

MAINE STATE LEGISLATURE

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OFFICE OF
THE GOVERNOR

NO. 3 FY 97/98
DATE May 27, 1998

**AN ORDER ESTABLISHING THE FINANCIAL
SERVICES TAXATION ADVISORY GROUP**

WHEREAS, the financial services industry has undergone tremendous change in recent years as the role of and services offered by banks, insurance companies, investment firms, and other financial sector participants have evolved in the modern economy; and

WHEREAS, the legal and regulatory barriers dividing traditional banking institutions and other providers of financial services have eroded significantly; and

WHEREAS, banks in Maine, as well as across the nation, can now sell all lines of insurance, annuities, and securities products, while securities underwriting firms and insurance companies are acquiring or establishing financial institutions to engage more directly in banking activities; and

WHEREAS, Maine's tax laws applicable to entities that provide financial services to Maine customers have not undergone comprehensive review in many years; and

WHEREAS, such a review is needed in order to ensure that Maine's tax structure is fair and equitable, and to ensure that the State of Maine is competitive with other states in attracting new businesses providing various types of financial services;

NOW, THEREFORE, I, Angus S. King, Jr., Governor of the State of Maine, do hereby establish the Financial Services Taxation Advisory Group.

Purpose and Charge

The Financial Services Taxation Advisory Group shall conduct a comprehensive review of Maine's tax laws applicable to businesses providing financial services in this State, and shall make recommendations to the Governor and to the Joint Standing Committee on Taxation for necessary changes in order to ensure an equitable and competitive financial services tax structure for the State of Maine, including draft legislation to implement such recommendations.

Membership

Members of the Committee shall represent government, financial institutions, accounting, and legal professions operating in Maine.

The Committee shall consist of 16 members as follows:

1. The State Tax Assessor, who shall serve as the Chair of the Committee;
2. The Commissioner of the Department of Professional and Financial Regulation or her designee;
3. Four members who also serve on the Legislature's Joint Committee on Taxation and Joint Committee on Banking and Insurance. Such members shall be chosen after consultation with the Speaker of the House and President of the Senate and shall represent more than one party;
4. Six members representing banks, insurance companies, investment firms and other organizations that provide financial services; and
5. Two members representing the accounting and legal professions in the State of Maine.
6. Two members representing the general public.

Funding and Staff

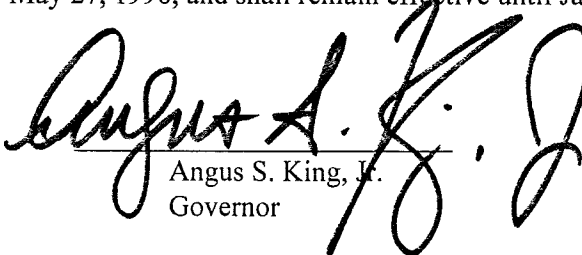
The Committee will be supported, staffed, and funded, within existing resources, by Maine Revenue Services within the Department of Administrative and Financial Services. The Office of Fiscal and Program Review and the Office of Policy and Legal Analysis shall be invited to appoint a designee to serve as a resource to the Committee.

Meetings and Report

The Committee shall meet periodically, with the first meeting to be scheduled before June 25, 1998. All meetings shall be open to the public. The Committee shall have at least one public hearing on its findings before finalizing its recommendations. The Committee shall submit a report to the Governor and the 119th Legislature's Joint Standing Committee on Taxation on its findings and recommendations for legislation, if any, no later than January 15, 1999.

Effective Date

The effective date of this Order is May 27, 1998, and shall remain effective until January 15, 1999.


Angus S. King, Jr.
Governor