

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 236

Committee Substitute Favorable 4/26/95
Committee Substitute #2 Favorable 5/8/95

Short Title: Repeal Insurance Surcharge.

(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 G.S. 58-6-25 is repealed.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

1 incurred by the Department for the specific purpose of providing the personnel,
2 equipment, and supplies necessary to enforce this Article."

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

4 **"§ 58-71-180. Disposition of fees.**

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

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

9 **"§ 143-151.21. Disposition of fees.**

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

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

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

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

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

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