

**MADISON COUNTY FISCAL COURT  
MADISON COUNTY, KENTUCKY  
ORDINANCE NUMBER 19-23**

AN ORDINANCE IMPOSING A LICENSE FEE OR TAX UPON INSURANCE COMPANIES FOR THE PRIVILEGE OF ENGAGING IN THE BUSINESS OF INSURANCE WITHIN THE COUNTY OF MADISON; ESTABLISHING A LICENSE FEE OR TAX UPON INSURANCE COMPANIES AT THE RATE OF 5% OF THE PREMIUMS COLLECTED ON ALL TYPES OF INSURANCE EXCLUDING HEALTH AND LIFE INSURANCES; ESTABLISHING AN EFFECTIVE DATE OF JULY 1~~ST~~ AND A DELINQUENCY DATE THIRTY-ONE (31) DAYS AFTER THE END OF EACH CALENDAR QUARTER; ESTABLISHING A PENALTY INTEREST CHARGE FOR ANY LICENSE FEE OR 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 10% PENALTY FOR A LICENSE FEE OR TAX NOT PAID WITHIN THIRTY (30) DAYS AFTER THE DUE DATE; AND REQUIRING INSURANCE COMPANIES SUBJECT TO THE LICENSE FEE OR TAX TO FURNISH QUARTERLY AND ANNUAL REPORTS REQUIRED BY KRS 91A.080 AND 806 KAR 2:095.

BE IT ORDAINED BY THE MADISON COUNTY FISCAL COURT, MADISON 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 a 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 license fee or tax upon insurance premium receipts.

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

SECTION 3: Except as provided in Section 4 of this ordinance, the license fee or tax imposed upon each insurance company with respect to any insurance policy which is not a life or health insurance 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 Madison County. The license fee or 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: No license fee or tax imposed upon premium receipts shall apply to the following:

- a. Workers' compensation insurance;
- b. Annuities;

- c. Federal flood insurance;
- d. Municipal bonds, leases, or other debt instruments issued by or on behalf of Madison County unless the bonds, leases, or other debt instruments are issued for profit or on behalf of for-profit or private organizations;
- e. 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;
- f. Policies of insurance insured or reinsured by the Federal Crop Insurance Corporation. 7 C.F.R. sec. 400.352(b)(2);
- g. 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;
- h. Received on policies of group health insurance provided for state employees under KRS 18A.225;
- i. Received on health insurance policies issued to individuals;
- 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; or
- m. Domestic life insurance companies electing to be taxed under the provisions of KRS 136.320.
- n. Administrative agencies under the direction of the Madison County Fiscal Court County residing in the Madison County are exempt from having the license fee passed on to them and the insurance companies to which this section applies are prohibited from assessing the license fee upon those administrative agencies.

SECTION 5: All license fees 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 local government together with the Form LGT-14, or similar form prepared by the local government on or before the due date. Any license fee or 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 license fee that is due. In addition, the insurance company shall pay to the local government a penalty in the amount of 10% of the license fee or tax due on a license tax or fee not paid within thirty (30) days after the due date.

SECTION 6: In accordance with KRS 91A.080(8), each insurance company subject to the license fee or 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/Liability;
- b. Automobile;
- c. Inland Marine; and
- d. Fire and allied perils

SECTION 7: 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 8: This ordinance shall become effective on the first day of July 2020.

**THIS ORDINANCE SHALL BECOME EFFECTIVE ON THE DATE OF THE SECOND READING AND ADOPTION.**

DATE OF FIRST READING: November 25, 2019

MOTION BY: Roger Barger

SECONDED BY: TOM Botkin

VOTE:	YES	NO
JUDGE EXECUTIVE REAGAN TAYLOR	X	
MAGISTRATE LARRY COMBS		X
MAGISTRATE ROGER BARGER	X	
MAGISTRATE JOHN TUDOR	X	
MAGISTRATE TOM BOTKIN	X	

DATE OF SECOND READING: December 17, 2019

MOTION BY: Roger Barger

SECONDED BY: John Tudor

VOTE:	YES	NO
JUDGE EXECUTIVE REAGAN TAYLOR	X	
MAGISTRATE LARRY COMBS		X
MAGISTRATE ROGER BARGER	X	
MAGISTRATE JOHN TUDOR	X	
MAGISTRATE TOM BOTKIN	X	

R. J. Taylor  
MADISON COUNTY JUDGE EXECUTIVE

ATTESTED:  
Kenny Barger  
MADISON COUNTY CLERK

DOCUMENT NO: 2014004077  
RECORDED: December 17, 2019 12:13:00 PM  
TOTAL FEES: \$0.00  
COUNTY CLERK: KENNY BARGER  
DEPUTY CLERK: BRIAN C ABNEY  
COUNTY: MADISON COUNTY  
BOOK: ORD6 PAGES: 3 - 6