



LUDLOW ORDINANCE 2019-9

AN ORDINANCE OF THE CITY OF LUDLOW, IN KENTON COUNTY, KENTUCKY, AMENDING CHAPTER 111 OF THE CODE OF ORDINANCES TO INCREASE THE LICENSE FEE IMPOSED ON EMPLOYEES AND PERSONS OTHER THAN EMPLOYEES WHO ENGAGE IN ANY FRANCHISE, TRADE, OCCUPATION, PROFESSION OR OTHER BUSINESS IN THE CITY

WHEREAS, the City of Ludlow, Kentucky imposes a license fee on employees and persons other than employees who engage in any franchise, trade, occupation, profession or other business in the city; and

WHEREAS, the expenses of the City have increased such that additional revenue is needed.

NOW THEREFORE, BE IT ORDAINED BY THE CITY OF LUDLOW, KENTUCKY, AS FOLLOWS:

SECTION I

That the occupational license fee is hereby raised from 1.5 to 2 percent for employees and 0.075 percent to .132 percent for persons other than employees, and the applicable section of Chapter 111 of the Ludlow Code of Ordinances is hereby amended as follows:

§111.04 BUSINESS TAXATION

(A) *Levy and imposition.* For the purpose of providing funds for the general operating expenses of the city and the municipal services and functions provided thereby, and subject to the provisions of KRS 67.750 through 67.795, and except as provided in § 111.03(D)(3)(c) of this chapter, an occupational license fee is hereby levied and imposed upon everybody engaged in any franchise, trade, occupation, profession or other businesses in the city, for the privilege of that engagement.

(B) *Rate.* The occupational license fee that is levied and imposed by this chapter is at the rate of:

(1) *Employees:* [~~1.5%~~] 2% of all compensation earned by an employee for labor, work or services provided in the city.

(2) *Those not employees:* [~~0.075%~~] .132% of gross receipts of everybody, other than employees, who is engaged in any franchise, trade, occupation, profession or other business in the city.

(C) *Apportionment of gross receipts.* Pursuant to the authority of KRS 67.753(4), it is hereby determined that the apportionment provisions of KRS 67.753 do not fairly represent the extent of the engagement in the city of those, other than employees, who are engaged in any franchise, trade, occupation, profession or other business both within and outside of the city; and, accordingly, the following described property factor is hereby

added to the payroll factor and the sales factor provided in KRS 67.753 for the apportionment of the gross receipts of those, other than employees, who are engaged in any franchise, trade, occupation, profession or other business both within and outside of the city.

(1) The property factor is a fraction, the numerator of which is the average value of the taxpayers real and tangible personal property owned or rented and used in the city during the computation period, and the denominator of which is the average value of all of the taxpayer's real and tangible personal property owned or rented and used anywhere during the computation period. In the determination of the property factor:

(a) Property owned by the taxpayer is valued at its original cost. Property rented by the taxpayer is valued at eight times the net annual rental rate which is the annual rental rate paid by the taxpayer less any annual rental rate received by the taxpayer from sub-rentals.

(b) The average value of property shall be determined by averaging the values at the beginning and ending of the computation period, but the City Administrative Officer may require the averaging of monthly values during the computation period if reasonably required to reflect properly the average value of the taxpayer's property.

(2) The proportion of the total gross receipts everywhere of those, other than employees, who are engaged in any franchise, trade, occupation, profession or other business both within and outside of the city that are subject to the occupational license fee established by this chapter, shall be determined by multiplying the total gross receipts thereof everywhere by the quotient of the total of the payroll factor and the sales factor described in KRS 67.753(2) and (3), and the property factor described in the previous § 111.04(C)(1), that the franchise, trade, occupation, profession or other business had in the city during the tax period, divided by the total number of those factors that the franchise, trade, occupation, profession or other business had in the city during the tax period. The total number of those factors that the franchise, trade, occupation, profession or other business had in the city during the tax period will always be either 1, 2 or 3. For example, if the franchise, trade, occupation, profession or other business:

(a) Had only the sales revenue factor in the city, during the tax period, without either the property factor or the payroll factor in the city, the total number of those factors that the franchise, trade, occupation, profession or other business had in the city during the tax period would be 1; or

(b) Had both the sales revenue factor and the payroll factor in the city, during the tax period, without the property factor in the city, the total number of those factors that the franchise, trade, occupation, profession or other business had in the city during the tax period would be 2; or

(c) Had the sales revenue factor, and the payroll factor, and the property factor in the city, during the tax period, the total number of those factors that the franchise, trade, occupation, profession or other business had in the city during the tax period would be 3.

(D) *Exempted activities.*

(1) Because of the undue burden of administration, no license under this chapter shall be required of domestic servants employed in private homes.

(2) No license shall be required of a minister of religion who has been ordained in accordance with the ceremonial ritual or discipline of a recognized church, religious sect or religious organization, to teach and preach its religious doctrines or to administer its rights in public worship, in the performance of one or more of those duties. However, it is not intended to exempt an ordained minister of religion from the necessity of paying a license fee for work done or services performed in the city in activities not connected with his regular duties as a minister of religion.

(3) Nonprofit, religious and charitable organizations shall be exempt from all provisions of this chapter only as the organization shall qualify pursuant to Section 501 (C)(3) of the Internal Revenue Code of 1954, as amended.

(4) Nothing in this section shall be construed to mean that employees of churches, religious congregations or religious societies of all creeds (except duly ordained ministers) shall be relieved from the payment of any occupational license fee in compliance with all regulations established by the License Inspector with respect to making returns and payment of the fees.

(5) All fees attached with rental licenses and any other fees derived from rental licenses shall be deemed an exempted activity under this chapter. This does not include any gross receipts deriving from a rental property or properties.

(E) *Administrative provisions.* The provisions of this chapter shall be administered and enforced by the City Administrative Officer, who is hereby authorized to promulgate any additional regulations in regard thereto which are not inconsistent with any state statute, or any ordinance of the city, or any executive order of the Mayor.

(F) *Purpose of business regulatory license fee and occupational license fee.* The purpose of the business regulatory license fees and the occupational license fees imposed and levied by this chapter is to fund the general operating expenses of the city, including, without limitation, police, fire, emergency medical, public works and administrative services.

SECTION II

Any and all ordinances in conflict with this ordinance shall be, and hereby are, repealed to the extent of said conflict.

SECTION III

If any part of this ordinance or its application is deemed invalid by a court of competent jurisdiction, the City Council intends that such invalidity will not affect the effectiveness of the remaining provisions or applications and, to this end, the provisions of this ordinance are severable.



SECTION IV

That this ordinance shall become effective upon its passage and shall be published under KRS §83A.060(9) and other applicable law. This ordinance may be published by summary.

Passed by City Council on Sept. 12, 2019.

CITY OF LUDLOW, KENTUCKY

By: Joshua C. Boone
Josh Boone, Mayor

ATTEST:

Laurie Sparks
Laurie Sparks, City Clerk

FIRST READING: 8/8/19

SECOND READING: 9/12/19

PUBLICATION: _____