

MAINE STATE LEGISLATURE

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E I G H T Y - N I N T H L E G I S L A T U R E

Legislative Document

No. 107

H. P. 389

House of Representatives, January 25, 1939.

Referred to Committee on Mercantile Affairs and Insurance. Sent up for concurrence and 500 copies ordered printed.

HARVEY R. PEASE, Clerk.

Presented by Mr. Young of Old Orchard Beach.

S T A T E O F M A I N E

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
THIRTY-NINE

AN ACT Relating to Taxation of Insurance Companies.

Emergency preamble. Whereas, taxes imposed on insurance companies are payable on or before the 1st day of May of each year; and

Whereas, the following changes in the laws relating to taxation of insurance companies are necessary because of certain court decisions and other conditions which make the present tax statutes unjust and inequitable; and

Whereas, in order that these necessary changes may be made in time to make the provisions of this act apply to taxes to be assessed as of April 1, 1939, it is necessary that this act become immediately effective; and

Whereas, in the judgment of the legislature these facts create an emergency within the meaning of section 16 of Article XXXI of the constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore

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

Sec. 1. R. S., c. 12, § 50, amended. Section 50 of chapter 12 of the revised statutes is hereby amended to read as follows:

'Sec. 50. Domestic insurance companies to be taxed on real estate and premiums. Every life insurance company or association, organized under the laws of this state, in lieu of all other taxation, shall be taxed as follows: First, its real estate shall be taxed by the municipality in which such real estate is situated, in the same manner as other real estate is taxed therein. Second, it shall pay a tax of ~~two per cent~~ **1% upon all gross direct premiums**, whether in cash or notes absolutely payable, received from residents of this state during the year preceding the assessment, as hereinafter provided, first deducting therefrom all **return premiums and all dividends** paid to policyholders in this state on account of said premiums. ~~Third, it shall pay a tax of one half of one per cent a year on its surplus, computed according to the laws of this state, after deducting the value of its real estate in this state, as fixed in determining such surplus; said surplus shall be determined by the insurance commissioner, and his certificate thereof to the treasurer of state shall be final.~~ Every other insurance company or association organized under the laws of this state, except those mentioned in section 55, including surety companies and companies engaged in the business of credit insurance or title insurance shall as hereinafter provided annually pay a tax of **1% upon all gross direct premiums** written whether in cash or in notes absolutely payable on contracts made in the state for fire, casualty and other risks, less return premiums thereon and less all dividends paid to policyholders and less all premiums and assessments on policies of insurance issued on farm property.'

Sec. 2. R. S., c. 12, § 51, amended. Section 51 of chapter 12 of the revised statutes is hereby amended to read as follows:

'Sec. 51. To return to insurance commissioner statement of premiums liable to taxation. Every such domestic life insurance company shall include in its annual return to the insurance commissioner a statement of the amount of premiums liable to taxation as provided in the preceding section, and of the real estate held by it on the 31st day of the previous December, showing in detail the amount of all premiums whether in cash or notes absolutely payable, received by said company from residents of this state during the year preceding the assessment, and all dividends paid to policyholders in this state on account of said premiums as required by blanks furnished by the commissioner. The ~~tax~~ **taxes** provided by the preceding section shall be assessed and paid as provided in section 59, and said section and section 56 shall be applicable thereto.'

Sec. 3. R. S., c. 12, § 52, amended. Section 52 of chapter 12 of the revised statutes, as amended by chapter 170 of the public laws of 1933, is hereby further amended to read as follows:

'Sec. 52. All insurance companies to pay tax on premiums. Every insurance company or association which does business or collects premiums or assessments in the state, except those mentioned in sections 50 and 55 including surety companies and companies engaged in the business of credit insurance or title insurance, shall, **for the privilege of doing business in this state, and in addition to any other taxes imposed for such privilege,** as hereinafter provided, annually pay a tax upon all **gross direct premiums received** whether in cash or in notes absolutely payable, on contracts ~~made~~ **written on risks located or resident** in the state for insurance of life, fire, and casualty and other risks at the rate of ~~1 1/2~~ **2%** a year, ~~provided, however, that no tax shall be required on account of any premium paid or assessment levied on policies of insurance issued on farm property.'~~

Sec. 4. R. S., c. 12, § 53, amended. Section 53 of chapter 12 of the revised statutes is hereby amended to read as follows:

'Sec. 53. Amount of tax, how determined. In determining the amount of tax due under the preceding section, there shall be deducted by each company from the full amount of **gross direct premiums received**, the amount of all **direct return premiums on policies canceled, and all dividends paid to policyholders on direct premiums,** ~~the amount of all premiums paid to companies authorized to transact business in this state for reinsurance of risks in the state,~~ and the tax shall be computed ~~on the amount thus actually received~~ by said companies or their agents as aforesaid.'

Sec. 5. R. S., c. 12, § 54, amended. Section 54 of chapter 12 of the revised statutes is hereby amended to read as follows:

'Sec. 54. Such companies to make returns. Every company or association which by ~~the two preceding sections 50 and 52~~ is required to pay a tax, shall, on or before the 31st day of each January, make a return under oath to the insurance commissioner, stating the amount of all **direct premiums received written** by said company, either in cash or notes absolutely payable, **on risks located or resident in this state** during the year ending on the 31st day of December previous, the amount of **direct return premiums on policies canceled and dividends paid to policyholders** during the year. ~~the amount of all premiums paid to or received from other companies during the year for insurance or reinsurance of risks in this state; the names of the companies with which such insurance or reinsurance was affected; the amount of the policies and the premiums on the same.'~~

Emergency clause. In view of the emergency cited in the preamble, this act shall take effect when approved.