

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 295

H.P. 215

House of Representatives, February 21, 1989

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

Presented by Representative TELOW of Lewiston.

STATE OF MAINE

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

An Act to Change the Taxation of Annuities.



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

3 Sec. 1. 36 MRSA §2512, as amended by PL 1985, c. 783, §10, is
5 further amended to read:

7 **§2512. Annual returns to Superintendent of Insurance**

9 Every domestic life insurance company shall include in its
11 annual return to the Superintendent of Insurance a statement of
13 the amount of premiums and--annuity--considerations liable to
15 taxation as provided in section 2513, and of the real estate held
17 by it on the 31st day of the previous December, showing in detail
19 the amount of all premiums including--annuity--considerations
21 whether in cash or notes absolutely payable, received by the
company from residents of this State during the preceding
calendar year and all dividends paid to policyholders in this
State on account of the premiums or--annuity--considerations as
required by blanks furnished by the superintendent. The taxes
provided by section 2513 shall be paid as provided in section
2521-A, and this section and section 2518 shall be applicable
thereto.

23 Sec. 2. 36 MRSA §2513, as amended by PL 1985, c. 783, §11, is
25 further amended to read:

27 **§2513. Tax on premiums**

29 Every insurance company or association which does business
31 or collects premiums or assessments including---annuity
33 considerations in the State, except those mentioned in section
35 2517, including surety companies and companies engaged in the
37 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 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. For purposes of this
chapter, the term "premium" does not include consideration
received for an annuity.

41 Sec. 3. 36 MRSA §2514, as amended by PL 1987, c. 343, §7, is
43 further amended to read:

45 **§2514. Applicability of provisions**

47 ~~Sections 2512 and 2513 shall not apply to the taxation of~~
49 ~~any annuity consideration on any annuity contract issued prior to~~
~~August 1, 1943.~~ Sections 2512 and 2513 shall not apply to any
premium from an insurance contract, which premium is received
51 prior to October 1, 1969, ~~or any consideration, regardless of~~
~~when received, from any retirement annuity contracts issued by an~~

1 insurance--or--annuity--company--organized--and--operated--without
profit--to--any--private--shareholder--or--individual--exclusively--for
3 the--purpose--of--aiding--nonproprietary--educational--and--scientific
institutions--pursuant--to--a--retirement--program--established--under
5 the--United--States--Internal--Revenue--Code,--Section--403--(b).
Premiums ~~or--considerations~~ received from life insurance policies
7 ~~or--annuity--contracts~~ issued in connection with the funding of a
deferred compensation plan described under the United States
9 Internal Revenue Code, Section 457, a pension, annuity or
profit-sharing plan or individual retirement account or annuity
11 qualified or exempt under the United States Internal Revenue
Code, Section 401, 403, 404, 408 or 501, as now or hereafter
13 amended or renumbered from time to time, shall be exempt from
tax.

15

FISCAL NOTE

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19 It is estimated that enactment of this bill will decrease
state revenue to the General Fund by approximately \$500,000 each
fiscal year.

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STATEMENT OF FACT

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The bill excludes annuity consideration earned by insurance
companies from the premium tax.

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