

MAINE STATE LEGISLATURE

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Date: 3/21/19

TAXATION

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
129TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 453, L.D. 625, 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 1.8% in calendar year 2020, 1.6% in calendar year 2021, 1.4% in calendar year 2022, 1.2% in calendar year 2023, 1% in calendar year 2024, 0.8% in calendar year 2025, 0.6% in calendar year 2026, 0.4% in calendar year 2027 and 0.2% in calendar year 2028. Beginning in calendar year 2029, 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 calendar years 2020 to 2028 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.

3. Foreign insurance companies. Section 2519 does not apply to annuity considerations subject to tax under this section.'

Amend the bill by adding after section 3 the following:

'Sec. 4. Appropriations and allocations. The following appropriations and allocations are made.

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF
Revenue Services, Bureau of 0002

Initiative: Provides one-time funding for computer programming costs.

COMMITTEE AMENDMENT



129th MAINE LEGISLATURE

LD 625

LR 612(02)

An Act To Phase Out the Insurance Premium Tax on Annuities

Fiscal Note for Bill as Amended by Committee Amendment *A(H-32)*

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

	FY 2019-20	FY 2020-21	Projections FY 2021-22	Projections FY 2022-23
Net Cost (Savings)				
General Fund	\$303,000	\$800,000	\$1,380,000	\$1,970,000
Appropriations/Allocations				
General Fund	\$33,000	\$0	\$0	\$0
Revenue				
General Fund	(\$270,000)	(\$800,000)	(\$1,380,000)	(\$1,970,000)

Fiscal Detail and Notes

This bill phases out the insurance premium tax on annuity considerations over a 10 year period with the tax eliminated in year 10 and thereafter. This would result in a loss of General Fund revenue of \$270,000 in fiscal year 2019-20 and \$800,000 in fiscal year 2020-21. When fully phased out the loss of General Fund revenue will have grown to \$5,600,000 annually. The bill includes a one-time General Fund appropriation to the Department of Administrative and Financial Services of \$33,000 in fiscal year 2019-20 for computer programming costs.