

**CITY OF RUSSELLVILLE, KENTUCKY  
ORDINANCE NO. 2009-04**

AN ORDINANCE AMENDING ORDINANCE 2008-04, "AN ORDINANCE IMPOSING A LICENSE FEE UPON INSURANCE COMPANIES FOR THE PRIVILEGE OF ENGAGING IN THE BUSINESS OF INSURANCE WITHIN THE CORPORATE LIMITS OF THE CITY OF RUSSELLVILLE, KENTUCKY, FOR THE CALENDAR YEAR 2008 AND THEREAFTER ON A CALENDAR YEAR BASIS; ESTABLISHING INSURANCE COMPANY LICENSE FEE RATES AS 7% OF THE FIRST YEAR PREMIUMS FOR LIFE INSURANCE AND 7% OF THE PREMIUMS FOR ALL OTHER TYPES OF INSURANCE ACTUALLY COLLECTED DURING THE CALENDAR YEAR AND THEREAFTER UNTIL AMENDED; ESTABLISHING AN EFFECTIVE DATE OF JULY 1 AND A DELINQUENCY DATE THIRTY (30) DAYS AFTER THE END OF EACH CALENDAR QUARTER; ESTABLISHING A PENALTY INTEREST CHARGE AT THE TAX INTEREST RATE AS DEFINED BY STATUTE; AND REQUIRING INSURANCE COMPANIES SUBJECT TO THE LICENSE FEE TO FURNISH ANNUAL COLLECTION INFORMATION; PROVIDING FOR A SEVERABILITY CLAUSE AND AN EFFECTIVE DATE" BY ELIMINATING HEALTH INSURANCE AND LIFE INSURANCE FROM THE 7% LICENSE FEE PREVIOUSLY IMPOSED, PROVIDING FOR A SEVERABILITY CLAUSE, REPEALER CLAUSE AND AN EFFECTIVE DATE

\*\* \*\* \*

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF RUSSELLVILLE, KENTUCKY:

**SECTION 1.** There is hereby imposed on each insurance company a license fee for the privilege of engaging in the business of insurance within the corporate limits of the City of Russellville, Kentucky, beginning July 1, 2008 for the remainder of calendar year 2008, and thereafter on a calendar year basis.

~~**SECTION 2.** The license fee imposed upon each insurance company which issues life insurance policies on the lives of persons residing within the corporate limits of the City of Russellville, Kentucky, shall be 7% of the first year's premiums actually collected within each calendar quarter by reason of the issuance of such policies.~~

**SECTION 3 2.** The City does not impose license fees on premiums for health insurance or life insurance. Otherwise, ~~t~~The license fee imposed upon each insurance company which issues any insurance policy which is not a life insurance policy shall be 7% of the premiums actually collected within each calendar quarter by reason of the issuance of such policies on risks located within the corporate limits of the City of Russellville, Kentucky, of 7% on those classes of business which such company is authorized to transact, less all premiums returned to policyholders; however, any license fee or tax imposed upon premium receipts shall not include premiums received for insuring employers against liability for personal injuries to their employees, or the death of their employees, caused thereby, under the provisions of the Worker's Compensation Act and shall not include premiums received on policies of group health insurance provided for state employees under KRS 18A.225(2) and KRS 18A.228.

**SECTION 4 3.** All license fees imposed by this ordinance shall be due no later than thirty (30) days after the end of each calendar quarter. License fees which are not paid on or before the due date shall bear interest at the tax interest rate as defined in KRS 131.010(6).

**SECTION 5 4.** Every insurance company subject to the license fees imposed by this ordinance shall annually, by March 31, furnish the City of Russellville, Kentucky, with a written breakdown of all collections in the preceding calendar year for the following categories of insurance: (a) casualty; (b) automobile; (c) inland marine; (d) fire and allied perils; ~~(e) health;~~ and ~~(f) life.~~

**SECTION 6 5.** The City Clerk of the City of Russellville, Kentucky, is hereby directed to transmit a copy of this ordinance, and any amendment thereto, to the Commissioner of Insurance, Commonwealth of Kentucky.

**SECTION 7 6.** If any section, subsection, or clause of this ordinance shall be deemed to be unconstitutional or otherwise invalid, the validity of the remaining sections, subsections, and clauses shall not be affected.

**SECTION 8 7.** This ordinance shall be effective on July 1, 2010, after its passage and publication, as required by law.

**FIRST READING** conducted the 18<sup>th</sup> day of August, 2009.

**SECOND READING** and passage on the 8<sup>th</sup> day of September, 2009.

**VETOED, MAYOR GENE ZICK**  
**GENE ZICK, MAYOR**

**Ayes:** Bell, Patricia; Davenport, Jimmy; Jones, Russell; McPherson, Lanny;  
Nash, Doug; Whipple, Jack.

**Nays:** none.

**Absent:** none.

**Abstaining:** none.

MOTION TO OVERRIDE MAYOR'S VETO PASSED 6-0 on 22<sup>nd</sup> day of September, 2009.

**Ayes:** Bell, Patricia; Davenport, Jimmy; Jones, Russell; McPherson, Lanny;  
Nash, Doug; Whipple, Jack.

**Nays:** none.

**Absent:** none.

**Abstaining:** none.

  
**GENE ZICK, MAYOR**

ATTEST:

  
BOB RIGGS, CITY CLERK



## CITY OF RUSSELLVILLE

City Hall • 168 S. Main Street • Russellville, KY 42276 • Phone 270.726.5000 • Fax 270.726.5043

### STATEMENT OF OBJECTIONS TO ORDINANCE 2009-04

Gene Zick  
Mayor

When the Insurance Premium License Fee Tax was first enacted, the Council said "we will look at the revenue generated and if adequate, we will look at reducing the percentage on the health insurance component." There was also a consensus the Life Insurance component would likely be dropped off after the first year.

Pat Bell  
Councilwoman

We all agreed the revenue was necessary to start a reserve fund for major equipment purchases, such as a new ladder truck, and to finally be able to start a "rainy day" fund.

Jimmy Davenport  
Councilman

Russell Jones  
Councilman

Council, with all due respect, I submit to you it is premature to act on this Ordinance when it does not have to be acted upon until February 2010.

Lanny McPherson  
Councilman

The City Clerk has given me numbers to show you how we have been able to reduce long-term debt since I took office on January 1, 2007:

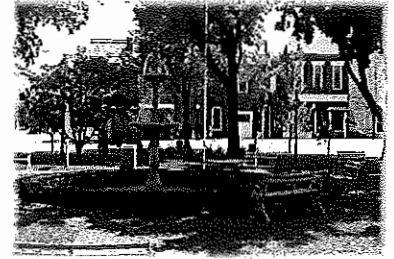
Doug Nash  
Councilman

#### LONG-TERM DEBT ANALYSIS

	General Fund	Water/Sewer
JANUARY 2007	2,134,147	6,784,990
AUGUST 2009	2,008,932	4,894,373
NET DECREASE	125,215	1,890,617
<b>TOTAL NET DECREASE IN DEBT: \$2,015,832</b>		

Jack Whipple  
Councilman

The enactment of Ordinance 2009-04 will result in a *reduction* in revenue which does not allow for any flexibility should Occupational License Fee revenues continue to slide, or to take into account any other unforeseen financial setbacks.



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**Gene Zick**  
Mayor

Council, we must put this into perspective: the city is not providing *more* services to the citizens; we are just trying to maintain the same level, but doing so with less tax revenue. Look at what has happened to the city's tax base in the last 10 years:

**Pat Bell**  
Councilwoman

- Red Kap Manufacturing closed down, a loss of 400 jobs

**Jimmy Davenport**  
Councilman

- Bilt-Rite Products closed down, a loss of 40 jobs

**Russell Jones**  
Councilman

- Emerson has scaled back from 3 shifts to sometimes only 1 shift
- Sensus has been more consistent in its employment of workers, but still it is slow

**Lanny McPherson**  
Councilman

- Carpenter Company has slowed production

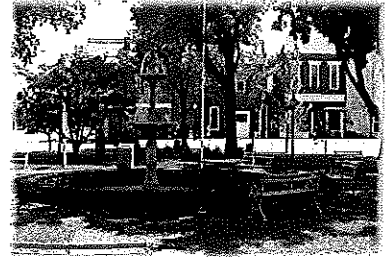
**Doug Nash**  
Councilman

When Red Kap shut down, in 2001 City Council had little choice but to increase the Occupational License Fee to 2% from 1½%. That increase has allowed the City to maintain the same level of services until the economic downturn which started in 2008. At that time, City Council then passed the Insurance License Fee Premium Tax in early 2008. This has allowed the City to keep its head above water, to not go to the bank as often to borrow money to pay the bills. And Lanny, yes, we still do not have a reserve, but we were getting to the point where this could become a reality.

**Jack Whipple**  
Councilman

You are leaving the City with three choices:

- reduction in services
- reduction in workforce
- go to the bank and borrow money



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**Gene Zick  
Mayor**

Unless Council is going to fund this \$100,000 shortfall by increasing revenue from some other source, I will have no choice but to make serious cuts in the General Fund.

**Pat Bell  
Councilwoman**

I have already reduced the Police Department head count through attrition. We will be reducing services provided by the Street Department starting this week.

**Jimmy Davenport  
Councilman**

By not adequately providing enough revenue for the General Fund, we are sending a message to current employers and potential prospects that we are not progressive and do not want their business.

**Russell Jones  
Councilman**

I would ask the City Council to reconsider its vote should you choose to exercise your right to override my veto. If you do overturn my veto, I will accept your challenge to operate this City on less revenue, but I am trying to put you on notice that difficult choices will have to be made.

**Lanny McPherson  
Councilman**

**Doug Nash  
Councilman**

*Mayor Gene Zick*

**Jack Whipple  
Councilman**