

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
116TH LEGISLATURE  
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1320, L.D. 1782, Bill, "An Act to Clarify the Tax-exempt Status of Nonprofit Rental Housing"

Amend the bill by striking out everything after the enacting clause and before the emergency clause and inserting in its place the following:

Sec. 1. 36 MRSA §652, sub-§1, ¶C, as amended by PL 1993, c. 422, §4, is further amended to read:

C. Further conditions to the right of exemption under paragraphs A and B are that:

(1) Any corporation claiming exemption under paragraph A must be organized and conducted exclusively for benevolent and charitable purposes;

(2) A director, trustee, officer or employee of an organization claiming exemption is not entitled to receive directly or indirectly any pecuniary profit from the operation of that organization, excepting reasonable compensation for services in effecting its purposes or as a proper beneficiary of its strictly benevolent or charitable purposes;

(3) All profits derived from the operation of an organization claiming exemption and the proceeds from the sale of its property are devoted exclusively to the purposes for which it is organized;

COMMITTEE AMENDMENT

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COMMITTEE AMENDMENT "A" to H.P. 1320, L.D. 1782

2 (4) The institution, organization or corporation  
4 claiming exemption under this subsection shall file  
6 with the tax assessors upon their request a report for  
its preceding fiscal year in such detail as the tax  
assessors may reasonably require;

8 (5) An exemption is not allowed under this subsection  
10 in favor of an agricultural fair association holding  
12 pari-mutuel racing meets unless it has qualified the  
next preceding year as a recipient of the "Stipend  
Fund" provided in Title 7, section 62; and

14 ~~(6) -- Real or personal property owned, occupied or used  
16 to provide residential rental housing that is used on  
18 other than a transient basis and during or before tax  
year 1993 was not exempt under paragraph A or B, is not  
exempt in any tax year after 1993.~~

20 ~~For purposes of this subparagraph, "residential rental  
22 housing" does not include property used as a nonprofit  
24 nursing home, boarding home or boarding care facility  
licensed by the Department of Human Services pursuant  
to Title 22, chapter 1665 or community living  
26 facilities as defined in Title 30-A, section 4357,  
28 subsection 2, paragraph B or any property of a  
nonprofit organization licensed as a mental health  
Retardation pursuant to Title 34-B, section 1203-A.~~

30 ~~This subparagraph does not apply to property conveyed  
32 to a nonprofit corporation on or before September 1,  
1993.~~

34 ~~This subparagraph is repealed March 31, 1994.~~

36 (6) An exemption allowed under paragraph A or B for  
38 real or personal property owned and occupied or used to  
40 provide federally subsidized residential rental housing  
42 is limited as follows: Federally subsidized  
44 residential rental housing placed in service prior to  
46 September 1, 1993 by other than a nonprofit housing  
48 corporation that is acquired on or after September 1,  
1993 by a nonprofit housing corporation and the  
operation of which is not an unrelated trade or  
business to that nonprofit housing corporation is  
eligible for an exemption limited to 50% of the  
municipal assessed value of that property.

2 An exemption granted under this subparagraph must be  
3 revoked for any year in which the owner of the property  
4 is no longer a nonprofit housing corporation or the  
5 operation of the residential rental housing is an  
6 unrelated trade or business to that nonprofit housing  
7 corporation.

8 (a) For the purposes of this subparagraph, the  
9 following terms have the following meanings.

10 (i) "Federally subsidized residential rental  
11 housing" means residential rental housing  
12 that is subsidized through project-based  
13 rental assistance, operating assistance or  
14 interest rate subsidies paid or provided by  
15 or on behalf of an agency or department of  
16 the Federal Government.

17 (ii) "Nonprofit housing corporation" means a  
18 nonprofit corporation organized in the State  
19 that is exempt from tax under Section  
20 501(c)(3) of the Code and has among its  
21 corporate purposes the provision of services  
22 to people of low income or the construction,  
23 rehabilitation, ownership or operation of  
24 housing.

25 (iii) "Residential rental housing" means one  
26 or more buildings, together with any  
27 facilities functionally related and  
28 subordinate to the building or buildings,  
29 located on one parcel of land and held in  
30 common ownership prior to the conversion to  
31 nonprofit status and containing 9 or more  
32 similarly constructed residential units  
33 offered for rental to the general public for  
34 use on other than a transient basis, each of  
35 which contains separate and complete  
36 facilities for living, sleeping, eating,  
37 cooking and sanitation.

38 (iv) "Unrelated trade or business" means any  
39 trade or business whose conduct is not  
40 substantially related to the exercise or  
41 performance by a nonprofit corporation of the  
42 purposes or functions constituting the basis  
43 for exemption under Section 501(c)(3) of the  
44 Code.

(b) Eligibility of the following property for exemption is not affected by the provisions of this subparagraph:

(i) Property used as a nonprofit nursing home, boarding home or boarding care facility licensed by the Department of Human Services pursuant to Title 22, chapter 1665 or a community living facility as defined in Title 30-A, section 4357, subsection 2, paragraph B or any property owned by a nonprofit organization licensed or funded by the Department of Mental Health and Mental Retardation to provide services to or for the benefit of persons with mental illness or mental retardation;

(ii) Property used for student housing;

(iii) Property used for parsonages;

(iv) Property that was owned and occupied or used to provide residential rental housing that qualified for exemption under paragraph A or B prior to September 1, 1993; or

(v) Property exempt from taxation under other provisions of law; and

(7) In addition to the requirements of subparagraphs (1) to (4), an exemption is not allowed under paragraph A or B for real or personal property owned and occupied or used to provide residential rental housing that is transferred or placed in service on or after September 1, 1993, unless the property is owned by a nonprofit housing corporation and the operation of the residential rental housing is not an unrelated trade or business to the nonprofit housing corporation.

For the purposes of this subparagraph, the following terms have the following meanings.

(a) "Nonprofit housing corporation" means a nonprofit corporation organized in the State that is exempt from tax under Section 501(c)(3) of the Code and has among its corporate purposes the provision of services to people of low income or the construction, rehabilitation, ownership or operation of housing.

2           (b) "Residential rental housing" means one or  
4           more buildings, together with any facilities  
6           functionally related and subordinate to the  
8           building or buildings, containing one or more  
          similarly constructed residential units offered  
          for rental to the general public for use on other  
          than a transient basis, each of which contains  
          separate and complete facilities for living,  
          sleeping, eating, cooking and sanitation.

10           (c) "Unrelated trade or business" means any trade  
12           or business whose conduct is not substantially  
14           related to the exercise or performance by a  
16           nonprofit organization of the purposes  
          constituting the basis for exemption under Section  
          501(c)(3) of the Code.'

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20                           **STATEMENT OF FACT**

22           This amendment deletes the 2 1/2% assessed evaluation cap  
24           for residential rental housing eligible for the 50% tax exemption  
26           and clarifies the definitions of "federally subsidized rental  
          housing," "nonprofit housing corporation" and "residential rental  
          housing." The amendment also expands the exemption to include  
          properties owned by nonprofit organizations licensed or funded by  
          the Department of Mental Health and Mental Retardation.