

154.25-040 Wage assessment -- Tax credits for employees -- Department of Revenue to make annual report to authority.

- (1) The approved company may require that each employee subject to the income tax imposed by KRS 141.020, whose job was preserved or created as a result of the project, as a condition of employment or the retention of employment, agree to pay an assessment up to one hundred percent (100%) of the individual income tax rate imposed by KRS 141.020 for each employee subject to the income tax imposed by KRS 141.020. The Commonwealth's wage assessment shall be equal to the following:
 - (a) Up to eighty percent (80%) of the individual income tax rate imposed by KRS 141.020 if the project is located in a local jurisdiction where:
 1. No local occupational license fee is imposed;
 2. a. A local occupational fee greater than or equal to twenty percent (20%) of the individual income tax rate in KRS 141.020 is imposed; and
b. The local jurisdiction agrees to forgo the local wage assessment of at least twenty percent (20%) of the individual income tax rate imposed by KRS 141.020 via credits against the local occupational license fee for the affected employees; or
 3. a. A local occupational license fee less than twenty percent (20%) of the individual income tax rate in KRS 141.020 is imposed; and
b. The local jurisdiction agrees to forgo the total amount of the local occupational license fee as the local wage assessment; or
 - (b) Up to four (4) times the forgone local wage assessment rate if the project is located in a local jurisdiction where:
 1. a. A local occupational license fee greater than or equal to twenty percent (20%) of the individual income tax rate in KRS 141.020 is imposed; and
b. The local jurisdiction agrees to forgo an amount of the local occupational license fee that is less than twenty percent (20%) of the individual income tax rate imposed by KRS 141.020 as the local wage assessment; or
 2. a. A local occupational license fee less than twenty percent (20%) of the individual income tax rate in KRS 141.020 is imposed; and
b. The local jurisdiction agrees to forgo only a portion of the total amount of the local occupational license fee as the local wage assessment.
- (2) Each assessed employee shall be entitled to a credit against the Kentucky income tax required to be withheld under KRS 141.310 in the form of a simultaneous adjustment equal to the Commonwealth's assessment outlined in subsection (1) of this section.
- (3) Each employee assessed under subsection (1) of this section also shall be entitled to a credit against the local occupational license fee in the form of a simultaneous

adjustment of the local occupational license fee withholding equal to the local wage assessment outlined in subsection (1) of this section.

- (4) If an approved company elects to impose the assessment as a condition of employment or the retention of employment, the approved company shall deduct the assessment from each paycheck of each employee subject to the provisions of subsections (2) and (3) of this section.
- (5) Any approved company collecting an assessment shall make its payroll books and records available to the authority at such reasonable times as the authority shall request and shall file with the authority the documentation respecting the assessment the authority may require.
- (6) Any assessment of the wages of the employees of an approved company shall permanently lapse upon expiration or termination of the agreement unless the agreement has been amended to extend the termination as a result of a supplemental project.
- (7) By October 1 of each year, the Department of Revenue shall certify to the authority, in the form of an annual report, aggregate tax credits claimed on tax returns filed during the taxable year ending June 30 of that year and wage assessment fees taken during the prior calendar year by approved companies with respect to their jobs retention projects under this subchapter, and shall certify to the authority, within one hundred eighty (180) days from the date an approved company has filed its state tax return, when an approved company has taken tax credits equal to its total inducements.

Effective: June 29, 2023

History: Amended 2023 Ky. Acts ch. 75, sec. 20, effective June 29, 2023. -- Created 2007 Ky. Acts ch. 91, sec. 4, effective March 23, 2007.