

Testimony of Linda Caprara
for the Maine State Chamber of Commerce in Opposition to
L.D. 438, "An Act to Allow Municipalities to Limit Non-Profit Property Tax Exemptions"
May 6, 2025

Good afternoon, Sen. Grohoski, Rep. Cloutier, members of the Joint Standing Committee on Taxation. My name is Linda Caprara, I am the Vice President of Advocacy for the Maine State Chamber of Commerce. I am also a resident of Winthrop. We are testifying in opposition to L.D. 438, "An Act to Allow Municipalities to Limit Non-Profit Property Tax Exemptions"

We oppose L.D. 438 because it proposes to grant municipalities the authority to limit non-profit property tax exemptions when the municipality determines by vote of the governing body that such an exemption would be detrimental to the residents of that municipality.

The intent behind this legislation may be to address local concerns surrounding non-profit organizations and what they contribute to the tax base. Allowing municipalities to limit property tax exemptions based on whether or not the governing body wants to grant the exemption based on whether an exemption would be "detrimental" is problematic. The term "detrimental" is subjective. Essentially, this bill would leave the decision to grant the exemption in the hands of a few and presents a risk of potential discrimination if exemptions are revoked based on ideological or political grounds, undermining the principles of fairness and equality that are fundamental to our tax system.

Non-profit organizations provide vital services to our communities in Maine such as education, health and animal welfare. Many of these organizations fill a void no one else will. In addition, many of these organizations depend upon the generosity of others and rely on donations to keep the doors open to provide services where there is none. Imposing property taxes on non-profits could lead to higher organizational costs for which they do not have the financial ability to absorb. Municipalities could incur higher costs in an attempt to fill the void left by these organizations. This burden could also force these organizations to close their doors for good.

We need to recognize the vital and pivotal role non-profits play in providing important services and they continue to serve our communities. We urge the Committee to vote ought not to pass on L.D. 438. I would be happy to answer any questions.