

## ORDINANCE 25 - 10

AN ORDINANCE OF THE CITY OF SOMERSET, KENTUCKY, RESTATING MOST OF ORDINANCE 13-06, BUT AMENDING PARTS OF ORDINANCE No. 13-06 FOR SHORT-TERM RENTALS AND THE USE OF A BRAND NAME. ORDINANCE 13-6 CREATED A *CITY OF SOMERSET TOURISM AND CONVENTION COMMISSION* PURSUANT TO KRS CHAPTER 91A, AND ESTABLISHED A TRANSIENT ROOM TAX AND A SPECIAL TRANSIENT ROOM TAX SET FORTH IN KRS CHAPTER 91A, AND OTHER APPLICABLE LAW. SAID COMMISSION AND TAX IS CONTINUED HEREIN WITH MINOR CHANGES.

WHEREAS, the City of Somerset is not an official member of the Pulaski County Tourist and Convention Commission, (but the Commission created in Ordinance 13-06 has cooperated and desires to further cooperate with the Pulaski County Tourist Commission); and,

WHEREAS, the City of Somerset receives no transient room tax, or a part thereof, collected by the Pulaski County Tourist and Convention Commission and thereby does not benefit financially from participating in said county commission in its current form; and,

WHEREAS, when Ordinance 13-06 was passed the tourism phenomenon of “short-term rentals” and related newer types of rentals was not a significant source of tourism hosting; and,

WHEREAS, tourism industry organizations often do business as or by way of a marketing name or brand name; and,

WHEREAS, the City of Somerset has determined it is in their best interest to maintain a City of Somerset Tourist and Convention Center Commission for the benefit of its citizens, to provide financial aid from a special tax under this established Commission to be used for any Convention Center(s), including but not limited to the Center for Rural Development, and finally for the promotion of tourism to the City of Somerset.

THEREFORE, BE IT ORDAINED by the Common Council of the City of Somerset that there the commission created in Ordinance 13-6 known as the City Somerset Tourist and Convention Commission which shall continue, and operate, as restated in this Ordinance and according to all applicable law; and further the Transient Room Tax created in 13-06 shall continue to be charged, collected, and used as set forth in this Ordinance and according to all applicable law, 1% (One Percent) of which may be provided for Convention Center(s), including the Center for Rural Development. Ordinance 13-06 is amended to include participation by short-term and other rental types.

## SECTION 1. CREATION OF COMMISSION

There is hereby created the CITY OF SOMERSET TOURIST & CONVENTION COMMISSION, "the commission", may use a "brand name", "doing business as", or other marketing name. Currently the organization does business as "SEE SOMERSET", said brand name may be changed by the Commission.

The Commission is established for the purpose of promoting recreational, tourist and convention activity in Somerset and Pulaski County, which bureau shall be governed by KRS 91A.350 – 91A.390 and other applicable provisions of the Kentucky Revised Statutes as they now exist and as they may hereafter be amended; and the bureau shall therefore, have all the authority, powers, duties and obligations granted to it by these Statutes.

## SECTION II. COMPOSITION OF COMMISSION; APPOINTMENT AND TERMS OF COMMISSIONERS;

1. The Commission shall be composed of seven (7) Commissioners to be appointed by the Mayor of City of Somerset in the following manner.

- (a) Two (2) commissioners from a list submitted by the local city hotel and motel associations.
- (b) One (1) commissioner from a list submitted by the local county hotel and motel association, provided that if only one (1) local hotel and motel association exists which covers both the city and county, then three (3) commissioners, which may include short-term rental owners, shall be appointed from a list submitted by that association.
- (c) One (1) commissioner from a list submitted by the local restaurant association or associations.
- (d) One (1) commissioner from a list submitted by the chamber of commerce of the largest city in the county.
- (e) Two at large commissioners nominated and appointed by the Mayor of Somerset.

2. In the absence of any organized associations as specified in 1 (a) (b) (c) or (d), the position shall be filled by persons affiliated with similar businesses or organizations as determined by the Mayor of Somerset.

3. Vacancies shall be filled in the same manner that original appointments are made.

4. The Commissioners shall be appointed for terms of three (3) years, provided, that in making the initial appointments, the Mayor of Somerset shall appoint two (2) commissioners for a term of three (3) years, two (2) commissioners for a term of two (2) years and three (3) commissioners for a term of one (1) year.

5. The Commission shall elect from its membership a Chairman and a Treasurer, and may employ such personnel and make such contracts as are necessary to effectively carry out the purpose of KRS 91A.350 – 91A.390. Such contracts may include but shall not be limited to the procurement of promotional services, advertising services and other services and materials relating to the promotion of tourist and convention business; provided, contracts of the type enumerated shall be made only with persons, organizations, and firms with experience and qualifications for providing promotional services and materials such as advertising firms, chambers of commerce, publishers and printers.

6. The books of the commission, including any account(s) established under KRS 91A.390, shall be audited annually using the audit standards issued annually by the State Auditor of Public Accounts, said audit to be performed by an independent certified public accountant who serves as auditor for the commission. Said auditor shall make a report to the commission, to any associations submitting lists of names from which commission members are selected, to the Mayor of Somerset, to the State Auditor of Public Accounts, and to Somerset City Council. Said audit report(s) shall be made available *by the commission* to members of the public upon request and at no charge. The commission may request that the State Auditor of Public Accounts review said report, and all related work papers and documents, of the auditor referenced above. Any costs associated with such a review, or resulting subsequent audit(s) by the State Auditor of Public Accounts, shall be borne by the commission.

7. A commissioner may be removed from office, by the Mayor of Somerset, as provided by KRS 65.007. Removals pursuant to this subsection shall not require city council approval.

### SECTION III. IMPOSITION OF TRANSIENT ROOM TAX COLLECTION PROCEDURES; EXCEPTIONS

1. (a). That any person, firm, company or corporation engaged in the rental or offering of rental of suites, rooms or other transient accommodations in the City of Somerset first be registered with the commission created herein and be in possession of a transient tax permit.

(b). For the purpose of operating the commission and to finance the operation and maintenance of See Somerset there is hereby imposed and levied on every person, company, corporation, or other like or similar persons, groups, or organizations doing business as motor courts, motels, hotels, inns, tourist camp, tourist cabin, campgrounds, recreational vehicle parks, or any other place in which rooms, lodgings, campsites, or accommodations are regularly furnished to transients for a

consideration, or like business in the City of Somerset, a local transient room tax of four percent (4%) of the gross rent for every occupancy of a suite, room or rooms charged and collected. Said tax shall be paid monthly to the on the 20th day of the month with a grace period of ten (10) days. Said tax shall be paid monthly to the the City of Somerset no later than twenty (20) days after the last day of the month, together with a return on a form furnished by See Somerset setting forth the aggregate amount of gross rentals charged and collected during the occupancy to which the transient room tax applies.

2. Any tax imposed by the Ordinance which shall remain unpaid after it becomes due, as set forth herein, shall have added to it a penalty of ten (10%) percent, in no case shall the penalty be less than twenty-five dollars (\$25.00). Any tax not paid in full after thirty (30) days shall have added a maximum of twenty (20%) percent of the tax for each thirty (30) days or fraction thereof for failure to pay the tax by the due date.
3. The tax imposed by this ordinance shall be in addition to other general taxes, occupational or business license tax.
4. (a) Any person, firm, organization or other like or similar organizations or businesses required herein to file a return, shall be required to make all books, records and accounts upon which information required by this Ordinance is based, available to the City of Somerset, their agents or employees, for the purpose of examination, audit or verification.  
  
 (b) The commission, or city employee working on behalf of the commission, or any of its agents or employees, are hereby empowered to examine the books, papers and records of any firm, organization or other like or similar accommodation business required herein to file a return. Said examination shall be permitted in order to determine the accuracy of any return made, or if no return was made, to determine the amount of room tax due and owing. Any reports, examination or audit of books, records, accounts, or any other source, in the administration of this Ordinance, shall be treated and considered as confidential and privileged except for official purposes, unless otherwise treated by judicial decree or specific provision of law, and shall not be open to inspection by the public.
5. Pursuant to KRS 91A.350 – 91A.390 – there are no exemptions related to transient tax.

#### SECTION IV. ENFORCEMENT

The commission set forth herein is charged with the duty of collecting this tax. It shall have the power and it shall be its duty to make and publish such rules and regulations as may be necessary to administer and enforce the provisions of this Ordinance and to provide

such printed forms as may be required for reporting, paying and receipting for all such funds and for all other requirements in the proper and efficient administration of this Order.

#### SECTION V. PENALTY

Any person, firm, company or organization who shall fail, neglect or refuse to properly complete and file a return as required herein, or any person, firm, company or organizations who shall knowingly file a false or fraudulent return required by this Ordinance, or fail to pay the tax imposed herein or any portion thereof, or fails to perform under any specific provision herein, shall be subject to criminal and/or civil penalties.

Upon a criminal conviction, a person, firm, company or organization, shall be subject to a fine of not less than two hundred twenty-five dollars (\$225.00) nor more than five hundred dollars (\$500.00) or imprisonment of not more than ninety (90) days, or both fine and imprisonment. Each day of any violation shall constitute a separate offense.

Should any person, firm, company or organization become in default of any provision herein, for a period of ninety (90) days, the City of Somerset may revoke the transient tax permit of said person, firm, company or organization. In the event a transient tax permit is revoked, it may only be reinstated upon full payment of all delinquent monies and the posting of a cash bond (to be provided by the delinquent entity) to the commission in an amount equal to the total tax due for the preceding twelve months. Said cash bond shall be refunded at the end of twelve months of compliance with the provisions of this ordinance. In all circumstances that the person, firm, company or organization fails to file true report and pay all taxes, including penalties and interest levied under KRS 91A. 350 – 91A. 390 during the next twelve (12) month period on or before the monthly due date, the City of Somerset will immediately revoke the transient tax permit and the cash bond will be forfeited.

#### SECTION VI. USE OF TRANSIENT TAX PROCEEDS

The net proceeds from the transient tax shall be used for such purposes as enumerated in KRS 91A.350-91A.390. The City of Somerset prohibits the Commission to issue Revenue Bonds or to borrow money beyond the Fiscal year without the express consent of the City of Somerset. The Fiscal year will begin July 1 and terminate on June 30 in each successive year.

#### SECTION VII. REPORTS

The Treasurer and any other officer of the Commission writing checks, receiving, and distributing funds shall be bonded by the City of Somerset in an amount commensurate with the largest amount of money on hand in any given month.

SECTION VIII. SEVERABILITY

Each section and each provision of each section of this Ordinance are severable, and if any provision, section, paragraph, sentence or part thereof, or the application thereof to any person, licensee, class or group, be held unconstitutional or invalid for any reason, such holding shall not affect or impair the remainder of this Ordinance, it being the legislative intent to ordain and enact each provision, section, paragraph, sentence and part thereof, separately and independently of every other.

SECTION IX. REPEALER

Any repeal of any transient tax levied before 2013 and replaced in Ordinance 13-06 is restated and ordained here.

SECTION X. EFFECTIVE DATE

This Ordinance shall become effective upon its publication as per Kentucky Law.

SECTION XI. PUBLICATION

This Ordinance shall be published as per Kentucky Law.

First reading was given to the Somerset City Council on April 14, 2025.

Adopted, on Motion made by Mr. Mitchell and seconded by Mr. Hunley and passed by majority vote of the Somerset City Council in duly session assembled on the 28<sup>th</sup> day of April, 2025.

ATTEST:

  
SOMERSET CITY CLERK

  
CITY OF SOMERSET MAYOR