

**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 136.502. 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.