

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

FIRST REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 855

H. P. 768

House of Representatives, March 2, 1979

Reported by Mrs. Post of Owl's Head from Committee on Taxation pursuant to 1 MRSA §§ 2602 and 2603. Printed under Joint Rules No. 17.

EDWIN H. PERT, Clerk

Filed by Joint Standing Committee on Taxation pursuant to 1 MRSA §§ 2602 and 2603.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-NINE

**AN ACT to Amend Certain Property Tax Exemptions and to Require Continuing
Periodic Review of Tax Exemptions.**

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

Sec. 1. 1 MRSA § 2601, as enacted by PL 1977, c. 696, § 15, is amended to read:

§ 2601. Review of statutory provisions

The following statutory provisions shall be reviewed according to the schedule below:

36. Title 36.

A. Title 36, sections 653, 654 and 655, as amended shall be reviewed by January 1, 1982, and every 4 years thereafter;

B. Title 36, sections 652 and 656, as amended, shall be reviewed by January 1, 1979, and every 4 years thereafter;

C. Title 36, section 1760, subsections 3 to 14, 24 and 30 to 38, as amended, shall be reviewed by January 1, 1981, and every 4 years thereafter; and

D. Title 36, section 1760, subsections 15 to 23 and 25 to 29, as amended, shall be reviewed by January 1, 1980, and every 4 years thereafter.

Sec. 2. 36 MRSA § 652, sub-§ 1, ¶ B is amended by adding at the end the following new sentence:

If any building or part of a building is used primarily for employee housing, that building, or that part of the building used for employee housing, shall not be exempt from taxation.

Sec. 3. 36 MRSA § 652, sub-§ 1, ¶ D is repealed as follows:

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

Sec. 4. 36 MRSA § 652, sub-§ 1, ¶ E, as amended by PL 1967, c. 64, is further amended to read:

E. The real estate and personal property owned and occupied or 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., which shall be used solely by those organizations for meetings, ceremonies or instruction, including all facilities appurtenant to such use and used in connection therewith. If any building shall not be used in its entirety for those purposes, but shall be used in part for those purposes and in part for any other purpose, exemption shall only be of the part used for those purposes.

Further conditions to the right of exemption are that:

- (1) No director, trustee, officer or employee of any organization claiming exemption shall receive directly or indirectly any pecuniary profit from the operation thereof, excepting reasonable compensation for services in effecting its purposes or as a proper beneficiary of its purposes;**
- (2) All profits derived from the operation thereof and the proceeds from the sale of its property are devoted exclusively to the purposes for which it is organized; and**
- (3) The institution, organization or corporation claiming exemption under this subsection shall file with the tax assessors upon their request a report for its preceding fiscal year in such detail as the tax assessors may reasonably require.**

Sec. 5. 36 MRSA § 652, sub-§ 1, ¶ F is amended by inserting at the end the following:

Further conditions to the right of exemption are that:

- (1) No director, trustee, officer or employee of any organization claiming exemption shall receive directly or indirectly any pecuniary profit from the operation thereof, excepting reasonable compensation for services in effecting its purposes or as a proper beneficiary of its purposes;**

(2) All profits derived from the operation thereof and the proceeds from the sale of its property are devoted exclusively to the purposes for which it is organized; and

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

Sec. 6. 36 MRSA § 652, sub-§ 1, ¶H is amended by inserting at the end the following:

Further conditions to the right of exemption are that:

(1) No director, trustee, officer or employee of any organization claiming exemption shall receive directly or indirectly any pecuniary profit from the operation thereof, excepting reasonable compensation for services in effecting its purposes or as a proper beneficiary of its purposes;

(2) All profits derived from the operation thereof and the proceeds from the sale of its property are devoted exclusively to the purposes for which it is organized; and

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

Sec. 7. 36 MRSA § 652, sub-§ 1, ¶I, as amended by PL 1975, c. 771, § 402, is repealed.

Sec. 8. 36 MRSA § 652, sub-§ 1, ¶K, as enacted by PL 1973, c. 719, is repealed.

Sec. 9. 36 MRSA § 656, sub-§ 1, ¶F is repealed.

STATEMENT OF FACT

This legislation is a result of the Joint Standing Committee on Taxation's on report on certain property tax exemptions pursuant to Title 1, chapter 31, and provides the following.

Currently, the property and sales tax exemptions are reviewed over a 4-year period. This bill will require a continuing periodic review of those exemptions.

The bill eliminates the tax exemption on buildings owned by scientific or literary institutions if those buildings are used primarily for employee housing.

The bill repeals the specific tax exemption for the Red Cross. The Red Cross will still be eligible for tax exemption as a benevolent and charitable institution.

Also, the bill brings the conditions for veterans' exemptions in line with those of fraternal organizations and with other exemption sections of the law.

The bill sets out conditions for exemption relating to the nonprofit nature of chambers of commerce and boards of trade.

The bill sets out conditions of exemption relating to the nonprofit nature of fraternal lodges.

The bill repeals the tax exemption for colleges authorized to confer the degrees of Bachelor of Arts or Bachelor of Science, and having real estate liable to taxation, provided the real estate was not bought after April 12, 1899. It appears that qualifying institutions would also be exempt as a literary or scientific institution. This exemption has not been used for a number of years.

The bill repeals the tax exemption for corporations or firms who lease equipment to hospitals. Property owned by hospitals is still exempt under other provisions of the law.

The bill repeals the tax exemption for fallout shelters.