

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND TWELFTH LEGISLATURE
4

5 Legislative Document

No. 406

7 H.P. 317

House of Representatives, February 5, 1985

8 Submitted by the Department of Finance and Administration pursuant to
Joint Rule 24.

9 Reference to the Committee on Taxation suggested and ordered printed.

10 EDWIN H. PERT, Clerk

Presented by Representative Mayo of Thomaston.

11 Cosponsored by Senator Dow of Kennebec, Senator Bustin of Kennebec
and Representative Higgins of Portland.

12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-FIVE
16

17 AN ACT to Equalize the Treatment of State
18 Deferred Compensation Plans Under the
19 Insurance Premium Tax.
20

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

23 36 MRSA §2514, as amended by PL 1975, c. 641, is
24 further amended to read:

25 §2514. Applicability of provisions

26 Sections 2511, 2512 and 2513 shall not apply to
27 the taxation of any annuity consideration on any an-
28 nuity contract issued prior to August 1, 1943. Sec-
29 tions 2511, 2512 and 2513 shall not apply to any pre-
30 mium from an insurance contract, which premium is re-
31 ceived prior to October 1, 1969, or any considera-
32 tion, regardless of when received, from any retire-
33 ment annuity contracts issued by an insurance or an-
34 nuity company organized and operated without profit
35 to any private shareholder or individual exclusively

1 for the purpose of aiding nonproprietary educational
2 and scientific institutions pursuant to a retirement
3 program established under ~~section 403 (b)~~ of the
4 United States Internal Revenue Code, Section 403 (b).
5 Premiums or considerations received from life insur-
6 ance policies or annuity contracts issued in connec-
7 tion with the funding of a pension, annuity or prof-
8 it-sharing plan or individual retirement account or
9 annuity qualified or exempt under sections 401, 403,
10 404, 408 or 501 of the United States Internal Revenue
11 Code, Sections 401, 403, 404, 408, 457 or 501 as now
12 or hereafter amended or renumbered from time to time,
13 shall be ~~exempt~~ deferred from tax until the commence-
14 ment of distribution from the insurance policy or an-
15 nuity contract. The tax shall apply to the total
16 amount of tax deferred contributions in accordance
17 with this section.

18 STATEMENT OF FACT

19 This bill provides for 2 statutory changes.

20 First, it defers contributions by state employees
21 to the approved deferred compensation plans from the
22 insurance premium tax. Current law requires the car-
23 rier companies to remit a premium tax on annuity con-
24 siderations as contributions are made. Annuity con-
25 siderations received from annuities qualified or ex-
26 empt under the United States Internal Revenue Code,
27 Sections 401, 403, 404, 408 or 501 are deferred from
28 tax at the time of contribution. State deferred com-
29 pensation plans fall under the United States Internal
30 Revenue Code, Section 457. This bill is necessary in
31 order to provide uniform treatment for federally
32 qualified plans for purposes of the insurance premium
33 tax.

34 Secondly, it clarifies that the insurance premium

1 tax is deferred on premiums in the Revised Statutes,
2 Title 36, section 2514. Deferral is only until dis-
3 tribution from the plan to an individual recipient
4 commences, then the tax computed on total contribu-
5 tions is due.

6

0370121784