

ORDINANCE NO. \_\_\_\_:2018

**AN ORDINANCE OF THE CITY OF MOREHEAD, KENTUCKY AMENDING TITLE 11, BUSINESS REGULATIONS, CHAPTER 111, INSURANCE LICENSE TAX TO INCREASE THE TAX TO 7.5% AND DELETE EXEMPTIONS AS PERMITTED UNDER THE KENTUCKY REVISED STATUTES**

**WHEREAS**, the Insurance License Tax was set in 1984 and has not been increased since said enactment;

**WHEREAS**, the City desires to amend said ordinance to increase the tax from 5% to 7.5% on all policies permitted under the Kentucky Revised Statutes;

**WHEREAS**, said increase in revenues will help with the costs of new facilities for recreation and police and fire along with the increases in the City's required pension contributions;

**NOW, THEREFORE**, be it ordained by the City of Morehead, Kentucky that the City of Morehead Code of Ordinances, Chapter 111, Insurance License Tax, Chapter 111, Insurance License Tax shall be amended as follows:

**111.01      ~~[Imposition of Tax]~~Definitions**

1.      Insurance Company means any company authorized to transact insurance business in the Commonwealth of Kentucky in accordance with KRS Chapter 304. Insurance company shall also include a surplus lines broker licenses in accordance with KRS 304, Subtitle 10.

2.      Local government means the City of Morehead, Kentucky.

**111. ~~[04]~~02   Imposition of ~~[Tax]~~ Fee**

There is hereby imposed upon each insurance company a license fee for the privilege of engaging in the business of insurance with the corporate limits of the City of Morehead for the calendar year January 1, 1985 and thereafter on a calendar-year basis.

**111. ~~[02]~~03   License Fee ~~for Companies Issuing Life Insurances~~**

~~[The license fee imposed upon each insurance company which issues any insurance policy which is not a life, health or automobile policy shall be 5% of the~~

~~premiums actually collected within each calendar quarter by reason of the issuance of such policies on risks located within the corporate limits of the City of those classes of business which the company is authorized to transact, less all premiums returned to policy holders; however, any license fee or tax imposed upon premium receipts shall not include premiums received for insuring employers against liability for personal injuries to their employees, or death caused thereby, under the provision of the Worker's Compensation Act, and shall not include premiums received on policies of group health insurance provided for state employees under KRS 18A.225(2) and 18A.228 or, premiums received by any state employee benefit fund created pursuant to KRS Chapter 18A for the purpose of providing health benefits to state employees or on automobiles.]~~

The license fee imposed upon each insurance company which issues life insurance policies on the lives of persons residing within the corporate limits of the city shall be 7.5% of the first year's premiums actually collected within each calendar quarter by reason of the issuance of such policies.

#### **111.04 License fee for Companies Issuing Policies other Than Life Insurance**

The license fee imposed upon each insurance company which issues any insurance policy which is not a life insurance policy shall be 7.5% of the premiums actually collected within each calendar quarter by reason of the issuance of such policies on risks located within the corporate limits of the city on those classes of business which such company is authorized to transact, less all premiums returned to policyholders; however, any license fee imposed upon premium receipts shall not include premiums received for those policies listed in KRS 91A.080 (10) and (13).

#### **111. [03]05 Due Date; Interest on Delinquent Payments**

All license fees imposed by this chapter shall be due no later than thirty (30) days after the end of each calendar quarter. The payment shall be submitted to the local government, together with Form LGT-141 on or before the due date. License fees which are not paid on or before the due date shall bear interest [at the tax interest rate as defined in KRS 131.010(6).] from the date due until paid at the interest rate established annually by the Department of Revenue for unpaid or underpaid fees/taxes. The interest shall be paid to the local government together with the license fee/tax that is due.

#### **111.[04]06 Reporting Requirements**

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

1. Casualty;
2. Inland Marine;
3. Fire and allied perils;
4. Automobile;
5. Health;
6. Life

**111.07 Transmittal to Commissioner of Insurance**

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 this ordinance.

**111.08 Effective Date**

This Ordinance Amendment shall be effective on the 1<sup>st</sup> of July 2018.

**INTRODUCED, SECONDED, AND GIVEN FIRST READING** at a duly convened meeting of the Board of City Council of the City of Morehead, Kentucky held on this \_\_\_\_ day of January 2018.

**INTRODUCED, SECONDED AND GIVEN SECOND READING** at a duly convened meeting of the Board of City Council of the City of Morehead, Kentucky held on this \_\_\_\_ day of \_\_\_\_\_ 2018.

APPROVED:

ATTESTED:

\_\_\_\_\_  
JAMES THOMAS TRENT, MAYOR

\_\_\_\_\_  
CRISSY CUNNINGHAM, CITY CLERK