

**Local Government Mandate Statement
Kentucky Legislative Research Commission
2026 Regular Session**

Part I: Measure Information

Bill Request #:	2261	Bill #:	HB 758
Document ID #:	6430	Sponsor:	Rep. Stephanie Dietz
Bill Title:	AN ACT relating to occupational license fees.		

Unit of Government: City County Urban-County
 Charter County Consolidated Local Unified Local

Office(s) Impacted: All who collect occupational lisenace taxes

Requirement: Mandatory Optional

Effect on Powers & Duties: Modifies Existing Adds New Eliminates Existing

Other Fiscal Statement(s) that may exist: Actuarial Analysis Corrections Impact
 Health Benefit Mandate State Employee Health Plan

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

Section 1 of HB 758 would create a new section of KRS Chapter 91A defining several terms. “Associated with” would mean an employee who works an average of thirty percent or more of their workdays during the calendar year within the corporate office and performs remote work that requires continuous or material reliance on centralized technological systems or operational assets located within the corporate office.

“Corporate office” would be defined as an office where a business’s officers or other management staff direct, control, or coordinate all or a portion of the business’s activities, and that office was (1) subject to the influence of an executed incentive agreement; and (2) has an average of 1,000 or more employees associated with the corporate office during the calendar year.

“Incentive agreement” would mean a written agreement between a local government and a business that includes occupational license fee incentives, infrastructure improvements,

land conveyance, or other economic inducements to operate the business's corporate office within the jurisdiction of the local government.

"Occupational license fees" would mean any occupational license fee levied on salaries, wages, commissions, or other compensation under KRS 91.200, 92.280, or 92.281.

"Remote work" would mean work performed by an employee at a location other than a corporate office or a satellite office, or work performed by a state employee at a location other than the state government office to which the employee is.

"Satellite office" would mean a physical location, other than the corporate office, used by the business to conduct business activities under the business's direction and control, and would not include a home office within a residence, temporary sites, virtual offices, or a third-party location not subject to the business's operational control.

The section would require that 100 percent of the wages of an employee associated with a qualifying corporate office be apportioned to the local government where the corporate office is located, regardless of where the employee performs the work, including remote work. Wages apportioned by the employer to work performed at a satellite office would be excluded. The provision would apply for 50 years from the execution of an incentive agreement.

The section would also require that 100 percent of the wages of an employee assigned to a state government office be apportioned to the local government where the office is located, regardless of where the employee performs the work, including remote work.

Employees subject to occupational license fees under these provisions would be permitted to file refund claims with the local government that received the occupational license fees for days the employee physically worked outside that jurisdiction, subject to the procedures in KRS 67.750 to 67.795. Local governments receiving these fees would be required to establish procedures for submitting and reviewing refund claims, including documentation requirements, employer verification, and other eligibility criteria. Refunds would be prorated based on the time worked outside the jurisdiction and processed within 90 days of a completed claim. Local governments issuing refunds would also be required to notify any other tax district where the employee claimed to have worked.

The bill would permit local governments issuing refunds to seek reimbursement from the party to the incentive agreement for any portion of the incentive payment the local government made to the party prior to issuing the employee refund if the incentive payment was based on occupational license fee revenues that are attributable to the employee receiving the refund.

Section 2 of HB 758 would amend KRS 67.780 to conform.

The impact of HB 758 on local governments is indeterminable and would likely vary across jurisdictions.

The bill could increase revenues in jurisdictions where qualifying corporate offices or state government offices are located by requiring wages to be apportioned to that jurisdiction regardless of where the work is performed. These increases could be offset by refund claims filed by employees for days physically worked outside the jurisdiction. However, it is unclear how many employees would elect to pursue refunds.

There could also be a negative fiscal impact on jurisdictions where employees telework but that do not house qualifying corporate offices or state government offices. Those jurisdictions could lose some occupational license tax revenue because wages would be apportioned to the jurisdiction where the office is located, or ultimately returned to employees through refunds if they are eligible and choose to file claims.

The fiscal effect would depend on several factors, including whether the jurisdiction imposes an occupational license tax, the number of affected employers and employees, the prevalence of remote work, and the number of refund claims filed. Not all Kentucky jurisdictions impose occupational license taxes. In May 2025, the Kentucky Association of Counties (KACo) reported that 87 counties collect occupational license fees, while a 2023 publication from the Kentucky League of Cities (KLC) estimated that approximately 173 Kentucky cities imposed an occupational license fee in FY 2023.

The framework created by HB 758 would also require local governments to establish procedures for submitting and reviewing refund claims, process refunds within a specified time frame, and notify other tax districts of claims. These requirements could increase administrative costs for local governments, depending on the number of affected employees and refund claims within each jurisdiction.

Data Source(s): KACo; KLC; LRC Staff

Preparer: AS **Reviewer:** TJ (MDA) **Date:** 3/16/26