

*Record of Ordinances of Meetings in 2019*

ORDINANCE NO. 27-19

ORDINANCE RELATING TO BUSINESS AND OCCUPATION LICENSE FEES

**SUMMARY:** AN ORDINANCE AMENDING SECTION 21-33 *OCCUPATIONAL LICENSE TAX PAYMENT REQUIRED* OF ARTICLE III, *BUSINESS AND OCCUPATIONAL LICENSE FEES*, BY CHANGING THE RATE OF OCCUPATIONAL LICENSE TAX FOR COMPENSATION PAID OR PAYABLE FOR WORK DONE OR SERVICES PERFORMED OR RENDERED IN THE CITY BY AN EMPLOYEE FROM ONE AND TWENTY-NINE HUNDREDTHS PERCENT (1.29%) TO ONE AND FORTY NINE HUNDREDTHS PERCENT (1.49%); AND CHANGING THE RATE OF THE NET PROFITS FROM ONE PERCENT TO ONE AND FORTY NINE HUNDREDTHS PERCENT (1.49%) [WITH A MINIMUM PAYMENT OF FIFTY DOLLARS (\$50.00) FOR SOLE/PROPRIETOR/INDIVIDUAL; ONE HUNDRED DOLLARS (\$100.00) FOR LIMITED LIABILITY CORPORATION/PROPRIETORSHIP; ONE HUNDRED FIFTY DOLLARS (\$150.00) FOR PARTNERSHIP/LIMITED LIABILITY PARTNERSHIP; AND TWO HUNDRED DOLLARS (\$200.00) FOR S CORPORATION/CORPORATION/LIMITED LIABILITY CORPORATION/FIDUCIARY WHICHEVER IS GREATER AND A MAXIMUM PAYMENT OF SIXTY THOUSAND DOLLARS (\$60,000)] BEGINNING JANUARY 1, 2020 WHICH WILL BE PRO-RATED BEGINNING JANUARY 1, 2020 TO DECEMBER 31, 2020; AND AMENDING SECTION 21-48 *BEGINNING DATE* OF THIS ORDINANCE TO JANUARY 1, 2020

WHEREAS, Section 181 of the Kentucky Constitution authorizes the General Assembly to confer upon local jurisdictions the power to impose and collect license fees on franchises, trades, occupations and professions; and

WHEREAS, pursuant to KRS 92.281(1), the General Assembly has authorized cities of all classes to impose and collect all taxes provided for in Section 181 of the Kentucky Constitution; and

WHEREAS, acting pursuant to KRS 92.281(1), the City of Henderson has heretofore adopted an ordinance imposing occupational license taxes on the net profits of every business entity conducting business within the City and upon the compensation of any employee from services performed within the City; and

WHEREAS, Section 171 of the Kentucky Constitution requires that any tax imposed under Section 181 of the Kentucky Constitution be uniform within the class of those subject to the tax; and

WHEREAS, the City of Henderson needs an additional revenue based on the 2020 fiscal year budget; and

WHEREAS, the Board of Commissioners has determined that it is necessary and appropriate to increase the rate of occupational license taxes on compensation paid to employees for work done or services performed within the City by such employees from one and twenty-nine hundredths percent (1.29%) to one and forty-nine hundredths percent (1.49%) beginning January 1, 2020; and

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WHEREAS, KRS 67.773 allows Cities to impose minimum and maximum tax liabilities for the tax on net profits;

WHEREAS, the Board of Commissioners has determined that it is necessary and appropriate to increase the net profits tax for business conducted in the City by a resident or non-resident business entity from one percent (1%) to one and forty-nine hundredths percent (1.49%), or a Fifty Dollars (\$50.00) minimum for Sole/Proprietor/Individual; One Hundred Dollar (\$100.00) minimum for Limited Liability Corporations/Proprietorships; One Hundred Fifty Dollars (\$150.00) minimum for Partnership/Limited Liability Partnership; and a Two Hundred Dollar (\$200.00) minimum for S-Corporations/Corporations/Limited Liability Corporations/Fiduciary, whichever is greater, and a maximum of sixty thousand dollars (\$60,000.00), which will be pro-rated beginning January 1, 2020 to December 31, 2020.

BE IT ORDAINED by the City of Henderson, Kentucky, that Section 21-33, *Occupational License Tax Payment Required* of Article III, *Business and Occupational License Fees*, of Chapter 21, *Taxation*, of the City's Code of Ordinances, is hereby amended as follows:

### ARTICLE III. BUSINESS AND OCCUPATIONAL LICENSE FEES

#### Sec. 21-33 Occupational License Tax Payment Required.

(A) Except as provided in Sec. 21-34, every person or business entity engaged in any business, trade, occupation, or profession and any person or business entity that makes a filing with the Internal Revenue Service or the Kentucky Revenue Cabinet shall be required to file and pay to the city an annual occupational license tax for the privilege of engaging in such activities within the city. The occupational license tax shall be measured by:

- (1) ~~{One and twenty-nine percent (1.29%)}~~ One and forty-nine hundredths percent (1.49%) of all 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; and
- (2) ~~[One percent (1%)~~ One and forty-nine hundredths percent (1.49%) or a Fifty Dollars (\$50.00) minimum for Sole/Proprietor/Individual; One Hundred Dollar (\$100.00) minimum for Limited Liability Corporations/Proprietorships; One Hundred Fifty Dollars (\$150.00) minimum for Partnerships/Limited Liability Partnerships, and a Two Hundred Dollar (\$200.00) minimum for S-Corporations/Corporations/Limited Liability Corporations/Fiduciary, whichever is greater, and a maximum of Sixty Thousand Dollars (\$60,000.00) of the net profits from business conducted in the city by a resident or nonresident business entity, [or \$25.00 whichever is greater] shall be prorated as follows:

	Current	1.0000%
	1/1/2020	1.4900%
Fiscal year end on or after	<u>1/31/2020</u>	<u>1.0408%</u>
	<u>2/29/2020</u>	<u>1.0817%</u>
	<u>3/31/2020</u>	<u>1.1225%</u>
	<u>4/30/2020</u>	<u>1.1633%</u>
	<u>5/31/2020</u>	<u>1.2042%</u>
	<u>6/30/2020</u>	<u>1.2450%</u>

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<u>7/31/2020</u>	<u>1.2858%</u>
<u>8/31/2020</u>	<u>1.3267%</u>
<u>9/30/2020</u>	<u>1.3675%</u>
<u>10/31/2020</u>	<u>1.4083%</u>
<u>11/30/2020</u>	<u>1.4492%</u>
<u>12/31/2020</u>	<u>1.4900%</u>

- (B) If any business entity dissolves, ceases to operate, or withdraws from the city during any taxable year, or if any business entity in any manner surrenders or loses its charter during any taxable year, the dissolution, cessation of business, withdrawal, or loss or surrender of charter shall not defeat the filing of returns and the assessment and collection of any occupational license tax for the period of that taxable year during which the business entity had business activity in the city.

### Sec. 21-48 Beginning Date:

The provisions of this Ordinance shall become in effect on January 1, 2020. The occupational license tax rate of all compensation paid or payable to employees in the city as detailed in Section 21-33(A)(1) will become effective January 1, 2020, and the net profits from business conducted in the City by a resident or non-resident business entity, will begin effective January 1, 2020 and pro-rated to December 31, 2020.

All ordinances or parts of ordinances in conflict herewith are hereby repealed and superseded to the extent of such conflict.

On first reading of the foregoing ordinance, it was moved by Commissioner Royster, seconded by Commissioner Vowels, that the ordinance be adopted on its first reading.

On roll call the vote stood:

Commissioner Royster:	<u>AYE</u>	Commissioner Bugg:	<u>AYE</u>
Commissioner Staton:	<u>AYE</u>	Mayor Austin:	<u>AYE</u>
Commissioner Vowels:	<u>AYE</u>		

WHEREUPON, Mayor Austin declared the ordinance adopted on first reading and ordered that it be presented for a second reading at a meeting of the Board of Commissioners.

On second reading of the foregoing ordinance, it was moved by Commissioner Bugg, seconded by Commissioner Royster, that the ordinance be adopted.

WHEREUPON, the vote was called. On roll call the vote stood:

Commissioner Royster:	<u>AYE</u>	Commissioner Bugg:	<u>AYE</u>
Commissioner Staton:	<u>AYE</u>	Mayor Austin:	<u>AYE</u>
Commissioner Vowels:	<u>AYE</u>		

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WHEREUPON, Mayor Austin declared the ordinance adopted, affixed his signature and the date and ordered that it be recorded.




Steve Austin, Mayor

Date: November 12, 2019

ATTEST:

  
Maree Collins, CKMC, City Clerk

**APPROVED AS TO FORM AND  
LEGALITY THIS 22<sup>ND</sup> DAY OF  
OCTOBER, 2019.**

By:   
Dawn S. Kelsey  
City Attorney