

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

## **An Act Concerning the Taxation of Property Owned by Certain Nonprofit Organizations**

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

**Sec. 1. 36 MRSA §652, sub-§1, ¶H,** as amended by PL 1979, c. 467, §6, is further amended to read:

H. Real estate and personal property owned by or held in trust for fraternal organizations, except college fraternities, operating under the lodge system ~~which shall be~~ that is used solely by fraternal organizations for meetings, ceremonials, ~~or~~ religious or moralistic instruction, including all facilities appurtenant to such use and used in connection therewith. If any building ~~shall~~ is not be used in its entirety for such purposes, but ~~shall be~~ is used in part for such purposes and in part for any other purpose, exemption ~~shall be of~~ is for the part used for such purposes. If the part of the building that is not used for the purposes of the organization is rented and the income received from the rental is used exclusively for the organization's charitable purposes, that part of the building is tax exempt.

Further conditions to the right of exemption are that:

- (1) ~~No~~ A director, trustee, officer or employee of any organization claiming exemption ~~shall~~ may ~~not~~ receive directly or indirectly any pecuniary profit from the operation ~~thereof of the~~ organization, excepting reasonable compensation for services in effecting its purposes or as a proper beneficiary of its purposes;
- (2) All profits derived from the operation ~~thereof of the~~ organization and the proceeds from the rental or sale of its property are devoted exclusively to the purposes for which it is organized; and
- (3) The institution, organization or corporation claiming exemption under this subsection shall file with the tax assessors upon their request a report for its preceding fiscal year in such detail as the tax assessors may reasonably require.

### **SUMMARY**

Current law exempts from property tax real estate and property owned by a fraternal organization that is used solely by the organization for the purposes for which it is organized. This bill exempts real estate and property that the organization rents as long as the income derived from the rental is used exclusively for the organization's charitable purposes.