

Amendments to Occupational License Tax (Net Profits)

CITY OF HAZARD, KENTUCKY

ORDINANCE No. 2021-01

AN ORDINANCE RELATING TO THE IMPOSITION AND ADMINISTRATION OF A OCCUPATIONAL LICENSE REQUIREMENT, AND PAYMENT OF AN OCCUPATIONAL LICENSE TAX BY PERSONS AND BUSINESS ENTITIES CONDUCTING BUSINESSES, OCCUPATIONS AND PROFESSIONS WITHIN THE CITY OF HAZARD, KENTUCKY.

WHEREAS, the Board of Commissioners of the City of Hazard, Kentucky desires to comply with the requirements of KRS 67.750 to 67.795 and deems it necessary and desirable that certain changes be made to existing ordinances imposing occupational license taxes on persons and businesses entities conducting businesses, occupations, and professions within the City so that the assessment and payment of Occupational License Taxes can be administered more efficiently.

WHEREAS, the Board of Commissioners held its first reading of Ordinance No. 2021-01 at the regular July meeting of the Board and now wishes to make certain corrective changes and amendments to the Ordinance prior to its second and final reading:

Now, therefore, be it ordained by the Board of Commissioners of the City of Hazard, Kentucky as follows:

1. § 3 - Occupational License Tax Payment Required

(1) Except as provided in subsection (2) of this section, every person or business entity engaged in any business for profit and any person or business entity that is required to make a filing with the Internal Revenue Service or the Kentucky Revenue Cabinet shall be required to file and pay to the city an occupational license tax for the privilege of engaging in such activities within the city. The occupational license tax shall be measured by One and one quarter percent (1.25%) ~~up to \$60,000.00 plus one half of one percent (.5%) above \$60,000.00~~ of:

- (a) all wages and compensation paid or payable in the city for work done or services performed or rendered in the city by every resident and nonresident who is an employee;
- (b) the net profits from business conducted in the city by a resident or nonresident business entity.

(2) Provided, however, that the minimum tax liability for each business entity subject to the tax to be engaged in any business for profit within the City in any year shall be set pursuant to KRS 67.773 at One hundred dollars (\$100.00) ~~Fifty and no/100 Dollars (\$50.00)~~ notwithstanding any other provision of this section, and this amount shall not be

subject to refund. The minimum tax required for business entities under this section shall be payable in advance upon application for the occupational license pursuant to Section 2 above, and it shall be an annual credit against additional taxes due under this chapter. The minimum tax shall not be subject to proration as otherwise provided in this ordinance and shall apply in full without exception whether the business entity engages in the business for a full year or any portion thereof.

- (B) The occupational license tax imposed in this section shall not apply to the following persons or business entities:
- (1) Any bank, trust company, combined bank and trust company, combined trust, banking and title insurance company organized and doing business in this state, any savings and loan association whether state or federally chartered;
 - (2) Any compensation received by members of the Kentucky National Guard for active duty training, unit training assemblies and annual field training;
 - (3) Any compensation received by precinct workers for election training or work at election booths in state, county, and local primary, regular, or special elections;
 - (4) Public Service Corporations that pay an ad valorem tax on property valued and assessed by the Kentucky Department of Revenue pursuant to the provisions of KRS 136.120. Licensees whose businesses are predominantly non-public service who are also engaged in public service activity are required to pay a license fee on their net profits derived from the non-public service activities apportioned to the city;
 - (5) Persons or business entities that have been issued a license under KRS Chapter 243 to engage in manufacturing or trafficking in alcoholic beverages. Persons engaged in the business of manufacturing or trafficking in alcoholic beverages are required to file a return, but may exclude the portion of their gross receipts derived from the manufacturing or trafficking in alcoholic beverages;
 - (6) Life insurance companies incorporated under the laws of and doing business in the Commonwealth of Kentucky.
 - (7) Any profits, earnings, or distributions of an investment fund which would qualify under KRS 154.20-250 to 154.20-284 to the extent any profits, earnings, or distributions would not be taxable to an individual investor.
 - (8) Any company providing multichannel video programming services or communications services as defined in KRS 136.602. If only a portion of an entity's business is providing multichannel video programming services or communications services including products or services that are related to and provided in support of the multichannel video programming services or communications services, this exclusion applies only to that portion of the business that provides multichannel video


programming services or communications services including products or services that are related to and provided in support of the multichannel video programming services or communications services.

The undersigned, being the Mayor and Clerk of the City of Hazard, do hereby certify that the foregoing amendment to Ordinance No. 2021-01 was duly passed by the Board of Commissioners at its regular meeting held on July 20, 2020.



Donald "Happy" Mobelini, Mayor

Attest:



Linda Steele, Clerk

FIRST READING: July 20, 2020.

SECOND READING: August 17, 2020.

PASSED AND APPROVED THIS 17th day of August, 2020 to go into effect on January 1, 2021.



Office of Tax Administrator
Tammy M. Hanlon

Reconciliation of Hazard, Kentucky license fee withheld during year ending 2020.

Please type or print in the spaces below.

Name of employer: _____

Address: _____

Total number of employees working in the city limits: _____

Total amount of Hazard license fee withheld for the quarters listed below.

First quarter January 1st to March 31st, 2020 _____

Second quarter April 1st to June 30th, 2020 _____

Third quarter July 1st to September 30th, 2020 _____

Fourth quarter October 1st to December 31st, 2020 _____

Please send one copy of the W-2 form on each employee, or list of names with their social security number, gross wages paid and license fee withheld for the year 2020.

Sincerely,

Tammy M. Hanlon

Tammy M. Hanlon
Tax Administrator
City of Hazard, Kentucky

City of Hazard, Kentucky

EMPLOYER'S QUARTERLY RETURN OF LICENSE FEE WITHHELD
(Instructions Below)

1. Number of Taxable Employees _____
2. Total Salaries, Wages, Commissions and Other Compensation Paid (A)

\$	
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3. Less: Compensation Paid for Services Outside of Hazard
4. Taxable Earnings (Item 2 Minus Item 3)

\$	
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5. Actual Tax Withheld in Quarter At Applicable Rate (B)
6. Interest (1% per month)
7. Penalty - 5% of license fee (Min. \$25, Max. 25% total tax due)
8. Total (Includes Interest and Penalty if Due)

\$			

(A) If no wages were paid this quarter, mark "NONE" and return this form with explanation
 (B) License fee imposed on individuals is 1.25% (.0125) of gross compensation

Name and Address of Employer

Federal Id #
Hazard PRTP #

Mo.	Day	Yr.

Due on or before

Mail to:
 License Fee Division
 City of Hazard
 P. O. Box 420
 Hazard, KY 41702-0420

This Return Must Be Filed On or Before Date Due as Shown Below:
 Make Check or Money Order Payable to:
 Occupational Tax Administrator, City of Hazard, KY

I hereby certify that the information and statements contained herein and any schedules or exhibits attached are true and correct
 Signed: _____
 Official Title: _____
 Date: _____

INSTRUCTIONS FOR PREPARING AND FILING EMPLOYER'S QUARTERLY RETURN OF LICENSE FEE WITHHELD

Notify License Fee Division, City of Hazard of Any Change in Ownership or Name and Address Shown Above.
 If Receipt is Desired, Return Employer's Copy of This Form and Enclose Self-Addressed, Stamped Envelope.

Each employer (except those specifically exempt by ordinance) of one or more persons must withhold the license fee of 1.25% from gross salaries, wages and commission paid of the gross salaries, wages and commission paid. All employees are subject to the license fee except domestics, including employees of organizations in a business that is not subject to the license fee.

Quarterly Return

A quarterly return for all license fees withheld must be filed and the license fee paid by the **fifteenth day of the month** following the close of the calendar quarter. An employer shall be liable to a fine and imprisonment as provided by ordinance for failure to file and return and/or to pay the license fee for filing a fraudulent return. Interest and penalties are also provided for late filing.

Item 1 Enter total number of employees after eliminating those who are nontaxable

Item 2 Enter total salaries, wages, commissions, incentive payments, bonuses and other compensations paid all employees during quarter for which return is prepared. If no salaries, wages, or other compensation was paid during this quarter, so indicate and file form employer's quarterly with explanation.

Item 3 Enter that portion of the compensation paid employees for services rendered outside the City of Hazard.

Item 4 Represents the difference between items 2 and 3.

Item 5 Shall be the actual license fee withheld at the applicable rate of 1.25% (.0125).

**CITY OF HAZARD
OCCUPATIONAL LICENSE FEE RETURN**

20

FEDERAL ID #

OR
FISCAL YEAR ENDED

MO.	DAY	YR.

HAZARD LICENSE #

<p>1. Nature of Business _____</p> <p>2. If Organization was Discontinued, state when <input type="checkbox"/> Dissolution _____ or Sale _____ if by Sale, give Name and Address of Successor _____</p> <p>3. Did you have any employees in the current year? <input type="checkbox"/> Yes _____ <input type="checkbox"/> No, if answer is "No" explain: _____</p>	<p>5. Check which: <input type="checkbox"/> Corporation _____ Partnership _____ <input type="checkbox"/> Individual Owner _____ Fiduciary _____ Other _____</p> <p>6. Basis on which this Return is Prepared - <input type="checkbox"/> Cash _____ <input type="checkbox"/> Accrual _____</p> <p>7. Have Federal Authorities changed the Net Income as originally reported for any prior year? <input type="checkbox"/> Yes _____ <input type="checkbox"/> No _____ If answer is "Yes" attach Schedule of Changes for each year.</p> <p>8. List additional Place of Business if included in this return _____</p>
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SCHEDULE A

1. Total Income per Federal Return Form	1040	1041	1065	1120	• \$
2. Total deductions per Federal Return Form					• _____
3. Net Income per Federal Return					• _____
4. Add Items not deductible (Schedule B)					_____
5. Total (Line 3 plus Line 4)					_____
6. Deduct Item not Subject (Schedule B)					_____
7. ADJUSTED NET INCOME (Line 5 less Line 6)					\$ _____
8. Enter here Average Percentage allocable to Hazard (Schedule C, Line 4)					_____ %
9. Net Profit subject to Hazard License Fee (Line 7 X Line 8)					• _____
10. Hazard license fee due, 1.25% (.0125) of amount on Line 9					_____
11. Minimum license fee (including loss returns)					100.00
12. Enter greater of Line 10 or Line 11					_____
13. Add: Interest - 1% per month or portion of month					_____
14. Add: Penalty - 5% of license fee (Min. \$25, Max. 25% total tax due)					_____
15. Less: Credits _____ Estimates _____					_____
16. BALANCE DUE (Sum of Lines 12 through 15) PAY THIS AMOUNT					\$ _____

SCHEDULE B

NOTE: ADD AND OR DEDUCT ONLY ITEMS WHICH ARE INCLUDED IN CALCULATING NET INCOME PER FEDERAL RETURN

A. State or Local taxes based on income	\$ _____	H. Interest on Corporate Bonds	\$ _____
B. License Fee Under this Ordinance	_____	I. Interest on U.S. Government Securities	_____
C. Capital Loss	_____	J. Royalties on Patents, Copyrights	_____
D. Net Operating Loss Deduction	_____	K. Dividends	_____
E. Partner's Salaries (attach schedule)	_____	L. Capital Gain	_____
F. Other items (list)	_____	M. Other Items (list)	_____
G. TOTAL ADDITIONS (enter on Line 4)	\$ _____	N. TOTAL DEDUCTIONS (enter on Line 6)	\$ _____

SCHEDULE C

Business Allocation Percentage - Divide (Col A by Col B to obtain decimal. Carry out at least 6 places.)

	COL. A CITY OF HAZARD	COL. B TOTAL FACTOR	COL. C PERCENTAGE
1. BUSINESS RECEIPTS/SALES			%
2. TOTAL WAGES, SALARIES AND OTHER PERSONAL SERVICE COMPENSATION			%
3. TOTAL PERCENTS			%
4. AVERAGE PERCENTAGE (Line 3 Divided by number of percents)		Enter on Line 8	%

I HEREBY CERTIFY THAT THE STATEMENTS MADE HEREIN AND IN ANY SUPPORTING SCHEDULES ARE TRUE, CORRECT, AND COMPLETE TO THE BEST OF MY KNOWLEDGE.

RETURN MUST BE SIGNED

Signature of Individual Preparing Return _____	Date _____	Signature of Taxpayer _____	Date _____
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MAKE CHECK PAYABLE TO OCCUPATIONAL TAX ADMINISTRATOR, CITY OF HAZARD, KENTUCKY

Mail To: City of Hazard
License Fee Division
P.O. Box 420
Hazard, Kentucky 41702-0420