

MAINE STATE LEGISLATURE

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117th MAINE LEGISLATURE

SECOND REGULAR SESSION-1996

Legislative Document

No. 1805

S.P. 706

In Senate, February 20, 1996

An Act to Amend the Charter of the Somerset Woods Trustees in Order to Qualify the Charter as a Charitable Corporation under Internal Revenue Service Rules.

(AFTER DEADLINE)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 27. Reference to the Committee on Judiciary suggested and ordered printed.

A handwritten signature in cursive script, reading "May M. Ross".

MAY M. ROSS
Secretary of the Senate

Presented by Senator MILLS of Somerset.

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

2 **Sec. 1. P&SL 1927, c. 109, §§3 and 4** are amended to read:

4 **Sec. 3. Exempt from taxation.** All property held by said the
6 corporation ~~shall-be~~ is exempt from taxation. The activities and
8 purposes of the corporation are limited to those permitted a
10 corporation exempt from federal income tax under the Internal
12 Revenue Code, Section 501(c)(3).

14 **Sec. 4. Dividends prohibited; income, how expended.** Said The
16 corporation ~~shall-never~~ may not make any a dividend or division
18 of or from its property or income among its members, but the net
20 income and proceeds from any part of said its property shall must
22 be expended for public benefits, not supported by taxation, in
24 the town where said the land from which said the income or
26 proceeds shall-be are derived is located. A member, trustee,
28 director or officer of the corporation may not receive any
30 portion of the net earnings or assets of the corporation, and a
32 private individual may not receive any of these earnings or
34 assets except as reasonable compensation for services rendered.
36 In the event of dissolution, all of the remaining net assets of
38 the corporation must be distributed to a governmental entity or
40 to another corporation exempt from federal income taxation under
42 the Internal Revenue Code, Section 501(c)(3).

44 **Sec. 2. P&SL 1927, c. 109, §§5 to 7** are enacted to read:

46 **Sec. 5. Lobbying prohibited.** The corporation may not attempt
48 to influence legislation except as authorized by the Internal
50 Revenue Code, Section 501(h) and may not participate in the
political campaign of a candidate for public office.

52 **Sec. 6. Tax rules.** In any taxable year in which the
54 corporation is a private foundation as described in the Internal
56 Revenue Code, Section 509(a), the corporation must distribute its
58 income so it is not subject to tax under the Internal Revenue
60 Code, Section 4942. The corporation may not:

1. Engage in an act of self-dealing as defined in the
Internal Revenue Code, Section 4941(d);

2. Retain excess business holdings as defined in the
Internal Revenue Code, Section 4943(c);

3. Make investments that would subject the corporation to
tax under the Internal Revenue Code, Section 4944; or

4. Make a taxable expenditure as defined in the Internal
Revenue Code, Section 4945(d).

2 **Sec. 7. General conduct.** The corporation shall conduct its
4 affairs so that it remains exempt from taxation under federal
6 law, including rules promulgated in accordance with the Internal
 Revenue Code.

8 **STATEMENT OF FACT**

10 This bill amends the charter of the Somerset Woods Trustees
12 so that the corporation qualifies as a charitable corporation
 under guidelines established by the Internal Revenue Service.