**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 6‑1‑200 SO AS TO PROHIBIT THE MUNICIPAL ASSOCIATION OF SOUTH CAROLINA OR OTHER NONGOVERNMENTAL ENTITY FROM COLLECTING AN INSURANCE PREMIUM TAX OR BROKER’S PREMIUM TAX; TO AMEND SECTION 38‑7‑160, RELATING TO MUNICIPAL LICENSE FEES AND INSURANCE TAXES, SO AS TO AUTHORIZE THE DEPARTMENT OF INSURANCE TO COLLECT INSURANCE PREMIUM TAXES AND REMIT THEM TO THE APPROPRIATE MUNICIPALITIES; TO AMEND SECTION 38‑45‑10, RELATING TO NECESSARY DEFINITIONS, SO AS TO REMOVE THE TERM “MUNICIPAL AGENT”; AND TO AMEND SECTION 38‑45‑60, RELATING TO THE ACCOUNTING OF THE STATE’S PORTION OF BROKER’S PREMIUM TAXES COLLECTED, SO AS TO REMOVE REFERENCES TO MUNICIPAL AGENTS AND MAKE CONFORMING CHANGES.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Article 1, Chapter 1, Title 6 of the 1976 Code is amended by adding:

“Section 6‑1‑200. Notwithstanding any other provision of law, the Municipal Association of South Carolina or any other nongovernmental entity may not collect an insurance premium tax or a broker’s premium tax.”

SECTION 2. Section 38‑7‑160 of the 1976 Code is amended to read:

“Section 38‑7‑160. (A) This title may not be construed as preventing any municipality from levying and collecting license fees or taxes, other than insurance premium taxes, in accordance with its ordinances. However, for surplus lines insurance no municipality may charge an additional license fee or tax based upon a percentage of premiums. A municipality may not charge a license fee to fire insurers or their agents licensed by the director or his designee in any other manner than on a percentage of the premiums collected in the municipality or realized from risks located within the limits of the municipality, or both, the license fee not to exceed two percent of the premiums collected in the municipality and realized from risks located in the municipality, except in cities of fifty thousand inhabitants or more, where not exceeding five percent may be charged. Preference must be given hereunder to the municipality wherein the insured property is located, and, if a license is levied against the insuring company on such basis, that company may not be subject to a similar license from a municipality wherein it may collect the premium for such transaction.

(B) Insurance premium taxes levied by a municipality must be paid to the Department of Insurance by the insurer. As soon as practical after December thirty‑first, but no later than July first of each year, the department must distribute the municipal portion of the insurance premium tax payment collected for the prior tax year. The amount must be paid directly to the municipality with a full accounting including, but not limited to, the name and address of the insurer, the amount of insurance premium tax collected from each insurer, and a showing of counties and municipalities in which the risk covered by the insurer is located.”

SECTION 3. Section 38‑45‑10(9) of the 1976 Code is amended to read:

“(9) ~~‘Municipal agent’ means the Municipal Association of South Carolina or other designated agent of the municipality for the purpose set forth in this chapter.~~ Reserved.”

SECTION 4. Section 38‑45‑60(B) of the 1976 Code is amended to read:

“(B) As soon as practical after December thirty‑first, but no later than July first of each year, the department shall distribute from the special earmarked fund, distinct from the general fund, the municipal portion of the broker’s premium tax rate payment collected for the prior tax year in accordance with the requirements of Sections 38‑45‑20(5) and 38‑45‑30(4). This amount must be paid directly to the ~~municipal agent~~ municipality with a full accounting, provided by the department, including, but not limited to, the name and address of the broker, and amount of the broker’s premium tax rate payment collected from each broker, and showing the counties in which the risk covered by the insurance is located. ~~The municipal agent shall distribute the funds annually to each municipality with which it contracts based on the data submitted by the department.~~”

SECTION 5. This act takes effect upon approval by the Governor.

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