

# Local Premium Tax Advisory Council

October 15, 2019 - 1:30 pm

Department of Insurance - Hearing Room

## Minutes

### **Members Present**

Commissioner Atkins  
Shellie Hampton  
JD Chaney  
Mark Treesh  
David Thornton  
Paula Smith (proxy for Greg Kosse)  
Beth Murphy  
Huston Wells

### **Members Absent**

### **Others in attendance:**

Patrick O'Connor  
John Hord  
Prentice Harvey  
Shawn Boggs  
Russ Hamblen

### **Call to Order / Roll Call / Welcome –**

Commissioner Atkins called the meeting to order at approximately 1:36 p.m. The commissioner welcomed all in attendance.

### **Approval of 7/24/2019 Minutes –**

Discussion of the July 24, 2019 meeting minutes occurred. Mark Treesh suggested some changes to the minutes including the fee for private contractors would be paid by insurers and not the insureds.

JD Chaney confirmed the group took a vote that the LGPT advisory council would not form a subcommittee to review the possibility for an LGPT clearinghouse. The vote on the motion not to form a subcommittee passed 4-1.

Minutes as amended approved motion by JD, second by Shellie.

## **DOI Update – (provided by John Hord)**

John Hord, the Department's representative in charge of administering local government premium tax issues, briefed the council on various issues.

First, the annual reconciliation process is ongoing. During this process, the Department contacts all companies and brokers that did not file their annual reconciliations, LGPT Form 140, as statutorily required. Initially, 283 companies and 956 surplus lines brokers did not file their annual reconciliations. The forms provide detailed reporting of the taxes paid by the companies to specific local governments by line of insurance. The Department sent out correspondence to the companies and brokers requesting adherence to the filing requirements. After fielding a substantial volume of calls, the number of non-filers has dropped to 103 companies and 304 surplus lines brokers. Many of the issues are change of personnel within the companies and brokers, and they simply did not understand the filing requirements. The Department is here to assist in the filing process and answer any questions necessary.

Shellie Hampton noted that the research director for KACO called in and the help was very much appreciated.

Mr. Hord next presented on the inquiries received from counties for sample data and information related to the imposition or potential imposition of local government premium tax. Often times counties considering the imposition of a local government premium tax will contact the Department for information that can give them an idea of the amount of tax they could receive. The Department typically provides information for counties of similar size and geographical location, but the Department strongly caveats that the information is simply a comparison and may not be reflective of the actual taxes received.

Huston Wells stated that the information provided is helpful, and it would be beneficial to send out and educate local government leaders on the impending 100 day deadline to enact or amend a tax for the year.

Mr. Hord lastly updated everyone on the Kentucky Online Gateway (KOG) transition. The KOG system provides one login for all services provided by the Commonwealth. Everyone has to go through this and a new update. Instructions for completing this transition will be included in the second letter sent out to companies and brokers. Once completed, companies and individuals that interact with multiple state agencies will be able to use one login to access the state system instead of having multiple user identifications and passwords for each system.

## **Old Business -**

Mark Treesh noted he raised an issue as to whether there was a statutory impediment for companies to use a private vendor to collect and send the LGPT checks out, if there is a market for such endeavor. Mark believes the IIK membership does not have a real appetite for this option right now, but is still interested in confirming one way or another. The Department has not officially considered this or offered a position one way or another.

JD Chaney indicated an official letter of resignation for Steve Dawson will be submitted to officially remove him from the Council. They will appoint a new city commissioner to the LGPT Advisory Council, and submit the name to the Commissioner.

### **New Business –**

Patrick O'Connor noted the Department is going to engage in an endeavor to update the LGPT ordinance to make it easier for cities and counties to enact new ordinances or amend existing ordinances. We want to try to make the process more efficient for local governments and help new elected officials or representatives along the way. By ensuring the ordinances are drafted correctly, it allows for greater and more accurate notification from the Department to the insurance companies.

John Hord added that the Department continues to see many things in ordinances that make it difficult to try to administer. This creates either a situation where the Department is forced to contact county officials to get more information or attempt to interpret the ordinance on our own. Updating the template could assist in removing this uncertainty.

Some discussion was undertaken regarding a standardization of the ordinance and an attempt to limit the exemptions provided within ordinances that are almost impossible to actually enforce. KLC and KACO generally agreed that this would be helpful, but the local governments need to maintain the flexibility to include necessary provisions within an ordinance to secure passage. Thus, an updated template will help to serve as guidance, but simply that.

Patrick O'Connor next discussed the possibility of educational opportunities for local officials on the process. The Department would be interested in attending meeting or conferences to present on this topic, and the overall process to prevent, to the extent possible, the confusion that surrounded the LGPT ordinance situation in Louisville and Jefferson County earlier in 2019. This, combined with the ordinance, will hopefully get officials thinking about the LGPT well in advance of the 100 day cut off to ensure they can get everything done correctly and accurately.

Shellie Hampton offered an opportunity to speak at upcoming KACO meeting in February. However, this meeting may be too close to the approaching deadline. While it might not be helpful for 2020, it could be helpful for future discussions and actions taken regarding local government premium tax.

JD Chaney agreed that this would be helpful. It would be helpful to present at the next KLC meeting in September. In the meantime, an article for KLC magazine would help too.

The council agreed the DOI should pursue these two endeavors.

**Suggested Next Meeting** – Tuesday, October 15, 2019 at 1:30 p.m. (address forthcoming)

### **Adjourn -**

Motion to adjourn by Mark Treesh, second by Huston Wells at 2:21 p.m.

Submitted By:

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Date

Approved By:

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Date