



Dear Senator Grohoski, Representative Perry, and Members of the Taxation Committee:

My name is Mary Alice Scott (she/her), and I am the Public Affairs Manager at the Maine Association of Nonprofits. MANP is a growing membership organization made up of over 1,000 nonprofit members from all 16 counties. Since 1994, MANP has grown to become Maine's comprehensive resource for the tools, knowledge, and connections nonprofits need to be effective and well-run.

I am testifying in support of LD 1755: An Act to Exempt All Youth Development Nonprofit Organizations from Sales Tax and the Service Provider Tax. This bill would expand the current exemption to include all nonprofit youth organizations.

Nonprofits are vital to Maine's economy and quality of life. You may not know that nonprofits employ 1 in 6 Maine workers and mobilize more than 400,000 volunteers each year. Most Maine nonprofits are very small and community-based. 88% have annual budgets less than \$500,000. 61% have annual budgets under \$50,000. Every dollar makes a difference for these organizations.

Charitable nonprofits embody and sustain the fundamental social, cultural, and spiritual values of trust, compassion, justice and moral behavior that bind us together. For this reason, we as a society give them special status as tax-exempt entities. This exemption is good economic and social policy.

In general, 501c3 nonprofits are exempt from income and property taxes. Many organizations therefore assume that they are also exempt from sales tax. In most states, and in every other state in New England, they are.

But in Maine, there is a patchwork system of sales tax exemptions which includes over one hundred separate statutory exemptions, and more than forty distinct types of nonprofits. New exemptions are regularly added on a case-by-case basis. LD 1755 would broaden the current youth development exemption.

While we support LD 1755, our priority remains passage of LD 68, which would create a blanket exemption for all 501c3 nonprofits.

By definition, all 501c3 nonprofits offer a public benefit. For that reason, MANP typically opposes tax initiatives that divide 501c3 organizations based on subject matter and philosophy. In this instance, the existing tax law already divides organizations, and we recognize the immediate value for youth development organizations that passage of 1755 would entail.

Just like all 501c3s, youth development nonprofits offer a public benefit, and are worthy of being included in the State's sales tax exemption.

Thank you for your time and consideration.