

**ORDINANCE 2020-09**

**AN ORDINANCE AMENDING CHAPTER 17, ARTICLE II OF THE GEORGETOWN CODE OF ORDINANCES TO PROVIDE FOR ROLLING CONFORMITY WITH THE INTERNAL REVENUE CODE.**

SUMMARY

1. Amends section 17-16 of the Georgetown Code of Ordinances, regarding occupational license taxes, to define *Internal Revenue Code* to mean the version of the Code that exists as of December 31 of the year in which taxes are due.
2. Provides for an effective date upon passage and publication.

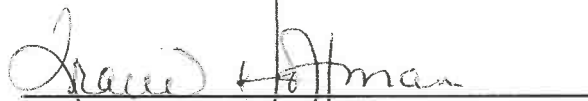
PUBLICLY INTRODUCED AND READ FIRST TIME: February 24, 2020

PUBLICLY READ SECOND TIME AND PASSED: March 9, 2020

APPROVED:

  
\_\_\_\_\_  
Tom Prather, Mayor

ATTEST:

  
\_\_\_\_\_  
Tracie Hoffman, City Clerk

I, Devon Elise Golden, hereby certify I am an Attorney licensed to practice law in the Commonwealth of Kentucky. My office is located at 100 North Court Street, Georgetown, Kentucky 40324. I further certify the foregoing Summary of Ordinance 2020-09 of the City of Georgetown, Kentucky, was prepared in accordance with the requirements of KRS 83A.060(9) and is a true and accurate summary of the contents of said Ordinance.

  
\_\_\_\_\_  
Devon Elise Golden

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Sponsor: Council Members Connie Tackett and David Lusby

NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF GEORGETOWN, KENTUCKY:

**SECTION ONE**

Chapter 17, Article II, Section 17-16 of the Georgetown Code of Ordinances is amended as follows:

Sec. 17-16. Definitions.

The following expressions, when used in this article, shall have the meaning ascribed to them in this section, except where the context clearly indicates or requires a different construction:

*Business* means any enterprise, activity, trade, occupation, profession or undertaking of any nature conducted for gain or profit. Business shall not include the usual activities of boards of trade, chambers of commerce, trade associations, or unions, or other associations performing services usually performed by trade associations or unions. Business shall not include funds, foundations, corporations, or associations organized and operated for the exclusive and sole purpose of religious, charitable, scientific, literary, educational, civic or fraternal purposes, where no part of the earnings, incomes, or receipts of such unit, group or association, inures to the benefit of any private shareholder or other person.

*Business entity* means each separate corporation, limited liability company, business development corporation, partnership, limited partnership, registered limited liability partnership, sole proprietorship, association, joint stock company, receivership, trust, professional service organization, or other legal entity through which business is conducted.

*City* means the City of Georgetown, Kentucky.

*Compensation* means wages, salaries, commissions, or any other form of remuneration paid or

payable by an employer for services performed by an employee, which are required to be reported for federal income tax purposes and adjusted as follows:

(1) Include any amounts contributed by an employee to any retirement, profit sharing, or deferred compensation plan, which are deferred for federal income tax purposes under a salary reduction agreement or similar arrangement, including but not limited to salary reduction arrangements under Section 401(a), 401(k), 402(e), 403(a), 403(b), 408, 414(h), or 457 of the Internal Revenue Code; and

(2) Include any amounts contributed by an employee to any welfare benefit, fringe benefit, or other benefit plan made by salary reduction or other payment method which permits employees to elect to reduce federal taxable compensation under the Internal Revenue Code, including but not limited to Sections 125 and 132 of the Internal Revenue Code.

*Domestic servant* means an individual employed to drive his employer in the capacity of a chauffeur or employed on the grounds or in the home of his employer in activities to care for or wait upon the employer, the employer's family or guests, or to care for the home, grounds, and/or vehicle of the employer or the employer's family or guests, not including such individuals who are employed by a cleaning service, personal nursing service, chauffeuring service or other entity which offers the services of its employees to the public.

*Employee* means any person who renders services to another person or business entity for compensation, including an officer of a corporation and any officer, employee, or elected official of the United States, a state, or any political subdivision of a state, or any agency or instrumentality of any one (1) or more of the above. A person classified as an independent contractor under the Internal Revenue Code shall not be considered an employee.

*Employer* means the person for whom an individual performs or performed any service, of whatever nature, as the employee of such person, except that:

(1) If the person for whom the individual performs or performed the services does not have control of the payment of the wages for such services, the term employer means the person having control of the payment of such wages; and

(2) In the case of a person paying wages on behalf of a nonresident alien individual, foreign partnership, or foreign corporation, not engaged in trade or business within the United States, the term employer means such person.

Fiscal year means an accounting period of twelve (12) months ending on the last day of any month other than December.

*Internal Revenue Code* means the Internal Revenue Code in effect on ~~[December 31, 2003, exclusive of any amendments made subsequent to that date, other than amendments that extend provisions in effect on December 31, 2003, that would otherwise terminate on]~~ December 31 of the year in which the tax is due, exclusive of any amendments made subsequent to that date, other than amendments that extend provisions in effect on December 31 of the year in which the tax is due that would otherwise terminate.

*Net profit* means gross income as defined in Section 61 of the Internal Revenue Code minus all the deductions from gross income allowed by Chapter 1 of the Internal Revenue Code, and adjusted as follows:

- (1) Include any amount claimed as a deduction for state tax or local tax which is computed, in whole or in part, by reference to gross or net income and which is paid or accrued to any state of the United States, local taxing authority in a state, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or any foreign country or political subdivision thereof;
- (2) Include any amount claimed as a deduction that directly or indirectly is allocable to income which is either exempt from taxation or otherwise not taxed;
- (3) Include any amount claimed as a net operating loss carryback or carryforward allowed under Section 172 of the Internal Revenue Code;
- (4) Include any amount of income and expenses passed through separately as required by the Internal Revenue Code to an owner of a business entity that is a pass-through entity for federal tax purposes; and
- (5) Exclude any amount of income that is exempt from state taxation by the Kentucky Constitution, or the Constitution and statutory laws of the United States.

*Person* means every natural person, whether a resident or nonresident of the city. Whenever the word person is used in a clause prescribing and imposing a penalty in the nature of a fine or imprisonment, the word, as applied to a partnership or other form of unincorporated enterprise, shall mean the partners or members thereof, and as applied to a corporations, shall

mean the officers and directors thereof.

*Return* means any properly completed and, if required, signed form, statement, certification, declaration, or any other document permitted or required to be submitted or filed with the city.

*Revenue commission* means the Georgetown/Scott County Revenue Commission.

*Sales revenue* means receipts from the sale, lease, or rental of goods, services, or property.

*Taxable net profit*, in case of a business entity having payroll or sales revenue only in the city, means net profit as defined in this section.

*Taxable net profit*, in case of a business entity having payroll or sales revenue both within and without the city, means net profit as defined in this section, and as apportioned under section 17-17.

*Taxable year* means the calendar year or fiscal year ending during the calendar year, upon the basis of which net income is computed.

### **SECTION THREE**

If any section, subsection, paragraph, sentence, clause, phrase, or a portion of this ordinance is declared illegal or unconstitutional or otherwise invalid, such declaration shall not affect the remaining portions hereof.

### **SECTION FOUR**

All ordinances or parts of ordinances in conflict with this Ordinance are hereby repealed.

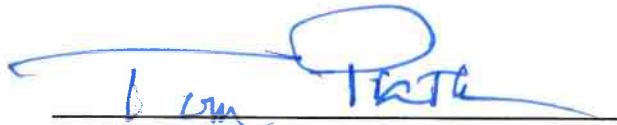
### **SECTION FIVE**

This Ordinance shall be in full force and effect upon passage and publication.

PUBLICLY INTRODUCED AND READ FIRST TIME: February 24, 2020

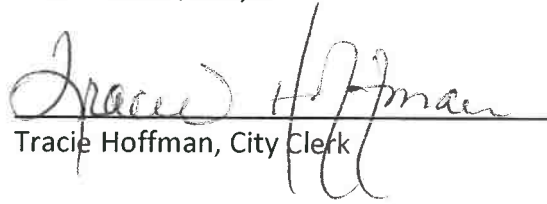
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APPROVED:



Tom Prather, Mayor

ATTEST:



Tracie Hoffman, City Clerk

