# COMMONWEALTH OF MASSACHUSETTS
## DIVISION OF INSURANCE

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LIEUTENANT GOVERNOR

LINDA RUTHARDT
COMMISSIONER


**Bulletin No. 97-06**

TO: All Massachusetts Domiciled Insurance Companies

FROM: Linda L. Ruthardt, Commissioner of Insurance

RE: Business License Tax Invoices from the Town of Quinwood, West Virginia

DATE: July 15, 1997

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The Division of Insurance has recently received a number of inquiries from Massachusetts domiciled insurance companies about "business license tax" invoices sent to insurers on behalf of the town of Quinwood, West Virginia. As indicated in the attached notice from West Virginia, that state's insurance commissioner has determined that these invoices are invalid, and that companies that receive them should not respond to them. The legal basis for this determination is stated in West Virginia's notice. If your company has paid one of these invoices, or if you have questions about this matter, please call the West Virginia insurance commissioner's office at (304) 558-0401.


RECEIVED
DIVISION OF INSURANCE
LEGAL OFFICE

# AN IMPORTANT MESSAGE TO STATE INSURANCE AUTHORITIES REGARDING "BUSINESS LICENSE TAX" NOTICES FROM THE TOWN OF QUINWOOD, WEST VIRGINIA

A number of insurance companies have received what appeared to be tax notices generated by the town of Quinwood, West Virginia. These notices demanded payment of a "1997 business license tax" of $100.00. The notices are postmarked Philadelphia, PA and were mailed on or about June 15, 1997. A (redacted) copy of one of the notices is attached for your inspection.

The notices were generated by a third-party billing service, and not by the municipal authorities of Quinwood. Notices apparently were mailed to a broad array of insurance companies, including companies that are not currently doing business as insurers in Quinwood or even in West Virginia as a whole. Should you receive any inquiries concerning these notices, **please advise insurers <u>not</u> to respond to the notice**. The notices are invalid for the following reasons.

(1) Although West Virginia municipalities are empowered to impose certain taxes, those taxes apply only to entities engaged in business activities within the boundaries of the municipality. **Any insurance company that is not conducting business within the boundaries of Quinwood is not subject to any tax or fee imposed by Quinwood.** Quinwood is a small municipality (population approximately 600) in Greenbrier County, West Virginia. The vast majority of insurance companies that received notices are not engaged in any business activities in Quinwood.

(2) There is reason to believe that the municipal authorities of Quinwood have not enacted the ordinances required by law to impose taxes upon business licenses or activities. That question currently is being addressed by the West Virginia Department of Tax and Revenue. **Unless and until the Tax Commissioner of West Virginia announces that the "business license tax" is validly imposed, even those insurance companies engaged in business in Quinwood should not pay the purported tax.** Any announcement by the Tax Commissioner will be distributed to the original recipients of this notice.

Any insurance companies that have tendered payment of the "1997 business license tax" are asked to contact the Office of the Insurance Commissioner of West Virginia, Legal Division at (304) 558-0401. Additional questions about the notices, or about West Virginia municipal taxes in general, also may be directed to the Legal Division.

Dated: 2 July 97

Hanley C. Clark

Hanley C. Clark
Insurance Commissioner of the State of West Virginia

# Town of Quinwood

PO Box 11081
Charleston, WV 25339-1081

June 15, 1997

[redacted]

ATTN: [redacted]

FEIN# [redacted]
NAIC# [redacted]

COPY

RE: 1997 Business License

Dear Sir/Madam:

The Town of Quinwood 1997 Business License is due and payable on or before July 15, 1997.

Taxes not paid by July 30, 1997 are subject to a 10% penalty.

Please return this form with payment to:

**Town of Quinwood**
**PO Box 11081**
**Charleston, WV 25339-1081**

| Description | Year | Amount |
|---|---|---|
| Insurance Carriers | 1997 | $100.00 |