

KOLA

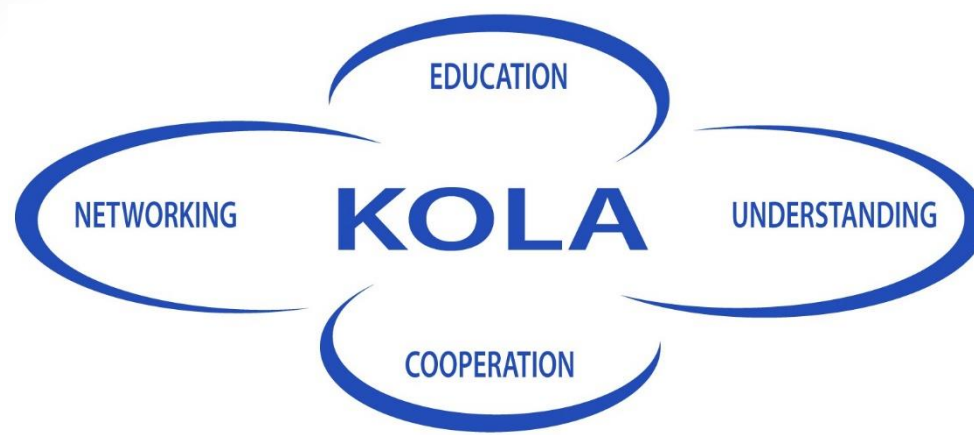
(Kentucky Occupational License Association)

**Presentation to the Legislative Research
Commission's Interim Joint Committee on Local
Government**

Presented by Scott Hall & Larry Klein
July 24, 2023

Presenters

- Scott Hall
 - Executive Director – Georgetown/Scott Co Revenue Commission
 - Former Manager of Audit Division – Louisville Metro Revenue Commission
 - KOLA Past President – 2019
- Larry Klein
 - Part-Time Tax Compliance Officer - City of Crestview Hills
 - Retired Covington City Manager
 - KOLA Past President and one of 8 Founding Members (2001)
 - Kenton County Fiscal Court Occupational License Inspector 1988-1998



- The association is dedicated to the needs, issues, and challenges pertaining to occupational license tax in Kentucky. Whether enacted by a city, county, or school board; whether assessed on payroll, net profit, or gross receipts; KOLA is a resource for the occupational license professional in Kentucky.
- **KOLA Goals**
 - Furnish education to members on occupational license tax in Kentucky
 - Provide opportunity to network with other tax administrators in Kentucky
 - Increase the understanding of elected officials of occupational license tax
 - Promote cooperation between local tax administrators and elected officials, the Kentucky Revenue Cabinet and the Internal Revenue Service

Kentucky Secretary of State

- Kentucky Secretary of State – Occupational Tax Database
 - Pursuant to [KRS 67.766](#), occupational license tax forms for each Kentucky taxing district that imposes such a tax are now available online.
 - web.sos.ky.gov/occupationaltax/

Occupational License Tax

- As a revenue source:
 - Per KLC – Occupational License Tax is the #1 revenue source for Cities
 - Per KACo - Occupational License Tax is the #1 revenue source for Counties
- Impact on Community
 - Safety – EMS, Fire, Jails/Corrections, Police/Sheriff, E911 Telecommunications
 - Roads – Maintenance & Snow Removal
 - Parks & Recreation
 - School Services
 - Environmental Services
 - Planning & Zoning Administration
 - Animal Care & Control
 - Senior Citizens Services
 - Mental Health Services

Occupational License Tax

- Business Tax assessed on activity within the Commonwealth:
 - Gross Receipts Tax
 - Net Profit Tax
 - Annual Flat Fee
- Payroll Withholding Tax on wages earned in the Commonwealth:
 - Always assessed on Gross Wages of employee
- Cities, Counties & School Boards determine which tax type and tax rates are best for their communities and are made at the grass roots level.

Dual/Multi Tax Jurisdictions

- Dual Tax Jurisdictions (County collects for County & City)
 - Boyle County/Danville
 - Daviess County/Owensboro
 - Jessamine County/Nicholasville
 - Taylor County/Campbellsville
- Multi Tax Jurisdictions (County collects for 3 or more jurisdictions)
 - Boone County
 - Campbell County
 - Kenton County
 - Scott County
- Multi Tax Jurisdictions collect for a combined 30 different jurisdictions (Cities, Counties and School Boards)

City of Crestview Hills Statistics

- Population 3,200 (appr.)
- FY 2023-2024 Budget - \$4,406,500.
 - Occupational Tax - \$2,900,079 or 65.82% of Total Budgeted Revenue
 - Payroll Tax (Employees) - \$2,400,079 or 54.47% of Total Budgeted Revenue
 - Gross Receipts Tax (Businesses) – \$500,000, or 11.35% of Total Budgeted Revenue
 - 83%/17% Employee/Business split of Total Occupational Tax
 - As a reference, real property tax is \$795,000 or 18.04% of Total Budgeted Revenue
- Crestview Hills is one of fifteen cities in the Kenton County Multi-Tax Jurisdiction system

Georgetown/Scott Co Statistics

- Return on Investment (ROI) - FYE 6/30/2022
 - Revenue Collections - \$48.4 Million
 - Expenses - \$825K
 - ROI – 98.3%
 - For every \$1 collected, operational costs are \$0.017
- Georgetown/Scott Co Revenue Commission (GSCRC) has a very lean, effective and efficient tax administration operation

Georgetown/Scott Co Statistics

- In 7 years as Executive Director we have collected \$312.3 Million in Occupational License Tax revenue for the City, County and School Board
- This is the revenue impact of the Occupational License Tax in just 1 community in the Commonwealth

Georgetown/Scott Co Statistics

- FY 2017 – FY 2023 Collections (\$312.3 million)
 - FYE 2023 - \$53.5 million
 - FYE 2022 - \$48.4 million
 - FYE 2021 - \$45 million
 - FYE 2020 - \$41.2 million
 - FYE 2019 - \$42.5 million
 - FYE 2018 - \$41.8 million
 - FYE 2017 - \$39.9 million
- Average annual collections
 - Last 7 years - \$44.61 million
 - Prior 12.5 years - \$32.2 million
 - Average annual collections are \$12.41 million higher in the last 7 years when compared to the prior 12.5 years

Georgetown/Scott Co Statistics

- Payroll Tax to Net Profit Tax Ratio (adjusted for financial inducement payments)
 - FYE 2022 – 88/12
 - Payroll Tax – 88% of revenue or \$42.6 million
 - Net Profit Tax – 12% of revenue or \$5.8 million
- New Business Activity
 - FYE 2022 – 1,099 new business accounts opened
 - Largest single year number of new accounts opened in 18.5 year history of GSCRC
 - Prior 5 year average – 870 new accounts opened

Questions?

- Please reach out to your local Occupational License Tax offices for specific details concerning your districts
- Utilize the KYSOS Database for more information:
 - web.sos.ky.gov/occupationaltax/
- Kentucky Occupational License Association
 - kyola.org