

## Insurance Premium Tax

Sections 175.101 and 185.08, Florida Statutes

### Summary:

Each qualified municipality or special fire control district, having a lawfully established fund providing pension benefits to firefighters, may impose an excise tax of 1.85 percent of the gross amount of receipts from policyholders on all premiums collected on property insurance policies covering property within the legally defined limits of the municipality or special fire control district.<sup>1</sup> The tax revenues are distributed to the municipality or special fire control district according to the insured property's location. The net tax proceeds are paid into the firefighters' pension trust fund established by municipalities and special fire control districts.<sup>2</sup>

Each qualified municipality, having a lawfully established fund providing retirement benefits to police officers, may impose an excise tax amounting to 0.85 percent of the gross amount of receipts from policyholders on all premiums collected on casualty insurance policies covering property within the municipality's legally defined limits.<sup>3</sup> The net tax proceeds are paid into the municipal police officers' retirement trust fund established by the municipalities.<sup>4</sup>

### General Law Amendments:

There were no general law amendments resulting from the 2024 Regular Legislative Session.

### Eligibility Requirements:

Each municipality or special fire control district, described and classified in s. 175.041, F.S., having a lawfully established firefighters' pension trust fund, providing pension benefits to firefighters as provided under Chapter 175, F.S., may assess and impose on every insurance company, corporation, or other insurer engaged in the business of property insurance, an excise tax amounting to 1.85 percent of the gross amount of receipts of premiums from policyholders on all premiums collected on property insurance policies covering property within the corporate limits of such municipalities or within the legally defined boundaries of special fire control districts. This section of law also applies to any municipality consisting of a single consolidated government, consisting of a former county and one or more municipalities, consolidated pursuant to Article VIII, s. 3 or 6(e), Fla. Const. (i.e., the City of Jacksonville).<sup>5</sup>

Each municipality, described and classified in s. 185.03, F.S., having a lawfully established municipal police officers' retirement trust fund, providing pension or relief benefits to police officers as provided under Chapter 185, F.S., may assess and impose on every insurance company, corporation, or other insurer engaged in the business of casualty insurance, an excise tax amounting to 0.85 percent of the gross amount of receipts of premiums from policyholders on all premiums collected on casualty insurance policies covering property within the corporate limits of such municipalities. This section of law also applies to any municipality consisting of a single consolidated government, consisting of a former county and one or more municipalities, consolidated pursuant to Article VIII, s. 3 or 6(e), Fla. Const. (i.e., the City of Jacksonville).<sup>6</sup>

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1. Section 175.101(1), F.S.

2. Section 175.091, F.S.

3. Section 185.08(1), F.S.

4. Section 185.07, F.S.

5. Section 175.101, F.S.

6. Section 185.08(1), F.S.

### **Administrative Procedures:**

Both excise taxes are payable annually on March 1<sup>st</sup> of each year after the passage of an ordinance, in the case of a municipal government; or resolution, in the case of a special fire control district, assessing and imposing the taxes.<sup>7</sup> Tax installments are paid according to the provisions of s. 624.5092(2)(a)-(c), F.S. The DOR creates, maintains, and updates an electronic database that designates the local taxing jurisdiction for each street address and address range in the state, and insurance companies are required to exercise due diligence in employing the database to correctly assign parcels to local jurisdictions for tax purposes.<sup>8</sup> The DOR keeps a separate account of all taxes collected on behalf of each municipality or special fire control district. All tax collections are transferred to the Police and Firefighters' Premium Tax Trust Fund [hereinafter Trust Fund] and separately accounted for by the Department of Management Services' Division of Retirement, which administers the Trust Fund.<sup>9</sup>

### **Distribution of Proceeds:**

The Chief Financial Officer disburses those monies collected from both taxes to eligible municipalities and special fire control districts on or before July 1<sup>st</sup> and at other times authorized by the Division of Retirement.<sup>10</sup> Separate from the issue of funding firefighters' pension trust funds, every qualified firefighter is paid supplemental salary compensation by the employing agency if the firefighter has achieved the specified level of educational attainment, and an employing agency may include any municipality, county, or special district that employs such firefighters.

### **Authorized Uses:**

The net proceeds of the 1.85 percent tax are used to supplement firefighters' pension trust funds, and the net proceeds of the 0.85 percent tax are used to supplement police officers' retirement trust funds.

### **Attorney General Opinions:**

Florida's Attorney General has issued the following legal opinions relevant to this revenue source.

<u>Opinion #</u>	<u>Subject</u>
2003-54	City pension fund, amendment of investment authority
2001-67	Firefighters' and Police Officers' pension, premium tax
91-15	Retirement plans
89-90	Police officers' retirement trust fund, s. 185.15
84-100	Contract with private firm for fire protection
78-148	Municipal pension trust funds
78-69	Funds intended for firefighters and policemen, pension
78-03	Trustee of pension plan, city officer
75-277	Fire protection outside boundaries
74-220	Consolidation of police forces of two cities

The full texts of these opinions are available via a searchable on-line database.<sup>11</sup> Local government officials seeking more clarification should review the opinions in their entirety. The reader should keep the date of the opinion in mind when reviewing its relevance to current law or any interpretations that have been

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7. Sections 175.101(3); 185.08(3), F.S.

8. Sections 175.1015; 185.085, F.S.

9. Sections 175.121(1); 185.10(1), F.S.

10. Sections 175.121(2); 185.10(2), F.S.

11. <https://www.myfloridalegal.com/ag-opinions>

articulated in Florida case law.

**Prior Years' Revenues:**

Summaries of prior years' distributions are available.<sup>12</sup>

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12. <http://edr.state.fl.us/Content/local-government/data/data-a-to-z/index.cfm>