

MAINE STATE LEGISLATURE

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(EMERGENCY)
(NEW DRAFT OF H.P. 117, L.D. 102)

FIRST REGULAR SESSION

ONE HUNDRED AND ELEVENTH LEGISLATURE

Legislative Document

No. 821

H.P. 661

House of Representatives, February 22, 1983

Reported by Representative Pouliot from the Committee on Business
Legislation and printed under Joint Rule 2.

EDWIN H. PERT, Clerk

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-THREE

AN ACT to Increase the Tax on Fire
Insurance Premiums.

Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the fire prevention tax funds the State Fire Marshal's office and fire service training programs; and

Whereas, the tax paid by fire and casualty insurance companies licensed in Maine is not sufficient to fund these programs; and

Whereas, legislation is vitally needed to increase this tax which will allow the State Fire Marshal's office to continue to operate; and

1 Whereas, in the judgment of the Legislature,
2 these facts create an emergency within the meaning of
3 the Constitution of Maine and require the following
4 legislation as immediately necessary for the preser-
5 vation of the public peace, health and safety; now,
6 therefore,

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

9 25 MRSA §2399, 2nd ¶, as amended by PL 1981, c.
10 456, Pt. A, §§89 and 90, is further amended to read:

11 Every fire insurance company or association which
12 does business or collects premiums or assessments in
13 the State shall pay to the State Tax Assessor, in ad-
14 dition to the taxes now imposed by law to be paid by
15 ~~such~~ those companies or associations, ~~3/4 .95~~ of 1%
16 of the gross direct premiums for fire risks written
17 in the State, less the amount of all direct return
18 premiums thereon and all dividends paid to policy-
19 holders on direct fire premiums. ~~Such That~~ tax shall
20 be paid ~~at the same time and under the same condi-~~
21 ~~tions~~ as provided for insurance premium taxes as
22 specified in Title 36, section 2521-A, except that
23 the tax prescribed by this section shall be paid on
24 an estimated basis at the end of each quarter start-
25 ing with the first quarter of 1983, with each
26 installment equal to at least 25% of the estimated
27 total tax to be paid for the current calendar year.
28 The State Tax Assessor shall pay over all receipts
29 from ~~such that~~ tax to the Treasurer of State daily.
30 These funds shall be used to defray the expenses
31 incurred by the Commissioner of Public Safety in ad-
32 ministering all fire preventive and investigative
33 laws, rules and regulations and in educating the
34 public in fire safety and are appropriated for ~~such~~
35 those purposes and to carry out the administration
36 and duties of the Office of State Fire Marshal.
37 These In addition, 10.5% of these funds shall also be
38 used to defray the expenses of the fire service
39 training program as established in Title 20, chapter
40 315.

41 Emergency clause. In view of the emergency cited
42 in the preamble, this Act shall take effect when
43 approved.

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STATEMENT OF FACT

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This new draft increases the fire prevention tax paid by the fire and casualty insurance companies licensed in Maine, and produces additional revenues estimated at \$200,000 to fund the State Fire Marshal's office and fire services training.

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In addition, the new draft earmarks a percentage of the funds to go to fire services training, in order to provide some predictability in revenues for this program, which is administered through the Department of Educational and Cultural Services.

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Finally, the tax payment mechanism is revised to assure that payments are made on a quarterly basis, and in view of anticipated taxes for the current year, rather than the prior year. This is in part to assure that the increase called for by the new draft will be recognized in the near future.

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