

# MAINE STATE LEGISLATURE

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# 119th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1999

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Legislative Document

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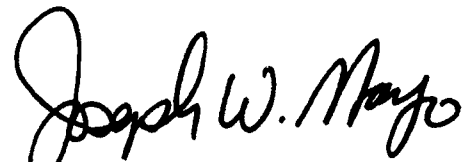
House of Representatives, February 2, 1999

**An Act to Amend the Captive Insurance Company Laws with Respect to  
Taxation.**

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Submitted by the Department of Professional and Financial Regulation pursuant to Joint Rule 204.

Reference to the Committee on Taxation suggested and ordered printed.

  
JOSEPH W. MAYO, Clerk

Presented by Representative DUDLEY of Portland.

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

4 **Sec. 1. 36 MRSA §2513-B, sub-§3**, as enacted by PL 1997, c.  
435, §2, is repealed.

6  
8 **SUMMARY**

10 This bill repeals a subsection of Maine's captive insurance  
12 company law. The bill removes the tax penalty on Maine  
corporations seeking to establish a captive insurance company.

14 The effect of this proposed change is to remove the tax  
16 penalty levied on Maine parent corporations forming Maine  
18 domiciled captive insurance companies. The law, as currently  
20 written, taxes Maine domiciled captives of Maine parent  
corporations at 2% on direct premiums while taxing Maine  
domiciled captives formed by parent corporations foreign to Maine  
at a rate ranging from 3/8's of 1% to 75/1000's of 1%. The  
higher rate on Maine parent corporations may be a disincentive  
for them to form captives in this State.