



131st MAINE LEGISLATURE

FIRST REGULAR SESSION-2023

Legislative Document

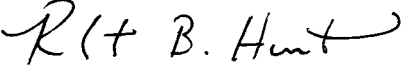
No. 68

H.P. 43

House of Representatives, January 4, 2023

**An Act to Exempt Certain Nonprofit Organizations from the Sales
and Use Tax and the Service Provider Tax**

Reference to the Committee on Taxation suggested and ordered printed.


ROBERT B. HUNT
Clerk

Presented by Representative SACHS of Freeport.
Cosponsored by Senator PIERCE of Cumberland and
Representatives: DHALAC of South Portland, HEPLER of Woolwich, KUHN of Falmouth,
MATLACK of St. George, TERRY of Gorham.

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

2 **Sec. 1. 36 MRSA §1760, sub-§115** is enacted to read:

3 **115. Section 501(c)(3) nonprofit organizations.** Beginning January 1, 2024, sales to
4 a nonprofit organization that has been determined by the United States Internal Revenue
5 Service to be exempt from federal income taxation under Section 501(c)(3) of the Code, if
6 the tangible personal property or taxable services sold are to be used primarily for the
7 purposes for which the nonprofit organization was organized.

8 **Sec. 2. 36 MRSA §2557, sub-§40** is enacted to read:

9 **40. Section 501(c)(3) nonprofit organizations.** Beginning January 1, 2024, sales to
10 a nonprofit organization that has been determined by the United States Internal Revenue
11 Service to be exempt from federal income taxation under Section 501(c)(3) of the Code, if
12 the services sold are to be used primarily for the purposes for which the nonprofit
13 organization was organized.

14 **Sec. 3. Study; additional legislation.** The Department of Administrative and
15 Financial Services, Bureau of Revenue Services, Office of Tax Policy shall study the entity-
16 based exemptions provided to qualifying nonprofit organizations from sales and use tax
17 pursuant to the Maine Revised Statutes, Title 36, section 1760 and from service provider
18 tax pursuant to Title 36, section 2557. The department shall submit a report including
19 suggested legislation repealing or otherwise modifying any of those exemptions that are
20 found to be duplicative or unnecessary to the Joint Standing Committee on Taxation no
21 later than December 6, 2023. The joint standing committee may report out a bill to the
22 Second Regular Session of the 131st Legislature regarding that report. Notwithstanding
23 Title 36, section 191, the Office of Tax Policy may disclose the number of nonprofit
24 organizations not exempt under Section 501(c)(3) of the federal Internal Revenue Code of
25 1986 that have active exemption certificates under each sales or service provider tax
26 exemption.

27 **SUMMARY**

28 This bill exempts from the sales and use tax and from the service provider tax sales to
29 a nonprofit organization that has been determined by the United States Internal Revenue
30 Service to be exempt from income taxation under Section 501(c)(3) of the federal Internal
31 Revenue Code of 1986 if the property or services sold are to be used primarily for the
32 purposes for which the nonprofit organization was organized. The bill requires the
33 Department of Administrative and Financial Services, Bureau of Revenue Services, Office
34 of Tax Policy to review sales and use tax and service provider tax exemptions to identify
35 provisions that should be repealed or amended because they are duplicative or otherwise
36 unnecessary and to submit a report including suggested legislation repealing or modifying
37 those exemptions to the Joint Standing Committee on Taxation.