

**ORDINANCE 19-2024**

**AN ORDINANCE CREATING NEW SECTIONS OF CHAPTER 16, ARTICLE III, DIVISION 4 OF THE OWENSBORO MUNICIPAL CODE ENTITLED “TRANSIENT ROOM TAX” TO ESTABLISH DEFINITIONS AND TO CLARIFY THE REGISTRATION REQUIREMENT; AMENDING SECTION 16-70.35 TO ACCURATELY STATE THE TYPES OF OCCUPANCY SUBJECT TO THE TRANSIENT ROOM TAX; AMENDING SECTION 16-70.38 TO SET FORTH USES OF TRANSIENT ROOM TAX; AMENDING SECTION 16-70.39 TO ESTABLISH THAT PARTY RECEIVING RENT MUST PAY THE TRANSIENT ROOM TAX AND COMPLY WITH THE ORDINANCE; AND AMENDING SECTIONS 16-70.40 AND 16-70.41 TO IMPROVE LEGIBILITY AND ESTABLISH A DEADLINE FOR COMPLIANCE.**

**WHEREAS**, Chapter 16, Article III, Division 4 of the Owensboro Municipal Code entitled “Transient Room Tax” was established on August 16, 2022; and

**WHEREAS**, in order to ensure efficient collection and enforcement of the transient room tax, revisions are necessary, including defining the terms “Broker”, “Host” and “Rent”, and making the person or entity receiving rent responsible for paying the transient room tax and complying with the ordinance; and

**WHEREAS**, various other amendments to Chapter 16, Article III, Division 4 of the Owensboro Municipal Code are needed to clarify the registration requirement, to accurately state the types of occupancy subject to the tax, to establish a deadline for compliance and to improve legibility.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF OWENSBORO, KENTUCKY, AS FOLLOWS:**

**Section 1.** That Chapter 16, Article III, Section 16-70.34 of the Owensboro Municipal Code be, and is hereby created, to read as follows:

**Sec. 16-70.34. – [Definitions.]**

The following words, when used in this Article, shall have the meanings ascribed to them in this section, except where context clearly indicates a different meaning:

*BROKER:* Any person, business, group or organization who facilitates or solicits a rental of accommodations of less than thirty (30) days by brokering, coordinating, or in any other way arranging for the rental of the accommodations, and includes Airbnb, VRBO, Expedia and similar businesses.

*HOST:* Any person, business, group or organization who is the owner of real property, or any lessee of real property pursuant to a written agreement for the lease of such real property, who offers a dwelling unit, or portion thereof, for short-term rental.

*RENT:* All charges and fees for services necessary to facilitate the rental of accommodations, whether charged by the host or a broker, and includes pet fees, cleaning fees, rollaway bed or crib fees, damage fees, cancellation fees and similar charges and fees, even if stated separately from rent on the customer's bill.

**Section 2.** That Chapter 16, Article III, Section 16-70.35 of the Owensboro Municipal Code be, and the same is hereby amended, to read as follows:

**Sec. 16-70.35. – [Adoption.]**

A transient room tax shall be imposed within the city limits of Owensboro at the rate of three (3) percent on the rent for every occupancy of a suite, room, ~~[or] rooms, cabins, lodgings, campsites, or other accommodations~~ charged by ~~[all persons, companies, corporations, or other like or similar persons, groups, or organizations doing business as motor courts, motels, hotels, inns, or like or similar accommodations businesses, for use by the Owensboro Tourist and Convention Commission.]~~ any hotel,

motel, inn, tourist camp, tourist cabin, campgrounds, recreational vehicle parks, or any other place in which accommodations are regularly furnished to transients for consideration or by any person that facilitates the rental of the accommodations by brokering, coordinating, or in any other way arranging for the rental of the accommodations. An additional transient room tax of one (1) percent shall be imposed for the purposes of meeting the operating expenses of the Owensboro Convention Center.

**Section 3.** That Chapter 16, Article III, Section 16-70.36 of the Owensboro Municipal Code be, and the same is hereby deleted in its entirety as follows:

~~[Section 16-70.36. — [Effective Date.] Effective January 1, 2023, the taxes imposed in section 16-70.35 shall be imposed on the rent for every occupancy of a suite, room, rooms, cabins, lodgings, campsites, or other accommodations charged by any hotel, motel, inn, tourist camp, tourist cabin, campgrounds, recreational vehicle parks, or any other place in which accommodations are regularly furnished to transients for consideration or by any person that facilitates the rental of the accommodations by brokering, coordinating, or in any other way arranging for the rental of the accommodations.]~~

**Section 4.** That Chapter 16, Article III, Section 16-70.38 of the Owensboro Municipal Code be, and the same is hereby amended, to read as follows:

**Section 16-70.38. — [Distribution.]**

The three-percent transient room tax, together with any interest and late fees, shall be distributed by the City monthly to the Owensboro Tourist and Convention Commission for use in accordance with KRS 91A.390(3), and which may be used to

finance the cost of acquisition, construction, operation and maintenance of facilities useful in the attraction and promotion of tourist and convention business, or may be used to pay [include payment] for contractual services provided by the City of Owensboro. The additional one (1) percent transient room tax, together with any interest and late fees, shall be distributed monthly to the Owensboro Convention Center.

**Section 5.** That Chapter 16, Article III, Section 16-70.39 of the Owensboro Municipal Code be, and the same is hereby amended, to read as follows:

**Section 16-70.39. – [Reporting; payments; fees; accounting.]**

~~[All persons, groups, organizations and businesses identified in section 16-70.36 above shall file a]~~ The party receiving the rent, whether the host or the broker, is required to collect all applicable taxes, file the monthly report in a manner and on a form provided by the City of Owensboro Finance Department and comply with all provisions of this division, including remitting all required tax payments. However, if the broker fails to comply with these obligations, then the host remains responsible for complying with all provisions of this division.

- A. The report shall be filed with the City of Owensboro Finance Department on or before the last day of every month for the previous month. A report shall be filed every month regardless of whether any funds were collected or any taxes were due.
- B. Any tax payments shall be remitted with the report.
- C. Any late fees and interest shall be remitted with the report.
- D. Any filing received, or postmarked, after the last day of the month shall be deemed late and shall be charged a late fee of ten (10) percent of the tax due per month

(or daily fraction thereof), but in no event shall the late fee be less than twenty-five dollars (\$25.00). Additionally, an interest charge of six (6) percent per annum shall be assessed monthly on all late remittances.

E. To verify information, the City of Owensboro Finance Department may require the submission of certified copies of state and federal tax documents.

F. All funds collected shall be maintained in a separate account.

~~[G. All host participants in internet brokering arrangements to rent rooms, houses, farms, cabins, dwellings, recreational vehicles with online companies such as Airbnb, VRBO, or similar type businesses shall register with the City of Owensboro Finance Department providing the precise location of their rental type units and the tax identification numbers for the individual or company receiving the income from the rental units. The host participant shall be required to file all reports and comply with all provisions of this division. However, if the internet brokering service enters into an enforceable written agreement with the City of Owensboro to report, collect and remit the taxes imposed by this division, then the host participant shall be exempted from the reporting requirements of this division.]~~

**Section 6.** That Chapter 16, Article III, Section 16-70.395 of the Owensboro Municipal Code be, and is hereby created, to read as follows:

**Sec. 16-70.395. – [Registration.]**

All persons, businesses, groups or organizations who own or operate a short-term rental on any premises within the City of Owensboro shall register with the City of Owensboro Finance Department by completing a short-term rental registration form available on the City's website at Owensboro.org. A registration shall expire one year

from the date it is issued and shall be renewed annually. A fine of not more than five hundred dollars (\$500.00) will be imposed on those failing to timely register within sixty (60) days with the City of Owensboro Finance Department.

**Section 7.** That Chapter 16, Article III, Section 16-70.40 of the Owensboro Municipal Code be, and the same is hereby amended, to read as follows:

**Sec. 16-70.40. – [Recordkeeping.]**

All persons, businesses, groups[,] and organizations [~~and businesses~~] identified in section [16-70.36] 16-70.35 above and subject to the provisions of this division shall maintain [a] detailed records of their rental activities (both short-term rentals and rentals of thirty (30) days or more). ~~If deemed necessary, [showing gross room rentals and permanent guest rentals, but a separate record shall not be required if the taxpayer's regular records contain such information. Whenever the City of Owensboro Finance Department deems it necessary for the proper administration of this division,]~~a taxpayer shall permit an officer or employee of the city to make an audit of such records and any other books, papers, files and property of the taxpayer, and to examine witnesses under oath to determine whether any provisions of this division are being violated.

**Section 8.** That Chapter 16, Article III, Section 16-70.41 of the Owensboro Municipal Code be, and the same is hereby amended, to read as follows:

**Sec. 16-70.41. – [Violations.]**

Compliance with this ordinance must occur by March 1, 2025. Any person, business, group or organization violating any provision of this division shall be guilty of a misdemeanor and shall upon conviction be subject to a fine of not more than five hundred dollars (\$500.00), or imprisonment for not more than thirty (30) days, or both, for each

offense. Every month for which a report was not properly filed shall constitute a separate offense.

**INTRODUCED AND PUBLICLY READ ON FIRST READING**, this 3rd day of December, 2024.

**PUBLICLY READ AND APPROVED ON SECOND READING**, this the 17th day of December, 2024.

\_\_\_\_\_  
Thomas H. Watson, Mayor

ATTEST:

\_\_\_\_\_  
Beth Davis, City Clerk