

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 236  
Committee Substitute Favorable 4/26/95

Short Title: No Insurance Surcharge/Up Premium Tax.

(Public)

Sponsors:

Referred to:

February 21, 1995

A BILL TO BE ENTITLED

AN ACT TO REPEAL THE INSURANCE REGULATORY CHARGE, TO INCREASE THE GROSS PREMIUMS TAX TO PARTIALLY OFFSET THE REPEAL OF THE REGULATORY CHARGE, AND TO PROVIDE FOR THE DISPOSITION OF FEES COLLECTED BY THE DEPARTMENT OF INSURANCE.

The General Assembly of North Carolina enacts:

Section 1. G.S. 58-6-25 is repealed.

Sec. 2. Funds remaining in the Department of Insurance Fund shall be used for the purpose stated in G.S. 58-6-25(d) even though this act repeals that statute.

Sec. 3. G.S. 58-69-40 reads as rewritten:

**"§ 58-69-40. Disposition of fees.**

All fees collected by the Commissioner under this Article ~~shall be credited to the Department of Insurance Fund created under G.S. 58-6-25.~~ are receipts of the Department and shall be applied to the costs incurred by the Department in administering this Article."

Sec. 4. G.S. 58-70-45 reads as rewritten:

**"§ 58-70-45. Disposition of permit fees.**

All permit fees collected under this Article ~~are receipts of the Department and shall be credited to the Department of Insurance Fund created under G.S. 58-6-25.~~ applied to the costs incurred by the Department for the specific purpose of providing the personnel, equipment, and supplies necessary to enforce this Article."

1           Sec. 5. G.S. 58-71-180 reads as rewritten:

2 **"§ 58-71-180. Disposition of fees.**

3           Fees collected by the Commissioner pursuant to this Article ~~shall be credited to the~~  
4 ~~Department of Insurance Fund created under G.S. 58-6-25.~~ are receipts of the Department and  
5 shall be applied to the costs incurred by the Department in administering this Article."

6           Sec. 6. G.S. 143-151.21 reads as rewritten:

7 **"§ 143-151.21. Disposition of fees.**

8           Fees collected by the Commissioner under this Article ~~shall be credited to the~~  
9 ~~Department of Insurance Fund created under G.S. 58-6-25.~~ are receipts of the Department of  
10 Insurance and shall be applied to the costs incurred by the Department in administering  
11 this Article."

12           Sec. 7. G.S. 105-228.5(d) reads as rewritten:

13           "(d) Tax Rates. – The tax rate to be applied to gross premiums collected on  
14 contracts applicable to liabilities under the Workers' Compensation Act shall be two and  
15 ~~five tenths~~ fifty-five hundredths percent (2.5%) ~~(2.55%)~~. The tax rate to be applied to  
16 gross premiums collected on all insurance contracts issued by insurers shall be one and  
17 ~~nine tenths~~ ninety-five hundredths percent (1.9%) ~~(1.95%)~~. An additional tax shall be  
18 applied to amounts collected on contracts of insurance applicable to fire and lightning  
19 coverage, except in the case of marine and automobile policies, at the rate of one and  
20 thirty-three ~~thirty-eight~~ hundredths percent (1.33%) ~~(1.38%)~~. Twenty-five percent (25%)  
21 of the net proceeds of the one and thirty-three hundredths percent (1.33%) tax on additional  
22 tax applied to amounts collected on contracts of insurance applicable to fire and lightning  
23 coverage shall be deposited in the Rural Volunteer Fire Department Fund established in  
24 Articles 84 through 88 of Chapter 58 of the General Statutes. The tax rate to be applied to  
25 gross premiums and/or gross collections from membership dues, exclusive of receipts  
26 from cost plus plans, received by corporations subject to Article 65 of Chapter 58 of the  
27 General Statutes shall be one-half of one percent (1/2 of 1%)."

28           Sec. 8. G.S. 105-228.8(e) reads as rewritten:

29           "(e) This section shall not apply to special purpose obligations or assessments  
30 based on premiums imposed in connection with particular kinds of insurance, ~~to the special~~  
31 ~~purpose regulatory charge imposed under G.S. 58-6-25,~~ insurance or to dedicated special  
32 purpose taxes based on premiums. For purposes of this section, seventy-five percent  
33 (75%) of the one and ~~thirty-three~~ thirty-eight hundredths percent ~~(1.33%)~~ (1.38%) tax on  
34 amounts collected on contracts of insurance applicable to fire and lightning coverage  
35 shall not be a special purpose obligation or assessment or a dedicated special purpose tax  
36 within the meaning of this subsection."

37           Sec. 9. Sections 1, 2, 7, and 8 of this act become effective January 1, 1996,  
38 and apply to taxable years beginning on or after that date. The remainder of this act  
39 becomes effective July 1, 1995.