TESTIMONY OF
MICHAEL J. ALLEN, ASSOCIATE COMMISSIONER FOR TAX POLICY
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES

Before the Joint Standing Committee on Taxation
Hearing Date: *Thursday, April 13, 2023, 1:00 PM*

L.D. 695 – "*An Act to Exempt Nonprofit Land Trusts from Sales Tax*"

Senator Grohoski, Representative Perry, and members of the Taxation Committee – good afternoon, my name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am here today at the request of the Administration to testify Neither For Nor Against L.D. 695, "*An Act to Exempt Nonprofit Land Trusts from Sales Tax.*"

This bill would create an exemption from the sales and use tax for incorporated nonprofit land trusts if the property or services sold are to be used primarily for the purposes for which the land trust was organized. The term "land trust" should be defined within the proposed exemption, as there is not currently a definition of "land trust" to refer to in Title 36 or elsewhere in the Maine Revised Statutes. Many states have enacted definitions of the term "land trust" in their laws, and these could be used as reference points for drafting the definition for the proposed exemption here if this bill were to move forward.

Additionally, the Committee should consider requiring that incorporated nonprofit land trusts obtain 501(c)(3) status to qualify for the exemption. L.D. 68, "An Act to Exempt Certain Nonprofit Organizations from the Sales and Use Tax and the Service Provider Tax," which was heard in this Committee on Tuesday, February 14, would provide a so-called "blanket" exemption from the sales, use,

and service provider taxes to organizations that have been determined by the IRS to be exempt under Section 501(c)(3) of the Internal Revenue Code.

The Administration looks forward to working with the Committee on the bill; representatives from MRS will be here for the Work Session to provide additional information and respond in detail to the Committee's questions.