

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE BILL 1891

Short Title: Clarify Additional Gross Premiums Tax. (Public)

Sponsors: Representatives Wainwright, Luebke, Church, Hill (Primary Sponsors);
Carney and Wilkins.

Referred to: Finance.

May 11, 2006

A BILL TO BE ENTITLED
AN ACT TO CLARIFY THE APPLICATION OF THE ADDITIONAL GROSS
PREMIUMS TAXES ON FIRE AND LIGHTNING COVERAGE AND TO
APPLY THE ADDITIONAL TAX TO ALL POLICIES THAT PROVIDE FIRE
AND LIGHTNING COVERAGE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-228.5(d)(3) reads as rewritten:

"(d) Tax Rates; Disposition. –

...

(3) Additional Statewide Fire and Lightning Rate. – An additional tax shall be applied to gross premiums on contracts of insurance applicable to fire and lightning coverage, except in the case of marine and automobile policies, at the rate of one and thirty-three hundredths percent (1.33%). (1.33%) applies to gross premiums on insurance contracts that provide fire and lightning coverage, except in the case of marine and automobile policies. The tax is a percentage of the gross premiums from the contracts, determined in accordance with the table in this subdivision. Twenty-five percent (25%) of the net proceeds of this additional tax shall be deposited in the Volunteer Fire Department Fund established in Article 87 of Chapter 58 of the General Statutes. The remaining net proceeds shall be credited to the General Fund.

<u>Type of Insurance Contract</u>	<u>Taxable Percentage</u>
<u>Fire Loss</u>	<u>100%</u>
<u>Commercial Multiple Peril</u>	
<u>Nonliability portion</u>	<u>100%</u>
<u>Liability portion</u>	<u>0%</u>
<u>Homeowner's</u>	<u>50%</u>
<u>Farm Owner's</u>	<u>35%."</u>

1 **SECTION 2.** G.S. 105-228.5(d)(4) reads as rewritten:

2 "(d) Tax Rates; Disposition. –

3 ...

4 (4) Additional Local Fire and Lightning Rate. – An additional tax ~~shall be~~
 5 ~~applied to gross premiums on contracts of insurance applicable to fire~~
 6 ~~and lightning coverage within fire districts~~ at the rate of one-half of
 7 one percent (~~½ of 1%~~)(0.5%) applies to gross premiums on insurance
 8 contracts that provide fire and lightning coverage within a fire district.
 9 The tax is a percentage of the gross premiums from the contracts,
 10 determined in accordance with the table in subdivision (3) of this
 11 subsection. The net proceeds shall be credited to the Department of
 12 Insurance for disbursement pursuant to G.S. 58-84-25."

13 **SECTION 3.** G.S. 105-228.5(d)(3), as amended by Section 1 of this act,
 14 reads as rewritten:

15 "(d) Tax Rates; Disposition. –

16 ...

17 (3) Additional Statewide Fire and Lightning Rate. – An additional tax at
 18 the rate of one and thirty-three hundredths percent (1.33%) applies to
 19 gross premiums on insurance contracts that provide fire and lightning
 20 ~~coverage, except in the case of marine and automobile policies.~~
 21 coverage. The tax is a percentage of the gross premiums from the
 22 contracts, determined in accordance with the table in this subdivision.
 23 Twenty-five percent (25%) of the net proceeds of this additional tax
 24 shall be deposited in the Volunteer Fire Department Fund established
 25 in Article 87 of Chapter 58 of the General Statutes. The remaining net
 26 proceeds shall be credited to the General Fund.

<u>Type of Insurance Contract</u>	<u>Taxable Percentage</u>
Fire Loss	100%
Commercial Multiple Peril	
Nonliability portion	100%
Liability portion	0%
Homeowner's	50%
Farm Owner's	35%
<u>Marine</u>	<u>20%</u>
<u>Automobile</u>	<u>10%</u>
<u>Other</u>	<u>10%."</u>

27 **SECTION 4.** Sections 1 and 2 of this act are effective for taxable years
 28 beginning on or after January 1, 2006. Section 3 of this act is effective for taxable years
 29 beginning on or after January 1, 2007. The remainder of this act is effective when it
 30 becomes law.
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