

MAINE STATE LEGISLATURE

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126th MAINE LEGISLATURE

FIRST REGULAR SESSION-2013

Legislative Document

No. 296

H.P. 205

House of Representatives, February 7, 2013

**An Act To Equalize the Fire Investigation and Prevention Tax Paid
by Insurers**

Reference to the Committee on Insurance and Financial Services suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative LAJOIE of Lewiston.
Cosponsored by Senator TUTTLE of York and
Representatives: BEAUDOIN of Biddeford, GILBERT of Jay, LIBBY of Lewiston, MAKER
of Calais, PEASE of Morrill, PLANTE of Berwick, SHAW of Standish, WERTS of Auburn.

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

2 **Sec. 1. 25 MRSA §2399, 2nd ¶**, as amended by PL 1997, c. 728, §22, is further
3 amended to read:

4 Every fire insurance company or association that does business or collects premiums
5 or assessments in the State shall pay to the State Tax Assessor, in addition to the taxes
6 now imposed by law to be paid by those companies or associations, 1.4% of the gross
7 direct premiums for fire risks written in the State, less the amount of all direct return
8 premiums thereon and all dividends paid to policyholders on direct fire premiums. The
9 Department of Professional and Financial Regulation, Bureau of Insurance shall
10 determine every 5 years the basis percentage of fire risk allocated to each line of
11 insurance, and every fire insurance company or association shall pay the 1.4% tax based
12 on that basis allocation. That tax must be paid as provided for insurance premium taxes
13 as specified in Title 36, section 2521-A, except that the tax prescribed by this section
14 must be paid on an estimated basis at the end of each month starting July 31, 1998, with
15 each installment equal to at least 1/12 of the estimated total tax to be paid for the current
16 calendar year. The State Tax Assessor shall pay over all receipts from that tax to the
17 Treasurer of State daily. Of these funds 75.7% must be used to defray the expenses
18 incurred by the Commissioner of Public Safety in administering all fire preventive and
19 investigative laws and rules and in educating the public in fire safety and is appropriated
20 for those purposes and to carry out the administration and duties of the Office of the State
21 Fire Marshal. Of these funds 24.3% must be used to defray the expenses of the fire
22 training and education program as established in Title 20-A, chapter 319.

23 **SUMMARY**

24 The purpose of this bill is to ensure that all fire insurance companies and associations
25 doing business in Maine collect and pay the fire investigation and prevention tax at the
26 same rate. This bill requires the Department of Professional and Financial Regulation,
27 Bureau of Insurance to determine every 5 years the basis percentage of fire risk allocated
28 to each line of insurance and requires that fire insurance companies and associations pay
29 the established percentage based on the basis allocation.