

91.200 City license taxes -- Imposition -- Exemptions -- Rate -- Collection -- Transfer of surplus to general fund -- Use -- Restriction on ad valorem tax for sinking fund purposes -- Issuance and enforcement of licenses -- Regulation of ministers.

- (1) The board of aldermen of every city of the first class, in addition to levying ad valorem taxes, may by ordinance impose license fees on franchises, provide for licensing any business, trade, occupation, or profession and the using, holding, or exhibiting of any animal, article, or other thing.
- (2) License fees on a business, trade, occupation, or profession for revenue purposes may be imposed at a percentage rate not to exceed those hereinafter set forth on:
 - (a) Salaries, wages, commissions and other compensations earned by every person within the city for work done and services performed or rendered in the city (all of such being hereinafter collectively referred to as "wages"); and
 - (b) The net profits of all businesses, professions, or occupations from activities conducted in the city (hereinafter collectively referred to as "net profits").
- (3)
 - (a) Licenses imposed for regulatory purposes shall not be subject to such limitations as to form and amount.
 - (b) No company that pays an ad valorem tax and a franchise tax is required to pay a license tax.
 - (c)
 1. It is the intent of the General Assembly to continue the exemption from local license fees and occupational taxes that existed on January 1, 2006, for providers of multichannel video programming services or communications services as defined in KRS 136.602 that were taxed under KRS 136.120 prior to January 1, 2006.
 2. To further this intent, no company providing multichannel video programming services or communications services as defined in KRS 136.602 shall be required to pay a license tax. If only a portion of an entity's business is providing multichannel video programming services or communications services, including products or services that are related to and provided in support of the multichannel video programming services or communications services, this exclusion applies only to that portion of the business that provides multichannel video programming services or communications services including products or services that are related to and provided in support of the multichannel video programming services or communications services.
 - (d) No license tax shall be imposed upon or collected from any bank, trust company, combined bank and trust company or combined trust, banking and title business in this state, any savings and loan association whether state or federally chartered.
 - (e) No license tax shall be imposed upon income received by members of the Kentucky national guard for active duty training, unit training assemblies, and annual field training.
 - (f) No license tax shall be imposed on income received by precinct workers for

election training or work at election booths in state, county, and local primary, regular, or special elections.

- (g) No license tax shall be imposed upon any profits, earnings, or distributions of an investment fund which would qualify under KRS 154.20-250 to 154.20-284 to the extent any profits, earnings, or distributions would not be taxable to an individual investor, or in any other case where the city is prohibited by statute from imposing a license tax.
 - (h) 1. No license tax shall be imposed upon:
 - a. The profits earned; or
 - b. Income received for work performed;
during a disaster response period by a disaster response business or a disaster response employee.
 - 2. As used in this paragraph, "disaster response business," "disaster response employee," and "disaster response period" have the same meaning as in KRS 141.010.
- (4) The rate fixed on both "wages" and "net profits" shall be one and one-fourth percent (1.25%).
 - (5) License fees or taxes shall be collected by the commissioners of the sinking fund. The proceeds from the taxes shall be paid to the secretary and treasurer of the sinking fund until income from all sources of the sinking fund is sufficient to pay the cost of administration and the interest charges for the current fiscal year of the sinking fund in addition to a sum sufficient to amortize the outstanding principal indebtedness of the city on a yearly basis in accordance with regularly used amortization tables.
 - (6) Revenue remaining after meeting the foregoing requirements shall be transferred to the city. Such revenues shall be credited to the general fund of the city as received and may be expended for general purposes or for capital improvements.
 - (7) The term "capital improvements" as used in this section is limited to additions or improvements of a substantial and permanent nature and services rendered in connection therewith, and includes but is not limited to:
 - (a) The purchase of rights of way for highways, expressways, and the widening of existing streets;
 - (b) The purchase of lands for park, recreational, and other governmental facilities and for public off-street parking facilities;
 - (c) The purchase, construction, reconstruction, renovation, or remodeling of municipal buildings, and facilities;
 - (d) The replacement of machinery, wires, pipes, structural members or fixtures, and other essential portions of municipal buildings;
 - (e) The initial equipment of any newly acquired facility wherein any essential governmental function of the municipality may be located or carried on;
 - (f) The purchase and installation of traffic control devices and fire alarm equipment;

- (g) The reconstruction and resurfacing, but not routine maintenance, of streets and other public ways;
 - (h) The acquisition of motorized equipment purchased as additions to, but not replacements for, existing equipment; and
 - (i) Engineering and other costs incurred by the city in connection with the construction of public improvements financed under a special assessment plan.
- (8) Ad valorem taxes for the benefit of the sinking fund shall not be levied unless the income of the sinking fund is otherwise insufficient to meet such requirements.
- (9) Licenses shall be issued and enforced on terms and conditions as prescribed by ordinance.
- (10) Pursuant to this section, no city of the first class shall regulate any aspect of the manner in which any duly ordained, commissioned, or denominationally licensed minister of religion may perform his or her duties and activities as a minister of religion. Duly ordained, commissioned, or denominationally licensed ministers of religion shall be subject to the same license fees imposed on others in the city on salaries, wages, commissions, and other compensation earned for work done and services performed or rendered.

Effective: June 29, 2021

History: Amended 2021 Ky. Acts ch. 31, sec. 6, effective June 29, 2021. -- Amended 2005 Ky. Acts ch. 167, sec. 3, effective July 1, 2005; and ch. 168, sec. 123, effective January 1, 2006. -- Amended 2003 Ky. Acts ch. 117, sec. 20, effective June 24, 2003. -- Amended 2002 Ky. Acts ch. 230, sec. 3, effective July 15, 2002. -- Amended 1998 Ky. Acts ch. 509, sec. 3, effective July 15, 1998. -- Amended 1984 Ky. Acts ch. 111, sec. 172, effective July 13, 1984. -- Amended 1976 Ky. Acts ch. 301, sec. 4. -- Amended 1974 Ky. Acts ch. 113, sec. 2. -- Amended 1968 Ky. Acts ch. 98, sec. 1; and ch. 152, sec. 65. -- Amended 1966 Ky. Acts ch. 193, sec. 1(1) to (7). -- Amended 1958 Ky. Acts ch. 28, sec. 1. -- Amended 1956 Ky. Acts ch. 38, sec. 1. -- Amended 1952 Ky. Acts ch. 110, sec. 1. -- Amended 1950 Ky. Acts ch. 99, sec. 1. -- Amended 1948 Ky. Acts ch. 144, sec. 1. -- Recodified 1942 Ky. Acts ch. 208, sec. 1, effective October 1, 1942, from Ky. Stat. secs. 2741w-1, 2980, 3011a, 3012, 3017.

Legislative Research Commission Note (12/31/2005) 2005 Ky. Acts ch. 168, sec. 169, provides that Section 123 of this Act, relating to unit valuation, takes effect on December 31, 2005. This reference to the effective date in Section 169 of the Act should have been to Section 120 of the Act (KRS 136.120), which relates to unit valuation, rather than to Section 123 (KRS 91.200), which relates to city license taxes. This error occurred when several sections of HB 272 were renumbered during the preparation of a House Committee Substitute and the corresponding changes to sections of the bill setting out the effective dates were not made. This change has been made by the Statute Reviser under the authority of KRS 7.136.