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May 6, 2025

Re: LD 438, An Act to Allow Municipalities to Limit Nonprofit Property Tax Exemptions; and LD 1795, An Act to Change the Calculation for Municipal Service Charges for Tax-exempt Organizations

Senator Grohoski, Representative Cloutier, and members of the Taxation Committee, my name is Cullen Ryan, and I am the Executive Director of Community Housing of Maine (CHOM). CHOM's small staff works collaboratively with service providers across Maine to house hundreds of people experiencing homelessness, particularly people who are chronically homeless, victims of domestic violence, and/or homeless Veterans – all of whom require supportive housing, including recovery residences. CHOM is the largest supportive housing provider for homeless populations in Maine. As a developer, CHOM collaborates to produce and maintain community-based supportive housing that fosters pride, stability, and wellness.

I am testifying in opposition to the following bills:

- LD 438, An Act to Allow Municipalities to Limit Nonprofit Property Tax Exemptions. *This bill provides a municipality the power to limit the amount of a property tax exemption given to a nonprofit institution or organization when the municipality determines by vote that such an exemption would be detrimental to the residents of that municipality.*
- LD 1795, An Act to Change the Calculation for Municipal Service Charges for Tax-exempt Organizations. *This bill expands the liability of certain tax-exempt institution and organization property owners to municipalities for service charges on that property. The limitation of the municipality's service charge authority is changed from 2% of the institution's or organization's gross revenue to 20% of the property's assessed value. These provisions take effect January 1, 2027.*

CHOM accomplishes everything it does with utmost efficiency, primarily through collaboration. Supportive housing does not cash flow; it is mission work most often at a loss. Tax exemption keeps that loss from being insurmountable.

CHOM partners with various municipalities across the state to move people experiencing chronic homelessness right into Housing First arrangements. CHOM currently has 220 units serving this purpose throughout Maine. We house some of the most challenging people one can house; typically, people no one else is willing to house. And although it is expensive to house the populations we house, for society it is much less expensive to house them than to not. Many of the people in our housing struggle with substance use disorder and mental health issues every day. When we successfully house people, we inject stability into their lives, and they often become stable such that they can positively contribute to society and the economy.

The chronically homeless populations CHOM houses have proven themselves to be up to 29 times more likely to be in the hospital, and up to 57 times more likely to be in jail when unhoused than when housed. By successfully housing this population, we essentially stop them from ricocheting through Portland's most expensive emergency systems, including the shelter, police, EMT and fire/rescue, ambulance, along with overcrowded hospitals and jail. This population can interfere with businesses in the city when unhoused and become stable community members once housed.

This is not easy work; some of the tenants have not been successful and some of the exits were catastrophic, with significant damage to previously pristine, brand-new units. Please imagine the cost of repairs. Thankfully, those situations are rare, and 90% of placements are successful. But I tell you this to ensure you know that this is mission work, and not for the faint of heart.

CHOM is a 501(c)(3) non-profit/charitable organization doing mission work. CHOM houses more than 1256 people in 89 housing projects across the state with all of our properties inclusive of supportive housing serving homeless and special needs populations. These populations include people with serious and persistent mental illness, substance use disorders, intellectual and developmental



disabilities, and other disabling conditions. We provide recovery residences, including housing for parents with substance use disorders reuniting with their children. CHOM does important community work. It is partnered with more than 55 service provider partners. It does all of this with 11 staff.

CHOM is thinly financed. Tax exempt status makes the difference between CHOM's ability to do this important work and CHOM being unable to do this work at all. The margins are exactly that close.

Nonprofit organizations provide valuable public services, and their revenues should not be the target for taxes, including payments in lieu of taxes (PILOT) and/or service charges, for which the purpose is to redirect private profits to the common good. Our work is the very essence of the common good.

Furthermore, our non-profit already contributes to the tax base by spending state and federal funding, foundation and individual contributions, and volunteer services in communities, and thus we ultimately help government avoid imposing additional taxes. Imposing taxes and/or service charges on these publicly serving entities is counter-productive in that it diverts funds from the delivery of vital services. CHOM would not have attempted its mission were it not for non-profit tax-exempt status.

I am sympathetic to fiscal pressures on local and state budgets, and CHOM proudly partners with municipalities to jointly meet community needs. Municipalities and non-profit organizations are two separate branches of our democratic structure and are charged with the responsibility of supporting a civil society. Because of our common purpose, it is essential that we work well together to achieve common goals. Imposing taxes and/or service charges on non-profits inhibits this process, and in fact would wipe out organizations such as CHOM and those with whom we partner.

If non-profits stop doing their important work, towns and municipalities will pay a lot more to manage the crises that arise when people are unable to be housed and supported in achieving and maintaining stability in the community. It is the difference between Maine being a nice place to be, to run a business, to visit as a tourist, or to live – and place where people with the most challenging presentations are left in instability, interfering with everything on that list.

Opening the door for municipalities to tax and/or impose service charges on nonprofits will drive organizations like ours away from doing their important work – from which no one benefits. And it would mark a drastic change and set a dangerous precedent – the results of which would be disastrous for Maine's non-profits.

Please oppose LD 438, LD 1795, and any other bill that would impose taxes and/or service charges on Maine's vital nonprofits, which will ensure organizations like CHOM can continue to work with our municipal partners to achieve common goals from which everyone in Maine benefits.

Thank you for the opportunity to comment.