

1 AN ACT relating to the collection of local business taxes and fees.

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

3 ➔Section 1. KRS 67.767 is amended to read as follows:

4 (1) (a) **1.** The Secretary of State shall prescribe separate~~[a]~~ standard ~~{form or~~
5 ~~}~~forms, through promulgation of an administrative regulation in
6 accordance with KRS Chapter 13A, which shall be accepted by all tax
7 districts~~[and shall allow for returns of net profits and gross receipts~~
8 ~~occupational license taxes by all business entities]~~ unless the tax district
9 ~~[opts out from acceptance in accordance with subsection (2) of this~~
10 ~~section or]~~ is exempted under subsection (3) of this section for:

11 a. A net profits occupational license tax return, which shall allow
12 for returns of net profits occupational taxes by all business
13 entities;

14 b. A gross receipts occupational license tax return, which shall
15 allow for returns of gross receipts occupational license taxes by
16 all business entities; and

17 c. An occupational or payroll tax return, which shall allow for
18 returns of payroll taxes by all business entities.

19 **2.** The Secretary shall also develop and update as necessary instructions or
20 a set of instructions for business entities on the completion of the
21 standard ~~{form or}~~ forms so that business entities have the current
22 information necessary to ensure the proper payment of the taxes~~[tax]~~ to
23 each tax district.

24 **3.** Each of the standardized forms developed pursuant to subparagraph
25 1. of this paragraph shall be made available in a fillable portable
26 document format.

27 (b) The Secretary shall seek advice and comments on the development,

1 amendment, and maintenance of the ~~{form or }~~forms and instructions from an
2 advisory committee chaired by the Secretary, or his or her designee, that is
3 composed of:

- 4 1. One (1) member of the Secretary of State's staff;
- 5 2. Two (2) members submitted by the Kentucky League of Cities;
- 6 3. Two (2) members submitted by the Kentucky Association of Counties,
7 at least one (1) of which shall be a current elected county
8 judge/executive;
- 9 4. Two (2) members submitted by the Kentucky Society of Certified
10 Public Accountants;
- 11 5. One (1) member submitted by the Kentucky Association of County
12 Treasurers and Finance Officers;
- 13 6. One (1) member submitted by the Associated General Contractors of
14 Kentucky;
- 15 7. One (1) member submitted by the Kentucky Association of Master
16 Contractors;
- 17 8. One (1) member submitted by the National Federation of Independent
18 Business; and
- 19 9. One (1) member submitted by the Associated Builders and Contractors
20 of Indiana/Kentucky.

21 ~~{a representative from the Kentucky Association of Counties, the Kentucky League~~
22 ~~of Cities, the Kentucky Occupational License Association, the Kentucky~~
23 ~~School Boards Association, the Kentucky Society of Certified Public~~
24 ~~Accountants, urban county governments, and consolidated local governments,~~
25 ~~and a representative of business entities appointed by the Secretary.~~

26 ~~(c) During the development of the proposed initial form or forms, the Secretary~~
27 ~~of State shall report in writing to the Interim Joint Committee on Local~~

Government on the progress of the development process.}

(c) The advisory committee shall:

1. Meet at the call of the chair;

2. Convene in August 2026 for the first meeting;

3. Develop the forms, returns, and instructions required in this section by
October 23, 2026; and

4. File the completed forms with the Interim Joint Committee on Local
Government at least seven (7) days prior to its November 2026 meeting
date.

(d) Within fourteen days (14) after the November 2026 Interim Joint
Committee on Local Government meeting, the Secretary of State shall
submit a proposed administrative regulation including the forms and
electronic links required in this section to the Legislative Research
Committee pursuant to KRS Chapter 13A.

(e) When the proposed administrative regulation is filed~~[with the Legislative
Research Commission pursuant to KRS Chapter 13A]~~, the Secretary of State
shall also submit a copy thereof, via regular or electronic mail, to the
members of the Interim Joint Committee on Local Government~~[or, if during a
session of the General Assembly, to the members of the House Standing
Committee on Local Government and the Senate Standing Committee on
State and Local Government]~~. The submission to the members shall include a
note from the Secretary of State stating that the members may submit any
comments regarding the proposed administrative regulation in accordance
with the deadline established in KRS 13A.270(1)(c).

(f)(d) Notwithstanding KRS 13A.290(6)(a), after full review by the
Administrative Regulation Review Subcommittee, the Legislative Research
Commission shall assign the administrative regulation to the Interim Joint

1 Committee on Local Government for consideration or, if during a session of
2 the General Assembly, to the House Standing Committee on Local
3 Government and the Senate Standing Committee on State and Local
4 Government.

5 ~~(g)~~~~(e)~~ Once the standard~~[-form-or]~~ forms are adopted or amended, the
6 Secretary of State shall include the~~[-form-or]~~ forms, electronic links,
7 instructions, and any updates on the one-stop business portal or another public
8 website maintained by that office, along with information submitted to the
9 Secretary of State pursuant to subsection (2) or (3) of this section. The~~[-form-~~
10 ~~or]~~ forms and instructions shall be updated and maintained by the Secretary of
11 State at no cost to the tax districts. No fee shall be levied against the public or
12 businesses for accessing and downloading forms, instructions, or other
13 information maintained by the Secretary of State under this section.

14 (2) After the~~[-form-or]~~ forms are adopted under subsection (1) of this section but prior
15 to January 1, 2028~~[July 1, 2017]~~, a tax district:

16 (a) Shall~~[may]~~ adopt the standard~~[-form-or]~~ forms as its exclusive electronic
17 return~~[-form-or]~~ forms~~[-]~~;

18 (b) Shall~~[may]~~ accept the standard~~[-form-or]~~ forms electronically in addition to
19 the tax district's own return form or forms~~[-]~~ or

20 (c) May elect to opt out of accepting the standard~~[-form-or]~~ forms if it had an
21 online filing and payment system in use on or before January 1, 2025,
22 through adoption of a written order by the tax district's governing body. If a
23 tax district elects not to accept the standard~~[-form-or]~~ forms, in addition to
24 posting the filing and payment system it uses on its own website, it shall
25 forward the following information to the Secretary of State for inclusion on
26 the one-stop business portal or another public website maintained by that
27 office:

1 ~~1.[(a)]~~ A copy of the written order specifying that the tax district has a
2 qualifying online filing system in use and will not accept the standard~~[-~~
3 ~~form or]~~ forms within thirty (30) days of its adoption; and

4 ~~2.[(b)]~~ A copy of occupational license tax forms that the tax district
5 accepts, any accompanying instructions, and any future amendments to
6 those forms and instructions within thirty (30) days of any change.

7 (3) After January 1, 2028~~[July 1, 2017]~~, a tax district shall:

8 (a) Either adopt the standard~~[- form or]~~ forms as its exclusive electronic return~~[-~~
9 ~~form or]~~ forms or accept the standard form or forms in addition to the tax
10 district's own return form or forms, unless:

11 1. a. The tax district has developed, maintained, and continues to use
12 its own online tax filing and payment system on or before
13 January 1, 2025; and

14 b. The tax district submits a copy of the occupational license tax
15 forms that the tax district accepts, any accompanying
16 instructions, and any future amendments to those forms and
17 instructions within thirty (30) days of any change; and~~[-~~

18 ~~(a) The tax district submits a written request approved by the tax~~
19 ~~district's governing body to the Secretary of State for an exemption~~
20 ~~based on documented information that acceptance of the form will~~
21 ~~impose an undue financial hardship on the tax district; and]~~

22 ~~2.[(b)]~~ The Secretary of State approves the request for an exemption and
23 obtains the return~~[- form or]~~ forms that will be accepted by the tax
24 district and any applicable instructions for inclusion on the one-stop
25 business portal or another public website maintained by that office. In
26 exercising his or her discretion to grant an exemption under this
27 subsection, the Secretary of State may impose any reasonable terms and

1 limitations upon the exemption;~~[-]~~

2 (b) Provide on its official website the forms, returns, instructions, and methods
3 of acceptable electronic payment of its occupational license taxes in a way
4 that the forms and returns may be electronically completed and submitted to
5 the tax district by the taxpayer;

6 (c) Allow a taxpayer who files the forms or returns electronically to pay the tax
7 due with the form or return by an automated clearing house electronic
8 funds transfer directly to the tax district's designated depository account or
9 by any other approved electronic method;

10 (d) Add a two dollar (\$2) electronic processing fee payable to the taxing district
11 to each electronic payment submitted under this section;

12 (e) Add any additional fee or surcharge directly associated with acceptance of
13 an electronic payment: and

14 (f) Provide an electronic receipt to the taxpayer upon the successful electronic
15 filing of the form or return and payment.

16 (4) Upon receipt of an order pursuant to subsection (2) of this section or upon the
17 issuance of an exemption under subsection (3) of this section, the Secretary of State
18 shall provide notice to the Kentucky Society of Certified Public Accountants of the
19 tax districts that have submitted a written order to opt out under subsection (2) of
20 this section or that are granted an exemption under subsection (3) of this section.

21 (5) The Secretary of State shall~~[-, only upon the request of a tax district,]~~ include
22 electronic links for the electronic filing of forms with the local tax district by no
23 later than January 1, 2028~~[July 1, 2017].~~

24 (6) Nothing in this section or KRS 67.766 shall be interpreted to alter or preempt the
25 requirements imposed by a tax district regarding deadlines, reporting, rates, or other
26 legally imposed procedures regarding the imposition, administration, and collection
27 of local occupational license taxes by a tax district. Nor shall the adoption or use of

1 a standard~~[-form-or]~~ forms developed under this section release the taxpayer from
2 any liability or responsibility to the tax district for the correct payment of taxes,
3 penalties, and any other obligations imposed by the tax district. This section and
4 KRS 67.766 shall not be interpreted to authorize the collection of local tax revenues
5 by the state government or any other agency of the state.