

1 AN ACT relating to wage assessments for remote workers.

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

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO  
4 READ AS FOLLOWS:

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

6 *(a) "Approved company" means an eligible company that has received final*  
7 *approval to receive incentives under this section;*

8 *(b) "Department" means the Department of Revenue;*

9 *(c) "Eligible company" means any corporation, limited liability company,*  
10 *partnership, limited partnership, sole proprietorship, business trust, or any*  
11 *other entity with a proposed project with the purpose of providing up-front*  
12 *costs in recruiting new remote workers to locate in the Commonwealth;*

13 *(d) "Employer" means the company that is paying the wages, withholding the*  
14 *income tax, and imposing the wage assessment of the remote worker;*

15 *(e) "Remote worker" means any individual who:*

16 *1. Works from his or her principal place of residence in Kentucky for a*  
17 *business entity that is only doing business in this state through the*  
18 *presence of employees located in this state; and*

19 *2. Earns gross income of at least thirty thousand dollars (\$30,000); and*

20 *3. Permanently relocates to the Commonwealth as a result of this project*  
21 *and resides in this state for a minimum of one hundred eighty-three*  
22 *(183) days; and*

23 *(f) "Wage" means the per hour earnings of a full-time remote employee,*  
24 *including wages, tips, overtime, bonuses, and commissions, as reflected on*  
25 *the employee's federal form W-2 wage and tax statement, but excludes*  
26 *employee benefits;*

27 *(2) For taxable years beginning on or after January 1, 2022, the department shall*

1 provide incentives for an approved company that offers incentive grants to and  
2 pays all up-front costs associated with attracting remote workers, including costs  
3 associated with:

4 (a) Marketing and advertising;

5 (b) Recruitment, including projected grants;

6 (c) Vetting;

7 (d) Relocation; and

8 (e) Employee retainment.

9 (3) (a) To qualify for the incentives provided in this section, an approved company  
10 shall raise, commit, and demonstrate an investment in accordance with  
11 subsection (2) of this section of at least ten million dollars (\$10,000,000)  
12 annually.

13 (b) The approved company shall agree to these costs, which shall be for the  
14 length of the program.

15 (4) The employer shall impose a wage assessment of at least four percent (4%) of the  
16 gross wages of each remote worker subject to Kentucky income tax under KRS  
17 141.020:

18 (a) Who is in this state as a result of the eligible company's efforts to recruit the  
19 remote worker; and

20 (b) Remains in this state for a minimum of one (1) full taxable year.

21 (5) Any assessment of the wages of a remote worker shall permanently cease when  
22 the remote worker permanently moves their domicile to another state.

23 (6) The application, approval, and review process under this section shall be as  
24 follows:

25 (a) An eligible company may submit an application that includes:

26 1. The name of the applicant and identification number;

27 2. The projected number of new full-time remote workers that will

1 relocate to Kentucky;

2 3. A description of the projected costs that will be incurred by the eligible  
3 company in the recruitment and retention of remote workers; and

4 4. Demonstration and description of proven funds of at least ten million  
5 dollars (\$10 million);

6 (b) Once a determination of approval is made by the department, it shall:

7 1. Provide a notification of approval to the eligible company;

8 2. Monitor the approved company annually to determine if it is  
9 successfully able to recruit remote workers as projected in paragraph  
10 (a) of this subsection; and

11 3. Monitor costs of the approved company annually to determine if the  
12 projected and required costs as established in subsections (2) and (3)  
13 of this section are being met.

14 If at any time, the approved company becomes ineligible for incentives  
15 under this section, the department shall discontinue working with the  
16 company going forward, and wage assessment payments shall still continue  
17 for remote workers already incentivized through up-front costs provided for  
18 under subsection (2) of this section;

19 (c) Once a determination of approval is made by the department, the company  
20 shall provide:

21 1. The taxpayer identification number of the remote worker; and

22 2. The projected county of location of the remote worker; and

23 (d) The department shall:

24 1. Establish standards for approval of eligible companies through the  
25 promulgation of administrative regulations in accordance with KRS  
26 Chapter 13A; and

27 2. Request any materials and make any inquiries concerning an

1 application that the authority deems necessary.

2 (7) Any employer required to withhold Kentucky income tax in accordance with KRS  
 3 141.310 and who assesses and withholds from remote workers a wage assessment  
 4 according to the guidelines established in this section, shall offset the fee against  
 5 the Kentucky income tax required to be withheld under KRS 141.310. The  
 6 amount of the offset shall be equal to four percent (4%) of the total wages.

7 (8) The department shall pay in four (4) equal quarterly installments the wage  
 8 assessment amount to the eligible company based on actual new payroll  
 9 generated from the prior quarter, within sixty (60) days of the end of the prior  
 10 quarter.

11 (9) (a) The purpose of this section is to attract remote workers to the  
 12 Commonwealth and provide incentives for eligible companies to invest in  
 13 attracting this remote workforce to Kentucky.

14 (b) In order for the General Assembly to evaluate the fulfillment of the  
 15 purposes stated in this section, the department shall provide the following  
 16 information on a cumulative basis for each taxable year to provide a  
 17 historical impact of the tax incentives to the Commonwealth:

18 1. The name and address of the employers that employ remote workers  
 19 under this section;

20 2. The name and address of the employees;

21 3. The total number of participating employees, by county, as reflected  
 22 on the return filed for the taxable year; and

23 4. Based on ranges of adjusted gross income of no larger than five  
 24 thousand dollars (\$5,000) for the taxable year, the total amount of  
 25 wage assessment for each adjusted gross income range.

26 ➔Section 2. KRS 131.190 is amended to read as follows:

27 (1) No present or former commissioner or employee of the department, present or

1 former member of a county board of assessment appeals, present or former property  
2 valuation administrator or employee, present or former secretary or employee of the  
3 Finance and Administration Cabinet, former secretary or employee of the Revenue  
4 Cabinet, or any other person, shall intentionally and without authorization inspect or  
5 divulge any information acquired by him or her of the affairs of any person, or  
6 information regarding the tax schedules, returns, or reports required to be filed with  
7 the department or other proper officer, or any information produced by a hearing or  
8 investigation, insofar as the information may have to do with the affairs of the  
9 person's business.

- 10 (2) The prohibition established by subsection (1) of this section shall not extend to:
- 11 (a) Information required in prosecutions for making false reports or returns of  
12 property for taxation, or any other infraction of the tax laws;
  - 13 (b) Any matter properly entered upon any assessment record, or in any way made  
14 a matter of public record;
  - 15 (c) Furnishing any taxpayer or his or her properly authorized agent with  
16 information respecting his or her own return;
  - 17 (d) Testimony provided by the commissioner or any employee of the department  
18 in any court, or the introduction as evidence of returns or reports filed with the  
19 department, in an action for violation of state or federal tax laws or in any  
20 action challenging state or federal tax laws;
  - 21 (e) Providing an owner of unmined coal, oil or gas reserves, and other mineral or  
22 energy resources assessed under KRS 132.820, or owners of surface land  
23 under which the unmined minerals lie, factual information about the owner's  
24 property derived from third-party returns filed for that owner's property, under  
25 the provisions of KRS 132.820, that is used to determine the owner's  
26 assessment. This information shall be provided to the owner on a confidential  
27 basis, and the owner shall be subject to the penalties provided in KRS

- 1           131.990(2). The third-party filer shall be given prior notice of any disclosure  
2           of information to the owner that was provided by the third-party filer;
- 3           (f) Providing to a third-party purchaser pursuant to an order entered in a  
4           foreclosure action filed in a court of competent jurisdiction, factual  
5           information related to the owner or lessee of coal, oil, gas reserves, or any  
6           other mineral resources assessed under KRS 132.820. The department may  
7           promulgate an administrative regulation establishing a fee schedule for the  
8           provision of the information described in this paragraph. Any fee imposed  
9           shall not exceed the greater of the actual cost of providing the information or  
10          ten dollars (\$10);
- 11          (g) Providing information to a licensing agency, the Transportation Cabinet, or  
12          the Kentucky Supreme Court under KRS 131.1817;
- 13          (h) Statistics of gasoline and special fuels gallonage reported to the department  
14          under KRS 138.210 to 138.448;
- 15          (i) Providing any utility gross receipts license tax return information that is  
16          necessary to administer the provisions of KRS 160.613 to 160.617 to  
17          applicable school districts on a confidential basis;
- 18          (j) Providing documents, data, or other information to a third party pursuant to an  
19          order issued by a court of competent jurisdiction; or
- 20          (k) Providing information to the Legislative Research Commission under:
- 21                1. KRS 139.519 for purposes of the sales and use tax refund on building  
22                materials used for disaster recovery;
- 23                2. KRS 141.436 for purposes of the energy efficiency products credits;
- 24                3. KRS 141.437 for purposes of the ENERGY STAR home and the  
25                ENERGY STAR manufactured home credits;
- 26                4. KRS 141.383 for purposes of the film industry incentives;
- 27                5. KRS 154.26-095 for purposes of the Kentucky industrial revitalization

- 1 tax credits and the job assessment fees;
- 2 6. KRS 141.068 for purposes of the Kentucky investment fund;
- 3 7. KRS 141.396 for purposes of the angel investor tax credit;
- 4 8. KRS 141.389 for purposes of the distilled spirits credit;
- 5 9. KRS 141.408 for purposes of the inventory credit;
- 6 10. KRS 141.390 for purposes of the recycling and composting credit;
- 7 11. KRS 141.3841 for purposes of the selling farmer tax credit;
- 8 12. KRS 141.4231 for purposes of the renewable chemical production tax
- 9 credit;
- 10 13. KRS 141.524 for purposes of the Education Opportunity Account
- 11 Program tax credit;
- 12 14. KRS 141.398 for purposes of the development area tax credit;~~and~~
- 13 15. KRS 139.516 for the purposes of the sales and use tax exemption on the
- 14 commercial mining of cryptocurrency; **and**

15 **16. Section 1 of this Act for the purposes of remote worker wage**  
 16 **assessments.**

17 (3) The commissioner shall make available any information for official use only and on  
 18 a confidential basis to the proper officer, agency, board or commission of this state,  
 19 any Kentucky county, any Kentucky city, any other state, or the federal government,  
 20 under reciprocal agreements whereby the department shall receive similar or useful  
 21 information in return.

22 (4) Access to and inspection of information received from the Internal Revenue Service  
 23 is for department use only, and is restricted to tax administration purposes.  
 24 Information received from the Internal Revenue Service shall not be made available  
 25 to any other agency of state government, or any county, city, or other state, and shall  
 26 not be inspected intentionally and without authorization by any present secretary or  
 27 employee of the Finance and Administration Cabinet, commissioner or employee of

1 the department, or any other person.

2 (5) Statistics of crude oil as reported to the department under the crude oil excise tax  
3 requirements of KRS Chapter 137 and statistics of natural gas production as  
4 reported to the department under the natural resources severance tax requirements  
5 of KRS Chapter 143A may be made public by the department by release to the  
6 Energy and Environment Cabinet, Department for Natural Resources.

7 (6) Notwithstanding any provision of law to the contrary, beginning with mine-map  
8 submissions for the 1989 tax year, the department may make public or divulge only  
9 those portions of mine maps submitted by taxpayers to the department pursuant to  
10 KRS Chapter 132 for ad valorem tax purposes that depict the boundaries of mined-  
11 out parcel areas. These electronic maps shall not be relied upon to determine actual  
12 boundaries of mined-out parcel areas. Property boundaries contained in mine maps  
13 required under KRS Chapters 350 and 352 shall not be construed to constitute land  
14 surveying or boundary surveys as defined by KRS 322.010 and any administrative  
15 regulations promulgated thereto.