ORDINANCE NO. 4-2020

MONTGOMERY OCCUPATIONAL LICENSE CODE

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MONTGOMERY, ALABAMA, that the following Ordinance is hereby adopted:

Section 1. Purpose.

(a) The following provisions, enacted pursuant to the Code of Alabama 1975 as amended, are hereby declared to be and are adopted as the occupational license code for the city, and shall be known and may be cited as the "Montgomery Occupational License Code." Except as hereinafter specifically provided or to the extent inapplicable, the Taxpayer's Bill of Rights and Uniform Revenue Procedures, set forth in Chapter 16, Article II, §§ 16-31 through 16-39, inclusive, with exception of § 16-36, of the Code of Ordinances, are adopted and shall be applicable to this ordinance and its administration.

(b) In addition to raising revenue, the purpose of licensing and this ordinance is to regulate the transaction of all occupations and professions within the city, to protect the public, provide for the safety, preserve the health, promote the prosperity, and improve the morals, order, comfort and convenience of the inhabitants of the city and others transacting business with city licensees.

Section 2. License Fees Required.

A license fee is hereby levied and imposed on all persons engaging in or following any trade, occupation or profession within the city, which license fee shall be measured by one per cent (1%) of the gross receipts or compensation of each such person. It shall be unlawful for any such person to engage in or follow any such trade, occupation or profession within the city without paying such license fees for the privilege of engaging in or following such trade, occupation or profession.

Section 3. Definitions.

The following words, when used in this article, shall have the following meanings ascribed to them, except where the context clearly indicates a different meaning:

City shall mean the City of Montgomery.

Department of Finance shall mean the Department of Finance of the City of Montgomery.

Finance Director shall mean the Finance Director of the City of Montgomery.
Employee shall mean any person engaging in or following any trade, occupation or profession within the meaning of the terms "trade, occupation, or profession" as defined in this section.

Employer shall mean any person, business, firm, corporation, partnership, association, limited liability company or partnership or corporation, non-profit organization or association, or any other kind of entity that employs any person in any "trade, occupation, profession" in the city, within the meaning of those terms as defined in this section.

Federal employer shall mean any agency, department or office of the federal government of the United States of America, including, without limitation, the United States Postal Service, the United States Department of Agriculture Natural Resources Conservation Service and the armed forces of the United States.

Gross receipts and compensation shall have the same meaning and both words will mean the total gross amount of all salaries, wages, commissions, bonuses, severance pay or other compensation of any kind, or any other considerations having monetary value, which a person receives from or is entitled to receive from or to be given credit for by his employer for any work done or personal services rendered in any trade, occupation or profession, including any kind of deductions before take-home pay is received. The words gross receipts and compensation shall not mean any amounts that are not considered wages as such term is defined by Section 3121 of the Internal Revenue Code of 1986, as amended.

Licensee shall mean any person required to pay a license fee under this ordinance. Occupational license fee shall mean the license fee provided for in this ordinance. Person shall mean any natural person.

Trade, occupation or profession shall mean the doing of any kind of work, the rendering of any kind of personal or professional services, or the holding of any kind of position or job with the city by any clerk, laborer, tradesman, technician, manager or official, including any nonresident of the city who renders any kind of personal or professional services who is employed by any employer as defined in this section, where the relationship between the individual performing the services and the person or organization for whom such services are rendered is, as to those services, the legal relationship of employer and employee, including also a partner of a firm or an officer of a firm or corporation if such partner or officer receives a salary for his personal services rendered in the business of such firm or corporation. Trade, occupation or profession shall also mean the holding of any kind of office or position, either by election or appointment, by any federal, state or city officer or employee where the services of such official or employee are rendered within the city. Trade, occupation or profession shall exclude (i) domestic servants employed in a private home, (ii) ministers, priests, and other duly ordained ministers of a recognized religious sect where their activities are carried on in the performance of their religious duties, (iii) employees of a federal employer when the federal
employer is precluded under federal law from withholding the license fees levied by this ordinance from the gross receipts or compensation paid to such employees, and (iv) businesses or professions or occupations for which a business license fee is required to be paid under the Montgomery Business License Code.

Section 4. Compensation earned within and without city.

In cases in which gross receipts or compensation is earned as a result of work done or services performed both within and without the city, license fees required under this article shall be computed by determining, upon the oath of the employer, or if required by the finance director, upon the oath of the employee, the percentage of the compensation earned from the proportion of the work which was done or performed within the city.

Section 5. Employers to withhold occupational license fees and file returns.

(a) Each employer shall deduct and withholding from each payment of gross receipts or compensation payment due to each employee the amount of the occupational license fee measured by one percent (1%) of the gross receipts or compensation due to each employee, for work or services performed on or after January 1, 2021. Each federal employer shall deduct and withhold such amounts from compensation due to each employee for work or services performed on or after a date that is within ninety (90) days after the effective date of any agreement between the city and the Secretary of the United States Treasury for the collection of such fees with respect to federal employees.

(b) Each employer shall be required to remit to the city the amounts of such deductions and withholdings. The payments required to be made on account of such deductions by employers shall be made monthly to the city on or before the twentieth (20th) day of the month next following the end of each such monthly period, and each employer shall at the same time make an occupational license fee return in connection therewith on a form made available to such employer by the department of finance;

(l) provided, however, that if the total amount deducted from payments made to or due all employees of an employer averages less than fifty dollars ($50.00) per month during the preceding calendar year, a quarterly return and remittance in lieu of monthly returns may be made, at the election of the employer to the city, for the current calendar year, and the remittance of the deductions to the city for the quarterly periods shall be due on or before the twentieth (20th) day of the month next following the end of each quarterly period, and each such employer shall at the same time make an occupational license fee return in connection therewith on a form made available to such employer by the department of finance.

(c) Each employer shall file with the city, on or before January 31st of each year, an annual occupational license fee summary return, on a form prescribed by the department of finance, which return shall show the gross amount of compensation of each employee, the amount of occupational license fees deducted from each employee's compensation and paid by such employer for all or any part of the previous calendar year. Further, each employer must attach a copy of each employee's form W-2 to the annual occupational license fee summary.
required by this ordinance.

(d) Each employer shall file with the department of finance on or before January 31st of each year, a copy of all Forms 1099 or a report showing the amount of compensation earned by any person not considered an employee, as defined by this ordinance, who has rendered personal service for which the occupational license fee was not withheld by the employer receiving the personal services.

Section 6. Returns to be filed by employees.

(a) When a monthly or quarterly occupational license fee return, as required by this ordinance, is not filed by an employer and the occupational license fees are not paid to the city by such employer, whether monthly or quarterly as herein provided, the employee for whom no occupational license fee return has been filed and no occupational license fee payment has been withheld or paid to the city, shall file a return with the department of finance on or before the twentieth (20th) day of the month next following the end of such calendar monthly or quarterly period, as required for employers by this ordinance. The employee shall also file an annual return with the department of finance on or before January 31st of each thereafter showing on said return the gross receipts subject to the occupational license fees during the preceding calendar year.

(1) Each employee's occupational license fee return shall show the amount of his wages, salary or other forms of compensation subject to the city's occupational license fee for such month or quarter. In addition to the gross receipts or compensation received, such return shall show such other pertinent information as may be required by the finance director.

(2) Each employee submitting to the city an occupational license fee return as required by this section shall, at the time of filing of the return, pay to the city the amount of the occupational license fees due under this article, except that if any portion of the occupational license fees due under this article that were deducted and withheld by his employer, such amount may be shown as a deduction on the return and only the balance of any occupational license fees that remain legally due are required to be paid to the city at the time the return is required to be submitted to the department of finance.

(3) The failure or omission by any employer to deduct the occupational license fees levied by this ordinance or to file the required returns shall not relieve an employee from (i) the payment of such occupational license fees, or (ii) compliance with the requirements for making returns as provided by this section.

Section 7. Required forms.

The finance director is authorized to provide prescribed forms necessary for compliance with the filing requirements outlined in this ordinance. The failure of an employer or an employee to receive forms from the city does not relieve the employer or the employee of the responsibility to timely report the information required on the return or to timely pay the tax.
Section 8. Determination of status as an employee.

Any person who does any kind of work or renders any kind of personal services subject to control by an employer both as to what work or services shall be performed and as to how they shall be performed, where the relationship between the person performing the services and the person for whom such services are rendered is, as to those services, the legal relationship of employer and employee, shall be classified as an employee under this ordinance. In determining whether a person is an "employee" or an "independent contractor", the finance director may utilize the definitions of "employee" and "employer" as found in §§ 312l(d)(1) and (2) and 3401(d) of the Internal Revenue Code of 1986, as amended, and Treasury Regulation § 31.3401(c)-1 and shall consider the following factors, along with other relevant factors:

(1) Whether the person receiving the benefit of the service has the right to control the manner and method of performance;

(2) Whether the person rendering the service has a substantial investment in his own tools or equipment;

(3) Whether the person rendering the service undertook substantial costs to perform the services;

(4) Whether the person performing the service had an opportunity for profit dependent on his managerial skill;

(5) Whether the service rendered required special training and skill;

(6) The duration of the relationship between the parties;

(7) Whether the service performed is an integral part of the recipient's business rather than an ancillary portion;

(8) Whether the person rendering the service had a risk of loss;

(9) The relationship which the parties believed they created;

(10) Whether or not the person who performed the services offered these services publicly and practiced an independent trade;

(II) Whether the custom in the trade or industry was for the service to be performed on an independent contractor or employee basis;

(12) Whether the person who received the benefit of the service had the right to discharge without cause the person who performed the services;
(13) Whether the person who performed the services had the right to delegate his duty to others; and

(14) Whether the person who performed the services had a current city business license to conduct business in the city.

Section 9. Duties of the finance director.

It shall be the duty of the finance director to collect and receive all occupational license fees imposed by this article and to keep records showing the amounts received by him from each employer and all employees.

Section 10. Investigative powers of the finance director.

The finance director or his designee is hereby authorized to examine the books and records of any employer or employee in order to determine the accuracy of any occupational license fee return or claim for refund of occupational license fees made, or if no return was made, to ascertain the amount of license fees due under this article by such examination. Each such employer or employee shall give to the finance director or his designee the means, facilities and opportunity for the making of such examination and investigation. The finance director is hereby authorized to examine any person under oath concerning any gross receipts or compensation which were or should have been shown on an occupational license fee return, and to this end, the finance director or his designee may compel the production of books, papers, records, as well as the attendance of all persons before him, whether as parties or witnesses, whom he believes to have knowledge of such gross receipts or compensation, to the extent that any officer empowered to administer oaths in this state is permitted to make investigation.

Section 11. Use of occupational license fees.

All revenue derived from occupational license fees as prescribed by this article shall be paid to the city and placed to the credit of the general fund of the city and shall be used and expended as directed by the governing body of the city.

Section 12. Repealer.

All ordinances or parts of ordinances in conflict with the provisions of this ordinance are hereby repealed.

Section 13. Severability.

The provisions of this ordinance are severable. If any provision, section, paragraph, sentence, clause, phrase or part of this ordinance shall be declared unconstitutional or invalid by a court of competent jurisdiction, such declaration shall not affect or impair the
remainder of the ordinance, it being the legislative intent to ordain and enact each provision, section, paragraph, sentence, clause, phrase and part thereof separately and independently of each other.

Section 14. Effective date.

This ordinance shall become effective and operative as such commencing on and after the date that this ordinance is published in accordance with the requirements set forth in Section 11-45-8, Code of Alabama (1975), as amended, and after such date shall be binding in the city.

Adopted this the 18th day of February, 2020.

STEVEN L. REED

ATTEST:

BRENDA GALE BLALOCK, CITY

4-2020