

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2005**

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**HOUSE DRH10431-RBxz-30 (02/23)**

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

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

Referred to:

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><b>Type of Insurance Contract</b></u>	<u><b>Taxable Percentage</b></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>

Farm Owner's 35%."

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

"(d) Tax Rates; Disposition. –

...

(4) Additional Local Fire and Lightning Rate. – An additional tax ~~shall be applied to gross premiums on contracts of insurance applicable to fire and lightning coverage within fire districts~~ at the rate of one-half of one percent (~~1/2 of 1%~~)(0.5%) applies to gross premiums on insurance contracts that provide fire and lightning coverage within a fire district. The tax is a percentage of the gross premiums from the contracts, determined in accordance with the table in subdivision (3) of this subsection. The net proceeds shall be credited to the Department of Insurance for disbursement pursuant to G.S. 58-84-25."

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

"(d) Tax Rates; Disposition. –

...

(3) Additional Statewide Fire and Lightning Rate. – An additional tax at the rate of one and thirty-three hundredths percent (1.33%) applies to gross premiums on insurance contracts that provide fire and lightning ~~coverage, except in the case of marine and automobile policies.~~ coverage. 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>
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> "

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