

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)

DMG  
RODS

Date: 5/24/17

TAXATION

Reproduced and distributed under the direction of the Clerk of the House.

STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
128TH LEGISLATURE  
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 223, L.D. 290, Bill, "An Act To Phase Out the Insurance Premium Tax on Annuities"

Amend the bill by striking out all of section 2 and inserting the following:

'Sec. 2. 36 MRSA §2513-C is enacted to read:

§2513-C. Tax on annuity considerations

1. Phase-out of tax. Notwithstanding the other provisions of this chapter, the rate of tax under this chapter for annuity considerations is 1.5% in 2018, 1% in 2019 and 0.5% in 2020. Beginning in 2021, annuity considerations are not subject to tax under this chapter, but taxes due for previous years may be collected.

2. Application of reduced rate on annuities. The reduced rates specified in subsection 1 for 2018, 2019 and 2020 apply to premiums on an annuity paid by annuity holders in this State only if the tax savings from the reduced rate are credited to the annuity holders. Upon request of the bureau, an insurer shall submit evidence that establishes that the tax savings derived from the reduced rate under this section have been credited to the annuity holders.

Sec. 3. 36 MRSA §2515, as amended by PL 2013, c. 331, Pt. C, §11, is further amended to read:

§2515. Amount of tax

In determining the amount of tax due under sections 2513 and 2531, each company shall deduct from the full amount of gross direct premiums the amount of all direct return premiums on the gross direct premiums and all dividends paid to policyholders on direct premiums, and the tax must be computed by those companies or their agents. Except when direct return premiums are returned in the same tax year that the premium was paid, the deduction allowed in this section may be taken only if the tax under this Part has been paid. The deductions under this section related to annuity considerations may be deducted only from annuity considerations.

COMMITTEE AMENDMENT

R.O.F.S

1 **Sec. 4. Application.** That section of this Act that amends the Maine Revised  
2 Statutes, Title 36, section 2515 applies to tax periods beginning on or after January 1,  
3 2018.

4 **Sec. 5. Appropriations and allocations.** The following appropriations and  
5 allocations are made.

6 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

7 **Revenue Services, Bureau of 0002**

8 Initiative: Provides one-time funding to adjust the premium tax return to reflect updated  
9 rates for annuity premiums.

10	<b>GENERAL FUND</b>	<b>2017-18</b>	<b>2018-19</b>
11	All Other	\$33,000	\$0
12			
13	<b>GENERAL FUND TOTAL</b>	<u>\$33,000</u>	<u>\$0</u>
14			

15 **SUMMARY**

16 This amendment provides that premiums on annuities are subject to premium tax  
17 during the phase-out period proposed in the bill at the prescribed rate only if the insurer  
18 credits the savings from the rate reduction to annuity holders. The amendment clarifies  
19 that certain deductions related to annuities may be deducted only from annuity  
20 considerations for tax periods beginning on or after January 1, 2018.

21 This amendment also provides one-time funding to the Department of Administrative  
22 and Financial Services to adjust the premium tax return.

23 **FISCAL NOTE REQUIRED**

24 **(See attached)**



# 128th MAINE LEGISLATURE

LD 290

LR 901(02)

An Act To Phase Out the Insurance Premium Tax on Annuities

Fiscal Note for Bill as Amended by Committee Amendment

*A (H-282)*

Committee: Taxation

Fiscal Note Required: Yes

## Fiscal Note

	FY 2017-18	FY 2018-19	Projections FY 2019-20	Projections FY 2020-21
<b>Net Cost (Savings)</b>				
General Fund	\$1,031,000	\$2,528,000	\$4,103,000	\$5,678,000
<b>Appropriations/Allocations</b>				
General Fund	\$33,000	\$0	\$0	\$0
<b>Revenue</b>				
General Fund	(\$998,000)	(\$2,528,000)	(\$4,103,000)	(\$5,678,000)

### Fiscal Detail and Notes

Phasing out the insurance premium tax over 4 years would result in a loss of General Fund revenue of \$998,000 in fiscal year 2017-18 and \$2,528,000 in fiscal year 2018-19. The bill includes a one-time General Fund appropriation to the Department of Administrative and Financial Services of \$33,000 in fiscal year 2017-18 to adjust the premium tax return to reflect updated rates for annuity premiums.