

154.25-040 Wage assessment -- Tax credits for employees -- Department of Revenue to make annual report to authority.

- (1) The approved company may require that each employee subject to the income tax imposed by KRS 141.020, whose job was preserved or created as a result of the project, as a condition of employment or the retention of employment, agree to pay an assessment, not to exceed five percent (5%) of the gross wages of each employee subject to the income tax imposed by KRS 141.020 unless:
 - (a) The local government or governments in which the project is located have a local occupational license fee of less than one percent (1%) and agree to forgo all of their local occupational license fee, in which case the assessment shall equal four percent (4%) plus the percentage of the local occupational license fee;
 - (b) The local government or governments in which the project is located have a local occupational license fee of less than one percent (1%) and agree to forego a portion of their local occupational license fee, in which case the assessment shall equal the percentage that the local government or governments agree to forego plus a percentage that is four (4) times the percentage the local government or governments agree to forego;
 - (c) The local government or governments in which the project is located have a local occupational license fee equal to or greater than one percent (1%), and the local government or governments agree to forego an amount less than one percent (1%), in which case the assessment shall equal the percentage that the local government or governments agree to forego plus a percentage that is four (4) times the percentage the local government or governments agree to forego; or
 - (d) The local government or governments in which the project is located have no local occupational license fee, in which case the assessment shall equal four percent (4%).
- (2) Each assessed employee shall be entitled to a credit against the Kentucky income tax required to be withheld under KRS 141.310 in the form of a simultaneous adjustment equal to four-fifths ($\frac{4}{5}$) of the assessment, unless:
 - (a) The assessment is calculated under subsection (1)(a) of this section, in which case the credit shall be equal to the total assessment less the occupational license fee; or
 - (b) The assessment is calculated under subsection (1)(d) of this section, in which case the credit shall be equal to one hundred percent (100%) of the assessment.
- (3) Each employee assessed under subsection (1) of this section also shall be entitled to a credit against the local occupational license fee in the form of a simultaneous adjustment of the local occupational license fee withholding equal to one-fifth ($\frac{1}{5}$) of the assessment, unless the wage assessment is calculated under subsection (1)(a) of this section, in which case the credit shall equal the same amount as the local occupational license fee.

- (4) If an approved company elects to impose the assessment as a condition of employment or the retention of employment, the approved company shall deduct the assessment from each paycheck of each employee subject to the provisions of subsections (2) and (3) of this section.
- (5) Any approved company collecting an assessment shall make its payroll books and records available to the authority at such reasonable times as the authority shall request and shall file with the authority the documentation respecting the assessment the authority may require.
- (6) Any assessment of the wages of the employees of an approved company shall permanently lapse upon expiration or termination of the agreement unless the agreement has been amended to extend the termination as a result of a supplemental project.
- (7) By October 1 of each year, the Department of Revenue shall certify to the authority, in the form of an annual report, aggregate tax credits claimed on tax returns filed during the taxable year ending June 30 of that year and wage assessment fees taken during the prior calendar year by approved companies with respect to their jobs retention projects under this subchapter, and shall certify to the authority, within one hundred eighty (180) days from the date an approved company has filed its state tax return, when an approved company has taken tax credits equal to its total inducements.

Effective: March 23, 2007

History: Created 2007 Ky. Acts ch. 91, sec. 4, effective March 23, 2007.