



128th MAINE LEGISLATURE

FIRST REGULAR SESSION-2017

Legislative Document

No. 290

H.P. 223

House of Representatives, January 31, 2017

An Act To Phase Out the Insurance Premium Tax on Annuities

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative CHACE of Durham.
Cosponsored by Senator CUSHING of Penobscot and
Representatives: BICKFORD of Auburn, FOLEY of Wells, GILLWAY of Searsport,
HILLIARD of Belgrade, PICCHIOTTI of Fairfield, PIERCE of Dresden, WHITE of
Washburn.

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

2 **Sec. 1. 36 MRSA §2513, first ¶**, as amended by PL 2011, c. 331, §12 and
3 affected by §§16 and 17, is further amended to read:

4 ~~Every~~ Except as provided in section 2513-C, every insurance company or association
5 that does business or collects premiums or assessments including annuity considerations
6 in the State, including surety companies and companies engaged in the business of credit
7 insurance or title insurance, shall, for the privilege of doing business in this State and in
8 addition to any other taxes imposed for that privilege, pay a tax upon all gross direct
9 premiums including annuity considerations, whether in cash or otherwise, on contracts
10 written on risks located or resident in the State for insurance of life, annuity, fire, casualty
11 and other risks at the rate of 2% a year. Every nonadmitted insurer that does business or
12 collects premiums in the State shall, for the privilege of doing business in this State and
13 in addition to any other taxes imposed for that privilege, pay a tax upon all gross direct
14 premiums, whether in cash or otherwise, as provided in section 2531. For purposes of
15 ~~this section~~ chapter, the term "annuity considerations" includes amounts paid to an
16 insurance company for the purchase of a contract that may result in an annuity, even if
17 the annuitization never occurs or does not occur until some time in the future and the
18 amounts are in the meantime applied to an investment vehicle other than an annuity. This
19 section does not apply to mutual fire insurance companies subject to tax under section
20 2517 or to captive insurance companies formed or licensed under Title 24-A, chapter 83
21 or under the laws of another state.

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

23 **§2513-C. Phase out of tax on annuity considerations**

24 Notwithstanding the other provisions of this chapter, the rate of tax under this chapter
25 for annuity considerations is 1.5% in 2018, 1% in 2019 and 0.5% in 2020. Beginning in
26 2021, annuity considerations are not subject to tax under this chapter, but taxes due for
27 previous years may be collected.

28 **SUMMARY**

29 This bill phases out the insurance premium tax on annuity considerations over 4 years
30 beginning in 2018. Annuity considerations are no longer subject to insurance premium
31 tax beginning in 2021.