

Raney Bench
Mount Desert
LD 438

Testimony:

LD 438, HP0292An Act to Allow Municipalities to Limit Nonprofit Property Tax Exemptions

LD 1795, SP0697An Act to Change the Calculation for Municipal Service Charges for Tax-exempt Organizations

From:

Raney Bench, Executive Director

Mount Desert Island Historical Society, Mount Desert, ME

I am writing to oppose LD 438 and LD 1795 and any subsequent efforts to impose taxation on non-profit, tax-exempt organizations.

The MDI Historical Society cares for two campuses with three buildings, two of which are historic properties on the National Register. Our property in the village of Somesville is located along a stream and harbor, and the iconic footbridge is one of the most photographed places in Maine. Our other campus is a one room schoolhouse from 1892 with an addition for our archive. We care for over 40,000 items of historical significance, employ two full time and four part time staff, and offer free programs, school programs like Vintage Classroom, exhibits, and events reaching over 5,000 people each year.

Our non-profit status is based on a public trust relationship, we do not pay taxes because we provide services on behalf of our communities. Please consider the following:

- The MDI Historical Society does not have an endowment, therefore 90% of our annual operating budget comes from private donors. If these bills were to pass and Mt. Desert passed their own taxation ordinances, our private donors would be paying our property taxes, instead of their gift going toward mission related services.

- We do not receive any regular municipal support despite the fact that our campuses contribute to the economic and cultural health of the town.

- Because our budget is so tight we would be forced to make very difficult decisions and either lay off staff or divest of our Somesville property, taking away public services in the form of exhibits, school programs, and the iconic landscape.

There are over a hundred non-profit organizations on MDI that would be facing similar tough choices about laying off staff, divesting of properties, and limiting their services, culminating in a devastating loss of cultural and natural heritage and public access.

Museums are vital to the cultural and economic vitality of our towns, and they are often located in historic properties that are important to the unique identity of their communities. Most museums in Maine are small, run by all volunteers or small staff working hard to make ends meet. Adding this financial burden will cause undue stress on their budgets and donors. Also consider that Maine has the largest number per capita of small museums in the country, but we rank among the lowest states providing state and municipal funds, meaning that we already rely heavily on private giving to survive.

Finally, other sources of funding are drying up, making these proposals especially threatening. Years ago most federal, state, and private foundations stopped providing operating support and all funding was directed to programs and special projects. This placed even greater importance on private donors to fund operations and the staff needed to provide services. Combine that with the current movement to defund the federal and state agencies like the Institute for Museum and Library Services, National Endowment for the Humanities, National Endowment for the Arts, and National Science Foundation and we are slowly being starved.

Taxing non-profit properties is not a solution to increasing municipal budgets, instead it will reduce the services non-profits provide, risk historic properties, and result in increased unemployment.

