

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

FIRST REGULAR SESSION-2001

Legislative Document

No. 1057

S.P. 310

In Senate, February 22, 2001

An Act to Clarify the Definition of "Charitable Institution" for Purposes of Property Tax Exemption.

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 KNEELAND of Aroostook.
Cosponsored by Representatives: ASH of Belfast, BELANGER of Caribou, BUMPS of China, DESMOND of Mapleton, GAGNE of Buckfield, McNEIL of Rockland, MURPHY of Kennebunk, WESTON of Montville.

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

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Sec. 1. 36 MRSA §652, sub-§1, ¶A, as amended by PL 1997, c. 668, §20, is repealed and the following enacted in its place:

A. The real estate and personal property owned by institutions and organizations exempt from federal income taxation under Section 501(c)(3) of the Code, except that if any portion of that property is used to generate unrelated business taxable income, as that term is defined under Section 512 of the Code, then that portion of the institution's or organization's property is not exempt from taxation.

SUMMARY

This bill amends the property tax exemption for benevolent and charitable institutions to make the property tax exemption automatic upon a determination by the Internal Revenue Service that the group is exempt from federal income taxation under the United States Internal Revenue Code, except to the extent that such property generates unrelated business income.

Section 501(c)(3) of the United States Internal Revenue Code exempts from federal income taxation groups that are "organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes ..."

This bill will bring Maine property tax law in line with Maine income tax law, which already automatically exempts from Maine income taxation organizations that the Internal Revenue Service has determined are exempt from federal income taxation.

Finally, this bill provides that if any property is used to generate unrelated taxable business income, then that property is subject to taxation.