

**136.320 Tax on taxable capital of domestic life insurance companies in lieu of other taxes -- State and local rates.**

- (1) Each life insurance company incorporated under the laws of and doing business in Kentucky shall value as of January 1 and report to the Department of Revenue by April 1 each year, on forms prescribed by the Department of Revenue, the following:
  - (a) The fair cash value of the company's intangible personal property, hereinafter referred to as "capital," consisting of all money in hand, shares of stock, notes, bonds, accounts, and other credits, exclusive of due and deferred premiums, whether secured by mortgage, pledge, or otherwise, or unsecured.
  - (b) The fair cash value of the company's intangible personal property exempt from taxation by law.
  - (c) The aggregate amount of the company's reserves, reduced by the amount of due and deferred premiums, maintained in accordance with the applicable provisions of KRS 304.6-040 and 304.6-130 to 304.6-180, on all outstanding policies and contracts supplementary thereto.
  - (d) Other information as may be required by the Department of Revenue to accurately determine the fair cash value of each company's "taxable capital" and "taxable reserves."
- (2) Based on information supplied by each company and other information that may be available, the Department of Revenue shall value each company's "taxable capital" and "taxable reserves" as follows:
  - (a) "Taxable capital" shall be determined by deducting "taxable reserves" from "capital," less exempt intangible personal property.
  - (b) "Taxable reserves" shall be determined by multiplying the aggregate amount of reserves as computed in subsection (1)(c) of this section by the percentage determined by dividing "capital," less exempt intangible personal property, by "capital," including exempt intangible personal property.
- (3)
  - (a) An annual tax for state purposes shall be imposed against the fair cash value of "taxable capital" for calendar years beginning before 2000, at a rate of seventy cents (\$0.70) on each one hundred dollars (\$100).
  - (b) An annual tax for state purposes shall be imposed against every company making an election pursuant to KRS 136.335 to be taxed under this section, against the fair cash value of taxable capital for calendar years beginning in 2000 as follows:
    1. For calendar year 2000, fifty-six cents (\$0.56) on each one hundred dollars (\$100);
    2. For calendar year 2001, forty-two cents (\$0.42) on each one hundred dollars (\$100);
    3. For calendar year 2002, twenty-eight cents (\$0.28) on each one hundred dollars (\$100);
    4. For calendar year 2003, fourteen cents (\$0.14) on each one hundred

dollars (\$100); and

5. For calendar year 2004 and each calendar year thereafter, one tenth of one cent (\$0.001) on each one hundred dollars (\$100).
  - (c) An annual tax for state purposes shall be imposed at a rate of one-tenth of one cent (\$0.001) on each one hundred dollars (\$100) of the fair cash value of "taxable reserves".
  - (d) Beginning in tax year 2004 an insurer may offset the tax liability imposed under this subsection against the tax liability imposed under subsection (4) of this section.
- (4) For calendar year 2000, and each calendar year thereafter, every company subject to the tax imposed by subsection (3) of this section, and making an election pursuant to KRS 136.335 to be taxed under this section, shall pay the following rates of tax upon each one hundred dollars (\$100) of premium receipts:
- (a) For calendar year 2000, thirty-eight cents (\$0.38);
  - (b) For calendar year 2001, seventy-two cents (\$0.72);
  - (c) For calendar year 2002, one dollar and two cents (\$1.02);
  - (d) For calendar year 2003, one dollar and twenty-eight cents (\$1.28); and
  - (e) For calendar year 2004 and each calendar year thereafter, one dollar and fifty cents (\$1.50).

Every company subject to the tax imposed by this subsection shall, by March 1 of each year, return to the Department of Revenue a statement under oath of all premium receipts on business done in this state during the preceding calendar year or since the last return was made. "Premium receipts" includes single premiums, premiums received for original insurance, premiums received for renewal, revival, or reinstatement of the policies, annual and periodical premiums, dividends applied for premiums and additions, and all other premium payments received on policies that have been written in this state, or on the lives of residents of this state, or out of this state on business done in this state, less returned premiums. No deduction shall be made for dividends on life insurance but dividends on accident and health insurance policies may be deducted.

- (5) The taxes imposed under subsections (3) and (4) of this section shall be in lieu of all excise, license, occupational, or other taxes imposed by the state, county, city, or other taxing district, except as provided in subsections (6) and (7) of this section.
- (6) The county in which the principal office of the company is located may impose a tax of fifteen cents (\$0.15) on each one hundred dollars (\$100) of "taxable capital."
- (7) The city in which the principal office of the company is located may impose a tax of fifteen cents (\$0.15) on each one hundred dollars (\$100) of "taxable capital."
- (8) The Department of Revenue shall by September 1 each year bill each company for the state taxes. It shall immediately certify to the county clerk of the county in which the principal office of the company is located the value of "taxable capital" subject to local taxation. The county clerk shall prepare and deliver a bill to the sheriff for collection of taxes collectible by the sheriff and shall certify the value to

all other collecting officers of districts authorized to levy a tax.

- (9) Each company's real and tangible personal property shall be subject to taxation at fair cash value by the state, county, school, and other taxing districts in which the property is located in the same manner and at the same rates as all other property of the same class.
- (10) Taxes on property subject to taxation under this section shall be subject to the same discount and penalties as provided in KRS 134.015 and shall be collected in the same manner as taxes on property locally assessed, except that the state tax on the "taxable capital" and "taxable reserves" shall be collected directly by the Department of Revenue.
- (11) Any taxpayer subject to taxation under this section may protest in the manner provided in KRS 131.110.

**Effective:** January 1, 2010

**History:** Amended 2009 Ky. Acts ch. 10, sec. 50, effective January 1, 2010. -- Amended 2005 Ky. Acts ch. 85, sec. 320, effective June 20, 2005. -- Amended 1998 Ky. Acts ch. 233, sec. 1, effective July 15, 1998. -- Repealed and reenacted 1990 Ky. Acts ch. 476, Pt. V, sec. 358, effective July 13, 1990. -- Amended 1978 Ky. Acts ch. 384, sec. 282, effective January 17, 1978. -- Amended 1976 Ky. Acts ch. 93, sec. 11, effective January 1, 1977. -- Amended 1972 Ky. Acts ch. 203, sec. 8. -- Amended 1966 Ky. Acts ch. 160, secs. 1 and 2. -- Recodified 1942 Ky. Acts ch. 208, sec. 1, effective October 1, 1942, from Ky. Stat. sec. 4237a-1.