



**COMMONWEALTH OF KENTUCKY  
DEPARTMENT OF INSURANCE  
FRANKFORT, KENTUCKY**

**BULLETIN**

**2011-07**

*The following Bulletin is to advise the reader of the current position of the Kentucky Department of Insurance (the "Department") on the specified issue. The Bulletin is for informational purposes only and is not legally binding on either the Department or the reader.*

**TO:** All Insurance Companies and Surplus Lines Brokers Subject To  
Kentucky Local Government Premium Taxes

**FROM:** Sharon P. Clark, Commissioner

**RE:** Local Government Premium Taxes  
**AMENDMENT** to the 2011-2012 Tax Schedule and Tax Code Descriptions  
**Taxing Jurisdictions:** Louisville-Jefferson Metro Government and  
Louisville Urban Services District

**DATE:** September 22, 2011

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This Bulletin amends the 2011-2012 Local Government Premium Tax (LGPT) Schedule and Tax Code Descriptions published by the Kentucky Department of Insurance in conjunction with Bulletin 2011-01. This Bulletin also clarifies the responsibilities of insurance companies and surplus lines brokers (collectively referred to herein as "insurance companies") with regard to the payment of LGPT imposed by Louisville-Jefferson Metro Government (Metro) and Louisville Urban Services District (USD).

**Historical Information**

In accordance with KRS 91A.080, the Department publishes an annual Bulletin notifying insurance companies of the local governments which have elected to impose a license fee or tax on

insurance premiums. In conjunction with the annual Bulletin, the Department publishes a Tax Schedule outlining the tax rate, by line of business, imposed by each local government.

Prior to the publication of the 2010-2011 LGPT Tax Schedule in Department Bulletin 2010-04, notice was given to insurance companies that LGPT was imposed by “Louisville” representing the City of Louisville and “Jefferson County” as follows:

Lines of Business	Fire and Allied Perils	Casualty Liability	Vehicle	Inland Marine	Health	Life	All Other Risks
Louisville	5%	5%	5%	5%	5%	5%	5%
Jefferson Co.	5%	5%	5%	5%	None	5%	5%

On August 24, 2009, the Department received two ordinances from the City of Louisville. One ordinance represented LGPT imposed by Louisville-Jefferson Metro Government (Metro) and the other ordinance represented LGPT imposed by the Louisville Urban Services District (USD). These ordinances reflected a change in LGPT in these taxing jurisdictions based on a governmental restructuring that occurred in Louisville prior to 2009.

As a result of the above-referenced ordinance filings, the Department published Bulletin 2010-04, together with a corresponding Tax Schedule, indicating the imposition of LGPT in the USD and Metro as follows:

Lines of Business	Fire and Allied Perils	Casualty Liability	Vehicle	Inland Marine	Health	Life	All Other Risks
Louisville USD	None	None	None	None	5%	None	None
Louisville-Jefferson (Metro)	5%	5%	5%	5%	None	5%	5%

The changes in the Tax Schedules between Department Bulletins issued before 2010 versus those issued after 2010 led to confusion, concerns, and questions from insurance companies subject to the payment of LGPT. As a result, the Department sought guidance from the City of Louisville regarding the interpretation of the filed ordinances and the tax rates enacted through the ordinances. The Department has received such guidance and finds that it is necessary to amend the LGPT Tax Schedule attached to and incorporated in the Department’s Bulletin 2011-01 governing tax rates effective after July 1, 2011.

**Tax Schedule Amendment**

By this Bulletin, the Department amends the 2011-2012 LGPT Tax Schedule to change the tax rate applicable to the Fire and Allied Perils, Casualty Liability, Vehicle, Inland Marine, Life, and All Other Risks lines of business for the USD. The new Tax Schedule attached to and incorporated

into this Bulletin reflects the amended tax rates applicable in the USD as follows:

Lines of Business	Fire and Allied Perils	Casualty Liability	Vehicle	Inland Marine	Health	Life	All Other Risks
Louisville USD	5%	5%	5%	5%	5%	5%	5%

This Bulletin further amends the 2011-2012 LGPT Tax Schedule by eliminating Tax Code "P" attached to the line item entries for "Louisville Urban Services Dist" and "Louisville-Jefferson" on the Tax Schedule. Further, the footnote on the Tax Schedule pertaining to the Louisville Urban Services District is no longer accurate and has been deleted.

No amendments or revisions, other than those outlined in this Bulletin, have been made to the 2011-2012 Kentucky Local Government Premium Tax Schedule or Tax Code Descriptions.

### **Compliance Issues**

The Department understands that a mid-year change in the LGPT Tax Schedule is a unique event that may result in a hardship on insurance companies subject to KRS Chapter 91A. The Department also recognizes that insurance companies and verified risk location vendors will need time to incorporate the change in the Tax Schedule into their systems and business processes. These changes should be made as soon as practicable in order to ensure proper payment of LGPT to the USD.

### **Questions**

Questions regarding this Bulletin should be directed to the Local Government Premium Tax Unit. Phone: 502-564-1649; Fax: 502-564-6090; or e-mail: [Brenda.Smith@ky.gov](mailto:Brenda.Smith@ky.gov).

### **Attachments**

1. Amended 2011-2012 Kentucky Local Government Premium Tax Schedule
2. Amended 2011-2012 Tax Code Descriptions

*/s/ Sharon P. Clark (Commissioner)*

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Sharon P. Clark, Commissioner  
Kentucky Department of Insurance  
On this 23<sup>rd</sup> day of September, 2011