Additionally, from a practical standpoint, reassessing a large number of properties, some of which have not been assessed in many years, in order to bring them onto the tax rolls presents its own unique challenges. Valuation disputes are expected.

The Maine Hospital Association has stated that its “members are not in a position where they can afford to absorb tens of millions of dollars (in taxes) revenue sharing with municipalities.

Not surprisingly, the plan to tax not-for-profit institutions is facing serious opposition from schools, hospitals and not-for-profit associations. Although the ability to tax not-for-profits would increase the tax rolls for many municipalities, the idea has not taken off among municipalities in Maine. The Maine Municipal Association has stated that the majority of towns and cities will not be able to make up for the lost revenue sharing through the increased taxes from not-for-profits. Additionally, from a practical standpoint, reassessing a large number of properties, some of which have not been assessed in many years, in order to bring them onto the tax rolls presents its own unique challenges. Valuation disputes are expected.

The Maine Hospital Association has stated that its “members are not in a position where they can afford to absorb tens of millions of dollars (in taxes) from the state.” Presidents of Maine educational institutions have also been vocal in their opposition to the plan, claiming that it will place an undue economic burden on students and adversely affect the affordability of college. The Maine Independent College Association also released a statement that “[t]hese institutions are a major industry in many localities, create significant local economic activity, and provide cultural benefits to their communities” and that “[w]ithout the property tax exemption, Maine private nonprofit educational institutions would be placed at a competitive disadvantage with other states’ institutions.” The Maine Association of Nonprofits has also opposed the budget, issuing guidance on its Web site that included a breakdown of “why nonprofit organizations are tax-exempt and why it makes sense
to preserve these tax-exemptions,“ and lists one of its 2015 legislative priorities as opposition to any policies that unnecessarily increase nonprofit business costs. Its stance is that “[n]onprofits earn their property tax exemption by alleviating some of the burdens of government and by improving our communities.”

The association also released in January a polished report detailing the positive economic and social impacts of the Maine not-for-profit sector.

Overall, if Gov. LePage’s tax reforms are successful, they would mark a national turning point on the issue of real property tax exemption for not-for-profits. The lessons learned on both sides in this battle will be instructive should New York ever consider making changes to its real property tax policies.

Endnotes