

Partners In Prosperity

The Maine Nonprofit Sector Impact



Nonprofit Tax Review Task Force

Wednesday, October 30, 2013

What We'll Cover



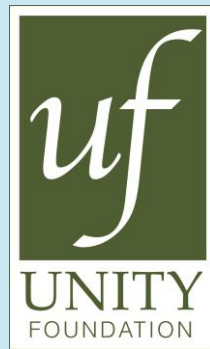
- What do we mean when we say “nonprofit”?
- Demographic information about Maine’s nonprofit sector
- History + Rationale of Tax Exemptions
- Economic impact of Maine Nonprofits
- Sources of Nonprofit Revenue
- Brief State of the Sector

Partners In Prosperity

The Maine Nonprofit Sector Impact



Biennial Report Generously Supported by:



Why This Special Class of Entity?



Ind./Families ↔ Nonprofits ↔ Government

More **Responsive** Than Government

More **Resourced** Than Families + Individuals

Community Based

Vehicles for Civic Engagement

What's in a Name?



How Many Nonprofits in Maine?



Nonprofit Corporations in Maine = 13,182

- Public Benefit = 7,447
- Mutual Benefit = 5,735

# Under IRS Classifications	Registered with IRS	Filing with IRS
501c3 – Public Charities	5,977	2,619
501c3 – Private Foundations	523	403
501c4 – Social Welfare	550	186
501c6 – Business Leagues	446	234
All Other 501c organizations	2,137	536
Total	9,633	3,978

Are c3 Nonprofits Exempt from All Taxes?



No!

Exempt Usually	Exempt Sometimes	Pay Usually
Income Tax	Sales Tax	Social Security Employer Tax
Federal Unemployment Tax	State Unemployment Tax	Medicare/Medicaid Employer Tax
Excise Tax	Real Estate Tax	Unrelated Business Income Tax
	Personal Property Tax	

PILOTs/SILOTs/Service Charges



Municipal / Nonprofit Partnerships

- **Many nonprofits negotiate PILOTs with host communities**
- **Many nonprofits provide SILOTs to host communities**
- **Many communities pay nonprofits for services**

Why Are Nonprofits Tax-Exempt?



Nonprofits earn their exemption by:

Forgoing

Profits

Politics

Private Benefit

Privacy

Promoting

Public Good

Reducing

The Cost of
Government

Why Are Nonprofits Tax-Exempt?



36 MRSA §652

Episcopal Camp Foundation Inc. v. Town of Hope (1995) definition of Charity

Charitable + Benevolent

(1) bringing the minds and hearts of persons under the influence of education or religion;

Literary + Scientific

(2) relieving persons from disease, suffering or constraint;

Veterans Groups

(3) assisting persons to establish themselves in life;

Chambers of Commerce

(4) erecting or maintaining public buildings or works; or

Houses of Worship

(5) otherwise lessening the burdens of government

Fraternal Organizations

Nonprofits Matter



Nonprofits Matter



- Community Builders
- Civil Society Cultivators
- Health & Wellbeing Promoters
- Environmental Stewards
- Economic Stimulators

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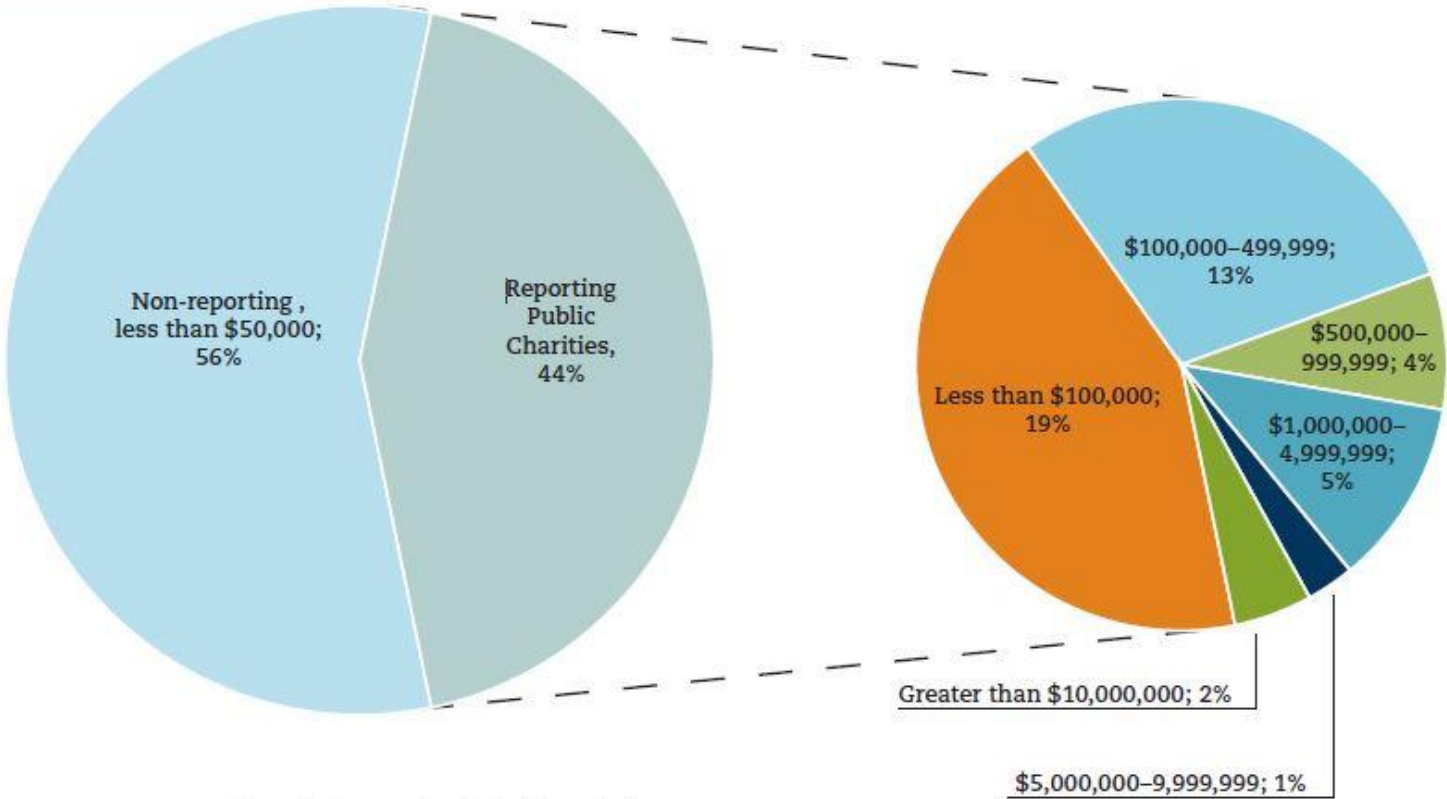
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Nonprofits Matter



Figure 4
Public Charities by Expenditure Level, 2010

Percent of Total Public Charities



SOURCE: NCCS Data Web, National Center for Charitable Statistics, <http://nccsdataweb.urban.org/> ©2012

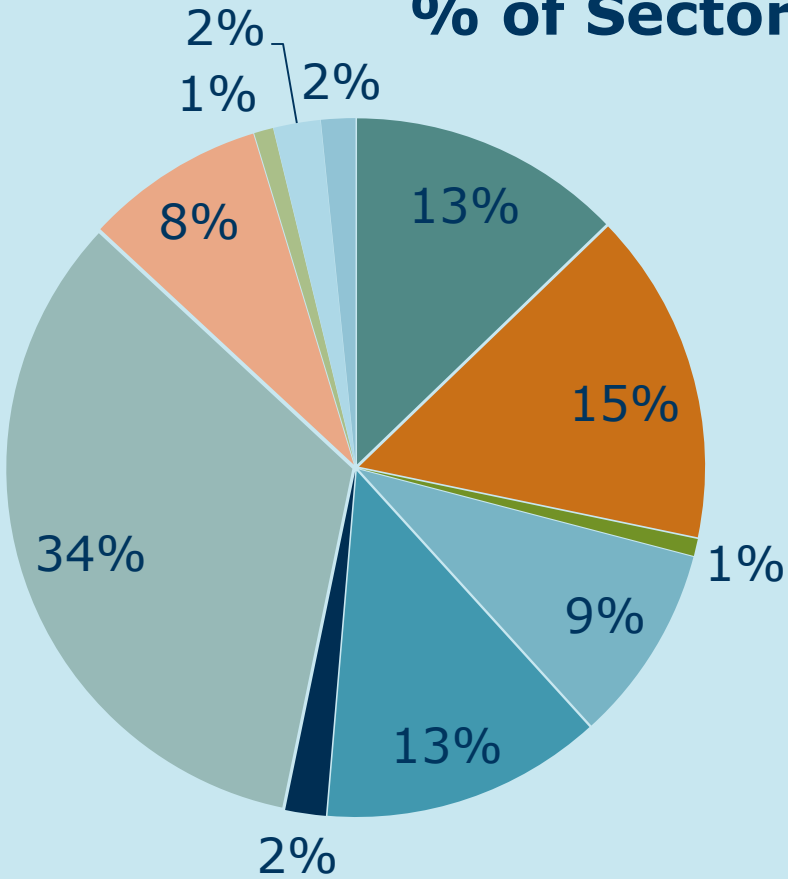
Nonprofits Matter



Nonprofits Matter



% of Sector by Mission Area



- Arts, Culture, Humanities, 12.8%
- Education, excluding Higher Ed, 15.5%
- Higher Education, 0.8%
- Environment/ Animal Related, 9.2%
- Health Care/Mental Health, 13.1%
- Hospitals, 1.9%
- Human Services, 33.7%
- Community Improvement, Public Benefit, 8.4%
- Research, 0.9%
- Religion Related, 2.2%
- All Others, 1.6%

Nonprofits Matter



\$9.3 billion
per year
contributed by
nonprofits to the
Maine economy

through wages paid,
retail + wholesale sales
+ professional services
contracted²

=

Last year, Maine
nonprofits
contributed
18.3%
to
Maine's Gross
State Product

Nonprofits Matter

1 **IN** **7**

Maine workers is

employed
by a **Maine
nonprofit**

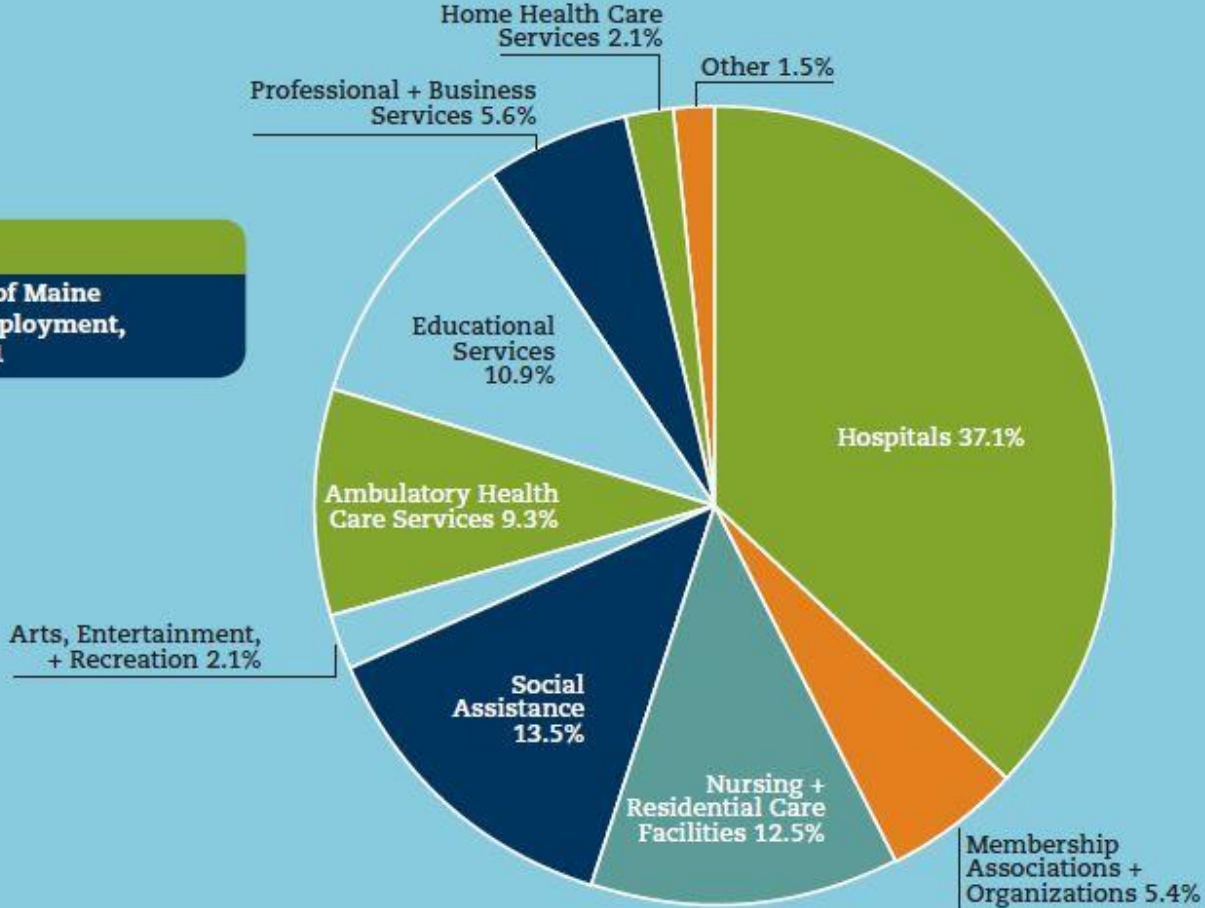
That's over
86,000
Maine workers

Sector	% of Employment
Private For-Profit	68%
Private Nonprofit	15%
Local Government	10%
State Government	4%
Federal Government	3%

Nonprofits Matter



Figure 3
Distribution of Maine Nonprofit Employment, by Field, 2011



Nonprofits Matter



In 2011, Maine nonprofits paid
\$3.5 billion
in taxable wages⁴



**Maine's
nonprofit
wages
generate**

\$200 million
in state income tax revenue

every year

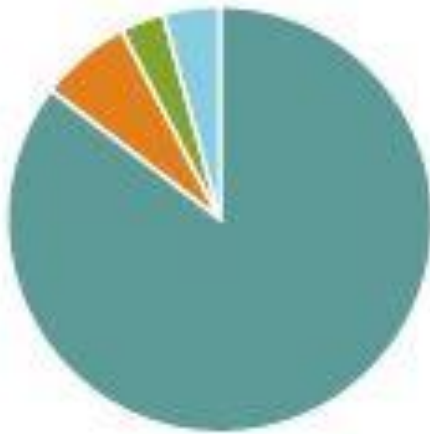
Where do Nonprofits Get their Money?



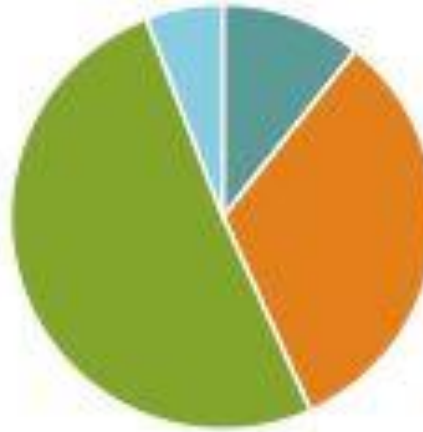
- It Depends

- Individual & Foundation Giving
- Fees for Goods & Services (Private)
- Government (Grants and Fees for Goods and Services)
- Other Income

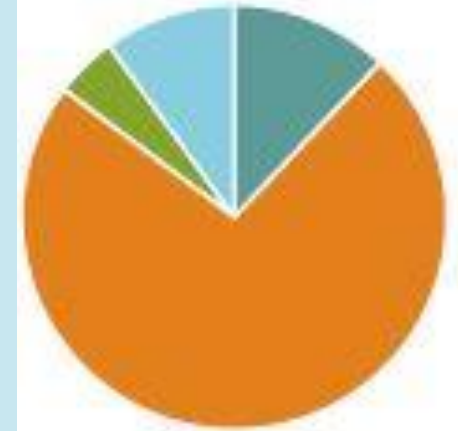
Religion Related, Spiritual Development (N=57)



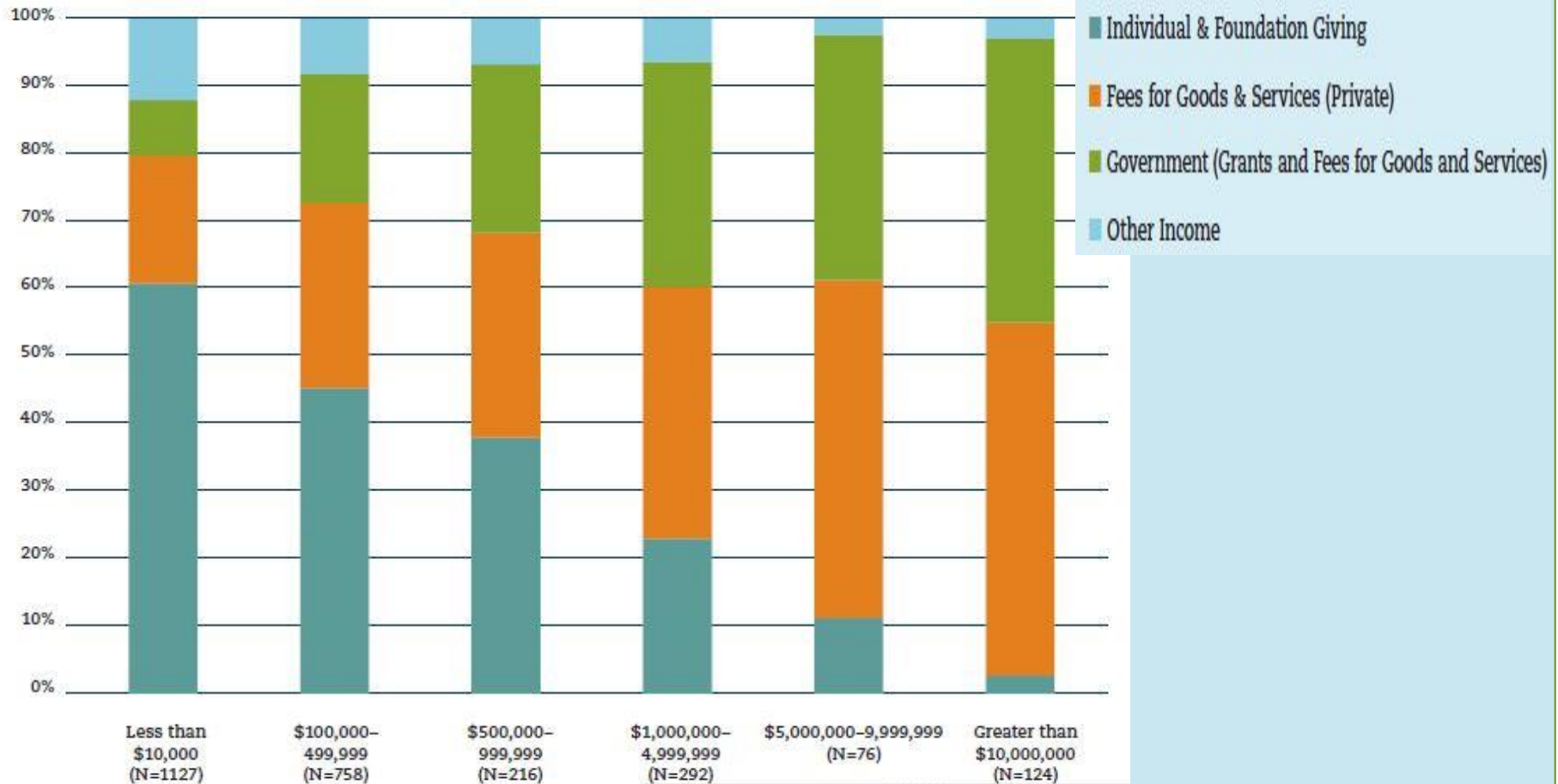
Human services (N=872)



Higher education (N=19)



Where do Nonprofits get their Money?



Source: NCCS calculations of IRS Statistics of Income Division Exempt Organizations Sample (2008); Urban Institute, National Center for Charitable Statistics, Core Files (2010); American Hospital Association (AHA) 2010 survey; and the National Health Accounts, produced by CMS.

Foundation Giving in Maine



Foundation Type	Number of Foundations	Assets	Total Giving *
Independent	280	\$ 1,329,603,996	\$ 90,380,944
Corporate	15	\$ 134,203,721	\$ 18,281,801
Community	2	\$ 185,852,400	\$ 15,780,267
Operating	30	\$ 63,981,759	\$ 2,275,408
Total in Maine	327	\$ 1,713,641,876	\$ 126,718,420
Total in United States	76,545	\$ 590,188,365,000	\$ 50,388,584,000
Maine as % of U.S.	0.43%	0.29%	0.25%

* Includes grants, scholarships, and employee matching gifts.

Due to rounding, figures may not add up. The search set includes all active private and community grantmaking foundations located in the state. Only grantmaking operating foundations are included.

SOURCE: The Foundation Center, foundationcenter.org/findfunders/statistics/ © 2011

Foundation Giving in Maine



Annual Foundation Giving in Maine
VS

Annual Budget of the Maine Department of Health &
Human Services



Individual Giving in Maine



Figure 10

Average Charitable Contribution of Itemizers, 2010

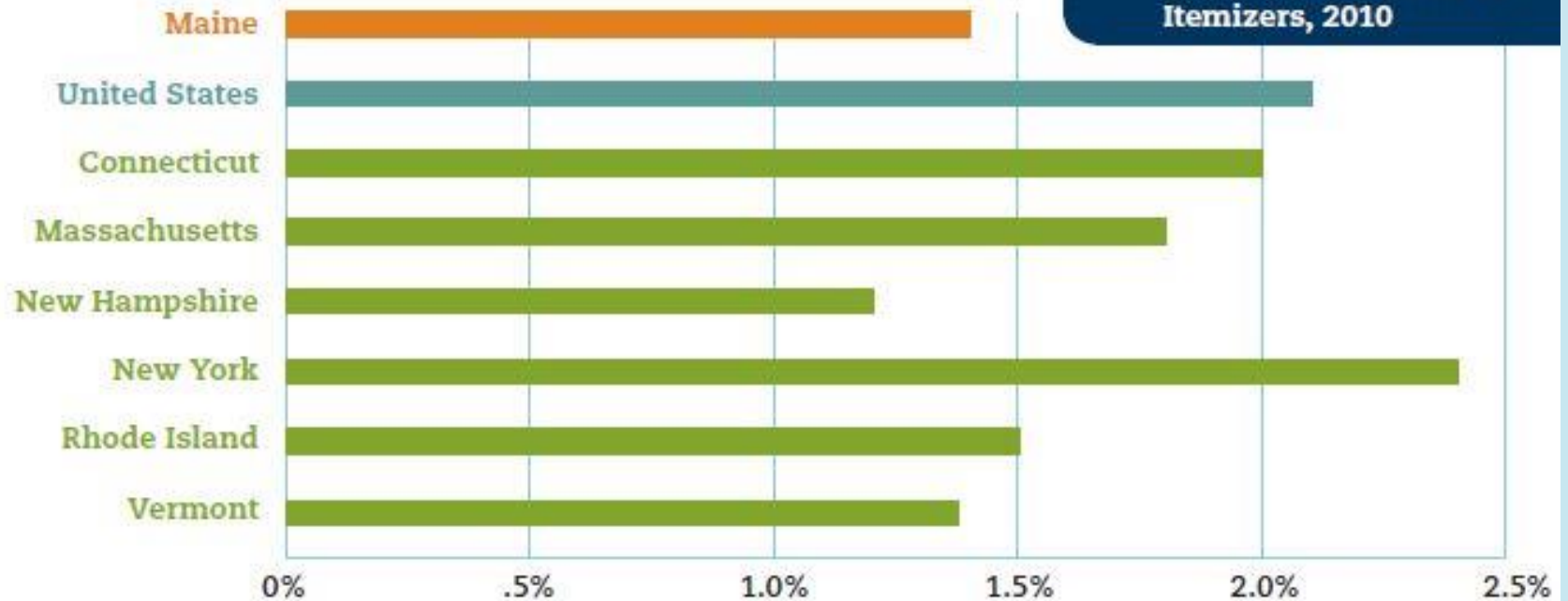


Individual Giving in Maine



Figure 11

Average Percent of
Income Contributed by
Itemizers, 2010



SOURCE: IRS Statistics of Income Tax Stats - Historical Table 2, <http://www.irs.gov/uac/SOI-Tax-Stats---Historic-Table-2>

Nonprofit Finance Fund Survey 2012



Increased Demand

- 78% saw increased demand for services
- 54% could not meet that demand (up from 44% in 2009)

Very Slim Margins

- 31% broke even
- 29% had a deficit

Nonprofits Matter



Healthy Nonprofit Sector = Better Quality of Life

Nonprofits Earn Tax Exemptions Every Day

Nonprofits Contribute to the Economy

Philanthropic Giving Cannot Substitute for Strong
Government Partnerships

Nonprofits are Feeling the Stress of the Slow
Economic Recovery

For More Information



MANP's Website:
www.nonprofitmaine.org

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