



1           **benefit volunteer and part-volunteer fire**  
2           **departments; Public Employees Insurance Agency and**  
3           **municipal pension plans; special fund created;**  
4           **allocation of proceeds; effective date.**

5           ~~(a) (1) For the purpose of providing additional revenue for~~  
6 ~~volunteer fire departments, part volunteer fire departments, and~~  
7 ~~certain retired teachers and the teachers retirement reserve fund,~~  
8 ~~there is hereby authorized and imposed on and after July 1, 1992,~~  
9 ~~on the policyholder of any fire insurance policy or casualty~~  
10 ~~insurance policy issued by any insurer, authorized or unauthorized,~~  
11 ~~or by any risk retention group, a policy surcharge equal to one~~  
12 ~~percent of the taxable premium for each such policy. After June~~  
13 ~~30, 2005, the surcharge shall be imposed as specified in~~  
14 ~~subdivisions (2) and (3) of this subsection.~~

15           ~~(2) After June 30, 2005, through December 31, 2005, for the~~  
16 ~~purpose of providing additional revenue for volunteer fire~~  
17 ~~departments, part-volunteer fire departments and to provide~~  
18 ~~additional revenue to the Public Employees Insurance Agency and~~  
19 ~~municipal pension plans, there is hereby authorized and imposed on~~  
20 ~~and after July 1, 2005, on the policyholder of any fire insurance~~  
21 ~~policy or casualty insurance policy issued by any insurer,~~  
22 ~~authorized or unauthorized, or by any risk retention group, a~~  
23 ~~policy surcharge equal to one percent of the taxable premium for~~  
24 ~~each such policy.~~

1       ~~(3) After December 31, 2005~~ For the purpose of providing  
2 additional revenue for volunteer fire departments and part-  
3 volunteer fire departments, there is hereby authorized and imposed  
4 on the policyholder of any fire insurance policy or casualty  
5 insurance policy issued by any insurer, authorized or unauthorized,  
6 or by any risk retention group, a policy surcharge equal to ~~fifty-~~  
7 ~~five one hundredths~~ of one percent of the taxable premium for each  
8 such policy.

9       ~~(4)~~ (2) For purposes of this section, casualty insurance may  
10 not include insurance on the life of a debtor pursuant to or in  
11 connection with a specific loan or other credit transaction or  
12 insurance on a debtor to provide indemnity for payments becoming  
13 due on a specific loan or other credit transaction while the debtor  
14 is disabled as defined in the policy. The policy surcharge may not  
15 be subject to premium taxes, agent commissions or any other  
16 assessment against premiums.

17       (b) The policy surcharge shall be collected and remitted to  
18 the commissioner by the insurer, or in the case of surplus lines  
19 coverage, by the surplus lines licensee, or if the policy is issued  
20 by a risk retention group, by the risk retention group. The amount  
21 required to be collected under this section shall be remitted to  
22 the commissioner on a quarterly basis on or before the twenty-fifth  
23 day of the month succeeding the end of the quarter in which they  
24 are collected, except for the fourth quarter for which the

1 surcharge shall be remitted on or before March 1 of the succeeding  
2 year.

3 (c) Any person failing or refusing to collect and remit to the  
4 commissioner any policy surcharge and whose surcharge payments are  
5 not postmarked by the due dates for quarterly filing is liable for  
6 a civil penalty of up to \$100 for each day of delinquency, to be  
7 assessed by the commissioner. The commissioner may suspend the  
8 insurer, broker or risk retention group until all surcharge  
9 payments and penalties are remitted in full to the commissioner.

10 (d) (1) All money from the policy surcharge shall be collected  
11 by the commissioner who shall disburse the money received from the  
12 surcharge into a special account in the State Treasury, designated  
13 the Fire Protection Fund. The net proceeds of this portion of the  
14 tax and the interest thereon, after appropriation by the  
15 Legislature, shall be distributed quarterly on January 1, April 1,  
16 July 1 and October 1, to each volunteer fire company or department  
17 on an equal share basis by the State Treasurer. ~~After June 30,~~  
18 ~~2005, the money received from the surcharge shall be distributed as~~  
19 ~~specified in subdivisions (2) and (3) of this subsection.~~

20 ~~(2)(A) After June 30, 2005, through December 31, 2005, all~~  
21 ~~money from the policy surcharge shall be collected by the~~  
22 ~~Commissioner who shall disburse one half of the money received from~~  
23 ~~the surcharge into the Fire Protection Fund for distribution as~~  
24 ~~provided in subdivision (1) of this subsection.~~

1       ~~(B) The remaining portion of moneys collected shall be~~  
2 ~~transferred into the fund in the State Treasury of the Public~~  
3 ~~Employees Insurance Agency into which are deposited the~~  
4 ~~proportionate shares made by agencies of this state of the Public~~  
5 ~~Employees Insurance Agency costs of those agencies, until November~~  
6 ~~1, 2005. After the October 31, 2005, through December 31, 2005,~~  
7 ~~the remain portion shall be transferred to the special account in~~  
8 ~~the State Treasury, known as the Municipal Pensions and Protection~~  
9 ~~Fund.~~

10       ~~(3) After December 31, 2005, all money from the policy~~  
11 ~~surcharge shall be collected by the Commissioner who shall disburse~~  
12 ~~all of the money received from the surcharge into the Fire~~  
13 ~~Protection Fund for distribution as provided in subdivision (1) of~~  
14 ~~this subsection.~~

15       ~~(4)~~ (2) Before each distribution date to volunteer fire  
16 companies or departments, the State Fire Marshal shall report to  
17 the State Treasurer the names and addresses of all volunteer and  
18 part-volunteer fire companies and departments within the state  
19 which meet the eligibility requirements established in section  
20 eight-a, article fifteen, chapter eight of this code.

21       (e) The allocation, distribution and use of revenues provided  
22 in the Fire Protection Fund are subject to the provisions of  
23 sections eight-a and eight-b, article fifteen, chapter eight of  
24 this code.

NOTE: The purpose of this bill is to take the fire or casualty insurance surcharge to one percent and dedicate the money to the Fire Protection Fund, which goes to volunteer and part-volunteer fire departments.

Strike-throughs indicate language that would be stricken from the present law, and underscoring indicates new language that would be added.