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KENTUCKY GENERAL ASSEMBLY AMENDMENT FORM  
2016 REGULAR SESSION

Amend printed copy of HB 423/GA

On page 53, after line 11, and prior to line 12, by inserting the following:

"➔SECTION 15. A NEW SECTION OF KRS CHAPTER 81A IS CREATED TO READ AS FOLLOWS:

**(1) For the purposes of this section:**

**(a) "County insurance premium tax baseline revenue amount" means the total of all actual revenue receipts of the county from its imposition of the insurance premium tax within the territory annexed pursuant to this section in the fiscal year immediately prior to the fiscal year in which the annexation is proposed, less any amount of revenue that may be collected by the county directly from that portion of a county insurance premium tax not subject to credit under KRS 91A.080(12) because it exceeds the rate imposed by the city; and**

**(b) "County occupational license fee baseline revenue amount" means the total of all actual revenue receipts of the county from its imposition of the occupational license fee within the territory annexed pursuant to this section in the fiscal year immediately prior to the fiscal year in which the annexation is proposed.**

**(2) A city may only annex territory contiguous to its corporate boundaries that lies within another county pursuant to this section. Any annexation occurring subsequent to an**

Amendment No. SFA 1

Sponsor: Sen. Robert Stivers II

Committee Amendment: \_\_\_\_\_

Signed: \_\_\_\_\_

Floor Amendment: \_\_\_\_\_

LRC Drafter: W. Gosley, Greg

Adopted: \_\_\_\_\_

Date: \_\_\_\_\_

Rejected: \_\_\_\_\_

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initial annexation authorized under this section that proposes to annex additional territory that lies within the other county shall also be governed by this section.

(3) The annexation procedure shall conform to all of the applicable requirements of this chapter, except that prior to annexation the city proposing to annex and the county government wherein the territory lies shall enter into an interlocal agreement approved by the legislative bodies of both the city and the county pursuant to KRS 65.210 to 65.300, which shall contain, at a minimum, the following terms:

(a) A description of the territory proposed to be annexed;

(b) The manner in which any occupational license fee or tax on net profits or gross receipts imposed by the city and county pursuant to KRS 67.750 to 67.790, 92.280, and 67.083 or 68.197, and insurance premium taxes imposed pursuant to KRS 91A.080, shall be levied and are to be collected and administered within the territory proposed to be annexed as required in subsection (4) of this section, including:

1. If applicable, the specific terms of any agreement regarding the application of any occupational license fee within the territory to be annexed, including the county occupational license fee baseline revenue amount and any methodology to be used to determine the manner of collection and payment of occupational license fee shared revenues greater than the county occupational license fee baseline revenue amount; and

2. If the credit provisions of KRS 91A.080(12) apply because both the annexing city and the county impose insurance premium taxes, the county insurance premium tax baseline revenue amount, the terms of payment by the city of the county insurance premium tax baseline revenue amount, and the complete methodology and manner for the distribution of the shared revenues received

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by the city greater than the county insurance premium tax baseline revenue amount, if any; and

(c) Subject to the limitations of subsection (5) of this section, the manner in which the parties may amend or modify the interlocal agreement.

(4) Credits for taxpayers on their county occupational license fees and county insurance premium taxes for the payment of city occupational license fees and insurance premium taxes within a territory annexed under this section shall apply as follows:

(a) The credit provisions of KRS 68.197(7) shall not apply, and taxpayers within the annexed territory shall pay both the county occupational license fees levied pursuant to KRS 68.197 and the city occupational license fees levied pursuant to KRS 92.280 to each respective taxing district; provided that the city and the county may enter into an agreement that specifies an alternative arrangement for the administration, levy, and collection of occupational license fees within the territory that shall provide, at a minimum, the following terms:

1. The county government shall annually receive the county occupational license fee baseline revenue amount; and
2. The county government and the city government shall each receive fifty percent (50%) of the annual occupational license fee revenues generated above the county occupational license fee baseline revenue amount in each subsequent full fiscal year following the annexation; and

(b) The credit provisions of KRS 91A.080(12) shall apply to taxpayers within the annexed territory if both the city and the county impose an insurance premium tax under KRS 91A.080. However, when the credit is applicable, the allocation of insurance premium tax revenues shall be governed as follows:

1. The city shall pay annually to the county government the county insurance

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premium tax baseline revenue amount; and

2. The county government and the city government shall each receive fifty percent (50%) of the annual insurance premium tax revenues generated above the county insurance premium tax baseline revenue amount in each subsequent full fiscal year following the annexation.

(5) Notwithstanding KRS 65.250(1)(a), an agreement entered into pursuant to subsection (3) of this section shall not include a limitation on its duration and shall continue in force in perpetuity unless amended or modified by the agreement of the parties to the interlocal agreement in accordance with the terms of the interlocal agreement as required by subsection (3)(c) of this section; provided that no territory shall be stricken from the boundaries of the city, except pursuant to KRS 81A.440."; and

By renumbering subsequent sections accordingly; and

On page 55, line 6, by deleting the text "Section 15 of this Act" and replacing in lieu thereof with the text "Section 16 of this Act".