

**154.23-055 Assessment based on employee's gross wages -- Amount -- Credits against taxes and fees -- Prorating of credits and assessments against occupational license fees -- Availability of records -- Approval of assessment by local government -- Cessation of assessments.**

- (1) If the local jurisdiction in which the economic development project is to be located approves the assessment in accordance with subsection (8) of this section, then an approved company engaged in either manufacturing or service or technology activities or, with the authority's consent, an affiliate of the approved company, may require each qualified statewide employee, as a condition to employment, to agree to pay an assessment in an amount determined by the percentage of the local occupational license fee, which shall be one-fifth (1/5) of the total assessment, plus the Commonwealth's contribution of four-fifths (4/5) of the total assessment, but in no event to exceed five percent (5%) of the qualified statewide employee's gross wages exclusive of any noncash benefits; provided that each qualified statewide employee paying the assessment shall be entitled to credits against Kentucky income tax as prescribed in subsection (4) of this section and to credits against the local occupational license fee to the extent of the local occupational license fee collected by the local jurisdiction. This assessment shall be deducted by the approved company from wages it pays to qualified statewide employees.
- (2) Notwithstanding subsection (1) of this section, if no local occupational license fee is assessed by any local government in which the project is located, the assessment shall be four percent (4%), all of which shall be contributed by the Commonwealth.
- (3) Notwithstanding subsection (1) of this section, if a project is located in only one (1) local government and that local government has a local occupational license fee that is less than one percent (1%) and the local government agrees to forgo all of its local occupational license fee or if a project is located in multiple local governments and the local governments have in the aggregate local occupational license fees that are less than one percent (1%) and the local governments agree to forgo all of their local occupational license fees, then the assessment shall be four percent (4%), all of which shall be contributed by the Commonwealth, plus the percentage of the local occupational license fee or fees, as applicable, that the local government or local governments, as applicable, has or have agreed to forgo.
- (4) Each qualified statewide employee required to pay this assessment shall be entitled to certain credits, as follows:
  - (a) Credit against the required Kentucky income tax withheld from gross wages under KRS 141.310 equal to the Commonwealth's contribution, but in no event to exceed four percent (4%) of these wages; and
  - (b) Credit against the local occupational license fee imposed by any local government in which the project is located in the form of a simultaneous adjustment of the local occupational license fee withheld from gross wages excluding noncash benefits not to exceed one percent (1%) of these wages.
- (5) If more than one (1) local government jurisdiction imposes a local occupational license fee and all jurisdictions approve the assessment, then the assessment and employee credit therefor shall be prorated against the local occupational license fees

imposed, unless a single local government jurisdiction agrees to forgo receipt of its local occupational license fees in an amount equal to one percent (1%) of the qualified statewide employees' wages excluding noncash benefits, in which case no proration need be made.

- (6) No credit, or portion thereof, shall be allowed against any occupational license fee imposed by or dedicated solely to the board of education in a local jurisdiction.
- (7) An approved company that collects an assessment shall make its payroll, books, and records available to the authority at its request, and shall provide all documentation pertaining to the assessment as the authority may require.
- (8) Before any tax incentive agreement or service and technology agreement becomes effective with respect to an assessment, the legislative body of any local government that assesses a local occupational license fee and shall lose revenue as a result of the assessment described in this section shall, by official action, approve the assessment for the benefit of an approved company. However, if a local government does not approve the assessment, then the approved company shall not be permitted to impose the assessment and the qualified statewide employees shall not be permitted to claim credits.
- (9) Any assessment of the wages of qualified statewide employees of an approved company engaged in service or technology activities in connection with their employment at an economic development project shall permanently cease at the expiration of the service and technology agreement.

**Effective:** July 13, 2004

**History:** Amended 2004 Ky. Acts ch. 105, sec. 9, effective July 13, 2004. -- Amended 2002 Ky. Acts ch. 338, sec. 31, effective July 15, 2002. -- Created 2000 Ky. Acts ch. 528, sec. 11, effective July 14, 2000.