

MAINE STATE LEGISLATURE

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August 7, 1929

To the Board of State Assessors
Re: Tax on Insurance Premiums

In compliance with your request for a construction of our law with reference to the tax payable on premiums for insurance, and especially with relation to the reciprocal or retaliatory provision. . . I am pleased to inform you that Section 49 of Chapter 9 of our Revised Statutes provides:

"Every insurance company or association which does business or collects premiums or assessments in the State. . . shall, as hereinafter provided, annually pay a tax upon all premiums received. . . at the rate of one and one-half percent a year."

Section 54 of said chapter provides:

"Any insurance company incorporated by a state or country whose laws impose upon insurance companies chartered by this state any greater tax than is herein provided, shall pay the same tax upon business done by it in this state in place of the tax above provided; and the insurance commissioner may require the return upon which such tax may be assessed to be made to him, and the board of state assessors may assess such tax; and if it is not paid as provided in section fifty-six the insurance commissioner shall suspend the right of such company to do business in this state."

You will notice that the rate in Maine is one and one-half percent for all classifications. To this rate there must be added such a percent of tax as may be necessary to equal the tax required by other States, under their classifications, to be paid by companies chartered by this State.

I am in full accord with the retaliatory law principle. . . It is my opinion that the method of assessment stated by Mr. Wilbur D. Spencer (Insurance Commissioner) is the correct one under the provisions of our statute.

Sanford L. Fogg
Deputy Attorney General