

CHAPTER 44

(HB 518)

AN ACT relating to the collection of local business taxes and fees.

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

➔Section 1. KRS 67.767 is amended to read as follows:

- (1) (a) **1.** The Secretary of State shall prescribe *separate*~~{a}~~ standard ~~{form or }~~forms, through promulgation of an administrative regulation *in accordance with KRS Chapter 13A*, which ~~{shall be accepted by all tax districts and }~~shall allow for:
- a.** *A combined net profits and gross receipts occupational license taxes return or separate forms for a net profits occupational license tax return and a gross receipts occupational license tax return by all business entities; and*
 - b.** *A payroll occupational license tax return, for returns of payroll taxes by all business entities*~~{returns of net profits and gross receipts occupational license taxes by all business entities unless the tax district opts out from acceptance in accordance with subsection (2) of this section or is exempted under subsection (3) of this section}.~~
- 2.** *For business entities to have the information necessary to ensure the proper payment of the taxes to each tax district*, the Secretary shall also develop and update as necessary:
- a.** Instructions ~~{for a set of instructions }~~for business entities on the completion of the standard ~~{form or }~~forms; *and*
 - b.** *Fillable portable document format versions of each of the standardized forms developed pursuant to subparagraph 1. of this paragraph*~~{so that business entities have the current information necessary to ensure the proper payment of the tax to each tax district}.~~
- (b) The Secretary shall seek advice and comments on the development, amendment, and maintenance of the ~~{form or }~~forms and instructions from an advisory committee chaired by the Secretary, or his or her designee, that is composed of:
- 1.** *One (1) member of the Secretary of State's staff;*
 - 2.** *Two (2) members submitted by the Kentucky League of Cities;*
 - 3.** *Two (2) members submitted by the Kentucky Association of Counties, at least one (1) of which shall be a current elected county judge/executive;*
 - 4.** *Two (2) members submitted by the Kentucky Society of Certified Public Accountants;*
 - 5.** *One (1) member submitted by the Kentucky Association of County Treasurers and Finance Officers;*
 - 6.** *One (1) member submitted by the Associated General Contractors of Kentucky;*
 - 7.** *One (1) member submitted by the Kentucky Association of Master Contractors;*
 - 8.** *One (1) member submitted by the National Federation of Independent Business;*
 - 9.** *One (1) member submitted by the Associated Builders and Contractors of Indiana/Kentucky;*
 - 10.** *Two (2) members submitted by the Kentucky Occupational License Association; and*
 - 11.** *One (1) member submitted by the Kentucky School Boards Association.*
- (c) *The advisory committee shall:*
- 1.** *Meet at the call of the chair;*
 - 2.** *Convene before August 31, 2026, for the first meeting, and as necessary thereafter;*
 - 3.** *Develop any new forms, returns, and instructions required in this subsection before June 1, 2027; and*

4. *File the completed forms to the Legislative Research Committee for referral to the Interim Joint Committee on Local Government by June 24, 2027.*
- (d) *Within fourteen (14) days after the July 2027 Interim Joint Committee on Local Government meeting, the Secretary of State shall submit a proposed administrative regulation to the Legislative Research Committee in accordance with KRS Chapter 13A, which includes the forms and electronic links required in this subsection.*
- (e) *This subsection shall not be interpreted to require the development or adoption of a new form if the Secretary of the State determines that an existing form satisfies the requirements of paragraph (a) of this subsection. ~~{a representative from the Kentucky Association of Counties, the Kentucky League of Cities, the Kentucky Occupational License Association, the Kentucky School Boards Association, the Kentucky Society of Certified Public Accountants, urban county governments, and consolidated local governments, and a representative of business entities appointed by the Secretary.~~*
- ~~(e) During the development of the proposed initial form or forms, the Secretary of State shall report in writing to the Interim Joint Committee on Local Government on the progress of the development process. When the proposed administrative regulation is filed with the Legislative Research Commission pursuant to KRS Chapter 13A, the Secretary of State shall also submit a copy thereof, via regular or electronic mail, to the members of the Interim Joint Committee on Local Government or, if during a session of the General Assembly, to the members of the House Standing Committee on Local Government and the Senate Standing Committee on State and Local Government. The submission to the members shall include a note from the Secretary of State stating that the members may submit any comments regarding the proposed administrative regulation in accordance with the deadline established in KRS 13A.270(1)(e).~~
- ~~(d) Notwithstanding KRS 13A.290(6)(a), after full review by the Administrative Regulation Review Subcommittee, the Legislative Research Commission shall assign the administrative regulation to the Interim Joint Committee on Local Government for consideration or, if during a session of the General Assembly, to the House Standing Committee on Local Government and the Senate Standing Committee on State and Local Government.~~
- ~~(f)(e) Once the standard ~~{form or}~~ forms are adopted or amended, the Secretary of State shall include the ~~{form or}~~ forms, instructions, **electronic links to the fillable portable document format versions of the forms**, and any updates on the one-stop business portal or another public website maintained by that office, along with information submitted to the Secretary of State pursuant to subsection (2) or (3) of this section. The ~~{form or}~~ forms and instructions shall be updated and maintained by the Secretary of State at no cost to the tax districts. A ~~{No}~~ fee shall **not** be levied against the public or businesses for accessing and downloading forms, instructions, or other information maintained by the Secretary of State under this section.~~
- (2) After the ~~{form or}~~ forms are adopted under subsection (1) of this section but prior to **July 1, 2029**~~{July 1, 2017}~~, a tax district **shall**:
- (a) ~~{may}~~ Adopt the standard ~~{form or}~~ forms as its exclusive **electronic** return ~~{form or}~~ forms; ~~{}~~
- (b) ~~{may}~~ Accept the standard ~~{form or}~~ forms **electronically** in addition to the tax district's own return form or forms; **or**
- (c) 1. **Opt out from adopting or using the forms in paragraphs (a) and (b) of this subsection if it has:**
- a. **An online filing and payment system in use on or before January 1, 2025; or**
- b. **Entered into a binding contract for the implementation of an online filing and payment system on or before July 1, 2026.**
2. **If a tax district opts out under subparagraph 1. of this paragraph, in addition to providing online access to the electronic filing and payment system it uses on its own website that permits the electronic submission of forms and the electronic remittance of payments, and in order to maintain its exemption, it shall provide:**
- a. **An electronic link to access its online filing and payment system**~~{, or may elect to opt out of accepting the standard form or forms through adoption of a written order by the tax district's governing body. If a tax district elects not to accept the standard form or forms, it~~

~~shall forward the following information~~ to the Secretary of State for inclusion on the one-stop business portal or another public website maintained by that office;~~;~~

- b.~~(a)~~ A copy of the written order specifying that the tax district ***has a qualifying online filing system in use and*** will not accept the standard ~~form or~~ forms within thirty (30) days of its adoption; and
 - c.~~(b)~~ A copy of occupational license tax forms that the tax district accepts, any accompanying instructions, and any future amendments to those forms, ~~and~~ instructions, ***and electronic links*** within thirty (30) days of any change.
- (3) ***A tax district that accepts the standard forms for filing under subsection (2)(a) or (b) of this section shall have nine (9) months from the final approval date of an administrative regulation establishing any new or amended standard forms to comply with the provisions of those subsections.***
- (4)~~(3)~~ After ***July 1, 2029***~~July 1, 2017~~, a tax district:
- (a) Shall either adopt the standard ~~form or~~ forms as its exclusive ***electronic*** return ~~form or~~ forms or accept the standard ~~form or~~ forms in addition to the tax district's own return form or forms, unless:
 - 1.~~(a)~~ The tax district submits a written request approved by the tax district's governing body to the Secretary of State for an exemption based on documented information that:
 - a. Acceptance of the form will impose an undue financial hardship on the tax district; ***or***
 - b. ***The tax district is part of an interlocal agreement that provides for a single tax collection process for multiple jurisdictions;*** and
 - 2.~~(b)~~ The Secretary of State approves the request for an exemption and obtains the return ~~form or~~ forms that will be accepted by the tax district and any applicable instructions for inclusion on the one-stop business portal or another public website maintained by that office. In exercising his or her discretion to grant an exemption under this subsection, the Secretary of State may impose any reasonable terms and limitations upon the exemption;
 - (b) ***Shall provide on its official website or other means for business entities to access and download the forms, returns, instructions, and methods of acceptable electronic payment of its occupational license taxes in a way that the forms and returns may be electronically completed and submitted to the tax district by the taxpayer;***
 - (c) ***Shall allow a taxpayer who files the forms or returns electronically to pay the tax due with the form or return by an automated clearinghouse electronic funds transfer directly to the tax district's designated depository account or by any other approved electronic method;***
 - (d) ***May charge and collect from the taxpayer an additional electronic processing fee and any fee or surcharge to recover the actual costs incurred by the taxing district in connection with the electronic filing, processing, security, maintenance, and acceptance of electronic payments, including costs imposed by third party vendors or financial institutions;***
 - (e) ***Shall provide an electronic receipt to the taxpayer upon the successful electronic filing of the form or return and payment; and***
 - (f) ***If approved by an annual application with the Secretary of State, shall not be subject to the provisions of paragraphs (b) to (f) of this subsection if the tax district:***
 - 1. ***Collected less than two hundred thousand dollars (\$200,000) during the immediately preceding fiscal year from the combined levy of all types of occupational license taxes in the immediately preceding fiscal year; or***
 - 2. ***Submits reasonable evidence that the cost of compliance with this paragraph would exceed more than five percent (5%) of the taxing district's total annual budget.***
- (5)~~(4)~~ Upon receipt of an order pursuant to subsection (2) of this section or upon the issuance of an exemption under subsection (4)~~(3)~~ of this section, the Secretary of State shall provide notice to the Kentucky Society of Certified Public Accountants of the tax districts that have submitted a written order to opt out under subsection (2) of this section or that are granted an exemption under subsection (4)~~(3)~~ of this section.

(6)~~(5)~~ The Secretary of State shall ~~[, only upon the request of a tax district,]~~ include electronic links for the electronic ~~[filing of]~~ *downloading of* forms *and electronic links for the online tax filing payment system provided to it under this section on the one-stop business portal or other website maintained by the Secretary of State within thirty (30) of receipt from the tax district* ~~[with the local tax district by no later than July 1, 2017].~~

(7)~~(6)~~ Nothing in this section or KRS 67.766 shall be interpreted to alter or preempt the requirements imposed by a tax district regarding deadlines, reporting, rates, or other legally imposed procedures regarding the imposition, administration, and collection of local occupational license taxes by a tax district. Nor shall the adoption or use of a standard ~~[form or]~~ forms developed under this section release the taxpayer from any liability or responsibility to the tax district for the correct payment of taxes, penalties, and any other obligations imposed by the tax district. This section and KRS 67.766 shall not be interpreted to authorize the collection of local tax revenues by the state government or any other agency of the state.

Signed by Governor April 7, 2026.