

Is Your Organization Eligible for Property Tax Exemption?

Part of a series of MANP documents created to enhance understanding of the rules and regulations governing Maine's nonprofit organizations.

Thank you to Robert H. Levin, Attorney at Law (www.roblevin.net), for his work on this white paper. This paper is provided solely for informational purposes and should not be relied on as legal advice.

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Qualifying

If your organization can answer yes to all of the questions below, it may be eligible for property tax exemption for real property that it owns. Keep in mind that exemption is determined on a parcel-by-parcel basis, and so one parcel might qualify as exempt while another does not qualify.

1. Is the organization incorporated in Maine?

Under Maine's property tax exemption statute, only Maine nonprofit corporations are eligible, although this part of the law may be subject to a Constitutional challenge.

2. Is the organization's purpose (as stated in its Articles of Incorporation and Bylaws) exclusively for charitable, scientific or literary purposes?

What qualifies as "charitable," "scientific" or "literary" is the subject of some debate, and there are many different Maine Supreme Judicial Court cases on this issue. Sometimes an organization will have to make its case that it is indeed charitable. Being recognized by the IRS as a 501(c)(3) organization is not enough to demonstrate that an organization is charitable for property tax exemption purposes. Please consult an attorney if you have any question whether your organization's purposes qualify. Furthermore, various exemptions exist for veterans organizations, chambers of commerce, houses of religious worship, and fraternal organizations, but those are not discussed in detail here. **Special rules also apply if the organization's charitable purpose is to provide subsidized residential rental housing.**

3. Is the use of the property solely for charitable, scientific or literary purposes?

If the organization leases a portion of the parcel, then the entire parcel likely will no longer qualify for exemption. In addition, if the organization uses the property for non-charitable activities (e.g., short-term rentals for private events) on more than a minimal amount, then it could render the property ineligible for exemption. This is another issue that has been litigated many times over the years.

4. Do your organization's activities reflect that it is acting in furtherance of its charitable, scientific, or literary purposes, and not to support any profit motive?

Applying

To obtain property tax exemption, you must file a written application for property tax exemption in the municipality the property is located by April 1 of the year in which exemption is first sought. Contact your municipality or the Maine Revenue Services Property Tax Division to be directed to the correct form. The law that governs property tax exemption is found at [36 M.R.S. § 652](#).

Additional Resources

Maine Revenue Services Property Tax Division

<http://www.state.me.us/revenue/propertytax/homepage.html>

MANP's White Paper *A Primer on Property Tax Exemption Procedural Choices*

www.NonprofitMaine.org/PropertyTaxProceduralChoices.