

February 19, 2007

H 262. MODIFY TAX ON PROPERTY COVERAGE CONTRACT. Filed 2/19/07. *TO ADJUST THE ADDITIONAL TAX RATE ON PROPERTY COVERAGE CONTRACTS TO BE REVENUE NEUTRAL BASED ON AN EXPANSION OF THE TAX BASE ENACTED IN S.L. 2006-196, TO INCREASE THE DISTRIBUTION OF THE TAX PROCEEDS TO THE VOLUNTEER FIRE DEPARTMENT FUND, TO AMEND THE VOLUNTEER FIRE DEPARTMENT GRANT PROGRAM TO ALLOW MORE DEPARTMENTS TO QUALIFY FOR GRANTS, AND TO MODIFY THE DISTRIBUTION OF TAX PROCEEDS TO THE LOCAL FIREMEN'S RELIEF FUNDS.* Effective beginning with the 2008 tax year, amends GS 105-228.5(d)(3) (additional gross premiums tax on property coverage contracts) to (1) decrease the tax rate from 0.85% to 0.74%, (2) increase from 20% to 30% the portion of the net proceeds of this tax credited to the Volunteer Fire Department Fund, and (3) clarify that the term *property coverage* includes insurance contracts for wind damage.

Amends GS 58-87-1 (Volunteer Fire Department Fund) to increase the maximum size of a grant from \$20,000 to \$30,000 and to increase the maximum population size a fire department may serve and remain eligible for a grant, from 6,000 to 12,000. Amends GS 58-84-25 to modify the formula for distributing part of the property coverage tax to local fire districts for firefighters' local relief funds. Effective January 1, 2008.

Intro. by Wainwright.

GS 58, 105