



191 Main Street, Suite 310 – Annapolis MD 21401 – 410-268-6871

March 2, 2020

The Honorable Anne R. Kaiser, Chairman  
Room 131, House Office Building  
Annapolis, Maryland 21401

RE: HB 1628 – Sales and Use Tax - Rate Reduction and Services-OPPOSED

Dear Chairman Kaiser and Members of the Committee,

On behalf of the Maryland Association of Mutual Insurance Companies (MAMIC), I respectfully request an unfavorable report on House Bill 1628.

MAMIC is comprised of eleven mutual insurance companies that are headquartered in Maryland and neighboring states. Approximately one-half of our members are domiciled in Maryland, and are key contributors and employers in our local communities. Together, MAMIC members offer a wide variety of insurance products and services and provide coverage for thousands of Maryland citizens. As mutual insurers, MAMIC members are owned entirely by our policyholders, and any profits earned are either retained by the company or returned to policyholders in the form of dividends. By contrast, stock insurers are owned by shareholders. Profits generated by a stock insurer are distributed to investors who may or may not have a policy of insurance with the company.

House Bill 1628 would subject MAMIC members to the payment of sales taxes imposed under this legislation. We note that the insurance industry is already heavily regulated under Maryland law, and like other states, Maryland already charges a premium tax on most insurance premiums. This is analogous to the sales tax contemplated under HB 1628.

Because the imposition of a sales tax on insurance-related services is an entirely new subject, it should be thoroughly examined before adoption in any form by the Maryland General Assembly. Given the brief time remaining during this year's legislative session, coupled with the many other issues that now require the attention of our legislators, there is simply insufficient time to consider the implications of this bill.

For these reasons, we respectfully request an unfavorable report on House Bill 1628.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jill Showalter', with a horizontal line extending to the right.

Jill Showalter, President