

1 AN ACT relating to county taxes.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 68.197 is amended to read as follows:

- 4 (1) The fiscal court of each county having a population of thirty thousand (30,000)
5 **prior to the effective date of this Act and forty thousand (40,000)** or more **after the**
6 **effective date of this Act** may by ordinance impose license fees on franchises,
7 provide for licensing any business, trade, occupation, or profession, and the using,
8 holding, or exhibiting of any animal, article, or other thing.
- 9 (2) License fees on business, trade, occupation, or profession for revenue purposes,
10 except those of the common schools, may be imposed at a percentage rate not to
11 exceed one percent (1%) of:
- 12 (a) Salaries, wages, commissions, and other compensation earned by persons
13 within the county for work done and services performed or rendered in the
14 county;
- 15 (b) The net profits of self-employed individuals, partnerships, professional
16 associations, or joint ventures resulting from trades, professions, occupations,
17 businesses, or activities conducted in the county; and
- 18 (c) The net profits of corporations resulting from trades, professions, occupations,
19 businesses, or activities conducted in the county.
- 20 (3) In order to reduce administrative costs and minimize paperwork for employers,
21 employees, and businesses, the fiscal court may provide:
- 22 (a) For an annual fixed amount license fee which a person may elect to pay in lieu
23 of reporting and paying the percentage rate as provided in this subsection on
24 salaries, wages, commissions, and other compensation earned within the
25 county for work done and services performed or rendered in the county; and
- 26 (b) For an annual fixed amount license fee which an individual, partnership,
27 professional association, joint venture, or corporation may elect to pay in lieu

1 of reporting and paying the percentage rate as provided in this subsection on
2 net profits of businesses, trades, professions, or occupations from activities
3 conducted in the county.

4 (4) (a) Licenses imposed for regulatory purposes are not subject to limitations as to
5 form and amount.

6 (b) No public service company that pays an ad valorem tax is required to pay a
7 license tax.

8 (c) 1. It is the intent of the General Assembly to continue the exemption from
9 local license fees and occupational taxes that existed on January 1, 2006,
10 for providers of multichannel video programming services or
11 communications services as defined in KRS 136.602 that were taxed
12 under KRS 136.120 prior to the effective date of this section.

13 2. To further this intent, no company providing multichannel video
14 programming services or communications services as defined in KRS
15 136.602 shall be required to pay a license tax. If only a portion of an
16 entity's business is providing multichannel video programming services
17 including products or services that are related to and provided in support
18 of the multichannel video programming services or communications
19 services, this exclusion applies only to that portion of the business that
20 provides multichannel video programming services or communications
21 services, including products or services that are related to and provided
22 in support of the multichannel video programming services or
23 communications services.

24 (d) No license tax shall be imposed upon or collected from any insurance
25 company except as provided in KRS 91A.080, bank, trust company, combined
26 bank and trust company, combined trust, banking, and title business in this
27 state, or any savings and loan association whether state or federally chartered,

1 or in other cases where the county is prohibited by law from imposing a
2 license fee.

3 (5) No license fee shall be imposed or collected on income received by members of the
4 Kentucky National Guard for active duty training, unit training assemblies, and
5 annual field training, or on income received by precinct workers for election
6 training or work at election booths in state, county, and local primary, regular, or
7 special elections, or upon any profits, earnings, or distributions of an investment
8 fund which would qualify under KRS 154.20-250 to 154.20-284 to the extent any
9 profits, earnings, or distributions would not be taxable to an individual investor.

10 (6) Persons who pay a county license fee pursuant to this section and who also pay a
11 license fee to a city contained in the county may, upon agreement between the
12 county and the city, credit their city license fee against their county license fee. As
13 used in this subsection, "city contained in the county" shall include a city that is in
14 more than one (1) county.

15 (7) The provisions of subsection (6) of this section notwithstanding, effective with
16 license fees imposed under the provisions of subsection (1) of this section on or
17 after July 15, 1986, persons who pay a county license fee and a license fee to a city
18 contained in the county shall be allowed to credit their city license fee against their
19 county license fee. As used in this subsection, "city contained in the county" shall
20 include a city that is in more than one (1) county.

21 (8) Notwithstanding any statute to the contrary, the provisions of subsection (7) of this
22 section shall apply as follows from March 14, 2012, through July 15, 2014:

23 (a) Any set-off or credit of city license fees against county license fees that exists
24 between a city and county as of March 15, 2012, shall remain in effect as it is
25 on March 15, 2012; and

26 (b) The provisions of subsection (7) of this section shall not apply to a city and
27 county unless both the city and the county have both levied and are collecting

1 license fees on March 15, 2012.

2 (9) A county that enacted an occupational license fee under the authority of KRS
3 67.083 shall not be required to reduce its occupational tax rate when it is
4 determined that the population of the county exceeds forty thousand (40,000)
5 [~~thirty thousand (30,000)~~].

6 (10) Notwithstanding any statute to the contrary:

7 (a) In those counties where a license fee has been authorized by a public question
8 approved by the voters, there shall be no credit of a city license fee against a
9 county license fee except by agreement between the county and the city in
10 accordance with subsection (6) of this section;

11 (b) Notwithstanding any provision of the KRS to the contrary, no taxpayer shall
12 be refunded or credited for any overpayment of a license tax paid to any
13 county to the extent the overpayment is attributable to or derives from this
14 section as it existed at any time subsequent to July 15, 1986, and the taxpayer
15 seeks a credit for a license tax paid to a city located within such county, if
16 such refund claim or amended tax return claim was filed or perfected after
17 November 18, 2004, except by agreement between the city and county in
18 accordance with subsection (6) of this section;

19 (c) In those counties where a license fee has been authorized by a public question
20 approved by the voters, the percentage rate of the license fee in effect on
21 January 1, 2005, and any maximum salary limit upon which the license fee is
22 calculated shall remained unchanged for subsequent fiscal years. A percentage
23 rate higher than the percentage rate in effect on January 1, 2005, or any change
24 in the maximum salary limit upon which a license fee is calculated shall be
25 prohibited unless approved by the voters at a public referendum. The
26 percentage rate of a license fee in such counties shall at no time exceed one
27 percent (1%). Any question to be placed before the voters as a result of this

1 paragraph shall be placed on the ballot at a regular election or nominating
2 primary.

3 (d) This subsection shall have retroactive application; and

4 (e) If any provision of this subsection or the application thereof to any person or
5 circumstance is held invalid, the invalidity shall not affect other provisions or
6 application of this section that can be given effect without the invalid
7 provision or application, and to this end the provisions of this subsection are
8 severable.

9 (11) Pursuant to this section, no fiscal court shall regulate any aspect of the manner in
10 which any duly ordained, commissioned, or denominationally licensed minister of
11 religion may perform his or her duties and activities as a minister of religion. Duly
12 ordained, commissioned, or denominationally licensed ministers of religion shall be
13 subject to the same license fees imposed on others in the county on salaries, wages,
14 commissions, and other compensation earned for work done and services performed
15 or rendered.

16 ➔Section 2. KRS 68.199 is amended to read as follows:

17 (1) Notwithstanding the provisions of KRS 68.197(7), a county that enacts an
18 occupational license fee under the authority of KRS 67.083 prior to attaining a
19 population of forty thousand (40,000)~~[thirty thousand (30,000)]~~ shall not be
20 required to allow a credit against the county occupational license fee for an
21 occupational license fee paid to a city within the county when it is determined that
22 the population of the county exceeds forty thousand (40,000)~~[thirty thousand~~
23 ~~(30,000)]~~.

24 (2) If prior to July 15, 2002, a county voluntarily granted a credit against the county
25 occupational license fee under the terms of an ordinance, interlocal agreement, or
26 other agreement with a city, the county shall not eliminate the credit after it is
27 determined that the population of the county exceeds thirty thousand (30,000).

- 1 (3) After July 15, 2002, a county that enacts a new county occupational license fee or
2 increases a county occupational license fee, after it is determined that the county
3 population exceeds forty thousand (40,000)~~[thirty thousand (30,000)]~~, shall be
4 required to allow the credit against the city fee required by KRS 68.197(7) to the
5 extent of the increase or new fee.
- 6 (4) For purposes of this section, the county population shall be determined based only
7 on the official decennial census by the United States Bureau of the Census.