



2023 KTIA LEGISLATIVE AGENDA

RESTAURANT TAX EXPANSION TO ALL CITIES

Currently, only formerly fourth and fifth class cities are eligible to enact a restaurant tax. All revenue from the tax is provided to the city's tourism commission. Ineligible cities advocate for authority to enact the tax as a new source of revenue for their city governments. In past years, expansion proposals have jeopardized the funds received by tourism commissions where the tax already exists. In more recent years, expansion proponents' proposals have adequately accommodated the interests of those tourism commissions as well as those in expansion cities.

KTIA Position: The tourism industry supports the expansion to all cities of the eligibility to enact a restaurant tax if that expansion preserves current restaurant tax requirements in those cities that have previously enacted it and if a reasonable portion of the monies from the tax in newly eligible cities are dedicated to the city's tourist commission.

PROTECTION OF 1% STATEWIDE TRANSIENT ROOM TAX

KTIA is committed to protecting the 1% Statewide Transient Room Tax, the source of the Kentucky Department of Tourism (KDT) marketing, including matching funds allocated to tourism commissions. In recent sessions, the greatest threat to those funds has been line item appropriations or "earmarks" for designated projects resulting in reductions of the 1% funds available to KDT.

KTIA Position: Continue efforts to protect the 1% Statewide Transient Room Tax and oppose line item appropriations of those funds.

WELCOMING KY

Continued vigilance is needed concerning discriminatory legislation that could trigger actions damaging to tourism (boycotts, cancellations, etc.).

KTIA Position: *The Commonwealth should remain open and welcoming to all visitors. Kentucky's communities and its people are characterized by warm hospitality and a welcoming attitude. These attributes are a driving force in attracting a large and diverse array of visitors to Kentucky and the economic benefits that result from those visits.*

BOURBON INDUSTRY – BARREL TAX

During the 2023 session, the proposed elimination of Kentucky's barrel tax is expected to be a significant issue during the 2023 session. Proponents point to the Kentucky tax being the only jurisdiction in the world that taxes in this manner and the obstacles it represents to start up craft distilleries. The primary opposition comes from local elected officials in counties for which the barrel tax is a significant source of local government revenue.

KTIA is an active supporter of the bourbon industry's issues, but in this instance also recognizes the concerns of local officials in the impacted counties, as well as the importance of the relationship between those officials and their local tourism industries.

KTIA Position: *Neutral, leaving it to local tourism industries to determine positions that are in their best interests. KTIA will closely monitor the issue.*

BOATS AND PROPERTY TAXES

There is continuing interest from various stakeholders to clarify, provide consistency and bolster compliance in regard to boats and property taxes. This is a major issue area for marinas. During the 2021 and 2022 sessions bills were introduced and supported by the Kentucky Marina Association that provided for a method of assessing fees based on the length of boats. That bill also provided for the establishment of a tourism marketing fund to be distributed to marinas if revenue from the fees reached a certain level.

KTIA Position: *KTIA supports the Kentucky Marina Association (KMA) model of boat 'user fees' for unregistered boats in lieu of property taxes on those boats. However, KTIA's support is conditional if the proposed includes a fund for tourism marketing that would not be received by the*

state's established tourist marketing entities: local tourism commissions or the Kentucky Department of Tourism. This would be a dangerous and therefore unacceptable precedent in regard to legislatively designated recipients of tourism marketing funds.

HUMAN TRAFFICKING

Where and when this horrific criminal activity occurs is often tourism related (hotels, major events, etc.).

KTIA Position: *KTIA supports legislation that continues to more fully and effectively address human trafficking.*

TAXATION OF RESTAURANT AMERICAN RESCUE PLAN ACT (ARPA) FUNDS

The Kentucky Retail Federation has requested KTIA's support to establish that restaurants do not have to pay taxes on the federal ARPA funds they received.

KTIA Position: Support.

SPORTS WAGERING & CASINO GAMING

Sports wagering and casino gaming represent important sources of revenue and jobs. They also represent important visitor experiences that add to destination appeal. Other tourism-competitive states are benefitting from these opportunities, including from Kentuckians who engage in sports wagering and gaming in those states.

KTIA Position: *Support the legalization of sports gaming and a constitutional amendment to legalize casino gaming.*

NEWLY ENACTED STATE SALES TAX APPLIED TO MEETING SPACE

During the 2022 session the legislature enacted HB 8, which takes effect on January 1, 2023, and that among other provisions, applies the state's 6% sales tax to an extensive list of services. One of those services is the rental of meeting space. The continuing expansion of services subject to sales tax is a part of the legislature instituting a consumption based tax model, which is

the reduction and possible future elimination of individual and corporate income tax and the expansion of services to which sales tax would be applied.

While the inclusion of meeting space rental as being taxable was expected, a development that was not anticipated was a KY Department of Revenue (DOR) interpretation that fees paid by exhibitors to organizers who have already paid sales tax on the meeting space would also be subject to sales tax.

KTIA Position: Seek an exemption from meeting and event organizers having to charge sales tax to their exhibitors, vendors and sponsors.
