

ORDINANCE NO. _____, SERIES 2019

AN ORDINANCE AMENDING LOUISVILLE METRO CODE OF ORDINANCES CHAPTER 122 TO INCREASE THE INSURANCE PREMIUM FEES.

SPONSORED BY: COUNCIL PRESIDENT JAMES AND COUNCILMEMBERS SEXTON SMITH, HOLLANDER, MULVIHILL, AND WINKLER

WHEREAS, the Commonwealth has left us with the unenviable position of having a 50 million dollar pension obligation in our annual budget to be paid over the next several years due to mismanagement and poor investment of our pension system; and

WHEREAS, Louisville/Jefferson County Metro Government (“Metro”) cannot absorb this extraordinary expense without looking at new revenue or cutting existing services; and

WHEREAS, Metro wants to continue to provide services to its residents without sacrificing the quality and quantity of such services from police and fire protection to emergency services to road paving and infrastructure repair and improvements, community centers, libraries, affordable housing and parks and the services provided in conjunction with our other government and nongovernment partners; and

WHEREAS, in order to keep the momentum and economic renaissance we have built in Louisville and ensure we meet the needs of our residents, Metro is forced to take the unprecedented position to raise revenue, which has not been done since Merger and, in fact, no new taxes or rates have been increased since 1982 when the Old City of Louisville increased the insurance premium tax from 2.5% to 5% and in 1990 when Jefferson County raised the insurance premium tax; and

WHEREAS, Metro cannot continue essential governmental operations with this pension obligation being handed down to us by the Commonwealth; and

WHEREAS, Metro wants to ensure that residents still are getting what they need and deserve and do not want residents to forego the services upon which they have come to depend; and

WHEREAS, while Metro will continue to consider other revenue options, we believe that an increase in the insurance premium tax is the most viable option for Metro to continue with the same level of services; and

WHEREAS, the increase in funds generated by the increase in the insurance premium tax is sought for the express purpose of addressing Metro's pension obligations, health insurance costs, or unforeseen emergencies.

NOW THEREFORE BE IT ORDAINED BY THE LEGISLATIVE COUNCIL OF THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT AS FOLLOWS:

SECTION I: LMCO § 122.02 is hereby amended as follows:

FEE FOR COMPANIES ISSUING LIFE INSURANCE POLICIES.

The license fee imposed upon each insurance company which issues life insurance policies upon the lives of persons residing within Louisville Metro shall be based upon ~~5%~~ of the first year's premium and applied to the amount of such premiums actually collected within each calendar quarter by reason of the issuance of such policies. For the period of July 1, 2019 through June 30, 2021 the license fee shall be 12.5%; for the period of July 1, 2021 through June 30, 2022 the license fee shall be 13.5%; and thereafter the license fee shall be 15%.

SECTION II: a new section of LMCO is hereby created and designated as LMCO § 122.04:

FEE FOR COMPANIES ISSUING INSURANCE POLICIES FOR MOTOR VEHICLES

The license fee imposed upon each insurance company which issues motor vehicles insurance policies for persons residing or entities located within Louisville Metro shall be based upon 5% of the premium and applied to the amount of such premiums actually collected within each calendar quarter by reason of the issuance of such policies.

SECTION III: LMCO § 122.03 is hereby modified as follows and renumbered as LMCO § 122.05:

FEE FOR COMPANIES ISSUING POLICIES OTHER THAN LIFE, HEALTH, OR MOTOR VEHICLE INSURANCE.

(A) The license fee imposed upon each insurance company which issues any insurance policy which is not a life, ~~or~~ health, or motor vehicle insurance policy shall be ~~5%~~ of the premiums actually collected within each calendar quarter by reason of the issuance of such policies on risks located within Louisville Metro on those classes of business which such company is authorized to transact, less all premiums returned to policyholders. For the period of July 1, 2019 through June 30, 2021 the license fee shall be 12.5%; for the period of July 1, 2021 through June 30, 2022 the license fee shall be 13.5%; and thereafter the license fee shall be 15%. The provisions of this section shall not include premiums received for insuring employers against liability for personal injuries to their employees, or the death of their employees, caused thereby, under the provisions of the Workers' Compensation Act or premiums from policies of health insurance.

(B) No license fee imposed under this section shall apply to premiums paid to insurers of municipal bonds, leases, or other debt instruments issued by or on behalf of the Louisville Metro Government or other political subdivision of the Commonwealth.

However, the exemption shall not apply if the bonds, leases, or other debt instruments are issued for profit or on behalf of for-profit or private organizations.

SECTION IV: Sections LMCO §§ 122.04, 122.05, 122.06, 122.07, and 122.08 are hereby renumbered as LMCO §§ 122.05, 122.06, 122.07, 122.08, and 122.09, respectively.

SECTION V: This Ordinance becomes law upon its passage and approval and becomes effective by July 1, 2019.

H. Stephen Ott
Metro Council Clerk

David James
President of the Council

Greg Fischer
Mayor

Approved Date

APPROVED AS TO FORM AND LEGALITY:

Michael J. O'Connell
Jefferson County Attorney

BY: _____