



128th Legislature: First Session (2017) Summary

This was a very successful legislative session for MANP. **We suffered no losses and had a few wins.** Working with key partners, we effectively reminded decision-makers of the importance of nonprofits to the economy and Maine communities and undercut arguments by those advancing an anti-nonprofit agenda. We're quickly turning to the future in anticipation of the next legislative session and begin to craft a proactive agenda for 2019.

“Service Charges”

The effort to place so-called “service charges” on nonprofits with assessed value over \$10 million was defeated.

- ▶ [LD 1521](#), An Act to Amend the Property Tax Laws (sponsored by Rep. Gary Hilliard) (Governor’s bill)(**MANP opposed**).
 - The service charges proposed in LD 1521 were not true service charges; they were taxes because they were linked to the property’s assessed value and tax-exempt status. True service charges are based on actual services, with calculable costs, that apply to all users such as water and sewer districts.
 - Taxation Committee voted 10-3 ONTP-OTPA.
 - Defeated in the House [85-56](#) and with no recorded vote in the Senate.

Property Taxes

Attempts to eliminate the property tax exemption for certain nonprofits were stopped, but a study was inserted into the budget in the final hours of the shutdown.

- ▶ [LD 727](#), An Act to Protect the Tax Base of Municipalities by Removing the Property Tax Exemption for Land Held for Conservation or Public Access Purposes (sponsored by Rep. Joel Stetkis) (**MANP opposed**).
 - Proposed to change the law by declaring that holding land primarily for conservation or public access purposes is not a benevolent or charitable purpose, which would mean land trusts wouldn’t be eligible for the property tax exemption.
 - Taxation Committee voted 8-4 ONTP-OTPA.
 - Defeated in the House 96-48 and in the Senate 35-0.
- ▶ [LD 1121](#), An Act Regarding the Exclusive Use of Tax Exempt Property (sponsored by Rep. Jonathan Kinney) (**MANP opposed**).
 - Would have eliminated the property tax exemption if a nonprofit received remuneration for incidental use.
 - Taxation Committee voted 12-1 ONTP-OTPA.
 - Defeated in the House and Senate in unrecorded votes.

- ▶ **LD 1076**, An Act to Replace Municipal Property Tax Revenue Lost Due to Land Acquisitions Under the Land for Maine's Future Fund (sponsored by Rep. Sheldon Hanington) **(MANP opposed)**.
 - Would have required the State to reimburse municipalities or counties for lost property taxes for new Land for Maine's Future projects.
 - Taxation Committee voted unanimously against the bill.
 - Defeated in the House and Senate in unrecorded votes.

- ▶ Part TT of the budget (LD 390) **(MANP neutral)**.
 - This part was added in the final hours of the shutdown in response to the Governor's demand that land trusts lose their property tax exempt status.
 - Requires holders of tax exempt conservation property to register in the Conservation Lands Registry.
 - Creates a benign study of Conservation Lands Owned by Nonprofit Conservation Organizations to be conducted by the Agriculture, Conservation and Forestry Committee. The study will focus on the various issues including property taxes paid, community benefits realized and value of lands to the State's economy. The committee will seek public input and consult and collaborate with relevant stakeholders including representatives of Maine's land trust community.

Payments In Lieu of Taxes (PILOTs)

Currently, there is no mechanism for the state to accept voluntary payments in lieu of taxes in the unorganized part of the state. A bill enacted this session creates such a mechanism.

- ▶ **LD 1289**, An Act to Provide Payments in Lieu of Taxes in the Unorganized Territory (sponsored by Sen. Jim Dill) **(MANP supported)**.
 - Creates a mechanism for the state to receive voluntary payments in lieu of taxes in the unorganized part of the state.
 - Taxation Committee voted unanimously in support of the bill as amended.
 - Enacted by the House and Senate without a recorded vote.
 - Became law without the Governor's signature.

Surplus Property

The list of nonprofits that can purchase surplus property prior to auction from the state is quite narrow. Enacted legislation significantly expands the types of nonprofits that have this opportunity.

- ▶ **LD 648**, An Act to Expand the Types of Nonprofit Organizations to Which Surplus Property May Be Sold by the State (sponsored by Rep. Gay Grant) **(MANP supported)**.
 - Allows nonprofits to purchase surplus property from the state prior to auction.
 - State and Local Government Committee supported the bill unanimously.
 - Enacted by the House, but was put on the Appropriations Table, which is where bills go just prior to enactment in the Senate if they have a fiscal note.

- This bill has a very minor fiscal note which indicates the minor cost will be absorbed.
- The Senate to enacted the bill July 20.
- The Governor vetoed the bill.
- The House and Senate overrode the veto (112-25 and 29-3) and bill will become law.

Transparency

The spending of federal block grants is not required to be transparent creating challenges for the agencies receiving the funding, their partners and their clients. This issue will be back in 2018.

- ▶ **LD 1435**, An Act to Ensure the Transparency in the Distribution of Federal Block Grants (sponsored by Rep. Erik Jorgensen) **(MANP supports)**.
 - Would ensure that the Department of Health and Human Services (DHHS) federal block spending plans are public and subject to review.
 - The responsibility for oversight of federal block grant spending is shared between the administrative and legislative branches in other states. This makes a lot of sense as these grants are public tax dollars and warrant appropriate scrutiny as with the allocation of other tax funds in the budget.
 - Nonprofits partner with state government in many ways, including caring for and supporting Maine’s vulnerable citizens. This relationship is greatly hindered when spending plans are unclear.
 - The federal government is increasing its reliance on “block granting” and will likely expand it to include Medicaid, housing, health care, and training programs which would make transparency even more important.
 - The Health and Human Services Committee voted to carry the bill over to the next legislative session, 2018.

Reimbursement Increase

Direct service providers haven’t had a rate increase in some time making their wages uncompetitive. Given the challenging work and the low pay, it’s been very difficult to maintain appropriate staffing levels and some facilities have had to close. This issue will be back in 2018.

- ▶ **LD 967**, An Act to Ensure Access to Community Services for Persons with Intellectual Disabilities or Autism (sponsored by Rep. Erin Herbig) **(MANP supports)**.
 - Increases reimbursement rates for direct services provided to MaineCare adults with intellectual disabilities or autistic disorder.
 - The Health and Human Services Committee voted OTPA.
 - The bill was enacted in the House and put on the Special Appropriations Table in the Senate, but, in the meantime, \$11.25 million was put in the budget to fund it.
 - Unfortunately, the funding is only in place for the first year of the biennium. Additional funding will be required in next year’s supplemental budget.
 - The Appropriations Committee voted to carry this bill over to next year.

Key: OTP = Ought to Pass ONTP = Ought Not to Pass OTPA = Ought to Pass as Amended