

# MAINE STATE LEGISLATURE

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ONE HUNDRED AND FIFTH LEGISLATURE

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**Legislative Document**

**No. 1026**

H. P. 760

House of Representatives, February 23, 1971

Referred to Committee on Business Legislation. Sent up for concurrence and ordered printed.

BERTHA W. JOHNSON, Clerk

Presented by Mr. Trask of Milo.

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STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-ONE

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**AN ACT Exempting Health Insurance Premiums from Premium Tax.**

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Be it enacted by the People of the State of Maine, as follows:

**Sec. 1. R. S., T. 24-A, § 428, sub-§ 5, additional.** Section 428 of Title 24-A of the Revised Statutes, as enacted by section 1 of chapter 132 of the public laws of 1969, is amended by adding a new subsection 5 to read as follows:

5. This section shall not apply so as to impose a premium tax or its equivalent on health insurance as defined by section 704.

**Sec. 2. R. S., T. 36, § 2511, amended.** The last sentence of section 2511 of Title 36 of the Revised Statutes is amended to read as follows:

Every other insurance company or association organized under the laws of this State, except those mentioned in section 2517, including surety companies and companies engaged in the business of credit insurance or title insurance shall annually pay a tax of 1% upon all gross direct premiums written whether in cash or in notes absolutely payable on contracts made in the State for fire, casualty and other risks, less return premiums thereon and less all dividends paid to policyholders and less all premiums and assessments on policies of insurance issued on farm property, **except that no such tax shall be applicable to premiums on health insurance as defined by Title 24-A, section 704.**

**Sec. 3. R. S., T. 36, § 2513, amended.** Section 2513 of Title 36 of the Revised Statutes is amended to read as follows:

**§ 2513. Tax on premiums and annuity considerations**

Every insurance company or association which does business or collects premiums or assessments including annuity considerations in the State, ex-

cept those mentioned in sections 2511 and 2517, including surety companies and companies engaged in the business of credit insurance or title insurance, shall, for the privilege of doing business in this State, and in addition to any other taxes imposed for such privilege annually pay a tax upon all gross direct premiums including annuity considerations, whether in cash or otherwise, on contracts written on risks located or resident in the State for insurance of life, annuity, fire, casualty and other risks at the rate of 2% a year, except that no such tax shall be applicable to premiums on health insurance as defined by Title 24-A, section 704.

#### FISCAL NOTE

It is estimated that this Act will cause a loss of revenue to the State of approximately \$1,000,000 a year, or \$2,000,000 for the biennium.

#### STATEMENT OF FACT

This bill exempts health insurance premiums, whether paid to domestic or foreign insurers, from premium tax. The final section amends the retaliatory provision of the Insurance Code to achieve that result with foreign insurers. It would eliminate the present discrimination between the taxation of commercial health insurance premiums and the exemption of Blue Cross - Blue Shield premiums. It would avoid taxation of an individual's prepayment of his medical expenses by means of health insurance.