

Testimony of the Maine Municipal Association

Neither For Nor Against

LD 438, *An Act to Allow Municipalities to Limit Nonprofit Property Tax Exemptions*
May 6, 2025

Senator Grohoski, Representative Cloutier and members of the Taxation Committee, my name is Kate Dufour, and I am submitting testimony “neither for nor against” LD 438 on behalf of MMA’s Legislative Policy Committee, which establishes the association’s positions on all municipally relevant legislation.

The underlying issue that LD 438 seeks to address is very real. Via the granting of exemptions to certain property owners, the Legislature has played a significant role in shifting additional burdens onto owners of property that do not qualify for 100% exemptions. While nonprofits entities are valued members of our communities, and provide needed services, they do, however, rely on municipal services, primarily public works and public safety, which are funded by the remaining property taxpayers. This has the impact of adversely affecting the homeowners the Taxation Committee has been asked to assist, including seniors and veterans. Municipal leaders wholeheartedly believe that, at the very least, these entities should pay for the services received. In the minds of municipal officials, it is no different than paying for utility services, materials and supplies, and other vender services.

However, the approach proposed in LD 438 raises a few questions about how the authority would be applied. Absent clear implementation guidelines, the authority could place communities at risk, should local decisions regarding the benefit provided be perceived as being apportioned inequitably.

While the policy committee appreciates the out of the box thinking regarding the state’s property tax exemption policy, there are other ways in which to provide this authority, as evidenced in LD 1795, which is also being heard today.

Thank you for considering the municipal perspective on this issue.