



# 131st MAINE LEGISLATURE

## FIRST SPECIAL SESSION-2023

---

Legislative Document

No. 1979

---

H.P. 1272

House of Representatives, May 22, 2023

### An Act Regarding Surplus Lines Insurance Tax

(AFTER DEADLINE)

---

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.

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 PERRY of Bangor.

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

2 **Sec. 1. 36 MRSA §2531, sub-§2**, as amended by PL 2021, c. 630, Pt. A, §2, is  
3 further amended to read:

4 **2. Rate and incidence of tax.** Except as otherwise provided in section 2532, the rate  
5 of taxation ~~on~~ is 3% of the premiums subject to tax under this section ~~is the greater of 3%~~  
6 ~~and the highest rate of taxation that applies to nonadmitted insurance premiums in the state,~~  
7 ~~district or possession of the United States or province of Canada in which the insurer is~~  
8 ~~incorporated. For purposes of this section, an insurance company incorporated in another~~  
9 ~~country is deemed to be incorporated in the state, district or possession of the United States~~  
10 ~~where it has elected to make its deposit and establish its principal agency in the United~~  
11 ~~States.~~ For all coverage placed in accordance with Title 24-A, chapter 19, the tax must be  
12 paid by the surplus lines producer. For all other nonadmitted insurance, the tax must be  
13 paid by the insured.

14 **SUMMARY**

15 Under current law, premiums for direct insurance and annuity considerations are  
16 subject to tax at the rate of 3% or whatever rate is imposed in the jurisdiction in which the  
17 insurance company is incorporated, whichever is greater, except for certain nonadmitted  
18 insurance premiums.

19 This bill removes the imposition of a higher rate of tax on premiums for direct  
20 insurance and annuity considerations for insurers incorporated outside of the State. Under  
21 the bill, all premiums are subject to a 3% tax rate.