

ORDINANCE NO. **BG2023 - 6**

ORDINANCE AMENDING CODE OF ORDINANCES

ORDINANCE AMENDING CHAPTER 18
(OCCUPATIONAL LICENSE FEES AND TAXES)
OF THE CITY OF BOWLING GREEN CODE OF
ORDINANCES TO REVISE THE OCCUPATIONAL
LICENSE FEES

WHEREAS, the City of Bowling Green is the third largest and the fastest growing City in the Commonwealth of Kentucky; and,

WHEREAS, the City provides services and employment for an estimated population of 73,529, with such services including public safety, public works, parks, neighborhood and community services, and general government services; and,

WHEREAS, the City's population grew by 24.5% between 2010 and 2020, and significant population growth is forecasted to continue in the future; and,

WHEREAS, in the past 20 years the boundaries of the City's limits grew by 16.1% to 42.5 square miles, increasing the area patrolled by the Police Department, serviced by the Fire Department, and maintained by the Public Works Department; and,

WHEREAS, the increase in population and boundary limits has caused an increase in the request for services from residents for all departments; and,

WHEREAS, the City has seen increased demand for public safety, public transit, affordable housing, improved roadways, and interconnectivity from sidewalks and greenways infrastructure expansion; and,

WHEREAS, the increase in demand for services requires additional personnel, facilities and equipment to meet these demands; and,

WHEREAS, there has been a significant increase in the cost of commodities, which are necessary to support the services provided by the City; and,

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WHEREAS, the above service needs have exceeded the funding capacity of the existing occupational tax revenue structure which was established in 1970 and last amended in 2007; and,

WHEREAS, in order to maintain the existing high level of services and adjust for the continuous growth for such services, it is necessary to enhance available revenues; and,

WHEREAS, after an extensive review of alternative revenue resources it has been determined to be in the best interest of the City to recapture the occupational license fees at 2.0% from 1.85%, which shall include net profit license fees and withholdings license fees.

NOW, THEREFORE, BE IT ORDAINED by the City of Bowling Green, Kentucky as follows:

1. Chapter 18 (Occupational License Fees and Taxes), Subchapter 18-2 of the Code of Ordinances is hereby amended as follows:

18-2 OCCUPATIONAL LICENSE FEES AND TAXES.

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18-2.02 Occupational License Fees Imposed.

a. Except as provided in Section 18-2.04, 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 fee for the privilege of engaging in such activities within the City. The occupational license fee shall be measured by [~~1.85~~] 2.0% of:

1. All gross 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; and,

2. The taxable net profit from business conducted in the City by a resident or nonresident person or business entity, or thirty (\$30.00) dollars, whichever is greater.

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18-2.04 Income Excluded from Occupational License Fees.

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a. The occupational license fees imposed in this Subchapter shall not apply to the following persons, business entities or specified income:

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8. Where persons pay a [~~1.85~~] 2.0% withholdings license fee on gross salaries or withdrawals paid to them by their business or partnership, such amounts paid by such business or partnership shall be deducted from such business or partnership's gross earnings before arriving at the net profit of such business or partnership

9. Where persons are required to pay a [~~1.85~~] 2.0% withholdings license fee on gross salaries or wages paid to them by a corporation, such amounts paid by such corporation as wages or salaries shall be deducted from such corporation's gross earnings before arriving at the net profits for such corporation;

...

18-2.06 Employers Required to Withhold and File Return.

a. Every employer making payment of compensation to an employee shall deduct and withhold from the compensation a withholdings license fee consisting of [~~1.85~~] 2.0% of gross wages calculated under the provisions of this Subchapter.

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18-2.09 Required to Report Federal Form 1099 Payments.

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b. Persons who receive non-employee compensation payments for services performed within the City of Bowling Green are required to pay local occupational license fees on that income at the rate of [~~1.85~~] 2.0%, unless registered and filing a net profit return.

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2. The provisions of this Ordinance are hereby declared to be severable, and if any section,

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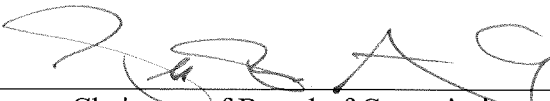
phrase or provision shall for any reason be declared invalid, such declaration of invalidity shall not affect the validity of the remainder of this Ordinance.

3. All prior Municipal Orders or Ordinances or parts of any Municipal Order or Ordinance in conflict herewith are hereby repealed.

4. With the exception of Subchapter 18-2 as it relates to net profit license fees, this Ordinance shall be effective January 1, 2024. Any business subject to Subchapter 18-2 shall pay a net profit license fee of 1.85% until the end of its current fiscal year, and thereafter the 2.0% net profit license fee shall be in effect for all fiscal years beginning on or after January 1, 2024.

5. This Ordinance is adopted pursuant to KRS 83A.060 in that it was introduced on April 18, 2023, and given final reading on May 2, 2023, and said Ordinance shall be in full force and effect upon signature, recordation and publication in summary pursuant to KRS Chapter 424.

ADOPTED: May 2, 2023

APPROVED: 

Mayor, Chairman of Board of Commissioners

ATTEST: 

City Clerk

SPONSORED BY: Jeffery B. Meisel, City Manager