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TAXATION

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

COMMITTEE AMENDMENT “ ” 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.

1	GENERAL FUND	2019-20	2020-21
2	All Other	\$33,000	\$0
3			
4	GENERAL FUND TOTAL	<u>\$33,000</u>	<u>\$0</u>
5			

6 Amend the bill by relettering or renumbering any nonconsecutive Part letter or
7 section number to read consecutively.

8 **SUMMARY**

9 This amendment changes the phase-out of the insurance premium tax on annuity
10 considerations from 4 years to 9 years and provides that during the phase-out period the
11 retaliatory tax on non-Maine insurance companies does not apply. The amendment also
12 adds an appropriations and allocations section.

13 **FISCAL NOTE REQUIRED**

14 **(See attached)**