

**CITY OF SHIVELY  
ORDINANCE NO. 3, SERIES 2021**

**AN ORDINANCE AMENDING, CHAPTER 120, OF SHIVELY CODIFIED  
ORDINANCES, NAMELY SHIVELY ORDINANCE NO. 2, SERIES 2019,  
INSURANCE LICENSE FEES, CONCERNING THE IMPOSITION AND  
COLLECTION OF LICENSE FEES ON COMPANIES WHO ISSUE CERTAIN  
INSURANCE POLICIES IN THE CITY OF SHIVELY**

WHEREAS, KRS 91A.080 through 91A.0810 authorize cities and other local governments to impose and collect license fees or taxes upon insurance companies for the privilege of engaging in the business of insurance within their corporate limits (“local government premiums tax” or “*LGPT*”), and

WHEREAS, the City Council of the City of Shively, Kentucky (“*City*”), adopted Chapter 120 of its codified ordinances, namely, Shively Ordinance No. 2, Series 2019, Insurance License Fees, imposing *LGPT* upon insurance companies engaging in the business of insurance within the City’s corporate limits, and

WHEREAS, KRS 91A.080(1) provides that *LGPT* rate changes take effect July 1 of each year on a prospective basis only and requires that any ordinance changing *LGPT* rates to be filed with the Kentucky Commission of Insurance at least one hundred (100) days prior to the effective date; and

WHEREAS, the City has determined and hereby declares it is necessary and in the best interest for the City to amend Ordinance No. 2, Series 2019 to increase the *LGPT* rates upon insurance companies engaging in the business of insurance within the City’s corporate limits, now therefore:

**BE IT ORDAINED BY THE CITY OF SHIVELY:**

~~SECTION 1: Chapter 120 of the City of Shively codified ordinances is hereby repealed in its entirety.~~

**SECTION 1[2]:** [A new] Chapter 120 of the Shively codified ordinance is hereby amended [adopted] as follows:

**120.01** Imposition of license fee. There is hereby imposed on each insurance company a license fee (hereinafter referred to as a local government premiums tax, “*LGPT*”), for the privilege of engaging in the business of insurance within the corporate limits of the city, on a calendar-year basis, based upon the following:

a. “*Premiums*” is defined as premiums actually collected by an insurance company within each calendar quarter by reason of the issuance of policies and contracts of insurance on risks located within the City and includes premiums on new policies and contracts of insurance and on renewal business, as well as all other classes of premiums, less all premiums returned to policyholders.

b. ~~[Except as otherwise provided in subsection (c) below, t]~~ The license fee imposed upon each insurance company which issues any insurance policy or contract of insurance shall be the following percentage of Premiums on those classes of insurance which such company is authorized to issue (the “*Base Fee*”):

	Fire and Allied Perils	Casualty Liability Only	Vehicle	Inland Marine	Health	Life	All other Risks Taxed
Base Rate	<u>12.5</u> [10%]	<u>12.5</u> [10%]	<u>12.5</u> [10%]	<u>12.5</u> [10%]	<u>1</u> [0%]	<u>12.5</u> [10%]	<u>12.5</u> [10%]

The Base Fee shall not apply to Premiums exempted by state or federal law.

~~e. [In addition to the Base Fee, an additional license fee in the amount of 2.5% is hereby imposed by the City upon each insurance company on the premiums for each class of insurance listed in Section (b) above, provided that Louisville Metro has raised its LGPT rate from 5% to 12.5% effective July 1<sup>st</sup>, 2019 for any of the classes of insurance listed in Section (b) above. In the event the Louisville Metro LGPT effective July 1<sup>st</sup>, 2019 is raised to an amount different than 12.5%, but more than the City’s Base Fee, the City hereby imposes an additional license fee on each class of insurance listed in Section (b) above, equal to the City LGPT credit allowable under KRS 91A.080(12). In the event the Louisville Metro LGPT effective July 1<sup>st</sup>, 2019 remains 5% for any class of insurance listed in Section (b) above, the City’s Base Fee shall apply. Health insurance shall not be taxed by City.]~~

**120.02** Fees to be paid to General Revenue Fund. The license fee or tax established by this chapter is imposed and levied for the purpose of general revenue funds and shall be paid into the general fund of the city.

**120.03** The license fee or tax imposed by a city upon each insurance company with respect to life insurance policies may be based upon the first year’s premiums and shall be applied to the amount of the premiums actually collected within each calendar quarter upon the lives of persons residing within the corporate limits of the city.

**120.04** Amount of fee for companies issuing policies other than life insurance:

A. The license fee or tax imposed upon each insurance company with respect to any policy which is not a life insurance policy shall be of the premiums actually collected by the insurance company within each calendar quarter on risks located within the corporate limits of the city on those classes of business which the insurance company is authorized to transact, less all premiums returned to policyholders.

B. The license fee or tax shall also not apply to premiums:

1. Received on policies of group health insurance provided for state employees under KRS 18A.225;
  2. Received on policies insuring employers against liability for personal injuries to their employees or the death of their employees caused thereby, under the provisions of KRS chapter 342;
  3. Received on health insurance policies issued to individuals;
  4. Received on policies issued through Kentucky Access created in Subtitle 17B of KRS chapter 304;
  5. Received on policies for high deductible health plans as defined in 26 U.S.C. 223(c)(2);
  6. Received on multi-state surplus lines, defined as non-admitted insurance as provided in Dodd-Frank Wall Street Reform and Consumer Protection Act Pub. L. no. 111-203; or
  7. Paid to insurance companies or surplus lines brokers by non-profit self-insurance groups or self-insurance entities whose membership consists of cities, counties, charter county government, urban-county government, consolidated local government, unified local government, school districts, or any other political subdivisions of the Commonwealth.
- C. No License fee or tax imposed under this section shall apply to premiums paid to insurers of municipal bonds, leases, or other debt instruments issued by or on behalf of a city, county, charter county government, urban-county government, consolidated local government, special district, nonprofit corporation, or other political subdivision of the Commonwealth. However, this exemption shall not apply if the bonds, leases, or other debt instruments are issued for profit or on behalf of for-profit or private organizations.

**120.05** Due date; Interest and Refunds:

- A. All license fees imposed by this chapter shall be due no later than 30 days after the end of each calendar quarter;
- B. Any insurance company or agent that overpays any license fee or tax to a city shall be refunded the amount overpaid. If it is determined that an insurance company or agent paid a license fee or tax to a city based upon premiums collected upon lives or risks which are discovered to be located outside the legal corporate limits of the city which was paid the license fee or tax, the insurance company or agent shall be refunded those license fees and taxes within 90 days' notice to the city paid.
- C. 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.

**120.06** Written Breakdown of Collections. Every insurance company subject to the license fees imposed by this chapter shall annually, by March 31<sup>st</sup>,

furnish the city with a written breakdown of all collections in the preceding calendar year for the following categories of insurance:

- A. Casualty;
- B. Automobile;
- C. Inland Marine;
- D. Fire and allied perils;
- E. Health; and
- F. Life.

**120.07** Inspection of records and accounts. Every insurance company subject to license fees or tax shall maintain records adequate to support the reports required to be filed under this chapter. Authority is given to the City of Shively or a representative thereof to make inspection of the books, accounts and records of the agent or insurance company to verify the correctness of any report or breakdown of collections.

**120.08** Liability of Agents. This section applies to insurance agents and surplus lines brokers to the extent they are responsible for collection, reporting, and payment of license fees or taxes pursuant to KRS 91A.080.

**120.09** Severability. If any provision of this chapter as now or later amended or its application to any person or circumstance is held invalid, the invalidity does not affect the other provisions that can be given effect without the invalid provision or application.

**120.99** Penalty. Pursuant to KRS 91A.080, willful failure to properly collect and remit the license fees or taxes imposed by this chapter may constitute grounds for the revocation of the license issued to an insurance company or agent under the provisions of KRS Chapter 304 or may result in other penalties being imposed by the State Office of Insurance.

**SECTION 2: Severability.** The provisions of this ordinance shall be considered severable. If any provisions of this ordinance is found to be invalid, that finding shall not necessarily invalidate the entire ordinance.

**SECTION 3:** This ordinance shall take effect upon its adoption by the Shively City Council and publication as required by law.

**FIRST READING: MARCH 15, 2021**

**SECOND READING: MARCH 17, 2021 PASSED AND APPROVED.**

**Introduced by: Wendell Vincent**

*Beverly Chester-Burton*  
Beverly Chester-Burton, Mayor

Attest: *Mitzi R. Kasitz*  
Mitzi R. Kasitz, City Clerk

Council	Yea	Nay
Ms. Baker	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Mr. Burrell	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Ms. Burton-McBroom	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Ms. Johnson	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Ms. Thompson	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Mr. Vincent	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**CITY OF SHIVELY  
CERTIFIED SUMMARY  
ORDINANCE NO. 3, SERIES 2021**

**AN ORDINANCE AMENDING, CHAPTER 120, OF SHIVELY CODIFIED  
ORDINANCES, NAMELY SHIVELY ORDINANCE NO. 2, SERIES 2019, INSURANCE  
LICENSE FEES, CONCERNING THE IMPOSITION AND COLLECTION OF  
LICENSE FEES ON COMPANIES WHO ISSUE CERTAIN INSURANCE POLICIES IN  
THE CITY OF SHIVELY**

I hereby certify that the above styled ordinance has the effect of amending the ordinance imposing a license fee on insurance companies to the extent that in Section 1 of said ordinance (codified section 120.01(b)) the collection rate for all classes of insurance is changed from ten percent (10%) to twelve and one-half percent (12.5%), except for Health which is changed from zero percent (0%) to one percent (1%). The section is amended as follows:

~~[Except as otherwise provided in subsection (c) below, t]~~ The license fee imposed upon each insurance company which issues any insurance policy or contract of insurance shall be the following percentage of Premiums on those classes of insurance which such company is authorized to issue (the "**Base Fee**");

	Fire and Allied Perils	Casualty Liability Only	Vehicle	Inland Marine	Health	Life	All other Risks Taxed
Base Rate	<u>12.5</u> [10%]	<u>12.5</u> [10%]	<u>12.5</u> [10%]	<u>12.5</u> [10%]	<u>1</u> [0%]	<u>12.5</u> [10%]	<u>12.5</u> [10%]

The Base Fee shall not apply to Premiums exempted by state or federal law.

First reading March 15, 2021

Second Reading Passed and approved March 17, 2021.



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