

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

No. 1556

S.P. 522

In Senate, February 25, 1999

An Act Relating to Property Tax Exemptions and Service Charges.

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator MILLS of Somerset.

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

2
4 **Sec. 1. 13 MRSA §1762, sub-§1**, as enacted by PL 1993, c. 300, §1, is amended to read:

6 **1. Property not tax-exempt.** Notwithstanding any provision
8 of law to the contrary, cooperative property does not qualify for
10 property tax exemption under Title 36, section ~~652~~ 652-A,
subsection ~~1~~ 2, paragraph A C.

12 **Sec. 2. 36 MRSA §652**, as amended by PL 1997, c. 668, §20, is
14 repealed.

16 **Sec. 3. 36 MRSA §652-A** is enacted to read:

18 **§652-A. Exemptions for certain institutions and organizations**

20 **1. Definitions.** As used in this section, unless the
22 context otherwise indicates, the following terms have the
24 following meanings.

26 A. "Benevolent and charitable organization" includes, but
28 is not limited to, hospitals, blood banks, health
30 maintenance organizations, nursing homes, boarding homes,
32 boarding care facilities, community mental health service
34 facilities, chambers of commerce and boards of trade.

36 B. "Nonprofit" means that the institution or organization
38 is exempt from income taxation under Section 501 of the Code.

40 C. "Parsonage" means the principal residence provided by a
42 religious society for its cleric whether or not the
44 residence is located in the same municipality as the house
46 of religious worship where the cleric regularly conducts
48 religious services.

50 **2. Institutions and organizations.** The following property
52 of certain institutions and organizations is exempt from property
54 taxation.

56 A. Nonprofit religious institutions including:

58 (1) Houses of religious worship, including vestries,
60 and the pews and furniture within;

62 (2) Tombs and rights of burial; and

64 (3) Property owned and used by a religious society as a
66 parsonage to the value of \$20,000 and personal property

2 not exceeding \$6,000 in value, but not including any
3 part of a parsonage that is rented.

4 B. The real and personal property owned and occupied or
5 used solely for their own purposes by nonprofit literary,
6 scientific and educational institutions incorporated in this
7 State including schools, museums, colleges, universities and
8 licensed child care centers. Any portion of property that
9 is used primarily for employee housing is not exempt.

10 C. The real and personal property owned, occupied or used
11 solely for their own purposes by nonprofit benevolent and
12 charitable organizations incorporated in this State that are
13 appropriately licensed for the services they provide.

14 3. Conditions of eligibility. To qualify for exemption
15 under subsection 1, an institution or organization must meet the
16 following conditions:

17 A. All of the institution or organization's profits, its
18 property and the proceeds from disposition of its assets are
19 devoted exclusively to the religious, benevolent, charitable
20 or religious purposes for which the institution or
21 organization is organized;

22 B. No person receives directly or indirectly any pecuniary
23 profit from the institution except as reasonable
24 compensation for services rendered in effecting its purposes
25 or as a proper benefit bestowed in fulfillment of its
26 purposes;

27 C. The institution or organization must disclose to tax
28 assessors any financial records that the assessors
29 reasonably require in order to verify conditions for
30 exemption; and

31 D. An agricultural fair association that holds pari-mutuel
32 racing must have qualified in the next preceding year as a
33 recipient of the Stipend Fund under Title 7, section 62.

34 4. Service charge. A municipality may require an
35 institution or organization claiming exemption under subsection
36 2, paragraph C to pay a pro rata share of the cost of all
37 municipal services, except education.

38 5. Procedure. To obtain exemption under this section, an
39 institution or organization must provide written proof of
40 eligibility with the assessors of the municipality in which the
41 property is taxable by April 1st of the year in which the
42 exemption is first requested. If the exemption is granted, it

2 continues in effect until the assessors determine that the
3 institution or organization is no longer qualified. Proof of
4 eligibility includes the specific basis upon which exemption is
5 claimed.

6 6. No expansion. This section is not intended to enact or
7 expand any exemption beyond those that were authorized under
8 section 652 before the repeal of that section.

10 **Sec. 4. 36 MRS §1483, sub-§§7 to 9** are amended to read:

12 **7. Benevolent and charitable institutions.** Vehicles owned
13 and used solely for their own purposes by benevolent and
14 charitable institutions incorporated by this State and entitled
15 to property tax exemption in accordance with section ~~652~~ 652-A,
16 subsection ~~1~~ 2, paragraph C;

18 **8. Literary and scientific institutions.** Vehicles owned and
19 used solely for their own purposes by literary and scientific
20 institutions and entitled to property tax exemption in accordance
21 with section ~~652~~ 652-A, subsection ~~1~~ 2, paragraph B;

22 **9. Religious societies.** Vehicles owned and used solely for
23 their own purposes by houses of religious worship or religious
24 societies entitled to exemption under section ~~652~~ 652-A,
25 subsection ~~1~~ 2, paragraph G A;

28 **Sec. 5. 36 MRS §1760, sub-§17** is amended to read:

30 **17. Camps.** Rental charged for living quarters, sleeping or
31 housekeeping accommodations at camps entitled to exemption from
32 property tax under section ~~652~~ 652-A, subsection ~~1~~ 2.

34

SUMMARY

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38 This bill reorganizes and simplifies the current property
39 tax exemption statutes and permits municipalities to impose a
40 service charge equal to the pro rata share of the cost of
municipal services, except education.