTORNEY

The city attorney serves as the city's chief legal counsel. The attorney's duties can include advising city officials on legal matters pertaining to the interests of the city, representing the city in legal actions in which the city is an interested party and attending legislative body meetings when his or her presence is requested.

*City Officials Legal Handbook,
Kentucky League of Cities,
2013 edition*

Type of Appointment of City Attorney Used by Kentucky Cities by Classification¹²⁷
(As of November 1, 2012)

Classification	Number of Cities	Nonelected Office (KRS 83A.080)	Personal Service Contract Approved by Legislative Body	Money in Budget; Executive Retains	Full-time Employee	Part-time Employee
Merged/Metro	2	50%	0%	0%	0%	0%
2nd	12	67%	8%	8%	17%	0%
3rd	18	50%	44%	6%	0%	0%
4th	117	60%	27%	2%	3%	9%
5th	111	62%	20%	15%	1%	2%
6th	158	33%	19%	37%	1%	10%

Type of Appointment of City Attorney Used by Kentucky Cities by Population¹²⁷
(As of November 1, 2012)

Population	Number of Cities	Nonelected Office (KRS 83A.080)	Personal Service Contract Approved by Legislative Body	Money in Budget; Executive Retains	Full-time Employee	Part-time Employee
100,000 or more	2	50%	0%	0%	0%	0%
20,000-99,999	16	75%	6%	6%	13%	0%
8,000-19,999	32	62%	28%	3%	0%	7%
3,000-7,999	57	45%	34%	6%	6%	9%
1,000-2,999	98	71%	22%	3%	0%	4%
Less than 1,000	213	39%	19%	32%	1%	8%

Note: Louisville Metro uses the Jefferson County Attorney, an elected position, as its city attorney.

ABANDONED OR BLIGHTED PROPERTY

Almost all cities, particularly the largest ones, have some amount of abandoned or blighted property within their corporate limits. To deal with these properties, cities have several options at their disposal:

- Use code enforcement board procedures – These entities can impose civil fines and issue remedial orders as a means of enforcing ordinances pertaining to abandoned or blighted property.¹²⁹
- Use a vacant property review commission – A city may create by ordinance a vacant property review commission to review vacant properties to make a written determination of blight and deterioration.¹³⁰
- Levy a higher tax rate on abandoned property – Cities may levy a tax rate on “abandoned urban property” that is higher than the prevailing rate of taxation on other real property in the city.¹³¹
- Condemn property (use eminent domain) – Cities may institute eminent domain proceedings pursuant to KRS Chapter 416 against any property that has been certified as blighted or deteriorated and the owner has failed to correct the deterioration.¹³²

Percentage of Kentucky Cities Using Methods to Deal with Abandoned and/or Blighted Property in the Previous Two Years by Classification¹²⁷
(As of November 1, 2012)

Classification	Number of Cities	Code Enforcement Procedures	Vacant Property Review Commission	Higher Tax Rate for Abandoned Property	Condemned/Used Eminent Domain	None
Merged/Metro	2	100%	50%	50%	50%	0%
2nd	12	100%	17%	33%	42%	0%
3rd	18	100%	19%	19%	38%	0%
4th	117	75%	7%	12%	24%	17%
5th	111	42%	6%	6%	7%	51%
6th	158	20%	1%	0%	5%	75%

Percentage of Kentucky Cities Using Methods to Deal with Abandoned and/or Blighted Property in the Previous Two Years by Population¹²⁷
(As of November 1, 2012)

Population	Number of Cities	Code Enforcement Procedures	Vacant Property Review Commission	Higher Tax Rate for Abandoned Property	Condemned/Used Eminent Domain	None
100,000 or more	2	100%	50%	50%	50%	0%
20,000-99,999	16	100%	6%	19%	38%	0%
8,000-19,999	32	90%	17%	21%	31%	7%
3,000-7,999	57	73%	4%	10%	25%	21%
1,000-2,999	98	55%	7%	7%	11%	37%
Less than 1,000	213	27%	3%	3%	7%	66%

Note: Survey respondents could select all methods that applied to their city.

LEGAL AND ORDINANCES

ORDINANCE CODIFICATION SERVICE

Cities are required to index and record all ordinances that have been adopted each month. Cities must also examine and revise their composite index or code of ordinances at least once every five years to eliminate redundant, obsolete, inconsistent and invalid provisions.¹³³ However, it is recommended that cities conduct this review each year.¹²⁶

Several private companies – such as American Legal Publishing¹³⁴ and Municode¹³⁵ – offer codification services to organize city ordinances. About two-thirds of Kentucky cities – including 92 percent of all cities greater than 3,000 population – use a codification service for their city ordinances.¹²⁷

Percentage of Kentucky Cities Using a Codification Service for City Ordinances¹²⁷
(as of November 1, 2012)

Classification	Number of Cities	Using a Codification Service	Population	Number of Cities	Using a Codification Service
Merged/Metro	2	100%	100,000 or more	2	100%
2nd	12	100%	20,000-99,999	16	100%
3rd	18	94%	8,000-19,999	32	93%
4th	117	88%	3,000-7,999	57	88%
5th	111	63%	1,000-2,999	98	71%
6th	158	34%	Less than 1,000	213	44%

DELINQUENT TAX PAYMENT PLANS

When property taxes are not paid to a city, KRS 134.420 gives each city a lien on the property assessed for taxes due to the city for 11 years following the date when the taxes become delinquent.¹²⁶ The lien includes all interest, penalties, fees, commissions, charges, costs, attorney fees and any other expenses that have been incurred by reason of the delinquency.¹³⁶

Percentage of Kentucky Cities Allowing Payment Plans for Delinquent Taxes¹²⁷
(as of November 1, 2012)

Classification	Number of Cities	Allowing Payment Plans for Delinquent Taxes	Population	Number of Cities	Allowing Payment Plans for Delinquent Taxes
Merged/Metro	2	100%	100,000 or more	2	100%
2nd	12	83%	20,000-99,999	16	75%
3rd	18	56%	8,000-19,999	32	45%
4th	117	38%	3,000-7,999	57	31%
5th	111	38%	1,000-2,999	98	37%
6th	158	31%	Less than 1,000	213	37%

Cities that collect their own taxes must establish by ordinance the procedures for collecting ad valorem taxes, including delinquent taxes.¹³⁷ Almost 40 percent of Kentucky cities allow a payment plan for paying delinquent taxes.¹²⁷

SALE OF TAX LIENS

Delinquent tax bills may be sold by cities to third parties to recoup tax dollars pursuant to their home rule authority in KRS 82.082. Cities that use the county sheriff to collect their property taxes automatically have their delinquent tax bills sold.^{137,138} Cities that collect their own property taxes must include delinquent tax collection in their ordinance establishing procedures for the collection of ad valorem taxes, and they may include the sale of tax liens.¹³⁷

Delinquent tax bills are sold to third parties in about 18 percent of cities – 7.5 percent by the city themselves and 10.5 percent through the county sheriff process.¹²⁷

Percentage of Kentucky Cities Selling Tax Liens to Third Parties by the City or through the County Sheriff Process¹²⁷
(as of November 1, 2012)

Classification	Number of Cities	Selling by the City	Using the County Sheriff Process	Population	Number of Cities	Selling by the City	Using the County Sheriff Process
Merged/Metro	2	0%	100%	100,000 or more	2	0%	100%
2nd	12	9%	0%	20,000-99,999	16	7%	0%
3rd	18	13%	6%	8,000-19,999	32	17%	7%
4th	117	12%	4%	3,000-7,999	57	9%	4%
5th	111	8%	18%	1,000-2,999	98	13%	10%
6th	158	2%	12%	Less than 1,000	213	2%	14%

UNIFORM RESIDENTIAL LANDLORD AND TENANT ACT

Percentage of Kentucky Cities that Have Adopted the Uniform Residential Landlord and Tenant Act¹²⁷
(as of November 1, 2012)

Classification	Number of Cities	Adopted Uniform Residential Landlord and Tenant Act	Population	Number of Cities	Adopted Uniform Residential Landlord and Tenant Act
Merged/Metro	2	100%	100,000 or more	2	100%
2nd	12	45%	20,000-99,999	16	33%
3rd	18	15%	8,000-19,999	32	19%
4th	117	22%	3,000-7,999	57	29%
5th	111	13%	1,000-2,999	98	9%
6th	158	1%	Less than 1,000	213	5%

LEGAL AND ORDINANCES

The General Assembly passed the Uniform Residential Landlord and Tenant Act to encourage landlords and tenants to maintain and improve the quality of housing in the state as well as to increase uniformity of the law.¹³⁹ The law governs the rights and responsibilities of both landlords and tenants of commercial and residential rental property.

Cities are authorized to enact the provisions of the Uniform Residential Landlord and Tenant Act in their entirety and without amendment. No other city ordinance relating to this subject may be enacted.¹³⁹ Only 14 percent of Kentucky cities have adopted the Uniform Residential Landlord and Tenant Act.¹²⁷

INTERNATIONAL PROPERTY MAINTENANCE CODE®

The International Code Council (ICC) is a member association that “develops model codes and standards used in the design, build and compliance process to construct safe, sustainable, affordable and resilient structures.”¹⁴⁰ According to the ICC, most U.S. communities have adopted their International Codes.¹⁴⁰

Among these, the International Property Maintenance Code® (IPMC) is “a maintenance document intended to establish minimum maintenance standards for basic equipment, light, ventilation, heating, sanitation and fire safety.”¹⁴¹ About one-quarter of Kentucky cities have adopted the ICC International Property Maintenance Code®.¹²⁷

Percentage of Kentucky Cities that Have Adopted the International Property Maintenance Code¹²⁷ (as of November 1, 2012)

Classification	Number of Cities	Adopted International Property Maintenance Code®	Population	Number of Cities	Adopted International Property Maintenance Code®
Merged/Metro	2	50%	100,000 or more	2	50%
2nd	12	100%	20,000-99,999	16	87%
3rd	18	69%	8,000-19,999	32	76%
4th	117	41%	3,000-7,999	57	35%
5th	111	19%	1,000-2,999	98	27%
6th	158	5%	Less than 1,000	213	9%

MUSIC LICENSING AGREEMENT

U.S. copyright law requires cities to obtain a license prior to playing most original musical works in a public performance, such as during a city festival or other public event.¹⁴² According to the American Society of Composers, Authors and Publishers (ASCAP), “A public performance is one that occurs either in a public place where people gather (other than a small circle of a family or social acquaintances). A public performance is also one that is transmitted to the public, for example, radio or TV broadcasts, and via the Internet.”¹⁴³

To meet the requirements of federal copyright law, cities can get a license from a performing rights society such as ASCAP or Broadcast Music, Inc. (BMI).¹⁴² These entities license the public performance of nondramatic musical works on behalf of the copyright owners of such works.¹⁴² Cities may also get a blanket license agreement negotiated by the International Municipal Lawyers Association with ASCAP and BMI.¹⁴⁴ About 16 percent of Kentucky cities have a licensing agreement to play music at public events, although two-thirds of the cities with at least 8,000 residents have an agreement in place.¹²⁷

Percentage of Kentucky Cities that Have a Licensing Agreement to Play Music at City Events¹²⁷
(as of November 1, 2012)

Classification	Number of Cities	Have a Licensing Agreement to Play Music	Population	Number of Cities	Have a Licensing Agreement to Play Music
Merged/Metro	2	100%	100,000 or more	2	100%
2nd	12	91%	20,000-99,999	16	87%
3rd	18	47%	8,000-19,999	32	55%
4th	117	27%	3,000-7,999	57	22%
5th	111	2%	1,000-2,999	98	6%
6th	158	1%	Less than 1,000	213	1%

REGULATING CONCEALED WEAPONS

A city can enact regulations or ordinances prohibiting or limiting the carrying of concealed deadly weapons in buildings or portions of buildings owned, leased or controlled (with certain exceptions) by the city, such as city hall or council chambers.¹⁴⁵ Only about 15 percent of all cities have chosen to regulate the carrying of concealed weapons.¹²⁷

Percentage of Kentucky Cities that Regulate the Carrying of Concealed Weapons¹²⁷
(as of November 1, 2012)

Classification	Number of Cities	Regulate the Carrying of Concealed Weapons	Population	Number of Cities	Regulate the Carrying of Concealed Weapons
Merged/Metro	2	100%	100,000 or more	2	100%
2nd	12	25%	20,000-99,999	16	19%
3rd	18	27%	8,000-19,999	32	31%
4th	117	27%	3,000-7,999	57	22%
5th	111	9%	1,000-2,999	98	22%
6th	158	5%	Less than 1,000	213	6%

HB 500 REPEALS

The General Assembly passed House Bill 500 during the 2012 Regular Session. This bill expanded and clarified what city regulations are prohibited, which units of local government fall under the statutory requirements and what consequences would result from breaking the law.¹⁴⁶

HB 500 set a deadline of January 12, 2013, for local governments and their agencies to repeal or amend any ordinances or regulations that did not comply with the statute.¹⁴⁷ As of November 1, 2012, 15 percent of cities had repealed firearm-related ordinances because of HB 500.¹²⁷

LEGAL AND ORDINANCES

**Percentage of Kentucky Cities that Repealed Firearm-Related Ordinances because of House Bill 500
(2012 Regular Session)¹²⁷
(as of November 1, 2012)**

Classification	Number of Cities	Repealed Firearm-Related Ordinances since HB 500 (2012)	Population	Number of Cities	Repealed Firearm-Related Ordinances since HB 500 (2012)
Merged/Metro	2	50%	100,000 or more	2	50%
2nd	12	33%	20,000-99,999	16	21%
3rd	18	0%	8,000-19,999	32	15%
4th	117	6%	3,000-7,999	57	2%
5th	111	0%	1,000-2,999	98	1%
6th	158	0%	Less than 1,000	213	0%

**Percentage of Cities with Selected Ordinances and/or Procedures¹²⁷
(As of November 1, 2012)**

Ordinance and/or Procedure	% of Cities
Using a Codification Service	65%
Allowing Payment Plans for Delinquent Taxes	39%
Selling Tax Liens to Third Parties	9%
Adopted Uniform Residential and Landlord Tenant Act	14%
Adopted the International Property Maintenance Code	28%
Has a Licensing Agreement to Play Music at City Events	16%
Regulates the Carrying of Concealed Weapons	15%
Repealed Firearm-related Ordinances due to HB 500 (2012)	3%

SECTION NOTES

- ¹²⁶ *City Officials Legal Handbook*. Kentucky League of Cities. 2013.
- ¹²⁷ KLC City Census Survey. Kentucky League of Cities. 2012.
- ¹²⁸ KRS 83A.080.
- ¹²⁹ KRS 65.8801 – KRS 65.8839.
- ¹³⁰ KRS 99.700 – KRS 99.730.
- ¹³¹ KRS 132.012.
- ¹³² KRS 99.725.
- ¹³³ KRS 83A.060.
- ¹³⁴ American Legal Publishing. <http://www.amlegal.com/services/codification.shtml>
- ¹³⁵ Municode. <http://www.municode.com/Codification>
- ¹³⁶ KRS 134.420.
- ¹³⁷ KRS 91A.070.
- ¹³⁸ KRS 134.128.
- ¹³⁹ KRS 383.505 – KRS 383.715.
- ¹⁴⁰ International Code Council. <http://www.iccsafe.org/AboutICC/>
- ¹⁴¹ *International Property Maintenance Code*[®]. International Code Council. 2012.
- ¹⁴² Copyright Law of the United States. <http://www.copyright.gov/title17/index.html>
- ¹⁴³ American Society of Composers, Authors and Publishers (ASCAP). <http://www.ascap.com/>
- ¹⁴⁴ “Music Licensing.” International Municipal Lawyers Association. http://www.imla.org/index.php?option=com_content&task=view&id=74&Itemid=159
- ¹⁴⁵ KRS 237.115.
- ¹⁴⁶ “2012 KLC Legislative Update.” Kentucky League of Cities.
- ¹⁴⁷ KRS 65.870.



APPENDIX A: LIST OF KENTUCKY CITIES



APPENDIX A: LIST OF KENTUCKY CITIES

City	Classification	2010 Population	Area Development District	County
Adairville	5	852	Barren River	Logan
Albany	4	2,033	Lake Cumberland	Clinton
Alexandria	4	8,477	Northern Kentucky	Campbell
Allen	6	193	Big Sandy	Floyd
Anchorage	4	2,348	KIPDA	Jefferson
Arlington	6	324	Purchase	Carlisle
Ashland	2	21,684	FIVCO	Boyd
Auburn	5	1,340	Barren River	Logan
Audubon Park	5	1,473	KIPDA	Jefferson
Augusta	4	1,190	Buffalo Trace	Bracken
Bancroft	6	494	KIPDA	Jefferson
Barbourmeade	5	1,218	KIPDA	Jefferson
Barbourville	4	3,165	Cumberland Valley	Knox
Bardstown	4	11,700	Lincoln Trail	Nelson
Bardwell	5	723	Purchase	Carlisle
Barlow	6	675	Purchase	Ballard
Beattyville	5	1,307	Kentucky River	Lee
Beaver Dam	4	3,409	Green River	Ohio
Bedford	6	599	KIPDA	Trimble
Beechwood Village	5	1,324	KIPDA	Jefferson
Bellefonte	6	888	FIVCO	Greenup
Bellemeade	6	865	KIPDA	Jefferson
Bellevue	4	5,955	Northern Kentucky	Campbell
Bellewood	6	321	KIPDA	Jefferson
Benham	5	500	Cumberland Valley	Harlan
Benton	4	4,349	Purchase	Marshall
Berea	4	13,561	Bluegrass	Madison
Berry	6	264	Bluegrass	Harrison
Blackey	6	120	Kentucky River	Letcher
Blaine	6	47	FIVCO	Lawrence
Bloomfield	5	838	Lincoln Trail	Nelson
Blue Ridge Manor	6	767	KIPDA	Jefferson
Bonnieville	6	255	Barren River	Hart
Booneville	6	81	Kentucky River	Owsley

APPENDIX A: LIST OF KENTUCKY CITIES

City	Classification	2010 Population	Area Development District	County
Bowling Green	2	58,067	Barren River	Warren
Bradfordsville	6	294	Lincoln Trail	Marion
Brandenburg	5	2,643	Lincoln Trail	Meade
Bremen	6	197	Pennyrile	Muhlenberg
Briarwood	6	435	KIPDA	Jefferson
Brodhead	5	1,211	Cumberland Valley	Rockcastle
Broeck Pointe	6	272	KIPDA	Jefferson
Bromley	5	763	Northern Kentucky	Kenton
Brooksville	5	642	Buffalo Trace	Bracken
Brownsboro Farm	6	648	KIPDA	Jefferson
Brownsboro Village	6	319	KIPDA	Jefferson
Brownsville	5	836	Barren River	Edmonson
Buckhorn	6	162	Kentucky River	Perry
Burgin	5	965	Bluegrass	Mercer
Burkesville	5	1,521	Lake Cumberland	Cumberland
Burnside	4	611	Lake Cumberland	Pulaski
Butler	5	612	Northern Kentucky	Pendleton
Cadiz	4	2,558	Pennyrile	Trigg
Calhoun	5	763	Green River	McLean
California	6	90	Northern Kentucky	Campbell
Calvert City	4	2,566	Purchase	Marshall
Camargo	5	1,081	Gateway	Montgomery
Cambridge	6	175	KIPDA	Jefferson
Campbellsburg	5	813	KIPDA	Henry
Campbellsville	3	9,108	Lake Cumberland	Taylor
Campton	6	441	Kentucky River	Wolfe
Caneyville	6	608	Lincoln Trail	Grayson
Carlisle	4	2,010	Bluegrass	Nicholas
Carrollton	4	3,938	Northern Kentucky	Carroll
Carrsville	6	50	Pennyrile	Livingston
Catlettsburg	4	1,856	FIVCO	Boyd
Cave City	4	2,240	Barren River	Barren
Centertown	6	423	Green River	Ohio
Central City	4	5,978	Pennyrile	Muhlenberg

APPENDIX A: LIST OF KENTUCKY CITIES

City	Classification	2010 Population	Area Development District	County
Clarkson	6	875	Lincoln Trail	Grayson
Clay	5	1,181	Green River	Webster
Clay City	5	1,077	Bluegrass	Powell
Clinton	5	1,388	Purchase	Hickman
Cloverport	5	1,152	Lincoln Trail	Breckinridge
Coal Run Village	6	1,706	Big Sandy	Pike
Cold Spring	5	5,912	Northern Kentucky	Campbell
Coldstream	6	1,100	KIPDA	Jefferson
Columbia	4	4,452	Lake Cumberland	Adair
Columbus	5	170	Purchase	Hickman
Concord	6	35	Buffalo Trace	Lewis
Corbin	4	7,304	Cumberland Valley	Knox/Whitley
Corinth	6	232	Northern Kentucky	Grant/Scott
Corydon	5	720	Green River	Henderson
Covington	2	40,640	Northern Kentucky	Kenton
Crab Orchard	6	841	Bluegrass	Lincoln
Creekside	6	305	KIPDA	Jefferson
Crescent Springs	4	3,801	Northern Kentucky	Kenton
Crestview	6	475	Northern Kentucky	Campbell
Crestview Hills	4	3,148	Northern Kentucky	Kenton
Crestwood	5	4,531	KIPDA	Oldham
Crittenden	5	3,815	Northern Kentucky	Grant
Crofton	5	749	Pennyrile	Christian
Crossgate	6	225	KIPDA	Jefferson
Cumberland	4	2,237	Cumberland Valley	Harlan
Cynthiana	4	6,402	Bluegrass	Harrison
Danville	3	16,218	Bluegrass	Boyle
Dawson Springs	4	2,764	Pennyrile	Caldwell/Hopkins
Dayton	4	5,338	Northern Kentucky	Campbell
Dixon	6	786	Green River	Webster
Douglass Hills	4	5,484	KIPDA	Jefferson
Dover	6	252	Buffalo Trace	Mason
Drakesboro	5	515	Pennyrile	Muhlenberg
Druid Hills	6	308	KIPDA	Jefferson

APPENDIX A: LIST OF KENTUCKY CITIES

City	Classification	2010 Population	Area Development District	County
Dry Ridge	5	2,191	Northern Kentucky	Grant
Earlington	4	1,413	Pennyrile	Hopkins
Eddyville	4	2,554	Pennyrile	Lyon
Edgewood	4	8,575	Northern Kentucky	Kenton
Edmonton	5	1,595	Barren River	Metcalfe
Ekron	6	135	Lincoln Trail	Meade
Elizabethtown	4	28,531	Lincoln Trail	Hardin
Elkhorn City	4	982	Big Sandy	Pike
Elkton	4	2,062	Pennyrile	Todd
Elsmere	4	8,451	Northern Kentucky	Kenton
Eminence	4	2,498	KIPDA	Henry
Erlanger	3	18,082	Northern Kentucky	Kenton
Eubank	6	319	Lake Cumberland	Lincoln/Pulaski
Evarts	5	962	Cumberland Valley	Harlan
Ewing	6	264	Buffalo Trace	Fleming
Fairfield	6	113	Lincoln Trail	Nelson
Fairview	6	143	Northern Kentucky	Kenton
Falmouth	4	2,169	Northern Kentucky	Pendleton
Ferguson	5	924	Lake Cumberland	Pulaski
Fincastle	6	817	KIPDA	Jefferson
Flatwoods	3	7,423	FIVCO	Greenup
Fleming-Neon	5	770	Kentucky River	Letcher
Flemingsburg	4	2,658	Buffalo Trace	Fleming
Florence	3	29,951	Northern Kentucky	Boone
Fordsville	6	524	Green River	Ohio
Forest Hills	6	444	KIPDA	Jefferson
Fort Mitchell	4	8,207	Northern Kentucky	Kenton
Fort Thomas	4	16,325	Northern Kentucky	Campbell
Fort Wright	4	5,723	Northern Kentucky	Kenton
Fountain Run	6	217	Barren River	Monroe
Fox Chase	6	447	KIPDA	Bullitt
Frankfort	2	25,527	Bluegrass	Franklin
Franklin	4	8,408	Barren River	Simpson
Fredonia	5	401	Pennyrile	Caldwell

APPENDIX A: LIST OF KENTUCKY CITIES

City	Classification	2010 Population	Area Development District	County
Frenchburg	6	486	Gateway	Menifee
Fulton	4	2,445	Purchase	Fulton
Gamaliel	6	376	Barren River	Monroe
Georgetown	4	29,098	Bluegrass	Scott
Germantown	6	154	Buffalo Trace	Bracken/Mason
Ghent	6	323	Northern Kentucky	Carroll
Glasgow	3	14,028	Barren River	Barren
Glencoe	6	360	Northern Kentucky	Gallatin
Glenview	6	531	KIPDA	Jefferson
Glenview Hills	6	319	KIPDA	Jefferson
Glenview Manor	6	191	KIPDA	Jefferson
Goose Creek	6	294	KIPDA	Jefferson
Goshen	5	909	KIPDA	Oldham
Grand Rivers	5	382	Pennyrile	Livingston
Gratz	6	78	Northern Kentucky	Owen
Graymoor-Devondale	4	2,870	KIPDA	Jefferson
Grayson	4	4,217	FIVCO	Carter
Green Spring	6	715	KIPDA	Jefferson
Greensburg	4	2,163	Lake Cumberland	Green
Greenup	5	1,188	FIVCO	Greenup
Greenville	4	4,312	Pennyrile	Muhlenberg
Guthrie	4	1,419	Pennyrile	Todd
Hanson	6	742	Pennyrile	Hopkins
Hardin	5	615	Purchase	Marshall
Hardinsburg	5	2,343	Lincoln Trail	Breckinridge
Harlan	4	1,745	Cumberland Valley	Harlan
Harrodsburg	4	8,340	Bluegrass	Mercer
Hartford	5	2,672	Green River	Ohio
Hawesville	5	945	Green River	Hancock
Hazard	3	4,456	Kentucky River	Perry
Hazel	6	410	Purchase	Calloway
Hebron Estates	5	1,087	KIPDA	Bullitt
Henderson	2	28,757	Green River	Henderson
Heritage Creek	5	1,076	KIPDA	Jefferson

APPENDIX A: LIST OF KENTUCKY CITIES

City	Classification	2010 Population	Area Development District	County
Hickman	4	2,395	Purchase	Fulton
Hickory Hill	6	114	KIPDA	Jefferson
Highland Heights	4	6,923	Northern Kentucky	Campbell
Hills and Dales	6	142	KIPDA	Jefferson
Hillview	4	8,172	KIPDA	Bullitt
Hindman	5	777	Kentucky River	Knott
Hodgenville	4	3,206	Lincoln Trail	Larue
Hollow Creek	5	783	KIPDA	Jefferson
Hollyvilla	6	537	KIPDA	Jefferson
Hopkinsville	2	31,577	Pennyrile	Christian
Horse Cave	4	2,311	Barren River	Hart
Houston Acres	6	507	KIPDA	Jefferson
Hunters Hollow	6	386	KIPDA	Bullitt
Hurstbourne	4	4,216	KIPDA	Jefferson
Hurstbourne Acres	4	1,811	KIPDA	Jefferson
Hustonville	5	405	Bluegrass	Lincoln
Hyden	6	365	Kentucky River	Leslie
Independence	3	24,757	Northern Kentucky	Kenton
Indian Hills	4	2,868	KIPDA	Jefferson
Inez	6	717	Big Sandy	Martin
Irvine	4	2,715	Bluegrass	Estill
Irvington	5	1,181	Lincoln Trail	Breckinridge
Island	6	458	Green River	McLean
Jackson	4	2,231	Kentucky River	Breathitt
Jamestown	5	1,794	Lake Cumberland	Russell
Jeffersontown	2	26,595	KIPDA	Jefferson
Jeffersonville	5	1,506	Gateway	Montgomery
Jenkins	4	2,203	Kentucky River	Letcher
Junction City	4	2,241	Bluegrass	Boyle/Lincoln
Kenton Vale	6	110	Northern Kentucky	Kenton
Kevil	6	376	Purchase	Ballard
Kingsley	6	381	KIPDA	Jefferson
Kuttawa	5	649	Pennyrile	Lyon
LaCenter	5	1,009	Purchase	Ballard

APPENDIX A: LIST OF KENTUCKY CITIES

City	Classification	2010 Population	Area Development District	County
Lafayette	6	165	Pennyrite	Christian
LaGrange	4	8,082	KIPDA	Oldham
Lakeside Park	5	2,668	Northern Kentucky	Kenton
Lakeview Heights	6	185	Gateway	Rowan
Lancaster	4	3,442	Bluegrass	Garrard
Langdon Place	6	936	KIPDA	Jefferson
Lawrenceburg	4	10,505	Bluegrass	Anderson
Lebanon	4	5,539	Lincoln Trail	Marion
Lebanon Junction	5	1,813	KIPDA	Bullitt
Leitchfield	4	6,699	Lincoln Trail	Grayson
Lewisburg	5	810	Barren River	Logan
Lewisport	5	1,670	Green River	Hancock
Lexington	2 (UCG)	295,803	Bluegrass	Fayette
Liberty	5	2,168	Lake Cumberland	Casey
Lincolnshire	6	148	KIPDA	Jefferson
Livermore	5	1,365	Green River	McLean
Livingston	6	226	Cumberland Valley	Rockcastle
London	4	7,993	Cumberland Valley	Laurel
Loretto	6	713	Lincoln Trail	Marion
Louisa	5	2,467	FIVCO	Lawrence
Louisville	1 (CLG)	597,337	KIPDA	Jefferson
Loyall	5	1,461	Cumberland Valley	Harlan
Ludlow	4	4,407	Northern Kentucky	Kenton
Lynch	5	747	Cumberland Valley	Harlan
Lyndon	4	11,002	KIPDA	Jefferson
Lynnview	5	914	KIPDA	Jefferson
Mackville	6	222	Lincoln Trail	Washington
Madisonville	4	19,591	Pennyrite	Hopkins
Manchester	4	1,255	Cumberland Valley	Clay
Manor Creek	6	140	KIPDA	Jefferson
Marion	4	3,039	Pennyrite	Crittenden
Martin	4	634	Big Sandy	Floyd
Maryhill Estates	6	179	KIPDA	Jefferson
Mayfield	3	10,024	Purchase	Graves

APPENDIX A: LIST OF KENTUCKY CITIES

City	Classification	2010 Population	Area Development District	County
Maysville	3	9,011	Buffalo Trace	Mason
McHenry	6	388	Green River	Ohio
McKee	5	800	Cumberland Valley	Jackson
Meadow Vale	5	736	KIPDA	Jefferson
Meadowbrook Farm	6	136	KIPDA	Jefferson
Meadowview Estates	6	363	KIPDA	Jefferson
Melbourne	6	401	Northern Kentucky	Campbell
Mentor	6	193	Northern Kentucky	Campbell
Middlesborough	3	10,334	Cumberland Valley	Bell
Middletown	4	7,218	KIPDA	Jefferson
Midway	4	1,641	Bluegrass	Woodford
Millersburg	5	792	Bluegrass	Bourbon/Nicholas
Milton	6	574	KIPDA	Trimble
Mockingbird Valley	6	167	KIPDA	Jefferson
Monterey	6	138	Northern Kentucky	Owen
Monticello	4	6,188	Lake Cumberland	Wayne
Moorland	6	431	KIPDA	Jefferson
Morehead	4	6,845	Gateway	Rowan
Morganfield	4	3,285	Green River	Union
Morgantown	5	2,394	Barren River	Butler
Mortons Gap	5	863	Pennyrile	Hopkins
Mount Olivet	5	299	Buffalo Trace	Robertson
Mount Sterling	4	6,895	Gateway	Montgomery
Mount Vernon	5	2,477	Cumberland Valley	Rockcastle
Mount Washington	4	9,117	KIPDA	Bullitt
Muldraugh	5	947	Lincoln Trail	Hardin/Meade
Munfordville	5	1,615	Barren River	Hart
Murray	3	17,741	Purchase	Calloway
Murray Hill	6	582	KIPDA	Jefferson
Nebo	6	236	Pennyrile	Hopkins
New Castle	5	912	KIPDA	Henry
New Haven	6	855	Lincoln Trail	Nelson
Newport	2	15,273	Northern Kentucky	Campbell
Nicholasville	3	28,015	Bluegrass	Jessamine

APPENDIX A: LIST OF KENTUCKY CITIES

City	Classification	2010 Population	Area Development District	County
Norbourne Estates	6	441	KIPDA	Jefferson
North Middletown	5	643	Bluegrass	Bourbon
Northfield	5	1,020	KIPDA	Jefferson
Nortonville	5	1,204	Pennyrile	Hopkins
Norwood	6	370	KIPDA	Jefferson
Oak Grove	4	7,489	Pennyrile	Christian
Oakland	6	225	Barren River	Warren
Old Brownsboro Place	6	353	KPDA	Jefferson
Olive Hill	4	1,599	FIVCO	Carter
Orchard Grass Hills	5	1,595	KIPDA	Oldham
Owensboro	2	57,265	Green River	Daviess
Owenton	5	1,327	Northern Kentucky	Owen
Owingsville	4	1,530	Gateway	Bath
Paducah	2	25,024	Purchase	McCracken
Paintsville	4	3,459	Big Sandy	Johnson
Paris	3	8,553	Bluegrass	Bourbon
Park City	5	537	Barren River	Barren
Park Hills	4	2,970	Northern Kentucky	Kenton
Parkway Village	6	650	KIPDA	Jefferson
Pembroke	5	869	Pennyrile	Christian
Perryville	5	751	Bluegrass	Boyle
Pewee Valley	5	1,456	KIPDA	Oldham
Pikeville	4	6,903	Big Sandy	Pike
Pineville	4	1,732	Cumberland Valley	Bell
Pioneer Village	4	2,030	KIPDA	Bullitt
Pippa Passes	6	533	Kentucky River	Knott
Plantation	5	832	KIPDA	Jefferson
Pleasureville	6	834	KIPDA	Henry/Shelby
Plum Springs	6	453	Barren River	Warren
Poplar Hills	6	362	KIPDA	Jefferson
Powderly	5	745	Pennyrile	Muhlenberg
Prestonsburg	4	3,255	Big Sandy	Floyd
Prestonville	6	161	Northern Kentucky	Carroll
Princeton	4	6,329	Pennyrile	Caldwell

APPENDIX A: LIST OF KENTUCKY CITIES

City	Classification	2010 Population	Area Development District	County
Prospect	3	4,698	KIPDA	Jefferson/Oldham
Providence	4	3,193	Green River	Webster
Raceland	5	2,424	FIVCO	Greenup
Radcliff	2	21,688	Lincoln Trail	Hardin
Ravenna	5	605	Bluegrass	Estill
Raywick	6	134	Lincoln Trail	Marion
Richlawn	6	405	KIPDA	Jefferson
Richmond	2	31,364	Bluegrass	Madison
River Bluff	6	403	KIPDA	Oldham
Riverwood	6	446	KIPDA	Jefferson
Robards	6	515	Green River	Henderson
Rochester	6	152	Barren River	Butler
Rockport	6	266	Green River	Ohio
Rolling Fields	6	646	KIPDA	Jefferson
Rolling Hills	5	959	KIPDA	Jefferson
Russell	4	3,380	FIVCO	Greenup
Russell Springs	5	2,441	Lake Cumberland	Russell
Russellville	4	6,960	Barren River	Logan
Ryland Heights	5	1,022	Northern Kentucky	Kenton
Sacramento	6	468	Green River	McLean
Sadieville	5	303	Bluegrass	Scott
Saint Charles	6	277	Pennyrile	Hopkins
Saint Matthews	4	17,472	KIPDA	Jefferson
Saint Regis Park	4	1,454	KIPDA	Jefferson
Salem	6	752	Pennyrile	Livingston
Salt Lick	6	303	Gateway	Bath
Salyersville	4	1,883	Big Sandy	Magoffin
Sanders	6	238	Northern Kentucky	Carroll
Sandy Hook	5	675	FIVCO	Elliott
Sardis	6	103	Buffalo Trace	Mason/Robertson
Science Hill	6	693	Lake Cumberland	Pulaski
Scottsville	4	4,226	Barren River	Allen
Sebree	5	1,603	Green River	Webster
Seneca Gardens	6	696	KIPDA	Jefferson

APPENDIX A: LIST OF KENTUCKY CITIES

City	Classification	2010 Population	Area Development District	County
Sharpsburg	6	323	Gateway	Bath
Shelbyville	4	14,045	KIPDA	Shelby
Shepherdsville	4	11,222	KIPDA	Bullitt
Shively	3	15,264	KIPDA	Jefferson
Silver Grove	5	1,102	Northern Kentucky	Campbell
Simpsonville	5	2,484	KIPDA	Shelby
Slaughters	6	216	Green River	Webster
Smithfield	6	106	KIPDA	Henry
Smithland	6	301	Pennyrile	Livingston
Smiths Grove	5	714	Barren River	Warren
Somerset	3	11,196	Lake Cumberland	Pulaski
Sonora	6	513	Lincoln Trail	Hardin
South Carrollton	6	184	Pennyrile	Muhlenberg
South Park View	6	7	KIPDA	Jefferson
South Shore	5	1,122	FIVCO	Greenup
Southgate	4	3,803	Northern Kentucky	Campbell
Sparta	6	231	Northern Kentucky	Gallatin/Owen
Spring Mill	6	287	KIPDA	Jefferson
Spring Valley	6	654	KIPDA	Jefferson
Springfield	4	2,519	Lincoln Trail	Washington
Stamping Ground	6	643	Bluegrass	Scott
Stanford	4	3,487	Bluegrass	Lincoln
Stanton	4	2,733	Bluegrass	Powell
Strathmoor Manor	6	337	KIPDA	Jefferson
Strathmoor Village	6	648	KIPDA	Jefferson
Sturgis	4	1,898	Green River	Union
Sycamore	6	160	KIPDA	Jefferson
Taylor Mill	4	6,604	Northern Kentucky	Kenton
Taylorville	4	763	KIPDA	Spencer
Ten Broeck	6	103	KIPDA	Jefferson
Thornhill	6	178	KIPDA	Jefferson
Tompkinsville	5	2,402	Barren River	Monroe
Trenton	6	384	Pennyrile	Todd
Union	4	5,379	Northern Kentucky	Boone

APPENDIX A: LIST OF KENTUCKY CITIES

City	Classification	2010 Population	Area Development District	County
Uniontown	5	1,002	Green River	Union
Upton	6	683	Lincoln Trail	Hardin/Larue
Vanceburg	4	1,518	Buffalo Trace	Lewis
Versailles	4	8,568	Bluegrass	Woodford
Vicco	6	334	Kentucky River	Knott/Perry
Villa Hills	4	7,489	Northern Kentucky	Kenton
Vine Grove	4	4,520	Lincoln Trail	Hardin
Wallins	6	156	Cumberland Valley	Harlan
Walton	5	3,635	Northern Kentucky	Boone/Kenton
Warfield	6	269	Big Sandy	Martin
Warsaw	4	1,615	Northern Kentucky	Gallatin
Water Valley	6	279	Purchase	Graves
Watterson Park	5	976	KIPDA	Jefferson
Waverly	6	308	Green River	Union
Wayland	6	426	Big Sandy	Floyd
Wellington	6	565	KIPDA	Jefferson
West Buechel	5	1,230	KIPDA	Jefferson
West Liberty	4	3,435	Gateway	Morgan
West Point	5	797	Lincoln Trail	Hardin
Westwood	6	634	KIPDA	Jefferson
Wheatcroft	6	160	Green River	Webster
Wheelwright	6	780	Big Sandy	Floyd
White Plains	5	884	Pennyrile	Hopkins
Whitesburg	4	2,139	Kentucky River	Letcher
Whitesville	6	552	Green River	Daviess
Wickliffe	5	688	Purchase	Ballard
Wilder	5	3,035	Northern Kentucky	Campbell
Wildwood	6	261	KIPDA	Jefferson
Williamsburg	4	5,245	Cumberland Valley	Whitley
Williamstown	5	3,925	Northern Kentucky	Grant/Pendleton
Willisburg	6	282	Lincoln Trail	Washington
Wilmore	4	3,686	Bluegrass	Jessamine
Winchester	3	18,368	Bluegrass	Clark
Windy Hills	5	2,385	KIPDA	Jefferson

APPENDIX A: LIST OF KENTUCKY CITIES

City	Classification	2010 Population	Area Development District	County
Wingo	6	632	Purchase	Graves
Woodburn	6	355	Barren River	Warren
Woodbury	6	90	Barren River	Butler
Woodland Hills	6	696	KIPDA	Jefferson
Woodlawn	6	229	Northern Kentucky	Campbell
Woodlawn Park	5	942	KIPDA	Jefferson
Worthington	5	1,609	FIVCO	Greenup
Worthington Hills	6	1,446	KIPDA	Jefferson
Worthville	6	185	Northern Kentucky	Carroll
Wurtland	5	995	FIVCO	Greenup



APPENDIX B: END NOTES



APPENDIX B: END NOTES

URBAN EVOLUTION: SECTION NOTES

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- ² Urban and Rural: Total Population. U.S. Census Bureau. 2010.
- ³ Urban and Rural Classification. U.S. Census Bureau. <http://www.census.gov/geo/reference/urban-rural.html>
- ⁴ Urbanized Areas and Urban Clusters. U.S. Census Bureau. 2010.
- ⁵ "Growth in Urban Population Outpaces Rest of Nation, Census Bureau Reports." U.S. Census Bureau. March 26, 2012.
- ⁶ *The Kentucky Encyclopedia*. John E. Kleber, ed., et al. 1993.
- ⁷ *Cities in the Commonwealth: Two Centuries of Urban Life in Kentucky*. Allen J. Share. 1982.
- ⁸ Urban and Rural Population: 1900 to 2000. U.S. Census Bureau.
- ⁹ Urban and Rural Areas. U.S. Census Bureau.
http://www.census.gov/history/www/programs/geography/urban_and_rural_areas.html
- ¹⁰ KRS 81.010.
- ¹¹ Kentucky Constitution §156a.
- ¹² KRS 132.010 – KRS 132.027.
- ¹³ KRS 92.281.
- ¹⁴ KRS 68.197 – KRS 68.199.
- ¹⁵ KRS 91A.400.
- ¹⁶ KRS 91A.390.
- ¹⁷ KRS 91A.080.
- ¹⁸ KRS 243.075.
- ¹⁹ Kentucky Constitution §181.
- ²⁰ Monthly Tax Receipts. Kentucky Office of State Budget Director. June 2012
- ²¹ "Local Option Sales Tax and Kentucky Cities." Kentucky League of Cities. August 2012
- ²² "Report by the Blue Ribbon Commission on Tax Reform to Governor Steve Beshear." December 17, 2012.
- ²³ Road Fund 2012-14 Official Revenue Estimate. Kentucky Office of State Budget Director. April 2012.
- ²⁴ KRS 177.320.
- ²⁵ KRS 177.365.
- ²⁶ KRS 177.360 and KRS 177.366.

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- ²⁸ Uniform Financial Information Reports. Kentucky Department for Local Government. FY 2011.
- ²⁹ Senate Bill 2 Actuarial Analysis. Kentucky Legislative Research Commission. 2013.
- ³⁰ *City Officials Legal Handbook*. Kentucky League of Cities. 2013.
- ³¹ KRS 90.110 – KRS 90.230.
- ³² KRS 90.300 – KRS 90.410; KRS 95.761.
- ³³ KLC City Census Survey. Kentucky League of Cities. 2012.
- ³⁴ KRS 67C.400 – KRS 67C.418; KRS 345.030; KRS 67A.6901 – KRS 67A.6911.
- ³⁵ KRS 82.082.
- ³⁶ Kentucky Retirement Systems. <https://www.kyret.ky.gov/>
- ³⁷ KRS 78.530.
- ³⁸ KRS 67A.360 – KRS 67A.690.
- ³⁹ KRS 78.530(7)(a).
- ⁴⁰ Wage and Salary Survey of Kentucky Cities. Kentucky League of Cities. 2012.

BOARDS AND COMMISSIONS: SECTION NOTES

- ⁴¹ KLC City Census Survey. Kentucky League of Cities. 2012.
- ⁴² *City Officials Legal Handbook*. Kentucky League of Cities. 2013.
- ⁴³ KRS 100.121
- ⁴⁴ KRS 100.217 – KRS 100.271.
- ⁴⁵ KRS Chapter 80.
- ⁴⁶ KRS 91A.350.
- ⁴⁷ KRS 65.8801 – KRS 65.8839.
- ⁴⁸ KRS 82.700 – KRS 82.725.
- ⁴⁹ KRS Chapter 154.50.
- ⁵⁰ KRS 183.132 – KRS 183.165.
- ⁵¹ KRS 65.003.
- ⁵² KRS 344.300 – KRS 344.350.

APPENDIX B: END NOTES

⁵³ KRS 97.030 – KRS 97.035.

⁵⁴ KRS 96A.020.

⁵⁵ KRS Chapter 96.

UTILITIES AND PUBLIC SERVICES: SECTION NOTES

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⁵⁷ Uniform Financial Information Reports. Kentucky Department for Local Government. FY 2011.

⁵⁸ Annual Survey of Public Employment and Payroll. U.S. Census Bureau, 2011.

⁵⁹ Wage and Salary Survey of Kentucky Cities. Kentucky League of Cities. 2012.

⁶⁰ "How to Become a Certified Water Treatment, Distribution and/or Bottled Water System Operator." Kentucky Division of Compliance Assistance. February 2012.

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⁶² Kentucky Stormwater Association. <http://kystormwater.org/>

⁶³ Kentucky Public Service Commission. <http://www.psc.ky.gov/>

⁶⁴ Carrollton Utilities. <http://www.carrolltonutilities.com/gas.html>

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⁶⁷ Kentucky Transportation Cabinet. <http://transportation.ky.gov/>

⁶⁸ KRS 177.320.

⁶⁹ KRS 177.365.

⁷⁰ KRS 177.360 and KRS 177.366.

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⁷⁶ Department for Criminal Justice Training. <https://docjt.ky.gov/>

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- ⁸¹ Jefferson County Fire Service. <http://www.jeffcofire.com/>
- ⁸² Annual Survey of Public Employment and Payroll. U.S. Census Bureau. 2011.
- ⁸³ KRS 65.710.
- ⁸⁴ Wage and Salary Survey of Kentucky Cities. Kentucky League of Cities. 2012
- ⁸⁵ Kentucky Board of Emergency Medical Services. <http://kbems.kctcs.edu/>
- ⁸⁶ KRS 83A.065.
- ⁸⁷ KRS 65.8801.
- ⁸⁸ KRS 83A.087.
- ⁸⁹ KRS 39B.010.
- ⁹⁰ Kentucky Division of Emergency Management. <http://kyem.ky.gov/>

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- ⁹² Kentucky Constitution §181.
- ⁹³ Monthly Tax Receipts. Kentucky Office of State Budget Director. June 2012.
- ⁹⁴ “Local Option Sales Tax and Kentucky Cities.” Kentucky League of Cities. August 2012.
- ⁹⁵ State and Local Government Finances by Level of Government and by State. U.S. Census Bureau. FY 2010.
- ⁹⁶ “Report to Governor’s Blue Ribbon Commission on Tax Reform by Economic Consultants.” September 19, 2012.
- ⁹⁷ Uniform Financial Information Reports. Kentucky Department for Local Government. FY 2011.
- ⁹⁸ “Commonwealth of Kentucky Property Tax Rates.” Kentucky Office of Property Valuation. 2012.
- ⁹⁹ Kentucky Local Withholding Tax Codes. Kentucky Personnel Cabinet. January 8, 2013.
- ¹⁰⁰ 2013 Kentucky Communities Imposing an Occupational Tax. Kentucky Society of CPAs. February 18, 2013.
- ¹⁰¹ KRS 132.010.
- ¹⁰² KRS 92.281.
- ¹⁰³ KRS 91A.080.

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- ¹⁰⁵ KRS 91A.390.
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- ¹⁰⁹ KRS 243.075.
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- ¹¹³ “2013 KLC Legislative Update.” Kentucky League of Cities.
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The Kentucky League of Cities is at your service.

The Kentucky League of Cities (KLC) is a membership association serving more than 365 Kentucky cities. KLC is governed by an Executive Board representing communities of all sizes and is comprised of elected and nonelected officials. The larger Board of Directors develops an annual legislative agenda, reviews policy issues and provides feedback on legislative strategy.

All KLC expenditures and meetings are posted online at klc.org to ensure organizational accountability and transparency. KLC houses multiple businesses under one roof including the membership association and affiliates, which are the Kentucky Bond Corporation, the KLC Insurance Services Program, the KLC Funding Trust, the KLC Municipal Finance Corporation, the KLC Investment Pool, the KLC Insurance Agency and the KLC Premium Finance Corporation.

KLC SERVICES

- Legislative Advocacy/Governmental Affairs
 - Highly effective/respected lobbying
 - Policy development
 - Research, surveys and data
- Training
 - Targeted training for city officials
 - Certification/professional development program
 - Online training
- Member Legal Services
 - More than 3,500 city inquiries annually
 - Model ordinances and policies
- General Member Services
 - Community consulting/strategic planning
 - Annual conference and events
 - Communications and information including weekly e-blasts
- KLC Financial Services
 - Low interest loans
 - Kentucky Bond Corporation

www.klc.org

KLC INSURANCE SERVICES

- Insurance Services
 - Liability
 - Property
 - Law Enforcement
 - Workers' Compensation/Employer's Liability (Return to Work/Fraud Hotline)
 - Unemployment
 - Risk Management/Loss Control (eight specialists in the field)
 - Safety Grants
 - Field Assessments
 - Specialized Training (including firearms)
 - Policies and Procedures
 - Disaster Recovery
- Insurance Agency
 - Health Insurance and Employee Benefits
 - Group Health
 - Group Life and Disability
 - Group Dental
 - Special Coverages (floods, bonds, special events)

www.klcis.org

Concerned about the increased health care rates for groups fewer than 100 people?



Contact Heidi Lynn (hlynn@klc.org) or Jeremy Baird (jbaird@klc.org) with the KLC Insurance Agency for a unique solution to the rising cost of health care coverage.

1.800.876.4552



KENTUCKY BOND CORPORATION



A KLC Financial Services Program

- The Kentucky Bond Corporation is currently the only AA-rated pool in Kentucky.
- Funds available for all project types from new construction and equipment purchases to large utility projects.
- Borrowers make either a general obligation and/or a revenue pledge to secure the financing.
- All borrowers receive an AA- rating regardless of their own credit rating.
- Program can accommodate projects as small as **\$100,000**.
- No cross liability among borrowers.
- Low cost of issuance due to economies of scale.
- No bank letter of credit or bond insurance required.
- Amortization terms available up to 30 years.
- Interest rate determined by a competitive sale.
- No derivatives or swaps are needed.

KLC has loaned over \$600 million to over 150 different municipalities since 1987.

Contact: **Nancy Wylie** at **859.977.3768** or **nwylic@klc.org**