

1 AN ACT relating to local occupational license fees.

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

3 →SECTION 1. A NEW SECTION OF KRS CHAPTER 91A IS CREATED TO
4 READ AS FOLLOWS:

5 (1) As used in this section:

6 (a) "Associated with the corporate office" means an employee:

7 1. Works an average of fifteen percent (15%) or more of his or her
8 workdays during the calendar year within the corporate office; and
9 2. Performs remote work that requires continuous or material reliance
10 on centralized technological systems or operational assets that are
11 located within the corporate office;

12 (b) "Corporate office" means the office where a business's officers or other
13 management staff direct, control, or coordinate all or a portion of the
14 business's business activities, and the office:

15 1. Was established within the Commonwealth under the influence of an
16 executed incentive agreement; or
17 2. Has an average of fifty (50) or more employees associated with the
18 corporate office during the calendar year;

19 (c) "Incentive agreement" means a written agreement between a local
20 government and a business that includes occupational license fee
21 incentives, infrastructure improvements, land conveyance, or other
22 economic inducements to locate the business's corporate office within the
23 jurisdiction of the local government;

24 (d) "Local government" means a city, urban-county government, charter
25 county government, consolidated local government, or unified local
26 government located within the Commonwealth;

27 (e) "Occupational license fees" means any occupational license fee levied on

1 salaries, wages, commissions, or other compensation under KRS 91.200,
2 92.280, or 92.281;

3 (f) "Remote work" means:

4 1. For purposes of subsection (2) of this section, work performed by an
5 employee at a location other than the corporate office or a satellite
6 office of the business located within the Commonwealth; and

7 2. For purposes of subsection (3) of this section, work performed by an
8 employee at a location other than the state government office to which
9 the employee is assigned; and

10 (g) "Satellite office":

11 1. Means a physical location within the Commonwealth, other than the
12 corporate office, used by the business to conduct business activities
13 under the business's direction and control; and

14 2. Does not include a home office within a residence, temporary sites,
15 virtual offices, or a third-party location not subject to the business's
16 operational control.

17 (2) Except for any portion of an employee's wages apportioned by the employer for
18 work performed at a satellite office, one hundred percent (100%) of the wages of
19 an employee associated with the corporate office shall be apportioned to the local
20 government where the corporate office is located, regardless of where the
21 employee performs his or her work, including remote work, and shall be subject
22 to the occupational license fees imposed by the local government where the
23 corporate office is located.

24 (3) One hundred percent (100%) of the wages of an employee assigned to a state
25 government office shall be apportioned to the local government where the state
26 government office is located and the employee is assigned, regardless of where
27 the employee performs his or her work, including remote work, and shall be

1 subject to the occupational license fees imposed by the local government where
2 the state government office is located.

3 (4) An employee subject to occupational license fee requirements under subsection
4 (2) or (3) of this section may submit a refund claim to the local government that
5 received the occupational license fees for any workdays the employee physically
6 worked outside of the local government's jurisdiction, subject to the provisions of
7 KRS 67.750 to 67.795.

8 (5) (a) Subject to the provisions of KRS 67.750 to 67.795, a local government
9 receiving occupational license fees pursuant to this section shall establish a
10 procedure for the submission and review of refund claims submitted to it
11 under subsection (4) of this section, including requirements for:

- 12 1. Documentation of work location;
- 13 2. Proof of occupational license fees withheld;
- 14 3. Employer verification; and
- 15 4. Any additional criteria necessary to determine eligibility.

16 (b) Refunds shall be prorated based on the percentage of time the employee
17 physically worked outside of the local government's jurisdiction and shall
18 be processed within ninety (90) days of receipt of a completed claim.

19 (c) A local government that issues a refund to an employee under this
20 subsection shall inform any other tax district where the employee claimed to
21 have physically worked in conformance with KRS 67.791.

22 (d) Subject to the terms of an applicable incentive agreement, a local
23 government issuing a refund to an employee under this subsection may seek
24 reimbursement from the party to the incentive agreement for any portion of
25 the incentive payment the local government made to the party prior to
26 issuing the employee refund if the incentive payment was based on
27 occupational license fee revenues that are attributable to the employee

1 *receiving the refund.*

2 ➔Section 2. KRS 67.780 is amended to read as follows:

3 **(1)** Every employer making payment of compensation to an employee shall deduct and
4 withhold upon the payment of the compensation any tax imposed against the
5 compensation by a tax district. Amounts withheld shall be paid to the levying tax
6 district in accordance with KRS 67.783.

7 **(2)** A tax district may impose minimum and maximum tax liabilities for the tax on
8 compensation.

9 **(3) *Amounts withheld may be subject to apportionment under Section 1 of this Act.***

10 ➔Section 3. This Act shall apply to all incentive agreements entered into or
11 amended on or after the effective date of this Act.

12 ➔Section 4. If any provision of this Act or the application thereof to any person
13 or circumstance is held invalid, the invalidity shall not affect other provisions or
14 applications of the Act that can be given effect without the invalid provision or
15 application, and to this end the provisions of this Act are severable.