

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

No. 386

H.P. 278

House of Representatives, January 14, 1999

**An Act to Equalize the Taxation Treatment of Health Insurance
Companies and Health Maintenance Organizations.**

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative SAXL of Bangor.
Cosponsored by Senator LaFOUNTAIN of York and
Representatives: BROOKS of Winterport, COLWELL of Gardiner, FISHER of Brewer,
HATCH of Skowhegan, McKEE of Wayne, O'NEIL of Saco, SAMSON of Jay, SAXL of
Portland.

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

4 **Sec. 1. 36 MRSA §2513-C is enacted to read:**

6 **§2513-C. Tax on premiums of health maintenance organizations**

8 For purposes of this chapter, a health maintenance
10 organization as defined in Title 24-A, section 4202-A, subsection
12 10 and organized as a corporation under the Maine Business
Corporation Act is considered an insurance company and is subject
to taxation on premiums under this chapter as though it were an
insurance company transacting health insurance business.

14 **Sec. 2. Revenue from tax on premiums of health maintenance**
16 **organizations.** All tax revenue collected as a result of the
18 enforcement of this Act must be divided between the elderly
20 low-cost drug program established in the Maine Revised Statutes,
Title 22, section 254 and the Cub Care program established in
Title 22, section 3174-T.

22 **SUMMARY**

24 This bill makes for-profit health maintenance organizations
26 subject to the insurance premium tax. It also requires that the
tax revenue generated from the taxation of health maintenance
28 organizations be divided between the elderly low-cost drug
program and the Cub Care program.