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Maine Association of Nonprofits Testimony in Opposition to LD 438 / LD 1795

State of Maine Taxation Committee Public Hearing

May 6, 2025

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

My name is Mary Alice Scott, and I am the Public Affairs Manager at the Maine Association of Nonprofits. MANP is a growing membership organization made up of over 1,100 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 today **in opposition to** 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.

As part of our testimony, we have also submitted a letter, signed by 180 charitable nonprofits, outlining why it makes sense for this committee to reject LD 438 and LD 1795.

Nonprofits Earn their Tax Exemptions and Provide a Community Benefit

Charitable nonprofits embody and sustain the fundamental social, cultural, and spiritual values of trust, compassion, and moral behavior that bind us together. These organizations earn their tax exemptions every day by dedicating themselves to the public good, reducing the burdens of government and offsetting expenditures that might otherwise be made from tax revenues, and by giving up profits, privacy, and politics in pursuit of their missions.

Nonprofits Contribute to Maine's Economy and Quality of Life

The nonprofit community plays a very important role in Maine's economy and quality of life. **Maine nonprofits employ 1 in 6 Maine workers.**¹ Maine's vibrant nonprofit organizations invest significant financial and organizational resources in their communities and mobilize over 400,000 volunteers annually – volunteers who donate almost \$900 million in time and resources to their communities.²

While you may think of Maine's largest nonprofits when you think of a nonprofit, most Maine nonprofits are very small and community-based. 88% have annual budgets less than \$500,000. 62% have annual budgets under \$50,000.³

¹ <https://www.nonprofitmaine.org/nonprofit-research>

² <https://www.nonprofitmaine.org/nonprofit-research>

³ <https://www.nonprofitmaine.org/nonprofit-research>



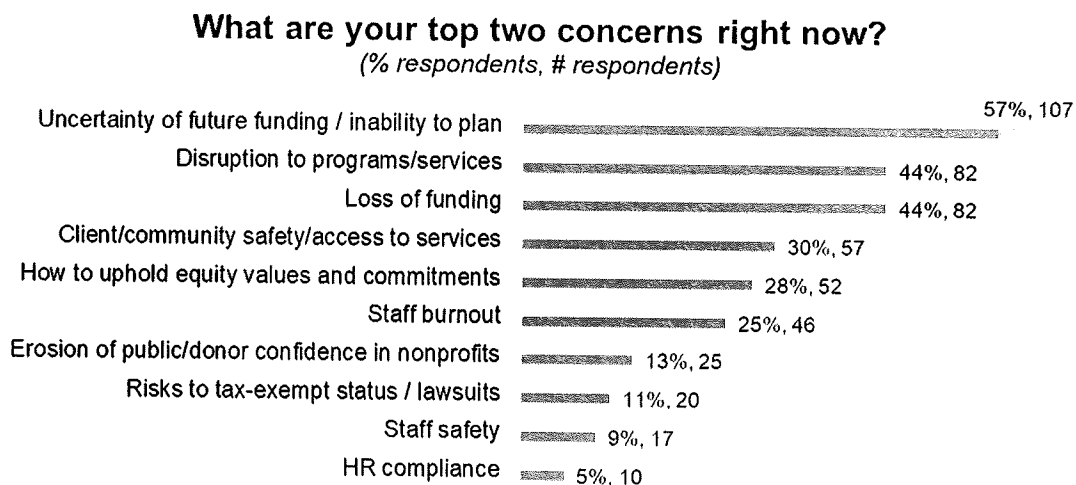
But cumulatively, the nonprofit sector creates a big impact: in 2022, Maine nonprofits contributed \$16 billion to the economy through wages paid, retail and wholesale purchases, and professional service contracts.⁴ They also foster innovation, community engagement and entrepreneurship.

Nonprofits are Critical Partners to Local and State Government

Municipalities provide important services, such as fire and police protection, sanitation services, and general infrastructure, to their communities. Nonprofits also provide important community services, such as housing, mental health services, transportation, conservation, job training, and other enrichment opportunities, at no cost to municipalities. Because many of these desired services, if not provided by nonprofits, would fall to the responsibility of the government, nonprofits relieve some of the burden of government.

We are sympathetic to municipal fiscal pressures – in fact, nonprofits are facing many of the same forces. Nonprofits and municipal governments are both facing receding federal funding, increased labor costs, and a continued demand from Maine people for a high level of service. But it does not make sense for municipalities to turn to nonprofits to make up this fiscal shortfall, especially when our organizations cannot simply pass along cost increases to their clientele, the way a private business may.

MANP held a virtual nonprofit community forum on March 31st, and asked attendants to list their top two concerns right now. Already, uncertainty of future funding / inability to plan and disruption to programs / services are at the top of the list.⁵ LD 438 and LD 1795 would exacerbate those challenges.



⁴ <https://www.nonprofitmaine.org/nonprofit-research>

⁵ <https://www.nonprofitmaine.org/blog/takeaways-from-manp-community-forum-on-executive-actions>



LD 438 and LD 1795 Would Result in a Negative Impact on Maine's Communities

Maine's nonprofits provide important services to their communities. If these proposals move forward, Maine nonprofits would have to either increase fees or reduce or eliminate services for those with low income, mental health issues, without housing, battling opioid addiction, food insecurity, at-risk youth, and more.

We urge the committee to leave the current statute as it is. While municipalities may be interested in increased revenue, nonprofits are also facing difficult times. We want nonprofits and the communities they serve to continue working together to move Maine forward and not be pitted against each other.

Thank you for your consideration and we urge you to ***reject LD 438 and LD 1795.***