

MAINE STATE LEGISLATURE

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115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 1035

H.P. 731

House of Representatives, March 12, 1991

Received by the Clerk of the House on March 8, 1991. Referred to the Committee on Taxation and 1400 ordered printed pursuant to Joint Rule 14.

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

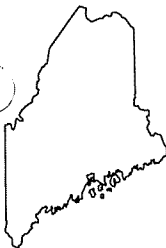
Presented by Representative LIPMAN of Augusta.

Cosponsored by Representative HANDY of Lewiston and Representative JALBERT of Lisbon.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY-ONE

An Act to Preserve the Taxable Status of Land Receiving Benefit of Subsidies.



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

4 Sec. 1. 36 MRSA §652, first ¶, is amended to read:

6 The Except as provided in section 652-A, the following
property of institutions and organizations is exempt from
taxation:

8 Sec. 2. 36 MRSA §652-A is enacted to read:

10 §652-A. Subsidized property

12 This section applies to real property that is developed
14 using federal, state or local funds and that is owned by an
institution or organization otherwise eligible for a tax
16 exemption under section 652.

18 1. Developing owner not taxable entity. If the owner of the
property while the property was being developed was eligible for
20 a tax exemption under section 651 or 652, the property is exempt
as provided in section 652.

22 2. Developing owner is taxable entity. If the owner of the
24 property while the property was being developed was not eligible
for a tax exemption under section 651 or 652, the exemption under
26 section 652 does not apply to the property.

28 **STATEMENT OF FACT**

30 This bill eliminates the opportunity for persons to benefit
32 from programs designed to broaden the tax base of the area
without the region actually increasing its tax collections. This
34 bill removes the tax exemption that normally applies to real
property owned by nonprofit corporations when the property was
36 developed with the use of federal, state or local funds, and a
taxable entity was the owner of the property while it was being
38 developed. Under current law, the developer of the land can use
the federal, state or local funds to make the property more
40 profitable, then sell the property to an entity that will not be
paying taxes on the enhanced value of the property. Under this
42 bill if the developing owner is a taxable entity, the property is
subject to taxation regardless of the tax status of any
44 subsequent owner.