

Local Government Premium Tax

KRS 91A:080 and 806 KAR 2:088 to 2:097

2022 Total LGPT reported for all jurisdictions: \$413,412,943.15

- A local government may impose and collect license fees or taxes upon insurance companies for the privilege of engaging in the business of insurance. The insurance company may “passthrough” the tax to the policy holder
 - For non-admitted insurance companies (surplus lines), the surplus lines broker is responsible for paying the tax (KRS 304.10-180)
- Taxes are enacted through local ordinance
- The local jurisdiction set the percentage rate
- A minimum tax may be imposed
- Taxes are based on fiscal year, new or amended rates go into effect July 1
- Local governments must notify DOI at least 100 days prior to July 1st (March 23) of the enactment of an ordinance or any change in an existing ordinance
 - DOI Notifies insurers 85 days prior to July 1st of any changes
- Taxes are imposed on risks located within the local government’s corporate limits
 - A physical address must be used to determine the location of the risk
 - Zip codes and P.O. Boxes may not be used to determine tax liability
 - An insurance company/surplus lines broker shall use a Verified Risk Location system or program during the calendar year if the total policies issued and renewed by the insurance company/surplus lines broker in Kentucky in the preceding calendar year is more than two thousand (2,000)
- Quarterly payment of tax due 30 days after the end of the calendar quarter
 - Payment remitted separately to each local government by an insurer or surplus lines broker
 - Submitted on a Quarterly Reporting Form LGT-141 or LGT-142 both are available on the DOI web site. These forms accompany the payment
- LGT-140 Annual reconciliation must be filed with the Local government and DOI by March 31 of each year
 - Must be submitted electronically to the DOI and mailed to the local jurisdiction.
 - Must be submitted to Local Governments on Annual Reconciliation Form (LGT-140) or a substantially similar form