# 115th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1991

**Legislative Document** **No. 1035**

H.P. 731 House of Representatives, March 12, 1991

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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.**

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

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

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

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

**§652-A. Subsidized property**

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

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

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

## STATEMENT OF FACT

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