

1 AN ACT relating to occupational license taxes.

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

3 ➔Section 1. KRS 68.197 is amended to read as follows:

- 4 (1) The fiscal court of each county having a population of thirty thousand (30,000) or  
5 more may by ordinance impose license fees on franchises, provide for licensing any  
6 business, trade, occupation, or profession, and the using, holding, or exhibiting of  
7 any animal, article, or other thing.
- 8 (2) License fees on business, trade, occupation, or profession for revenue purposes,  
9 except those of the common schools, may be imposed at a percentage rate not to  
10 exceed one percent (1%) of:
- 11 (a) Salaries, wages, commissions, and other compensation earned by persons  
12 within the county for work done and services performed or rendered in the  
13 county;
- 14 (b) The net profits of self-employed individuals, partnerships, professional  
15 associations, or joint ventures resulting from trades, professions, occupations,  
16 businesses, or activities conducted in the county; and
- 17 (c) The net profits of corporations resulting from trades, professions, occupations,  
18 businesses, or activities conducted in the county.
- 19 (3) In order to reduce administrative costs and minimize paperwork for employers,  
20 employees, and businesses, the fiscal court may provide:
- 21 (a) For an annual fixed amount license fee which a person may elect to pay in lieu  
22 of reporting and paying the percentage rate as provided in this subsection on  
23 salaries, wages, commissions, and other compensation earned within the  
24 county for work done and services performed or rendered in the county; and
- 25 (b) For an annual fixed amount license fee which an individual, partnership,  
26 professional association, joint venture, or corporation may elect to pay in lieu  
27 of reporting and paying the percentage rate as provided in this subsection on

1 net profits of businesses, trades, professions, or occupations from activities  
2 conducted in the county.

3 (4) (a) Licenses imposed for regulatory purposes are not subject to limitations as to  
4 form and amount.

5 (b) No public service company that pays an ad valorem tax is required to pay a  
6 license tax.

7 (c) 1. It is the intent of the General Assembly to continue the exemption from  
8 local license fees and occupational taxes that existed on January 1, 2006,  
9 for providers of multichannel video programming services or  
10 communications services as defined in KRS 136.602 that were taxed  
11 under KRS 136.120 prior to the effective date of this section.

12 2. To further this intent, no company providing multichannel video  
13 programming services or communications services as defined in KRS  
14 136.602 shall be required to pay a license tax. If only a portion of an  
15 entity's business is providing multichannel video programming services  
16 including products or services that are related to and provided in support  
17 of the multichannel video programming services or communications  
18 services, this exclusion applies only to that portion of the business that  
19 provides multichannel video programming services or communications  
20 services, including products or services that are related to and provided  
21 in support of the multichannel video programming services or  
22 communications services.

23 (d) No license tax shall be imposed upon or collected from any insurance  
24 company except as provided in KRS 91A.080, bank, trust company, combined  
25 bank and trust company, combined trust, banking, and title business in this  
26 state, or any savings and loan association whether state or federally chartered,  
27 or in other cases where the county is prohibited by law from imposing a

1 license fee.

2 (5) No license fee shall be imposed or collected on income received by members of the  
3 Kentucky National Guard for active duty training, unit training assemblies, and  
4 annual field training, or on income received by precinct workers for election  
5 training or work at election booths in state, county, and local primary, regular, or  
6 special elections, or upon any profits, earnings, or distributions of an investment  
7 fund which would qualify under KRS 154.20-250 to 154.20-284 to the extent any  
8 profits, earnings, or distributions would not be taxable to an individual investor.

9 (6) On or after the effective date of this Act, in counties with a population of one  
10 hundred thousand (100,000) or greater, persons who pay a county license fee  
11 pursuant to this section and who also pay a license fee to a city contained in the  
12 county may, upon agreement between the county and the city, credit their city  
13 license fee against their county license fee. As used in this subsection, "city  
14 contained in the county" shall include a city that is in more than one (1) county. Any  
15 agreement in place pursuant to this subsection between a county and a city prior  
16 to the effective date of this Act may not be renewed or extended, but may continue  
17 until the expiration of the agreement.

18 (7) (a) The provisions of subsection (6) of this section notwithstanding, effective  
19 with license fees imposed under the provisions of subsection (1) of this  
20 section on or after July 15, 1986, but before the effective date of this Act,  
21 persons who pay a county license fee and a license fee to a city contained in  
22 the county shall be allowed to credit their city license fee against their county  
23 license fee.

24 (b) The provisions of subsection (6) of this section notwithstanding, effective  
25 with license fees imposed under the provisions of subsection (1) of this  
26 section on or after the effective date of this Act, in a county with a  
27 population of one hundred thousand (100,000) or greater, persons who pay

1                   *a county license fee and a license fee to a city contained in the county shall*  
 2                   *be allowed to credit their city license fee against their county license fee.*

3           (c) As used in this subsection, "city contained in the county" shall include a city  
 4           that is in more than one (1) county.

5           (8) ~~Notwithstanding any statute to the contrary, the provisions of subsection (7) of this~~  
 6           ~~section shall apply as follows from March 14, 2012, through July 15, 2014:~~

7           ~~(a) Any set off or credit of city license fees against county license fees that exists~~  
 8           ~~between a city and county as of March 15, 2012, shall remain in effect as it is on~~  
 9           ~~March 15, 2012; and~~

10          ~~(b) The provisions of subsection (7) of this section shall not apply to a city and county~~  
 11          ~~unless both the city and the county have both levied and are collecting license fees~~  
 12          ~~on March 15, 2012.~~

13          (9) A county that enacted an occupational license fee under the authority of KRS  
 14          67.083 shall not be required to reduce its occupational tax rate when it is  
 15          determined that the population of the county exceeds thirty thousand (30,000).

16          (9) ~~(10)~~ Notwithstanding any statute to the contrary:

17          (a) In those counties where a license fee has been authorized by a public question  
 18          approved by the voters, there shall be no credit of a city license fee against a  
 19          county license fee except by agreement between the county and the city in  
 20          accordance with subsection (6) of this section;

21          (b) Notwithstanding any provision of the KRS to the contrary, no taxpayer shall  
 22          be refunded or credited for any overpayment of a license tax paid to any  
 23          county to the extent the overpayment is attributable to or derives from this  
 24          section as it existed at any time subsequent to July 15, 1986, and the taxpayer  
 25          seeks a credit for a license tax paid to a city located within such county, if  
 26          such refund claim or amended tax return claim was filed or perfected after  
 27          November 18, 2004, except by agreement between the city and county in

1           accordance with subsection (6) of this section;

2           (c) In those counties where a license fee has been authorized by a public question  
3           approved by the voters, the percentage rate of the license fee in effect on  
4           January 1, 2005, and any maximum salary limit upon which the license fee is  
5           calculated shall remain unchanged for subsequent fiscal years. A percentage  
6           rate higher than the percentage rate in effect on January 1, 2005, or any change  
7           in the maximum salary limit upon which a license fee is calculated shall be  
8           prohibited unless approved by the voters at a public referendum. The  
9           percentage rate of a license fee in such counties shall at no time exceed one  
10          percent (1%). Any question to be placed before the voters as a result of this  
11          paragraph shall be placed on the ballot at a regular election or nominating  
12          primary.

13          (d) This subsection shall have retroactive application; and

14          (e) If any provision of this subsection or the application thereof to any person or  
15          circumstance is held invalid, the invalidity shall not affect other provisions or  
16          application of this section that can be given effect without the invalid  
17          provision or application, and to this end the provisions of this subsection are  
18          severable.

19          ~~(10)~~ Pursuant to this section, no fiscal court shall regulate any aspect of the manner  
20          in which any duly ordained, commissioned, or denominationally licensed minister  
21          of religion may perform his or her duties and activities as a minister of religion.  
22          Duly ordained, commissioned, or denominationally licensed ministers of religion  
23          shall be subject to the same license fees imposed on others in the county on salaries,  
24          wages, commissions, and other compensation earned for work done and services  
25          performed or rendered.

26          **(11) For purposes of this section, the county population shall be determined based**  
27          **only on the official decennial census by the United States Bureau of the Census.**

- 1           ➔Section 2. The following KRS section is repealed:
- 2   68.199 County that attains population of 30,000 -- Credit against occupational license
- 3           fee -- Voluntary credit -- New fee or increase in fee.