

MAINE STATE LEGISLATURE

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ONE HUNDRED AND SIXTH LEGISLATURE

Legislative Document

No. 1068

H. P. 796

House of Representatives, February 22, 1973

Referred to the Committee on Taxation. Sent up for concurrence and ordered printed.

E. LOUISE LINCOLN, Clerk

Presented by Mr. LaPointe of Portland.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-THREE

AN ACT Relating to Exemptions from Taxation of Institutions and
Organizations.

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

Sec. 1. R. S., T. 36, § 652, sub-§ 1, §§ A and B, amended. The first paragraph of paragraph A and paragraph B, both of subsection 1 of section 652 of Title 36 of the Revised Statutes, are amended to read as follows:

A. Charitable institutions. The real estate ~~and personal property~~ owned and occupied **exclusively and personal property owned or** and used solely for their own purposes by benevolent and charitable institutions incorporated by this State ~~and none of these shall be deprived of the right of exemption by reason of the source from which its funds are derived or by reason of limitation in the classes of persons for whose benefit such funds are applied.~~

B. Literary and scientific institutions. The real estate ~~and personal property~~ owned and occupied **exclusively and personal property owned or** and used solely for their own purposes by literary and scientific institutions.

Sec. 2. R. S., T. 36, § 652, sub-§ 1, § C, repealed and replaced. Paragraph C of subsection 1 of section 652 of Title 36 of the Revised Statutes is repealed and the following enacted in place thereof:

C. Further conditions on exemptions under paragraphs A and B are that:

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

(2) Any corporation, institution, organization, association or group which owns real estate or personal property specifically exempt under other subsections shall not be entitled to further exemption under paragraph A;

(3) No compensation or payment shall ever be paid or made to any member, officer, director, trustee, creator or organizer of any organization claiming exemption, except as a reasonable allowance for actual expenditures or services actually made or rendered to or for such organization; and neither the whole nor any part or portion of the assets or net earnings, current or accumulated, of any such organization shall ever be distributed to or divided among any such persons; provided, further, that neither the whole nor any part or portion of such assets or net earnings, shall ever be used for, accrue to, or inure to the benefit of any member or private individual within the meaning of section 501 (c) (3) of the Internal Revenue Code, as now in force, or as hereafter amended, supplemented or superseded;

(4) Any corporation, institution, organization, association or group claiming exemption shall first apply for and receive exemption from taxation by the Federal Government under section 501(a) of the Internal Revenue Code, as now in force, or as hereafter amended, supplemented or superseded;

(5) No exemption shall be allowed under this subsection in favor of an agricultural fair association holding pari-mutuel racing unless it has qualified the next preceding year as a recipient of the "Stipend Fund" provided in Title 7, section 62.

Sec. 3. R. S., T. 36, § 652, sub-§ 1, §§ D-J, amended. Paragraphs D, E, as amended by chapter 64 of the public laws of 1967, F, G, as amended by chapter 13 of the public laws of 1965 and by chapter 111 of the public laws of 1971, and paragraphs H to J, all of subsection 1 of section 652 of Title 36 of the Revised Statutes are amended to read as follows:

D. American National Red Cross. The real estate ~~and personal property~~ owned and occupied ~~exclusively and personal property owned or~~ and used solely for their own purposes by the American National Red Cross and its chapters in this State.

E. Veterans' organizations. The real estate ~~and personal property~~ owned and occupied ~~exclusively and personal property owned or~~ and used solely for their own purposes by posts of the American Legion, Veterans of Foreign Wars, American Veterans of World War II, Grand Army of the Republic, Spanish War Veterans, Disabled American Veterans and Navy Clubs of the U. S. A.

F. Chamber of commerce. The real estate ~~and personal property~~ owned and occupied ~~exclusively and personal property owned or~~ and used solely for their own purposes by chambers of commerce or boards of trade in this State.

G. Religious societies. The real estate owned and occupied exclusively and personal property owned and used solely as ~~Houses~~ houses of religious worship, including vestries, and the pews and furniture within the same; tombs and rights of burial; and property owned and used by a religious society as a parsonage to the value of \$20,000, and personal property not exceeding \$6,000 in value, but so much of any parsonage as is rented is liable to taxation.

H. Fraternal organization. ~~Real~~ The real estate and personal property owned and occupied exclusively by or held in trust for, and personal property owned and used solely by or held in trust for fraternal organizations, except college fraternities, operating under the lodge system which shall be used solely by fraternal organizations for meetings, ceremonials, religious or moralistic instruction, including all facilities appurtenant to such use and used in connection therewith. If any building shall not be used in its entirety for such purposes, but shall be used in part for such purposes and in part for any other purpose, exemption shall be of the part used for such purposes.

I. Colleges. Any college in this State authorized to confer the degree of bachelor of arts or of bachelor of science and having real estate liable to taxation shall, on the payment of such tax and proof of the same to the satisfaction of the Governor and Council, be reimbursed from the State Treasury to the amount of the tax so paid, provided the aggregate amount reimbursed to any college in any one year shall not exceed \$1,500 and this right of reimbursement shall not apply to real estate bought after April 12, 1889.

J. The real and personal property owned by one or more of the foregoing organizations and occupied or used solely for their own purposes by one or more other such organizations, but if the rent charged for such use exceeds that which is reasonably necessary to meet the costs of care and maintenance of said property, then so much of any property as is rented is liable to taxation.

Sec. 4. R. S., T. 36, § 652, sub-§ 2, additional. Section 652 of Title 36 of the Revised Statutes, as amended, is further amended by adding a new subsection 2 to read as follows:

2. Limitations.

A. Real estate and personal property owned by any corporation, institution, organization, association or group listed in this section is exempt from taxation to the extent permitted if:

(1) The property is used for and in the actual operation of such corporation, institution, organization, association or group and does not exceed an amount of property reasonably necessary to the accomplishment of the purpose of such corporation, institution, organization, association or group; and

(2) The property is irrevocably dedicated to use by a corporation, institution, organization, association or group of the type listed in this section

and upon the liquidation, dissolution or abandonment of the owner will not inure to the benefit of any private person except a corporation, institution, organization, association or group of the type listed in this section.

Sec. 5. R. S., T. 36, § 652-A, additional. Title 36 of the Revised Statutes is amended by adding a new section 652-A to read as follows:

§ 652-A. Exempt organizations to list property; assessors determination of eligibility

1. List of property. Any corporation, institution, organization, association or group claiming exemption under section 652 shall, before April 1st of each year, file with the assessors of the municipality in which the property is located a true and perfect list of all its property within said municipality, together with an affidavit as required by this section and any additional information which the assessors may reasonably require.

A. Affidavit. The affidavit shall show:

- (1) The purpose for which the corporation, institution, organization, association or group was organized; and
- (2) A description of the property claimed exempt; and
- (3) That the property claimed exempt is owned and occupied exclusively or owned and used solely for the purposes of the corporation, institution, organization, association or group, or is otherwise exempt from taxation under section 652; and
- (4) In the instance of a claim of exemption under section 652, subsection 1, paragraphs A or B, that the corporation, institution, organization, association or group is exempt from taxation by the Federal Government.

B. Financial statement. The affidavit shall be accompanied by a certified copy of the financial statement showing income and expenses of the corporation, institution, organization, association or group during the preceding fiscal year.

C. Signing. All documents required to be filed by this section shall be signed under oath by the officers or trustees of the corporation, institution, organization, association or group.

2. Assessors determination of eligibility. Upon receipt of the affidavits and statements, the assessors shall review the same and may institute an independent audit or verification of the operations of the corporation, institution, organization, association or group to ascertain whether their property or any part thereof should be exempt from taxation under section 652. In this connection the assessors shall consider, among other matters, whether:

A. The services and expenses of the corporation, institution, organization, association or group, including salaries, are excessive, based upon like services and salaries in comparable public institutions; and

B. The operations of the corporation, institution, organization, association or group, either directly or indirectly, materially enhance the private gain of any individual or individuals; and

C. The property on which exemption is claimed is used for and in the actual operation of the corporation, institution, organization, association or group and does not exceed an amount of property reasonably necessary to the accomplishment of the purpose of such corporation, institution, organization, association or group.

3. Procedural noncompliance. If any corporation, institution, organization, association or group claiming any exemption under section 652 fails to follow the required procedure under this section, or fails to provide the assessors with additional information reasonably requested, the exemption is deemed waived by the corporation, institution, organization, association or group.

4. Appeals. Any corporation, institution, organization, association, group or person aggrieved by a ruling of the assessors made pursuant to this section shall have the same right of appeal under the same procedure afforded individual taxpayers.

STATEMENT OF FACT

The purpose of this legislation is to clarify many inconsistencies under the present tax-exemption statutes relating to charitable organizations, but does not change or eliminate any group afforded tax exemption under the present law. It also adds a provision requiring groups seeking exemption to file a list of their property in much the same way that individual taxpayers must now file a list in order to appeal the assessment.