

**68.197 License fees in counties of 30,000 or more -- Exemptions from local fees and taxes -- Regulation of ministers.**

- (1) The fiscal court of each county having a population of thirty thousand (30,000) or more 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 business, trade, occupation, or profession for revenue purposes, except those of the common schools, may be imposed at a percentage rate not to exceed one percent (1%) of:
  - (a) Salaries, wages, commissions, and other compensation earned by persons within the county for work done and services performed or rendered in the county;
  - (b) The net profits of self-employed individuals, partnerships, professional associations, or joint ventures resulting from trades, professions, occupations, businesses, or activities conducted in the county; and
  - (c) The net profits of corporations resulting from trades, professions, occupations, businesses, or activities conducted in the county.
- (3) In order to reduce administrative costs and minimize paperwork for employers, employees, and businesses, the fiscal court may provide:
  - (a) For an annual fixed amount license fee which a person may elect to pay in lieu of reporting and paying the percentage rate as provided in this subsection on salaries, wages, commissions, and other compensation earned within the county for work done and services performed or rendered in the county; and
  - (b) For an annual fixed amount license fee which an individual, partnership, professional association, joint venture, or corporation may elect to pay in lieu of reporting and paying the percentage rate as provided in this subsection on net profits of businesses, trades, professions, or occupations from activities conducted in the county.
- (4)
  - (a) Licenses imposed for regulatory purposes are not subject to limitations as to form and amount.
  - (b) No public service company that pays an ad valorem 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 the effective date of this section.
    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 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 insurance company except as provided in KRS 91A.080, bank, trust company, combined bank and trust company, combined trust, banking, and title business in this state, or any savings and loan association whether state or federally chartered, or in other cases where the county is prohibited by law from imposing a license fee.
- (5) No license fee shall be imposed or collected on:
  - (a) Income received by members of the Kentucky National Guard for active duty training, unit training assemblies, and annual field training;
  - (b) Income received by precinct workers for election training or work at election booths in state, county, and local primary, regular, or special elections;
  - (c) 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
  - (d)
    - 1.
      - 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.
- (6) Persons who pay a county license fee pursuant to this section and who also pay a license fee to a city contained in the county may, upon agreement between the county and the city, credit their city license fee against their county license fee. As used in this subsection, "city contained in the county" shall include a city that is in more than one (1) county.
- (7) The provisions of subsection (6) of this section notwithstanding, effective with license fees imposed under the provisions of subsection (1) of this section on or after July 15, 1986, persons who pay a county license fee and a license fee to a city contained in the county shall be allowed to credit their city license fee against their county license fee. As used in this subsection, "city contained in the county" shall include a city that is in more than one (1) county.
- (8) Notwithstanding subsection (7) of this section, if a city annexes territory pursuant to KRS 81A.415, and both the city and the county in which the territory annexed is contained levy a license fee at the time of annexation:
  - (a) The county license fee shall no longer apply in the area annexed by the city if the city license fee is equal to or greater than the license fee rate imposed by the county at the time of the annexation;
  - (b) If the city license fee is less than the license fee imposed by the county at the

time of the annexation, only the portion of the county license fee that exceeds the city license fee rate shall remain in effect in the annexed area;

- (c) The city shall annually pay an amount to the county that guarantees that the county shall receive at least the same dollar amount of revenue that was generated by the county license fee in the territory in the tax year immediately preceding the annexation; and
  - (d) After the tax year in which the annexation occurs, if the revenues generated by the city license fee for the territory decrease below the amount of revenue generated by the county license fee at the time of the annexation, then the revenue received by the county from the city shall be reduced proportionately.
- (9) A county that enacted an occupational license fee under the authority of KRS 67.083 shall not be required to reduce its occupational tax rate when it is determined that the population of the county exceeds thirty thousand (30,000).
- (10) Notwithstanding any statute to the contrary:
- (a) In those counties where a license fee has been authorized by a public question approved by the voters, there shall be no credit of a city license fee against a county license fee except by agreement between the county and the city in accordance with subsection (6) of this section;
  - (b) Notwithstanding any provision of the KRS to the contrary, no taxpayer shall be refunded or credited for any overpayment of a license tax paid to any county to the extent the overpayment is attributable to or derives from this section as it existed at any time subsequent to July 15, 1986, and the taxpayer seeks a credit for a license tax paid to a city located within such county, if such refund claim or amended tax return claim was filed or perfected after November 18, 2004, except by agreement between the city and county in accordance with subsection (6) of this section;
  - (c) In those counties where a license fee has been authorized by a public question approved by the voters, the percentage rate of the license fee in effect on or after January 1, 2005, and any maximum salary limit upon which the license fee is calculated may be increased or decreased in subsequent fiscal years with the approval of the fiscal court through the passage of an ordinance. The percentage rate of a license fee in such counties shall at no time exceed one percent (1%) and the maximum salary limit shall at no time exceed an amount equal to the maximum Social Security contribution and benefit base established under subsection (b) of 42 U.S.C. sec. 430. Notwithstanding subsection (7) of this section, there shall be no credit of any license fee increased or decreased under this paragraph except by agreement between the county and the city in accordance with subsection (6) of this section.
  - (d) This subsection shall have retroactive application; and
  - (e) If any provision of this subsection or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or application of this section that can be given effect without the invalid provision or application, and to this end the provisions of this subsection are severable.

- (11) Pursuant to this section, no fiscal court 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 county on salaries, wages, commissions, and other compensation earned for work done and services performed or rendered.

**Effective:** July 15, 2024

**History:** Amended 2024 Ky. Acts ch. 48, sec. 2, effective July 15, 2024. -- Amended 2021 Ky. Acts ch. 31, sec 5, effective June 29, 2021; ch. 145, sec. 3, effective June 29, 2021; and ch. 156, sec. 25, effective June 29, 2021. -- Amended 2012 Ky. Acts ch. 110, sec. 18, effective April 11, 2012. -- Amended 2006 Ky. Acts ch. 168, sec. 2, effective July 12, 2006. -- Amended 2005 Ky. Acts ch. 79, sec. 1, effective March 16, 2005; ch. 156 sec 25; and ch. 167, sec. 2, effective July 1, 2005; and ch 168, sec. 122, effective January 1, 2006. -- Amended 2003 Ky. Acts ch. 117, sec. 19, effective June 24, 2003. -- Amended 2002 Ky. Acts ch. 230, sec. 2, effective July 15, 2002. -- Amended 2000 Ky. Acts ch. 425, sec. 1, effective July 14, 2000. -- Amended 1998 Ky. Acts ch. 509, sec. 2, effective July 15, 1998. -- Amended 1990 Ky. Acts ch. 481, sec. 2, effective July 13, 1990. -- Amended 1986 Ky. Acts ch. 131, sec. 1, effective July 15, 1986. -- Amended 1978 Ky. Acts ch. 268, sec. 1, effective June 17, 1978. -- Amended 1976 Ky. Acts ch. 301, sec. 3. -- Amended 1974 Ky. Acts ch. 113, sec. 1. -- Amended 1968 Ky. Acts ch. 152, sec. 40. -- Created 1966 Ky. Acts ch. 263, secs. 1 and 2.

**Legislative Research Commission Note** (7/12/2006). 2006 Ky. Acts ch. 168, sec. 3, provides that the amendments to KRS 68.197 in 2006 Ky. Acts ch. 168, sec. 2, shall apply retroactively to August 1, 2005.