

COMMONWEALTH OF KENTUCKY
CALLOWAY COUNTY FISCAL COURT
ORDINANCE NO. 23-0314-B

AN ORDINANCE IMPOSING A TAX UPON INSURANCE COMPANIES FOR THE PRIVILEGE OF ENGAGING IN THE BUSINESS OF INSURANCE WITHIN THE COUNTY OF CALLOWAY COUNTY; ESTABLISHING A TAX UPON INSURANCE COMPANIES AT THE RATE OF SEVEN PERCENT (7.0%) OF THE PREMIUMS COLLECTED ON AUTOMOBILE INSURANCE; ESTABLISHING AN EFFECTIVE DATE OF JULY 1, 2023 AND A DELINQUENCY DATE THIRTY-ONE (31) DAYS AFTER THE END OF EACH CALENDAR QUARTER; ESTABLISHING A PENALTY INTEREST CHARGE FOR ANY TAX NOT PAID ON OR BEFORE THE DUE DATE WHICH SHALL BE THE TAX INTEREST RATE DEFINED BY KRS 131.010(6) AND PUBLISHED IN THE ANNUAL LOCAL GOVERNMENT PREMIUM TAX BULLETIN ISSUED BY THE DEPARTMENT OF INSURANCE; ESTABLISHING A TEN PERCENT (10%) PENALTY FOR A TAX NOT PAID WITHIN THIRTY (30) DAYS AFTER THE DUE DATE; AND REQUIRING INSURANCE COMPANIES SUBJECT TO THE TAX TO FURNISH QUARTERLY AND ANNUAL REPORTS REQUIRED BY KRS 91A.080 AND 806 KAR 2:095.

WHEREAS, it is the intention of the Fiscal Court that revenue generated by the tax levied herein be used to pave county roads and repair and replace county road bridges within Calloway County.

BE IT ORDAINED BY THE FISCAL COURT OF CALLOWAY COUNTY, KENTUCKY:

SECTION 1. Definitions:

- a. Insurance company means any company authorized to transact insurance business in the state of Kentucky in accordance with KRS Chapter 304. Insurance company shall also include any surplus lines broker licensed in accordance with KRS Chapter 304, Subtitle 10.
- b. Local government means a city, county, charter county, consolidated local government, urban-county government, or unified local government that, by this Ordinance, imposes a tax upon insurance premium receipts.

SECTION 2: There is hereby imposed on each insurance company a tax for the privilege of engaging in the business of insurance within Calloway County.

SECTION 3: Except as provided in Section 5 of this Ordinance, the tax imposed upon each insurance company with respect to automobile policies shall be seven percent (7%) of the premiums collected within each calendar quarter by reason of the issuance of such policies on risks located within Calloway County. The tax shall apply only to those classes of business which such insurance company is authorized to transact, less all premiums returned to policyholders.

SECTION 4: . The present levy shall be based upon the following specific percentages of calendar quarter Premiums collected with respect to the taxable policies below:

- A. Casualty – NONE
- B. Automobile – seven (7.0) percent
- C. Inland Marine – NONE

D. Fire and Allied Perils – NONE

E. Health – NONE

F. Life – NONE

G. All Other Risks – NONE

SECTION 5: No tax imposed upon premium receipts shall apply to the following:

- a. Policies of group health insurance provided for state employees under KRS 18A.225;
- b. Health insurance policies issued to individuals including policies issued through Kentucky Access;
- c. Workers' compensation insurance;
- d. Annuities;
- e. Federal flood insurance;
- f. Municipal bonds, leases, or other debt instruments issued by or on behalf of Calloway unless the bonds, leases, or other debt instruments are issued for profit or on behalf of for-profit or private organizations;
- g. Policies of high deductible health plans as defined in in 26 U.S.C. sec. 223(c)(2), commonly referred to as Health Savings Accounts;
- h. Policies of insurance, insured or reinsured by the Federal Crop Insurance Corporation. 7 C.F.R. sec. 400.352(b)(2);
- i. Policies insuring or naming the state or one of its agencies or political subdivisions as an insured and surety bonds where the state or one of its agencies or political subdivisions is the obligee. For the purposes of local government premium tax payments, school districts are considered agencies of the state and policies insuring school districts and bonds with school districts as the obligee are exempt from local government premium taxes;
- j. Policies issued to public service companies which pay ad valorem taxes;
- k. Entities issued a certificate of authority to do business in Kentucky only as a health maintenance organization pursuant to KRS 304.38-060;
- l. Entities issued a certificate of authority to do business in Kentucky as a captive insurer pursuant to KRS 304.49-010;
- m. Domestic life insurance companies electing to be taxed under the provisions of KRS 136.320;
- n. Any organization classified with a 501c3 tax exempt status; or,
- o. Any employer who locates or relocates their corporate domicile within the county under the following terms and conditions, all of which shall be verified by the employer at the request of the county: (a) The employer maintains annual gross revenues in excess of \$100,000,000.00; and (b) The employer employs no less than 100 full-time equivalent employees that are considered employees within the county; and (c) The employer is engaged in interstate transportation, which is regulated by the United States Department of Transportation; and (d) The corporate domicile is located and remains continuously

within Calloway County. For the purpose of this subsection, the term "CORPORATE DOMICILE" shall mean the place considered by law as the center of corporate affairs, where the corporation's functions are discharged; the legal home of a corporation. Upon compliance with all the conditions as stipulated within this subsection, the employer shall be exempt from this license fee on the employers' insurance policies to include automobile liability, cargo, employment practices liability, directors and officers coverage, fiduciary coverage, crime, cyber liability, general liability and brokerage coverages premiums and any premiums for real and personal property. All other insurance premiums eligible for the license fee tax shall be assessed at the rate established herein. During any fiscal year that an employer fails to maintain any of the requirements for exemption pursuant to this section, the tax imposed hereinabove shall be assessed to said employer. Employer shall submit proof of exemption annually.

SECTION 6: All taxes imposed by this Ordinance shall be due no later than thirty (30) days after the end of each calendar quarter. The payment shall be submitted to the Calloway County Treasurer, together with Form LGT-141 on or before the due date. Any tax not paid on or before the due date shall bear interest from the date due until paid at the interest rate established annually by the Department of Revenue for unpaid or underpaid taxes. This interest shall be paid to the local government together with the tax that is due. In addition, the insurance company shall pay to the local government a penalty in the amount of ten percent (10%) of the tax due on a tax not paid within thirty (30) days after the due date.

SECTION 7: In accordance with KRS 91A.080(8), each insurance company subject to the tax imposed by this Ordinance shall annually, by March 31, furnish the local government a written breakdown of all collections in the preceding calendar year for the following categories of insurance:

- a. Casualty;
- b. Automobile;
- c. Inland Marine; and
- d. Fire and allied perils.

SECTION 8: The local government shall transmit a copy of this Ordinance, and any amendment(s) thereto, to the Kentucky Commissioner of Insurance at least one hundred (100) days prior to the effective date of the Ordinance.

SECTION 9: All tax payments shall be remitted to Calloway County Treasurer, PO Box 164, Murray, Kentucky, 42071.

SECTION 10: Severability; if any section, subsection, or clause of this Ordinance shall be deemed to be unconstitutional or otherwise invalid, the validity of the remaining sections, subsections, and clauses shall not be affected.

SECTION 11: This Ordinance shall be read on two separate days, published pursuant to KRS Chapter 242, and become effective on July 1, 2023.

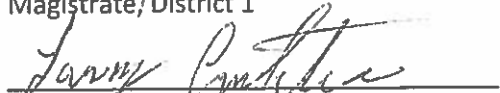
The First Reading of this Ordinance occurred on the 15th day of February, 2023. This Ordinance was published not more than seven (7) days nor more than twenty-one (21) days prior to passage on the 1st day of Feb., 2023. The Second Reading of this Ordinance and passage occurred on the 14th day of MARCH., 2023.



Kenneth Imes
Calloway County Judge-Executive



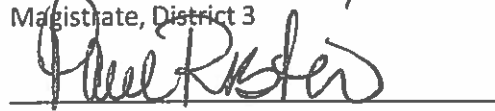
Ricky Stewart
Magistrate, District 1



Larry Crutcher
Magistrate, District 2



Don Cherry
Magistrate, District 3



Paul Rister
Magistrate, District 4

Publication of Passage occurred on the 15th day of March, 2023.

Attested to as officially adopted and published by:



Antonia Faulkner
Clerk of Calloway County, Kentucky