

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

No. 458

H.P. 342

House of Representatives, January 14, 1999

An Act to Ensure Fair Taxation of Insurance and Securities Sales.

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in black ink that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative MAYO of Bath.
Cosponsored by Senator KIEFFER of Aroostook and
Representatives: PERRY of Bangor, STANWOOD of Southwest Harbor, Senators: RAND of
Cumberland, SMALL of Sagadahoc.

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

4 Sec. 1. 36 MRSA §5206-H is enacted to read:

6 **§5206-H. Income tax imposed on sales of insurance and securities**

8 The Maine net income of a financial institution, affiliated
10 group or business entity owned by a financial institution or
12 affiliated group is subject to income tax imposed by chapter 803,
805, 807, 815 or 817 and not subject to franchise tax imposed by
section 5206 if the Maine net income is derived from engaging in
the following activities:

14 1. Sales of insurance. The financial institution,
16 affiliated group or business entity earns commissions or fees on
the sale of insurance as an insurance producer or consultant
18 licensed in accordance with Title 24-A, section 1402; or

20 2. Sales of securities. The financial institution,
22 affiliated group or business entity earns commissions or fees as
a broker-dealer or a sales representative on securities as
defined in Title 32, section 10501.

24 **SUMMARY**

26 This bill subjects Maine net income derived from sales of
28 insurance and securities to state income tax regardless of
30 whether or not the insurance agency or securities broker-dealer
is owned by a financial institution or affiliated group subject
to the franchise tax.