

1 AN ACT relating to the levy of occupational license fees.

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

1 net profits of businesses, trades, professions, or occupations from activities
2 conducted in the county.

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

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

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

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

23 (d) No license tax shall be imposed upon or collected from any insurance
24 company except as provided in KRS 91A.080, bank, trust company, combined
25 bank and trust company, combined trust, banking, and title business in this
26 state, or any savings and loan association whether state or federally chartered,
27 or in other cases where the county is prohibited by law from imposing a

1 license fee.

2 (5) No license fee shall be imposed or collected on:

3 (a) Income received by members of the Kentucky National Guard for active duty
4 training, unit training assemblies, and annual field training;

5 (b) Income received by precinct workers for election training or work at election
6 booths in state, county, and local primary, regular, or special elections;

7 (c) Any profits, earnings, or distributions of an investment fund which would
8 qualify under KRS 154.20-250 to 154.20-284 to the extent any profits,
9 earnings, or distributions would not be taxable to an individual investor; or

10 (d) 1. a. The profits earned; or

11 b. Income received for work performed;

12 during a disaster response period by a disaster response business or a
13 disaster response employee.

14 2. As used in this paragraph, "disaster response business," "disaster
15 response employee," and "disaster response period" have the same
16 meaning as in KRS 141.010.

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

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

1 ~~(8) If a city annexes territory pursuant to KRS 81A.415 on or after June 29, 2021, and~~
2 ~~both the city and the county in which the territory annexed is contained levy a~~
3 ~~license fee at the time of annexation, then the county shall at least receive the same~~
4 ~~dollar amount of revenue that was generated in the preceding tax year by the county~~
5 ~~license fee. After the tax year in which the annexation occurs, if the revenues~~
6 ~~generated by both the city and county license fees for that territory decrease below~~
7 ~~the amount of revenue generated in that preceding tax year by the county license~~
8 ~~fee, then the revenue received by the county shall be reduced proportionately. Any~~
9 ~~increase in the license fee rate by the city or the county after the date of the~~
10 ~~annexation shall be subject to the crediting provisions contained in subsections (6)~~
11 ~~and (7) of this section.~~

12 ~~(9) A county that enacted an occupational license fee under the authority of KRS~~
13 ~~67.083 shall not be required to reduce its occupational tax rate when it is~~
14 ~~determined that the population of the county exceeds thirty thousand (30,000).~~

15 ~~(10) Notwithstanding any statute to the contrary:~~

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

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

1 ~~(c) In those counties where a license fee has been authorized by a public question~~
 2 ~~approved by the voters, the percentage rate of the license fee in effect on or~~
 3 ~~after January 1, 2005, and any maximum salary limit upon which the license~~
 4 ~~fee is calculated may be increased or decreased in subsequent fiscal years with~~
 5 ~~the approval of the fiscal court through the passage of an ordinance. The~~
 6 ~~percentage rate of a license fee in such counties shall at no time exceed one~~
 7 ~~percent (1%) and the maximum salary limit shall at no time exceed an amount~~
 8 ~~equal to the maximum Social Security contribution and benefit base~~
 9 ~~established under subsection (b) of 42 U.S.C. sec. 430. Notwithstanding~~
 10 ~~subsection (7) of this section, there shall be no credit of any license fee~~
 11 ~~increased or decreased under this paragraph except by agreement between the~~
 12 ~~county and the city in accordance with subsection (6) of this section.~~

13 ~~(d) This subsection shall have retroactive application; and~~

14 ~~(e) If any provision of this subsection or the application thereof to any person or~~
 15 ~~circumstance is held invalid, the invalidity shall not affect other provisions or~~
 16 ~~application of this section that can be given effect without the invalid~~
 17 ~~provision or application, and to this end the provisions of this subsection are~~
 18 ~~severable.~~

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

26 ➔Section 2. KRS 67.793 is amended to read as follows:

27 Notwithstanding the maximum tax rates in KRS 68.180~~[, 68.197,]~~ and 91.200, a tax

1 district which levies a tax on net profits may levy a tax rate that would generate
2 approximately the same amount of revenues as the prior year plus normal revenue growth
3 experienced by the tax district over the prior five (5) years. A tax district may invoke the
4 provisions of this section only once.

5 ➔Section 3. The following KRS section is repealed:

6 68.199 County that attains population of 30,000 -- Credit against occupational license
7 fee -- Voluntary credit -- New fee or increase in fee.