

MAINE STATE LEGISLATURE

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118th MAINE LEGISLATURE

FIRST REGULAR SESSION-1997

Legislative Document


No. 1077

H.P. 789

House of Representatives, February 18, 1997

An Act Rendering Land Trusts Ineligible for Property Tax Exemptions.

Reference to the Committee on Taxation suggested and ordered printed.


JOSEPH W. MAYO, Clerk

Presented by Representative GOODWIN of Pembroke.

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

2
4 **Sec. 1. 36 MRSA §652, sub-§1, ¶C**, as amended by PL 1995, c.
560, Pt. K, §82 and affected by §83, is further amended by
amending subparagraphs (6) and (7) to read:

6
8 (6) An exemption allowed under paragraph A or B for
real or personal property owned and occupied or used to
provide federally subsidized residential rental housing
is limited as follows: Federally subsidized
10 residential rental housing placed in service prior to
September 1, 1993 by other than a nonprofit housing
12 corporation that is acquired on or after September 1,
1993 by a nonprofit housing corporation and the
14 operation of which is not an unrelated trade or
business to that nonprofit housing corporation is
16 eligible for an exemption limited to 50% of the
municipal assessed value of that property.
18

20 An exemption granted under this subparagraph must be
revoked for any year in which the owner of the property
22 is no longer a nonprofit housing corporation or the
operation of the residential rental housing is an
24 unrelated trade or business to that nonprofit housing
corporation.
26

28 (a) For the purposes of this subparagraph, the
following terms have the following meanings.

30 (i) "Federally subsidized residential rental
housing" means residential rental housing
32 that is subsidized through project-based
rental assistance, operating assistance or
34 interest rate subsidies paid or provided by
or on behalf of an agency or department of
36 the Federal Government.

38 (ii) "Nonprofit housing corporation" means a
nonprofit corporation organized in the State
40 that is exempt from tax under Section
501(c)(3) of the Code and has among its
42 corporate purposes the provision of services
to people of low income or the construction,
44 rehabilitation, ownership or operation of
housing.
46

48 (iii) "Residential rental housing" means one
or more buildings, together with any
48 facilities functionally related and
subordinate to the building or buildings,
50

2 located on one parcel of land and held in
4 common ownership prior to the conversion to
6 nonprofit status and containing 9 or more
8 similarly constructed residential units
10 offered for rental to the general public for
12 use on other than a transient basis, each of
14 which contains separate and complete
16 facilities for living, sleeping, eating,
18 cooking and sanitation.

(iv) "Unrelated trade or business" means any
12 trade or business whose conduct is not
14 substantially related to the exercise or
16 performance by a nonprofit corporation of the
18 purposes or functions constituting the basis
for exemption under Section 501(c)(3) of the
Code.

(b) Eligibility of the following property for
20 exemption is not affected by the provisions of
22 this subparagraph:

(i) Property used as a nonprofit nursing
24 home, boarding home or boarding care facility
26 licensed by the Department of Human Services
28 pursuant to Title 22, chapter 1665 or a
30 community living facility as defined in Title
32 30-A, section 4357, subsection 2, paragraph B
34 or any property owned by a nonprofit
36 organization licensed or funded by the
Department of Mental Health, Mental
Retardation and Substance Abuse Services to
provide services to or for the benefit of
persons with mental illness or mental
retardation;

(ii) Property used for student housing;

(iii) Property used for parsonages;

(iv) Property that was owned and occupied or
42 used to provide residential rental housing
44 that qualified for exemption under paragraph
A or B prior to September 1, 1993; or

(v) Property exempt from taxation under
46 other provisions of law; and
48

(7) In addition to the requirements of subparagraphs
50 (1) to (4), an exemption is not allowed under paragraph

2 A or B for real or personal property owned and occupied
or used to provide residential rental housing that is
4 transferred or placed in service on or after September
1, 1993, unless the property is owned by a nonprofit
6 housing corporation and the operation of the
residential rental housing is not an unrelated trade or
business to the nonprofit housing corporation.

8
10 For the purposes of this subparagraph, the following
terms have the following meanings.

12 (a) "Nonprofit housing corporation" means a
14 nonprofit corporation organized in the State that
is exempt from tax under Section 501(c)(3) of the
16 Code and has among its corporate purposes the
provision of services to people of low income or
18 the construction, rehabilitation, ownership or
operation of housing.

20 (b) "Residential rental housing" means one or
22 more buildings, together with any facilities
functionally related and subordinate to the
24 building or buildings, containing one or more
similarly constructed residential units offered
26 for rental to the general public for use on other
than a transient basis, each of which contains
28 separate and complete facilities for living,
sleeping, eating, cooking and sanitation.

30 (c) "Unrelated trade or business" means any trade
or business whose conduct is not substantially
32 related to the exercise or performance by a
nonprofit organization of the purposes
34 constituting the basis for exemption under Section
501(c)(3) of the Code; and

36 **Sec. 2. 36 MRSA §652, sub-§1, ¶C**, as amended by PL 1995, c.
38 560, Pt. K, §82 and affected by §83, is further amended by
enacting subparagraph (8) to read:

40 (8) A land trust does not qualify for an exemption
42 under this section.

44
46 **SUMMARY**

48 This bill makes land trusts ineligible for property tax
exemptions.