REAL PROPERTY EXEMPTIONS:

How to Solve Problems and Be Alienated from Society

Presentation to: Maine Chapter of the IAAO

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Disclaimer:

- The content of this presentation is not intended to provide legal advice nor should it be construed as legal advice.
- Qualified legal counsel and/or subject matter expert should be consulted for your specific situation.
- The views expressed are those of the author and do not necessarily reflect the views of the IAAO, the Maine Chapter of the IAAO, the City of Portland, the City Assessor for the City of Portland, or the State Tax Assessor.

Survey Results

Assessor's Golden Rule for Exemptions:

AVOID THE CONSEQUENCES OF A POOR DECISION.

Key concepts to keep in mind:

1. The answer is "no", unless there is a legitimate reason for a "yes".
2. Be thorough, don't assume.
3. If something relevant is not written down, then it does not count and did not happen.

Consequences: Exemption-related Decisions



WGME, **Portland charitable organizations upset over being forced to pay city property taxes** (Oct. 15, 2026); https://www.youtube.com/watch?v=G_Ss4WNIvKc

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1. Guidance: Partial Exemptions

Partial Exemption	Requirements	Statute & Guidance
Homestead	Permanent residence, occupied for at 12 months prior to filing – $25,000 off just value	• 36 M.R.S. §§ 681-689 • Property Tax Bulletin No. 35 (rev. Feb. 11, 2026)
Renewable Energy	Renewable energy equipment, *e.g.*, solar panels	• 36 M.R.S. §§ 655(1)(U) & 656(1)(K) • Property Tax Bulletin No. 29 (rev. Dec. 30, 2024)
Veterans	• During recognized war period, is 62 year old, or older, or 100% disabled, or 100% disabled while serving – $6,000 off just value • Certain disabled veterans, $50,000 off just value	• 36 M.R.S. § 653 • Property Tax Bulletin No. 7 (rev. Oct. 14, 2025)
Blind	Legally blind individual – $4,000 off just value	• 36 M.R.S. § 654-A, • MRS, Maine Property Tax Law, p. 93
Business Equipment Tax Exemption	For eligible business equipment – 100% exempt	• 36 M.R.S. §§ 691–700-B • Property Tax Bulletin No. 28 (rev. Sept. 25, 2025)

1. Guidance: Tax Law Programs

Tax Law Programs:

1. Tree Growth Program
   See 36 M.R.S. §§ 571-584-A; Property Tax Bulletin No. 19 (Tree Growth Tax Law) (rev. April 2, 2026).
2. Farmland Program
   See 36 M.R.S. §§ 1101-1121; Property Tax Bulletin No. 20 (Maine Farmland Tax Law) (rev. July 9, 2024).
3. Open Space Program
   See 36 M.R.S. §§ 1101-1121; Property Tax Bulletin No. 21 (Maine Open Space Tax Law) (rev. October 28, 2022).
4. Business Equipment Tax Reimbursement
   See 36 M.R.S. §§ 6651-6665; Property Tax Bulletin No. 27 (Business Equipment Tax Reimbursement) (rev. September 5, 2025).
5. Property Tax Deferral Program
   See 36 M.R.S. §§ 6250-6266; Property Tax Bulletin No. 34 (State Property Tax Deferral Program) (rev. September 22, 2025).
6. Working Waterfront Program
   See 36 M.R.S. §§ 1131–1140-B; MRS, Property Tax Bulletin No. 36 (Maine Working Waterfront Tax Law) (rev. July 22, 2025).

1. Guidance: Source Materials

1. **Law Court decisions** See https://scholar.google.com/scholar?as_sdt=4,20&hl=en
2. Superior Court decisions See https://mainelaw.maine.edu/library/collections/superior-court-decisions/ and https://mainelaw.maine.edu/library/collections/superior-court-decisions/
3. MRS, ***Maine Property Tax Law* (PT102)**, Chs. 3 (Office of the Assessor), 8 (Exemptions), 10 (Abatements), and 11 (Appeals) (rev. Feb. 2026)
4. MRS, ***Property Tax Bulletin No. 5***, Tax Exemption for Benevolent and Charitable Institutions (rev. Dec. 9, 2022 and Law Court cases cited in Property Tax Bulletin No. 5 (undated)
5. MRS, *Property Tax Bulletin No. 2*, True and Perfect Lists (rev. April 7, 2025)
6. MRS, *Property Tax Bulletin No. 10*, Property Tax Abatement and Appeals Procedures (rev. Sept. 25, 2025)
7. Wright & Brunelle, *Digest of Law Court Decisions*, pp. 139-168 (updated 2025)
8. Wright & Brunelle, *Digest of Board of Property Tax Review Decisions*, pp. 174-186 (updated 2025)
9. MMA, *Municipal Assessment Manual*, Chapter 8 (Exemptions) (rev. Nov. 2019)
10. MMA, *Municipal Officers Manual* (rev. May 2024)
11. Maine Association of Nonprofits, *Understanding Nonprofit Property Tax Exemption in Maine* (May 13, 2026) see https://www.youtube.com/watch?v=KPOJCBOOVd4

1. Guidance: Source Materials – Caution

Digests:

- Cited case law still 'good law'?
- Board of Property Tax Review (BPTR): persuasive, maybe binding
- Caution: Broad statements in Digests can be an inaccurate summary of the law, *e.g.*, "[p]roperty under construction on April 1st is eligible for exemption."

  See Wright & Brunelle, *Digest of Board of Property Tax Review Decisions*, p. 179 (updated 2025) (citing *New Marblehead North Housing Corp. v. Taylor*, No. 90-10 (BPTR, June 12, 1991)).

MMA's *Municipal Assessment Manual* (rev. Nov. 2019):

- Dated secondary source and not MRS guidance
- Caution: "Our manuals are intended to be general guidance for assessors to understand the basic concepts involved in assessing properties for their municipalities." See email from MMA's Legal Services of Aug. 5, 2025.

1. Guidance: Source Materials – Caution

Non-Maine Case Law: Out-of-state case law may be considered (persuasive only, not binding authority). Such cases complicate the analysis and are often unhelpful because the court is not applying Maine law nor involve statutory provisions identical to 36 M.R.S. § 652.

- *De Minimis*: In New Hampshire, 7% of operating budget is *de minimis*.
  See *Marist Bros. of New Hampshire v. Town of Effingham*, 171 N.H. 305 (applying *Hebron Academy, Inc.* case).

- Under Construction: Law Court has tacitly approved taxation during construction, which is the position in Wisconsin, New Jersey, Florida, and North Carolina. A contrary position is held in Pennsylvania.
  See *Maine AFL-CIO Housing Dev. Corp. v. Town of Madawaska*, 523 A.2d 581 (Me. 1987); *Children's Hospital v. City of Wauwatosa*, 24 N.W.3d. 601, 612 (June 10, 2025) (*cert. granted*); *Grace & Peace Fellowship Church, Inc. v. Cranford Twp.*, 4 N.J. Tax 391, 400 (N.J. Tax Ct. 1982); *Smith v. American Lung Ass'n of Gulfcoast Fla., Inc.*, 870 So. 2d 241, 242 (Fla. Dist. Ct. App. 2004); and *In re Vienna Baptist Church*, 241 N.C. App. 268, 272, 773 S.E.2d 97 (2015); *Overmont Corp. v. Board of Tax Revision*, 388 A.2d 311, 312 (Pa. 1978); see also Wright & Brunelle, *Digest of Board of Property Tax Review Decisions*, p. 179 (updated 2025) ("Property under construction on April 1st is eligible for exemption" citing *New Marblehead North Housing Corp. v. Taylor*, No. 90-10, pp. 7-8 (BPTR, June 12, 1991)).

1. Guidance: Additional Sources

Additional exemption-related sources:

1. Municipal Assessors*
2. Town Attorney (or legal counsel)
3. Maine Chapter of the IAAO
   See https://www.mechapteriaao.org/wp-content/uploads/2025/11/Membership-List-2025.pdf.
4. Listservs
   See community@memun.org, Maine Municipal Association.
5. Legal Services, Maine Municipal Association
   See legal@memun.org.
6. MRS's Property Tax Division: (a) informal request for general guidance or (b) formal request for an Advisory Ruling
   See proptax@maine.gov, municipal.services@maine.gov, and MRS, Rule No. 110 (18-125 CMR 110) (rev. April 27, 2024).

* Tip: Email to arrange telephone call; avoid using confidential or critical information.

1. Guidance: Statutes

36 M.R.S. § 651	Public Property, includes public municipal corporations
36 M.R.S. § 651(1)(C)	Real property subject to a charitable, literary or religious exemption prior to Maine becoming a U.S. State in 1820. See Articles of Separation, Item Seventh (R.S. 1883, p. 1005).
36 M.R.S. § 652	**Property of Institutions and Organizations**
36 M.R.S. § 653	Estates of Veterans
36 M.R.S. § 654-A	Estates of Legally Blind Persons
36 M.R.S. § 655	Personal Property
36 M.R.S. § 656	Real Estate, *e.g.*, aqueducts, mines, pollution control facilities, private airport used by Depart. of Transportation, animal waste storage facility, and solar and wind equipment.
20-A M.R.S. § 2414(3)	Property used for a Charter School
20-A M.R.S. § 4001(3)(C)	Property leased by school administrative unit

1. Guidance: Primary Statute

36 M.R.S. § 652(1), paragraphs A to C, E to H, J, K, and last paragraph:

(A) **Benevolent and Charitable**
(B) **Literary and Scientific**
(C)(1-7) **Further Conditions for (A), (B), and Residential Rental Housing**
(D) [Repealed.]
(E) Veteran Organizations
(F) Central Labor Councils, etc.
(G) Houses of Worship, Vestries, Parsonages, Tombs, and Burial Rights
(H) Fraternal Organizations
(I) [Repealed.]
(J) 'Pass-thru'* for paragraphs A-B and E to H
(K) Leased real property by hospital (expired since April 1, 2012)
Last paragraph: Application with proof by April 1st & power to review.**

* See *Gregory v. MMC Realty Corp. and Maine Medical Center*, No. 2000-001, pp. 76-7 (BPTR November 14, 2000) (organizations "must be analyzed separately"; "there is no *per se* exemption under Maine law for a support organization of a benevolent and charitable organization.").

** Last paragraph: The requirement of a written request with proof of entitlement by April 1st was added by legislation enacted by P.L. 1993, c. 422, which amended P.L. 1991, c. 420.

1. Guidance: Exemption Process

Exemption Process – 36 M.R.S. §§ 652(1) and last paragraph:
"§ 652. Property of institutions and organizations

1. Property of institutions and organizations. The property of institutions and organizations is exempt from taxation as provided in this subsection.
* * *

[Last paragraph] An organization or institution that desires exemption under this section must **[1]** file a written application **[2]** accompanied by written proof of entitlement for each parcel **[3]** on or before the first day of April in the year in which the exemption is first requested with the assessors of the municipality in which the property would otherwise be taxable. **[5]** If granted, the exemption continues in effect until the assessors determine that the organization or institution is no longer qualified. **[4]** Proof of entitlement must indicate the specific basis upon which exemption is claimed."

N.B. Following *New Marblehead North Housing Corp. v. Taylor*, No. 90-10 (BPTR, June 12, 1991), the statute was amended to include procedural requirements in the 'last paragraph' for the application and subsequent review. See P.L. 1993, c. 422. Items [1-4] concern the application; Item [5] concerns the granted exemption.

1. Guidance: Charitable Exemption

"Benevolent and Charitable" Exemption – 36 M.R.S. §§ 652(1)(A) and 652(1)(C):

"§ 652. Property of institutions and organizations

1. Property of institutions and organizations. The property of institutions and organizations is exempt from taxation as provided in this subsection.

A. The real estate and personal property [1] owned and [2] occupied or used solely for their own purposes [3] by incorporated benevolent and charitable institutions are exempt from taxation. … [*]

* * *

C. Further conditions to the right of exemption under paragraphs A and B are that:

(1) Any corporation claiming exemption under paragraph A must be [4] organized and [5] conducted exclusively for benevolent and [6] charitable purposes".

(2) No pecuniary profit except "reasonable compensation."

(3) All profits devoted to "purposes for which it is organized."

(4) Provide financial details, if requested by municipal assessor.

(5) Agricultural fairs unless stipend recipient from Stipend Fund, 7 M.R.S. § 86.

(6) Residential rental housing in service prior to September 1, 1993.

(7) Residential rental housing in service on or after September 1, 1993.

1. Guidance: Charitable Exemption

“Benevolent and Charitable” Exemption – Deemed Charitable:

“§ 652. Property of institutions and organizations

1. Property of institutions and organizations. The property of institutions and organizations is exempt from taxation as provided in this subsection.

A. The real estate and personal property owned and occupied or used solely for their own purposes by incorporated benevolent and charitable institutions are exempt from taxation. …

For the purposes of this paragraph, … “nonprofit” …” refers to a corporation with a 501(c)(3) designation and the following are deemed* exempt:

- Nonprofit Nursing Home licensed by Dept. of Health and Human Services
- Nonprofit Residential Care Facilities licensed by Dept. of Health and Human Services
- Nonprofit community mental health service facilities licensed on Commissioner of Health and Human Services
- Nonprofit Childcare

* See *Maine Life Care Retirement Community, Inc. v. Town of Scarborough*, CUMcv-18-476, *8 (Me. Super. Ct., Cumberland Ct., Feb. 18, 2020).

1. Guidance: IRS Designation

501(c)(2)	Title-holding Corporations
501(c)(3)	**Charitable Organizations**
501(c)(4)	Civic Leagues, Social Welfare Organizations, etc.
501(c)(5)	Labor, Agriculture and Horticulture Organizations
501(c)(7)	Social and Recreation Clubs
501(c)(8)	Fraternal Beneficiary Societies
501(c)(10)	Domestic Fraternal Societies
501(c)(13)	Cemetery Companies
501(c)(19)	Veterans' Organizations
501(e)	Cooperative Hospital Service Organizations
501(k)	Child Care Organizations

1. Guidance: IRS Designation, cont'd.

Exempt purposes under Section 501(c)(3):

1. Charitable
2. Religious
3. Educational
4. Scientific
5. Literary
6. Testing for public safety
7. Fostering national or int'l. amateur sports
8. Preventing cruelty to children or animals

See https://www.irs.gov/charities-non-profits/charitable-organizations/exempt-purposes-internal-revenue-code-section-501c3.

Nonprofit's 501(c)(3) designation: "[N]ot dispositive" / "irrelevant" for an exemption under 36 M.R.S. § 652. See *Maine Life Care Retirement Community, Inc. v. Town of Scarborough*, CUMcv-18-476, *11 (Me. Super. Ct., Cumberland Ct., Feb. 18, 2020) (a 501(c)(3) designation "is not dispositive"); see also *Women's Literary Union v. Lochhead*, CV-76-366 (Me. Super. Ct., Andro. Cty., Mar. 6, 1976) (IRS designation "irrelevant since the standards applied are different from those in the Maine statute.").

Public Misinformation: "In general, 501(c)(3) nonprofits are exempt from income and property taxes."*

* See Mary Alice Scott, Director of Advocacy, Maine Association of Nonprofits, *Advocacy Priority: Blanket Sales Tax Exemption for Charitable Nonprofit* (updated Feb. 13, 2024) (emphasis added); https://www.nonprofitmaine.org/blog/advocacy-priority-blanket-sales-tax-exemption-for-charitable-nonprofits.

1. Guidance: IRS Designation, cont'd.

Caution – 36 M.R.S. §§ 652(1)(A) and 652(1)(C)(1) require a more revealing expression of charitable purpose. 501(c)(3) designation "grossly oversimplifies" the issue:

- Unlike 36 M.R.S. § 652, "§ 501(c)(3) does not treat differently religious, charitable, scientific, and literary institutions."
- 501(c)(3) designation "says nothing more than that it *might* qualify" for an exemption under 36 M.R.S. § 652; and
- 501(c)(3) designation "only illustrates an institution's assertion that it is entitled to exemption for *income*, not *property*, taxation[.]"

See *Christian Fellowship & Renewal Ctr. v. Town of Limington*, 896 A. 2d 287, 299 (Me. 2006), 206 ME 44, ¶47-48 (Levy, J., with whom Saufley, C.J. and Calkins, J. join dissenting) (emphasis in original).

1. Guidance: Organized for Charitable Purpose

Not a Charitable Purpose: "The Corporation is organized exclusively for one or more of the purposes as specified in Section 501(c)(3) of the Internal Revenue Code of 1986, and shall not carry on any activities not permitted to be carried on by an organization exempt from federal income tax under IRC 501(c)(3) or corresponding provisions of any subsequent tax laws."

Charitable Purpose: "The corporation is organized exclusively for charitable, educational, and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code and Title 13-B of the Maine Revised Statutes. The nature of the activities … carried out by the corporation are as follows:

(a) The … administration of property … primarily in … Limington … for the benefit of the general public …;

(b) … Other specific purposes of the corporation shall be to maintain open space and preserves …, [to] protect appropriate uses such as logging, farming and other compatible commercial activities within specified areas …, [to] engage in and promote scientific study and education regarding natural resources, to demonstrate and teach the necessity of preserving our natural heritage …, and to protect and promote the utilization of properties for hunting, fishing, hiking, cross country skiing and other compatible uses."

See *Francis Small Heritage Trust v. Town of Limington*, 2014 ME 102, ¶ 3, 98 A.3d 1012, 1014 (emphasis added).

2. Oath of Office:
If you want a friend, then get a dog.



* An AI generated image.

2. Oath of Office

Oath of Office: "After being legally qualified and properly selected, it is imperative that each assessor be sworn into office as an assessor … before assuming the duties of office."

See MRS, *Maine Property Tax Law*, p. 27 (rev. Feb. 2026) (citing *Dresden v. Goud*, 75 Me. 298 (1883) (emphasis added)).

Maine Constitution (Article IX, section 1) (emphasis added):

- "I, _____ do swear, that I will support the Constitution of the United States, and of this State, so long as I shall continue a citizen thereof. So help me God."
- "I, _____ do swear, that I will faithfully discharge, to the best of my abilities, the duties incumbent on me as _____ according to the Constitution and laws of the State. So help me God."

2. Oath of Office: Dual Role & Independence

- **Dual Role:** Assessor's Office is independent and separate from other branches of municipal government and municipal assessors "occupy a unique place in the governmental structure, fulfilling a dual role of municipal official and agent" of the State of Maine.
  See MRS, *Maine Property Tax Law*, p. 31 (rev. Feb. 2026) (emphasis added).
- **Independence from Municipality:** Municipality "cannot exert any legal control over the actions of municipal assessors, since assessors are subject to the supervision and control of the State Tax Assessor in the discharge of their official duties."
  See MRS, *Maine Property Tax Law*, p. 31 (rev. Feb. 2026) (emphasis added); see also 36 M.R.S. § 201.
- **Independence from other Assessors:** Municipal assessors have no authority outside the geographic boundary of their municipality.
  See MRS, *Maine Property Tax Law*, p. 51 (rev. Feb. 2026); see also 36 M.R.S. § 553, 30-A M.R.S. § 2526(5), and oath of office.

2. Oath of Office: Liability & Insurance

- **Liability:** Assessors "are not responsible for the assessment of any tax which they are by law required to assess; but the liability shall rest solely with the municipality for whose benefit the tax was assessed, and the assessors shall be responsible only for their own personal faithfulness and integrity." See MRS, *Maine Property Tax Law*, pp. 28-29 (rev. Feb. 2026) (emphasis added); see also 36 M.R.S. § 702 (Assessor's liability).
- **Insurance:** "Beyond the protection afforded to the assessors in 36 M.R.S. § 702 (liability for an assessment rests solely with the municipality), assessors generally enjoy personal immunity from civil liability in discharging official duties (14 M.R.S. § 8111). Municipalities may purchase insurance to protect employees from personal liability that may incur in exercising legal authority (14 M.R.S. § 8116); assessors would be prudent to attempt to secure such protection when negotiating conditions of employment." See MRS, *Maine Property Tax Law*, pp. 30-31 (rev. Feb. 2026) (emphasis added).

2. Oath of Office: Pitfalls

Pitfalls-a-plenty for violating oath of office:

- $100 civil fine for neglect, knowing omission, failure, or refusal to perform an assessing duty imposed by law.
  See MRS, *Maine Property Tax Law*, p. 29 (rev. Feb. 2026); 36 M.R.S. § 704; and MMA, *Municipal Assessment Manual*, pp. 13-14 (rev. Nov. 2019); 30-A M.R.S. § 2607 (municipal assessor is a "municipal official", which is an elected or appointed member of the municipal government); see also MMA, *Municipal Assessment Manual*, pp. 11, 71, 78-79, 199, & 231 (rev. Nov. 2019); 30-A M.R.S. § 2001(11).
- Current relations with municipal employer
- Public relations and media attention
- Involvement of the State Tax Assessor & Maine Revenue Services
- Credibility before Board of Assessment Review & Superior Court
- Jeopardizes future appointment and employment prospects

3. Constitution and Statutory Authority

- **Constitutional Obligation:** "Tax Assessors have a constitutional obligation to assess all property fairly, equally, and according to just value." See MRS, *Maine Property Tax Law*, p. 31 (rev. Feb. 2026) and Me. Const. Art. IX, § 8.
- **Public Interest:** To avoid erosion of the municipal tax base and to ensure equal apportionment of the tax burden. See, *e.g.*, 30-A M.R.S. § 5681(1)(A) ("The principal problem of financing municipal services is the burden on the property tax[.]") and Me. Const. Art. IX, § 8.
- **Sole Authority:** Municipal assessor is *the <u>only</u> person within a municipality* that has the statutory authority to:
  (a) grant or deny a timely exemption application; and
  (b) determine whether an exempt organization is no longer qualified.

  See MRS, *Maine Property Tax Law*, p. 81 (rev. Feb. 2026) ("No municipal officer other than the assessor has authority to exempt any person or property from taxation.") and 36 M.R.S. § 652 (last paragraph).

4. Applications: Are you the bowl or lockbox?



* An AI generated image.

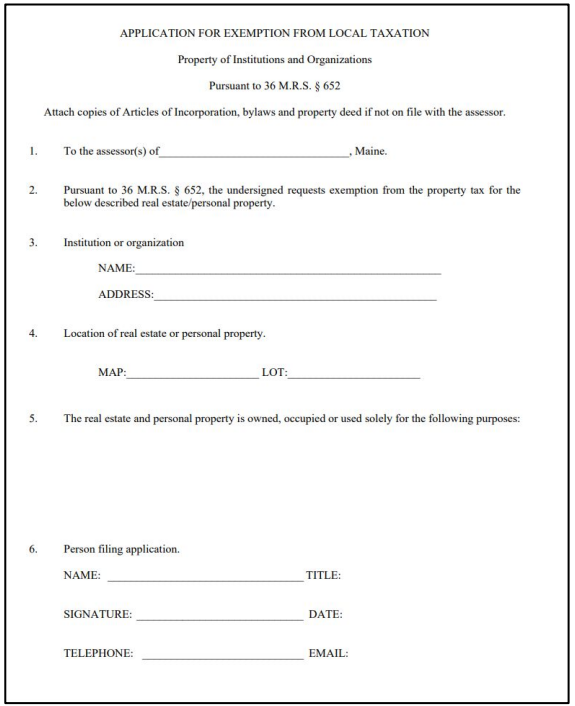
4. Application: Submission Requirements

- **Application & Proof of Entitlement:**
  a. Municipal assessor may use or adapt* MRS's exemption application and determine what proof is required.
  *See MRS, *Property Tax Bulletin No. 5*, para. 3 and pp. 7-8 for sample form (rev. Dec. 9, 2022) (emphasis added).
  b. **Caution:** 'Written application with proof' not defined, avoid narrow interpretation, *e.g.*, application by letter or email.
- **Submission by April 1st is jurisdictional:**
  a. Written application by April 1st is mandatory and jurisdictional for upcoming fiscal year. See 36 M.R.S. § 652 (last paragraph); *Gregory v. MMC Realty Corp.*, No. 2000-001, p. 56 (BPTR November 14, 2000); *Maine Coast Medical Realty v. City of Ellsworth*, No. 2018-015, p. 6 (Jan. 6, 2020).
  b. Submission on April 2nd to April 1st is for next fiscal year.
  c. <u>No statutory authority</u> to grant an exemption if no application submitted or application submitted on or after April 2nd.

4. Application: Improvements required.

Not Ideal

(MRS, Bulletin No. 5, pp. 6-7 (Dec. 9, 2022)



APPLICATION FOR EXEMPTION FROM LOCAL TAXATION

Property of Institutions and Organizations

Pursuant to 36 M.R.S. § 652

Attach copies of Articles of Incorporation, bylaws and property deed if not on file with the assessor.

1. To the assessor(s) of _____, Maine.

2. Pursuant to 36 M.R.S. § 652, the undersigned requests exemption from the property tax for the below described real estate/personal property.

3. Institution or organization

NAME: _____

ADDRESS: _____

4. Location of real estate or personal property.

MAP: _____ LOT: _____

5. The real estate and personal property is owned, occupied or used solely for the following purposes:

6. Person filing application.

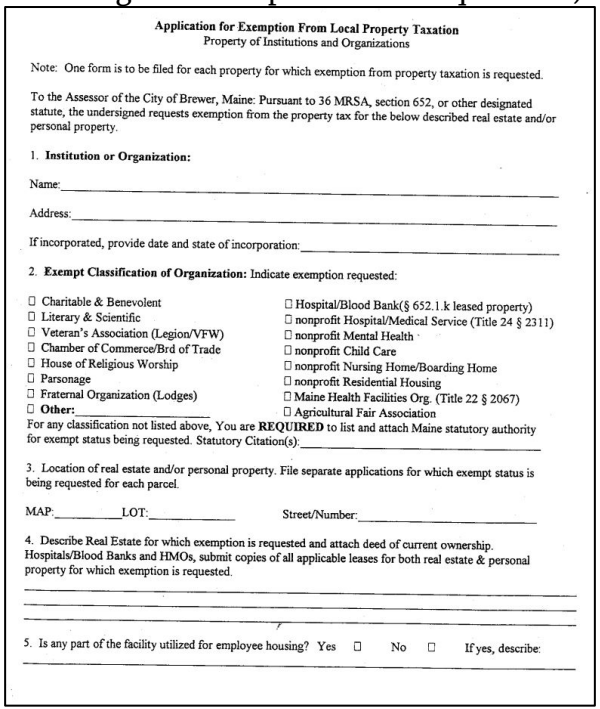
NAME: _____ TITLE:

SIGNATURE: _____ DATE:

TELEPHONE: _____ EMAIL:

Better

(City of Brewer, MRS's 1980 version plus funding sources & public benefit questions)



Application for Exemption From Local Property Taxation
Property of Institutions and Organizations

Note: One form is to be filed for each property for which exemption from property taxation is requested.

To the Assessor of the City of Brewer, Maine: Pursuant to 36 MRSA, section 652, or other designated statute, the undersigned requests exemption from the property tax for the below described real estate and/or personal property.

1. **Institution or Organization:**

Name: _____

Address: _____

If incorporated, provide date and state of incorporation: _____

2. **Exempt Classification of Organization:** Indicate exemption requested:

- ☐ Charitable & Benevolent
- ☐ Literary & Scientific
- ☐ Veteran's Association (Legion/VFW)
- ☐ Chamber of Commerce/Brd of Trade
- ☐ House of Religious Worship
- ☐ Parsonage
- ☐ Fraternal Organization (Lodges)
- ☐ **Other:** _____
- ☐ Hospital/Blood Bank(§ 652.1.k leased property)
- ☐ nonprofit Hospital/Medical Service (Title 24 § 2311)
- ☐ nonprofit Mental Health
- ☐ nonprofit Child Care
- ☐ nonprofit Nursing Home/Boarding Home
- ☐ nonprofit Residential Housing
- ☐ Maine Health Facilities Org. (Title 22 § 2067)
- ☐ Agricultural Fair Association

For any classification not listed above, You are **REQUIRED** to list and attach Maine statutory authority for exempt status being requested. Statutory Citation(s): _____

3. Location of real estate and/or personal property. File separate applications for which exempt status is being requested for each parcel.

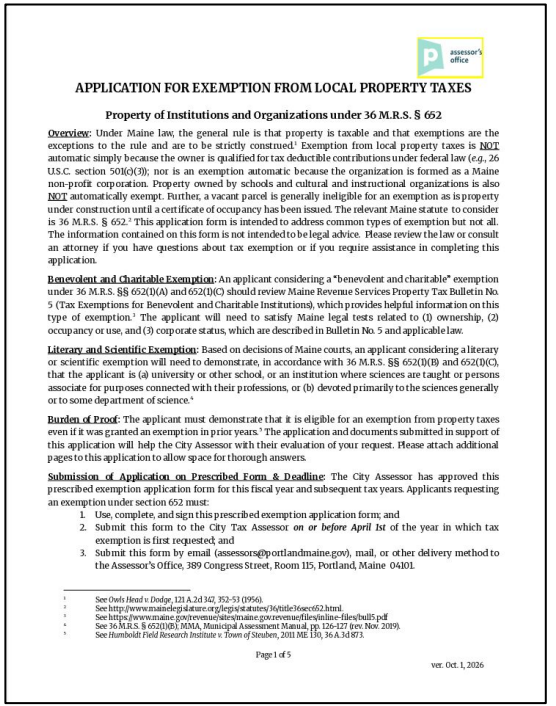
MAP: _____ LOT: _____ Street/Number: _____

4. Describe Real Estate for which exemption is requested and attach deed of current ownership. Hospitals/Blood Banks and HMOs, submit copies of all applicable leases for both real estate & personal property for which exemption is requested.

5. Is any part of the facility utilized for employee housing? Yes ☐ No ☐ If yes, describe:

Complete Revision

(City of Portland, complete revision)



assessor's office

APPLICATION FOR EXEMPTION FROM LOCAL PROPERTY TAXES

Property of Institutions and Organizations under 36 M.R.S. § 652

Overview: Under Maine law, the general rule is that property is taxable and that exemptions are the exceptions to the rule and are to be strictly construed.[1] Exemption from local property taxes is NOT automatic simply because the owner is qualified for tax deductible contributions under federal law (*e.g.*, 26 U.S.C. section 501(c)(3)); nor is an exemption automatic because the organization is formed as a Maine non-profit corporation. Property owned by schools and cultural and instructional organizations is also NOT automatically exempt. Further, a vacant parcel is generally ineligible for an exemption as is property under construction until a certificate of occupancy has been issued. The relevant Maine statute to consider is 36 M.R.S. § 652.[2] This application form is intended to address common types of exemption but not all. The information contained on this form is not intended to be legal advice. Please review the law or consult an attorney if you have questions about tax exemption or if you require assistance in completing this application.

Benevolent and Charitable Exemption: An applicant considering a "benevolent and charitable" exemption under 36 M.R.S. §§ 652(1)(A) and 652(1)(C) should review Maine Revenue Services Property Tax Bulletin No. 5 (Tax Exemptions for Benevolent and Charitable Institutions), which provides helpful information on this type of exemption.[3] The applicant will need to satisfy Maine legal tests related to (1) ownership, (2) occupancy or use, and (3) corporate status, which are described in Bulletin No. 5 and applicable law.

Literary and Scientific Exemption: Based on decisions of Maine courts, an applicant considering a literary or scientific exemption will need to demonstrate, in accordance with 36 M.R.S. §§ 652(1)(B) and 652(1)(C), that the applicant is (a) university or other school, or an institution where sciences are taught or persons associate for purposes connected with their professions, or (b) devoted primarily to the sciences generally or to some department of science.[4]

Burden of Proof: The applicant must demonstrate that it is eligible for an exemption from property taxes even if it was granted an exemption in prior years.[5] The application and documents submitted in support of this application will help the City Assessor with their evaluation of your request. Please attach additional pages to this application to allow space for thorough answers.

Submission of Application on Prescribed Form & Deadline: The City Assessor has approved this prescribed exemption application form for this fiscal year and subsequent tax years. Applicants requesting an exemption under section 652 must:

1. Use, complete, and sign this prescribed exemption application form; and
2. Submit this form to the City Tax Assessor ***on or before April 1st*** of the year in which tax exemption is first requested; and
3. Submit this form by email (assessors@portlandmaine.gov), mail, or other delivery method to the Assessor's Office, 389 Congress Street, Room 115, Portland, Maine 04101.

1 See *Owls Head v. Dodge*, 121 A.2d 347, 352-53 (1956).
2 See http://www.mainelegislature.org/legis/statutes/36/title36sec652.html.
3 See https://www.maine.gov/revenue/sites/maine.gov.revenue/files/inline-files/bull5.pdf
4 See 36 M.R.S. § 652(1)(B); MMA, Municipal Assessment Manual, pp. 126-127 (rev. Nov. 2019).
5 See *Humboldt Field Research Institute v. Town of Steuben*, 2011 ME 130, 36 A.3d 873.

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ver. Oct. 1, 2026

4. Application: Complete Revision, cont'd.

APPLICATION FOR EXEMPTION FROM LOCAL PROPERTY TAXES
Property of Institutions and Organizations under 36 M.R.S. § 652

1. Applicant Detail:

1.1 Name: _____

1.2 Address: _____

1.3 State of Incorporation / formation: _____

2. Type of Property at Issue:

☐ 2.1 Real Property and Personal Property

☐ 2.2 Personal Property Only

3. Location of Property:

3.1 Street address of real estate or personal property for which exemption is sought:
_____

3.2 If real estate, then identify the Parcel ID or CBL no. _____ (Chart: ___ Block: ___ Lot: ___)

4. Type of Exemption Requested: The undersigned requests an exemption from local property taxes for one of the following types of exemption:

☐ 4.1 Charitable and Benevolent – 36 M.R.S. § 652(1)(A & C(1–4))
- ☐ Nonprofit corporation with a benevolent and charitable purpose
- ☐ Nonprofit Nursing Home licensed by Dept. of Health and Human Services
- ☐ Nonprofit Residential Care Facilities licensed by Dept. of Health and Human Services
- ☐ Nonprofit community mental health service facilities licensed on Commissioner of Health and Human Services
- ☐ Nonprofit Childcare

☐ 4.2 Literary and Scientific – 36 M.R.S. § 652(1)(B & C(2–4))

☐ 4.3 Residential Rental Housing – 36 M.R.S. §§ 652(1)(A), 652(1)(C)(1-4), and 652(1)(C)(6 or 7)

☐ 4.4 Veterans Organization – 36 M.R.S. § 652(1)(E)

☐ 4.5 Chambers of Commerce, central labor councils, boards of trade – 36 M.R.S. § 652(1)(F)

☐ 4.6 House of Worship, cemetery, parsonage, and/or parsonage personal property (Religious Exemption) – 36 M.R.S. § 652(1)(G)

☐ 4.7 Fraternal Organizations – 36 M.R.S. § 652(1)(H)

☐ 4.8 Mixed ownership and use – 36 M.R.S. § 652(1)(J) (Owned by one or more but used solely by one or more organizations exempted by 36 M.R.S. §§ 652(1)(A-B and E-H)

☐ 4.9 Hospital, Health Maintenance Organization, or Blood Bank – 36 M.R.S. § 652(1)(K)

☐ 4.10 Other: _____

5(A). Use or Occupancy: The applicant's real estate and personal property is (1) owned and (2) occupied (or used) for the following purposes (attach additional pages as necessary):
_____
_____

5(B). Tenants: Identify the names of all tenants of the property, stating the use and the portion of the property occupied by each one (this question does not apply to tenants of apartments in residential rental housing under sections 652(1)(A) and 652(1)(C)(6 or 7)) (attach additional pages as necessary).
_____
_____

5(C). Statement of leased equipment in your possession on April 1st: If on April 1st, the applicant has in its possession, any business machines, machinery, equipment, furniture, fixtures, tools etc. which are loaned, leased, stored or otherwise similarly held, please attach a list identifying the full name and address of the owner and the quantity and description of equipment.

IF YOU HAVE NO LEASED EQUIPMENT PLEASE CHECK HERE: _____

6. Provide a copy of the following documents:

6.1 Deed or lease for the real estate at issue;
6.2 Annual financial report for the prior two years, detailing general revenue and expense items;
6.3 Articles of Incorporation;
6.4 By-laws;
6.5 IRS letter granting the organization federal tax exempt status (if any);
6.6 The latest IRS 990 tax return form (if any);
6.7 Licenses, approvals, authorization, etc., issued by the federal government, State of Maine or the City of Portland currently in effect; and
6.8 A statement describing how the property is being used for the public benefit (for benevolent and charitable exemptions).

7. Benevolent and Charitable Exemption:

7.1 If the property is (a) owned and (b) occupied or used by a benevolent and charitable institution, in what state is it incorporated? Please explain in what ways the applicant is benevolent and charitable (attach additional pages as necessary).

7.2 Does the applicant charge a fee for its services or make its facilities available to those who cannot afford to pay? If so, please provide a breakdown of the benefit or service provided for free, below cost, below market rates, or at market rates (attach additional pages as necessary).

7.3 As to paragraph 7.2, please explain how the applicant publicizes how such a fee is charged and provide a copy of any applicable written policy (attach additional pages as necessary).
_____
_____

8. Literary and Scientific Exemption: Is the property (a) owned and (b) occupied or used by a literary or scientific institution? If so, explain in what ways the applicant is a literary or scientific institution (attach additional pages as necessary).
_____
_____

9. Incidental Income: Does the applicant receive income for third party use of the property (excluding income from its qualifying or core purpose), for activities such as renting the premises, fundraising, social activities, *etc.*? If so, then:

9.1 Identify that amount of income; and

9.2 Identify the amount of the applicant's operating budget. Please explain and attach additional pages as necessary.
_____
_____

10. Veterans Exemption: Is the property owned (a) owned and (b) occupied or used solely by a post of the American Legion, Veterans of Foreign Wars, or similar veteran organization? ○ Yes ○ No

11. Fraternal Exemption: Is the property (a) owned or held in trust for a fraternal organization operating under a lodge system and (b) used solely by the organization for meetings, ceremonials or religious or moral instruction? If so, give details.
_____
_____
_____

12. Religious Exemption: Is the property owned and occupied by a religious society? If so, please explain and provide supporting documentation (attach additional pages as necessary).
_____
_____

13. Liquor License: Does the applicant have (or intends to obtain) a liquor license? ○ Yes ○ No

14. Funding Sources and Public Benefit Expenditures: Please indicate the funding sources and degree of public benefit / exempt purposes expenditures:

Assets & Funding Sources:		Percent	Dollar Amount	Identify Source
13.1	private donations	_____	_____	_____
13.2	trust fund(s) income	_____	_____	_____
13.3	private foundation grants	_____	_____	_____
13.4	federal grants	_____	_____	_____
13.5	other public money	_____	_____	_____
13.6	fees for services	_____	_____	_____
13.7	commercial activities	_____	_____	_____
13.8	other	_____	_____	_____
	Total:	100%	$_____	

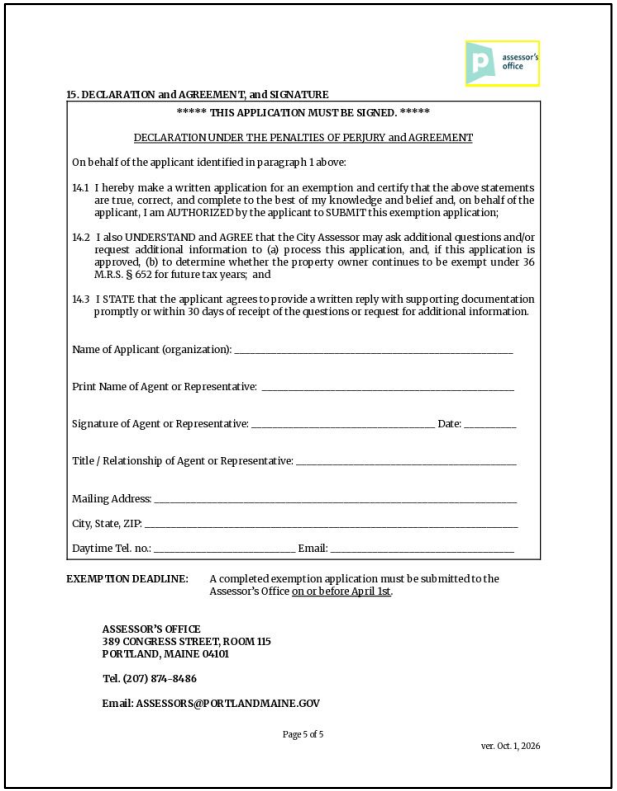
Is / are trust fund(s) able to be used for operation or other expenses? **Yes** ☐ **No** ☐

Comments: _____

Public Benefit Expenditures:		Percent	Dollar Amount	Identify Source
13.9	monetary donations	_____	_____	_____
13.10	in kind donations	_____	_____	_____
13.11	spent on public benefit works	_____	_____	_____
13.12	spent on administration	_____	_____	_____
13.13	physical plant expenditures	_____	_____	_____
13.14	other	_____	_____	_____
13.15	other	_____	_____	_____
13.16	other	_____	_____	_____
	Total:	100%	$_____	

Comments: _____

4. Application: Wholesale Revision, cont'd.



15. DECLARATION and AGREEMENT, and SIGNATURE

***** THIS APPLICATION MUST BE SIGNED. *****

DECLARATION UNDER THE PENALTIES OF PERJURY and AGREEMENT

On behalf of the applicant identified in paragraph 1 above:

14.1 I hereby make a written application for an exemption and certify that the above statements are true, correct, and complete to the best of my knowledge and belief and, on behalf of the applicant, I am AUTHORIZED by the applicant to SUBMIT this exemption application;

14.2 I also UNDERSTAND and AGREE that the City Assessor may ask additional questions and/or request additional information to (a) process this application, and, if this application is approved, (b) to determine whether the property owner continues to be exempt under 36 M.R.S. § 652 for future tax years; and

14.3 I STATE that the applicant agrees to provide a written reply with supporting documentation promptly or within 30 days of receipt of the questions or request for additional information.

Name of Applicant (organization): _____

Print Name of Agent or Representative: _____

Signature of Agent or Representative: _____ Date: _____

Title / Relationship of Agent or Representative: _____

Mailing Address: _____

City, State, ZIP: _____

Daytime Tel. no.: _____ Email: _____

EXEMPTION DEADLINE: A completed exemption application must be submitted to the Assessor's Office on or before April 1st.

ASSESSOR'S OFFICE
389 CONGRESS STREET, ROOM 115
PORTLAND, MAINE 04101

Tel. (207) 874-8486

Email: ASSESSORS@PORTLANDMAINE.GOV

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ver. Oct. 1, 2026



15. DECLARATION and AGREEMENT, and SIGNATURE

***** THIS APPLICATION MUST BE SIGNED. *****

DECLARATION UNDER THE PENALTIES OF PERJURY and AGREEMENT

On behalf of the applicant identified in paragraph 1 above:

14.1 I hereby make a written application for an exemption and certify that the above statements are true, correct, and complete to the best of my knowledge and belief and, on behalf of the applicant, I am AUTHORIZED by the applicant to SUBMIT this exemption application;

14.2 I also UNDERSTAND and AGREE that the City Assessor may ask additional questions and/or request additional information to (a) process this application, and, if this application is approved, (b) to determine whether the property owner continues to be exempt under 36 M.R.S. § 652 for future tax years; and

14.3 I STATE that the applicant agrees to provide a written reply with supporting documentation promptly or within 30 days of receipt of the questions or request for additional information.

Name of Applicant (organization): _____

Print Name of Agent or Representative: _____

Signature of Agent or Representative: _____ Date: _____

Title / Relationship of Agent or Representative: _____

Mailing Address: _____

City, State, ZIP: _____

Daytime Tel. no.: _____ Email: _____

EXEMPTION DEADLINE: A completed exemption application must be submitted to the Assessor's Office on or before April 1st.

4. Application: Proof of Entitlement

Documents municipal assessor should receive on or by April 1st:

1. Application (completed and signed)
2. Financial report for preceding two fiscal years
3. Property deed (or lease agreement)*
4. Articles of Incorporation (as amended) *and* by-laws
5. IRS designation letter, if any
6. Latest IRS Form 990 tax return, if any
   See also https://apps.irs.gov/app/eos/.
7. For charitable exemption, statement describing how parcel is used for public benefit.

* Lease relevant for 36 M.R.S. § 652(1)(J), 20-A M.R.S. § 2414(3), 20-A M.R.S. § 4001(3)(C), and personal property exemption.

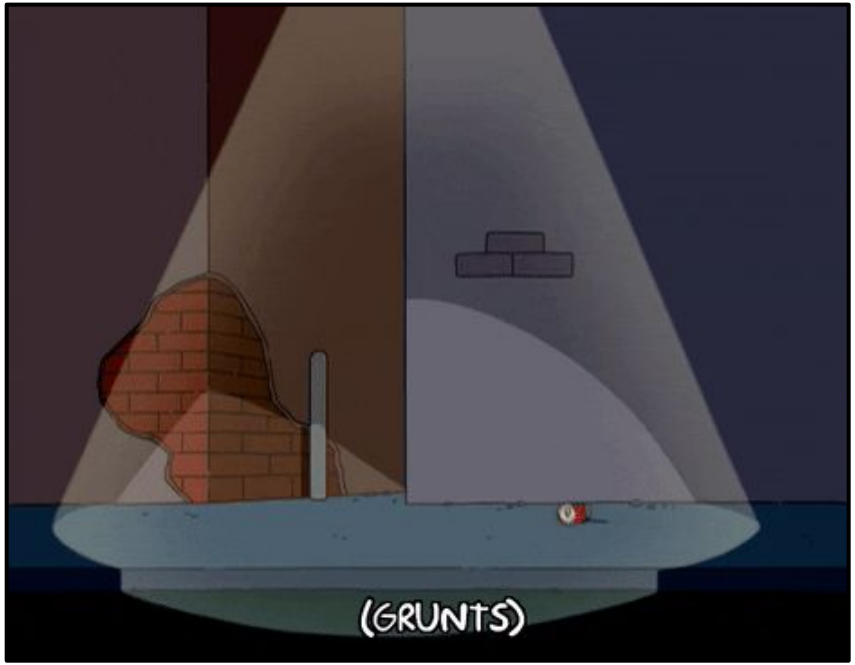
4. Application: Simply approve?

Idiom of the Day:

Kick the can down the road.

Meaning:

To delay or avoid dealing with a difficult problem.



@GIPHY. “Homer kicks the can.” Giphy, March 5, 2026, https://media0.giphy.com/media/v1.Y2lkPTc5MGI3NjExOHEydnZ4eHY4c2ZnOHlwaWt0ampkNXAxMGc0eWt2NXB0amI3Z3FuNSZlcD12MV9pbnRlcm5hbF9naWZfYnlfaWQmY3Q9Zw/3o6MbteqhE5geJM6Zi/giphy.gif

4. Application: Review

- **Constitutional Obligation:** Municipal assessors "have a constitutional obligation to assess all property fairly, equally, and according to just value." See MRS, *Maine Property Tax Law*, p. 31 (rev. Feb. 2026) and Me. Const. Art. IX, § 8.
- **Equality Mandate:** Constitutional and statutory mandate for equality of assessment ensures that no one taxpayer bears a disproportionate share of taxes within a municipality. See MRS, *Maine Property Tax Law*, pp. 18, 31, 103 & 140 (rev. Feb. 2026) (citing *Kittery Electric Light Co. v. Assessor of Town*, 219 A.2d 728 (Me. 1966)).
- **Exemptions Cause Unequal Taxation:** "The just and honest rule in assessments for governmental purposes is equality of taxation. … If one bears less than his share of the public burdens, some other must bear more. … The more numerous the exemptions, the more unequal and burdensome the taxation." See *Maine Life Care Retirement Community, Inc. v. Town of Scarborough*, CUMcv-18-476, *9 (Me. Super. Ct., Cumberland Ct., Feb. 18, 2020) (quoting *City of Bangor v. Rising Virtue Lodge*, 73 ME 428, 433 (1882).

4. Application: Review, cont'd.

- **Taxation is the rule:** "Taxation is the rule and exemption the exception, meaning that property is taxable unless it is specifically exempt by law."
  See MRS, *Maine Property Tax Law*, p. 81 (rev. Feb. 2026) (citing *Owls Head v. Dodge*, 121 A.2d 347 (Me. 1956)).

- **Narrowly & strictly construed but reasonably**: Exemption statute "is narrowly and strictly construed with all doubt and uncertainty as to its meaning being weighed against exemption."
  See *Hebron Academy, Inc. v. Town of Hebron*, 60 A.3d 774, 778 (2013), 2013 ME 15 (quoting *Humboldt Field Research v. Town of Steuben*, 2011 ME 130, ¶5, 36 A.3d 873); but see *State Young Men's Christian Ass'n of Me. v. Town of Winthrop*, 295 A.2d 440, 442 (Me. 1972) ("strict construction must still be a reasonable construction").

- **Burden of proof is always on property owner.**
  See *Humboldt Field Research v. Town of Steuben*, 2011 ME 130, ¶2, 36 A.3d 873, 874 (burden on taxpayer to prove entitlement, even if "exemption has been granted in prior years").

4. Application: Statutory Construction

- General Rule: Interpretation of 36 M.R.S. § 652(1) "will be that definition which is most reasonable according to the natural and obvious import of the statutory language. See *Hurricane Island Outward Bound v. Vinalhaven*, 372 A.2d 1043, 1046 (Me. 1977) (citing *Davis v. State,* Me., 306 A.2d 127 (1973); *Frost v. Lucey,* Me., 231 A.2d 441 (1967)).
- Terms Not Defined: "An elementary rule of statutory construction is that words must be given their common meaning unless the act discloses a legislative intent otherwise." See *Hurricane Island Outward Bound v. Vinalhaven*, 372 A.2d 1043, 1046 (Me. 1977) (citing *Union Mutual Life Insurance Co. v. Emerson,* Me., 345 A.2d 504 (1975); *Canal National Bank of Portland v. Bailey,* 142 Me. 314, 51 A.2d 482 (1947)).
- If 36 M.R.S.A. § 652(1) discloses no legislative directions as to the meaning of statutory terms, then the common meaning and plain meaning of those terms are applied.
See *Hurricane Island Outward Bound v. Vinalhaven*, 372 A.2d 1043, 1046 (Me. 1977).

4. Application: A ‘Careful’ Examination

- Use a worksheet* to assist with review of application:
  1. Improves allocation of time and effort
  2. Identifies and prioritizes steps
  3. Avoids issues being skipped or overlooked
  4. Contributes to a “careful” review of the facts and law to determine whether to grant or deny an application.
     See *Green Acre Baha’I Institute v. Town of Eliot*, 110 A.2d 581, 584 (Me. 1954) (“there must be a careful examination”).
- Conduct due diligence on the applicant and parcel at issue:
  a. Internet search;
  b. Review municipal records, *e.g.*, Assessor’s Office, Zoning; and
  c. Request access and conduct a site walk.

Exemption Application – Review and Worksheet

(under 36 M.R.S. § 652(1))

assessor's office

Applicant: _____ **Parcel ID:** _____

Street Address: _____ (Attach Property Record Card) _____

An exemption from property taxes is not automatic, even if the property owner is qualified for tax deductible contributions under federal law (26 U.S.C. § 501(c)(3)) or formed as a non-profit corporation, a school, or an instructional organization.[1] "Tax exemptions must be strictly construed and, when in doubt, the meaning of the statute and legislative intent must be weighed against a tax exemption."[2] The following is designed to assist a municipality's Assessor in making a carefully considered decision concerning an exemption application under 36 M.R.S. § 652 (and may assist in the review of a pre-existing exemption):

1. **The burden of proof is on the Applicant.[3] Municipal Assessor has received application & supporting documentation:**
   - ☐ 1.1 Application, completed and signed
   - ☐ 1.2 Financial report for preceding fiscal year
   - ☐ 1.3 Property deed (or lease agreement)
   - ☐☐ 1.4 Articles of Incorporation (as amended) *and* By-laws (currently in force)
   - ☐ 1.5 IRS letter granting the organization federal tax exempt status (if any)
   - ☐ 1.6 The latest IRS 990 tax return form (if any).[4]
   - ☐ 1.7 For charitable exemption, a statement describing how the property is being used for the public benefit.

2. **The Applicant is relying upon which section of 36 M.R.S. § 652(1) for the exemption?** Take particular note of the paragraph of 36 M.R.S. § 652(1) that the Applicant relies upon *and* that the Applicant has or has not asserted a "sole" or non-exclusive use, which is the focus of issue 3.3.4:

   "Sole" Use Required (includes non-exclusive "incidental use")[5]
   - ☐ 2.1 Charitable and Benevolent – 36 M.R.S. § 652(1)(A & C)
   - ☐ 2.2 Literary and Scientific – 36 M.R.S. § 652(1)(B & C)
   - ☐ 2.3 Chambers of Commerce, boards of trade, etc.[6] – 36 M.R.S. § 652(1)(F)
   - ☐ 2.4 Owned by one or more but used solely by one or more organizations exempted by 36 M.R.S. §§ 652(1)(A-B and E-H): Mixed ownership and use – 36 M.R.S. § 652(1)(J)

   Non-exclusive Use Permitted
   - ☐ 2.5 Veterans Organization – 36 M.R.S. § 652(1)(E)
   - ☐ 2.6 House of Worship – 36 M.R.S. § 652(1)(G)
   - ☐ 2.7 Fraternal Organizations – 36 M.R.S. § 652(1)(H)
   - ☐ 2.8 Nonprofit Housing – 36 M.R.S. § 652(1)(A), 652(1)(C)(1-4), and 652(1)(C)(7)
   - ☐ 2.9 Hospital, HMO or Blood Bank – Sect. 652(1)(K)

3. **Municipal Assessor is required to undertake "a careful examination" of the application and supporting documentation.** If, and only if, all applicable issues are checked in the affirmative, then proceed to issue 4. If applicable and not checked, then proceed no further and consider issuing a denial letter because an exemption is unavailable:
   - ☐ 3.1 **All Applications:**
     - ☐ 3.1.1 Applicant is in good standing with the Secretary of State (Charter no. _____).[7]
     - ☐ 3.1.2 Applicant owns and occupies or uses the property for its own purposes. For ownership and use, see the property's deed (or lease agreement) and the Application and Supplement.[8]
   - ☐ 3.2 **For Either Charitable / Benevolent or Literary / Scientific Exemptions:**
     - ☐ 3.2.1 Director, trustee, officer, or employee does not directly or indirectly receive pecuniary profits from the operations except as reasonable compensation.[9]

[1] See City of Portland's Supplement to the Application for Exemption from Property Tax (undated).
[2] See MRS, Maine Property Tax Law, p. 75 (rev. April 2024) (*citing* Silverman v. Alton, 451 A.2d 103, 105 (Me. 1982)).
[3] See MRS, Maine Property Tax Law, p. 75 (rev. 2024) (*citing* Francis Small Heritage Trust v. Town of Limington, 2014 ME 102 (Aug. 7, 2014) and others); MMA, Municipal Assessment Manual, p. 113 (Nov. 2019).
[4] To search for federal-tax exempt organizations, see the online database of the Internal Revenue Service – https://apps.irs.gov/app/eos/.
[5] See MRS, Property Tax Div., Bulletin No. 5, sec. 2(B)(2) (rev. Dec. 9, 2022).
[6] The phrase "Chambers of Commerce" is meant to include the other types of organizations listed in 36 M.R.S. § 652(1)(F): boards of trade and central labor councils, the latter of which includes "an association or network of labor unions".
[7] For Maine's Department of the Secretary of State's database, see https://apps3.web.maine.gov/nei-sos-icrs/ICRS?MainPage=x
[8] See MRS, Bulletin No. 5, para 3 (Dec. 9, 2022); Application for Exemption from Local Property Taxation, para 5; and City of Portland's (Re) Supplement to the Application for Exemption from Property Tax, paras 1-3.
[9] See 36 M.R.S. § 652(1)(C)(2) and Schedule J & L of IRS Form 990.

Exemption Application – Review and Worksheet

(under 36 M.R.S. § 652(1))

assessor's office

- ☐ 3.2.2 All profits from operations and sale of property are devoted exclusively to the corporate purpose.[10]
- ☐ 3.2.3 Applicant has provided its financial report for preceding year. See 36 M.R.S. § 652(1)(C)(4).
- ☐ 3.2.4 Agricultural Fair Association – Qualified for next preceding year? See 36 M.R.S. § 652(1)(C)(5).
- ☐ 3.2.5 Federal Housing: 50% exemption for federal subsidized residential rental housing if (a) in service prior to Sept. 1, 1993 for profit corporation then acquired on or after Sept. 1, 1993 and (b) owned by "nonprofit housing corporation". See 36 M.R.S. § 652(1)(C)(6).
- ☐ 3.2.6 Rental Housing: (a) In service on or after Sept. 1, 1993, (b) owned by "nonprofit housing corporation", and (c) operation related to corporate purpose. See 36 M.R.S. § 652(1)(C)(7).

☐ **3.3 Only for Charitable / Benevolent Exemptions** (consider five issues & non-controlling *quid pro quo*):
- ☐ 3.3.1 Corporate Formation: Applicant is a nonprofit corporation (Inc. or Corp.). **N.B.** An LLC, L3C, LP, and an LLP are not "incorporated" nor a "corporation" under 36 M.R.S. §§ 652(1)(A) and (C)(1).[11]
- ☐ 3.3.2 Corporate Purpose is "charitable" *and* activities qualify as "charitable" within the meaning of 36 M.R.S. § 652(1)(A & C(1)).[12] See application, supplement, and Articles of Incorporation.[13]
- ☐ 3.3.3 Charitable status of the institution is *not* a cloak for making financial profits for the institution, namely a concealed profit motive. See IRS letter, IRS Form 990 tax return, and financial records.[14]
- ☐ 3.3.4 There is no evidence of a pretense to avoid taxation (e.g., all profits devoted to charitable purposes).[15]
- ☐ 3.3.5 Incidental Use – occasional (constant vs. incidental) use by a non-exempt organization:
  - ☐ 3.3.5.1 Dominant use complies with the exemption type that the Applicant relies upon;
  - ☐ 3.3.5.2 Institutional Necessity: Constant incidental use appurtenant to institutional necessity, e.g., employee parking lot, thrift store work therapy, or college fraternity as dorm; *or*
  - ☐ 3.3.5.3 De Minimis Use: De minimis use that generates (a) a nominal fee to use summer camp *only when vacant or* (b) revenue of less than 1% of operating budget for *short-term (less than yearly) use of some facilities* that do not interfere with tax-exempt purpose.[16]
- ☐ 3.3.6 Quid Pro Quo (non-controlling factor): Whether the Applicant's activities confer a pecuniary benefit upon the body politic and thereby relieve the government of part of its burden.[17]

☐ **3.4 Only for Literary / Scientific Exemptions:** Applicant is (a) "university or other school" or "those institutions where the positive sciences are taught or persons eminent for learning associate for purposes connected with their professions" or (b) "devoted to the sciences generally or to some department of science as a principal object and not merely as an unimportant incident to its important objects."[18] Note that incidental use of 3.3.5 also applies.[19]

4. **Granting the Exemption, Reviewed Annually:**[20] By properly reaching issue 4, the municipal Assessor has undertaken "a careful examination"[21] of the application and supporting documentation to support a decision to grant or deny an exemption application submitted under 36 M.R.S. § 652(1). Based on that examination, the exemption application should be:

   ☐ **Granted (tentative).**

   ☐ **Denied (tentative). See above issue number(s) _____.**

[10] See 36 M.R.S. § 652(1)(C)(3) and Part VIII & IX of IRS Form 990.
[11] See template letter to LLCs of August 19, 2025.
[12] "Charitable" is defined as being "for the benefit of an indefinite number of persons, either [1] by bringing their minds or hearts under the influence of education or religion, [2] by relieving their bodies from disease, suffering, or constraint, [3] by assisting them to establish themselves in life, or [4] by erecting or maintaining public buildings or works or [5] otherwise lessening the burdens of government." See MRS, Bulletin No. 5, p. 1 (rev: Dec. 9, 2022) (*quoting* Episcopal Camp Fdn. v. Hope, 666 A.2d 108, 110 (Me. 1995).
[13] See 36 M.R.S. § 652(1)(C)(1) (organized and conducted exclusively for charitable purposes); MRS, Bulletin No. 5, p. 1 (rev: Dec. 9, 2022) (for definition of "charitable"); MRS, Maine Property Tax Law, pp. 80-81 (rev: April 2024); MMA, Municipal Assessment Manual, p. 118 (rev: Nov. 2019) (*citing* Green Acre Baha'i Institute v. Town of Eliot, 150 Me. 350, 110 A.2d 581 (1954)); 36 M.R.S. § 652(1)(C)(1) (applies only to charitable / benevolent and literary / scientific institutions).
[14] See MRS, Maine Property Tax Law, pp. 80-81 (rev: April 2024).
[15] See MRS, Bulletin No. 5, p. 5 (Dec. 9, 2022) (*citing* Green Acre Baha'i Institute, 150 Me. 350, 110 A.2d 581 (1954)); 36 M.R.S. § 652(1)(C)(3).
[16] See footnote 5; MMA, Municipal Assessment Manual, p. 121 (Nov. 2019); MRS, Maine Property Tax Law, p. 79 (rev: April 2024).
[17] See MRS, Bulletin No. 5, para 1 (*citing* Francis Small Heritage Trust v. Town of Limington, 2014 ME 102 (Aug. 7, 2014)).
[18] See 36 M.R.S. § 652(1)(B); MMA, Municipal Assessment Manual, pp. 126-127 (rev: Nov. 2019).
[19] See footnote 5; MMA, Municipal Assessment Manual, p. 121 (Nov. 2019); MRS, Maine Property Tax Law, p. 79 (rev: April 2024).
[20] See MRS, Bulletin No. 5, para 3 (Dec. 9, 2022) ("Each application should be reviewed annually.").
[21] See Green Acre Baha'i Institute, 150 Me. 350, 354, 110 A.2d 581 (1954) ("careful examination").

4. Application: Words & Phrases

Formation of Institution, Organization, or Corporation:

1. Charitable exemption requires applicant to have a corporate form (incorporation or corporation).
   See 36 M.R.S. §§ 652(1)(A) and 652(1)(C)(1, 6-7); 13-B M.R.S. § 101 *et seq.* (Maine Nonprofit Corporation Act).
2. Limited partnership (LP), limited liability company (LLC), low-profit limited liability company (L3C) are ineligible for charitable exemption. **N.B.** LPs, LLCs, and L3Cs did not existent under Maine law prior to 1969, 1994, and 2011, respectively. Legislature extensively revised the tax statute in 1955, which has been amended 30+ times since. None of the amendments relate to LPs, LLCs, or L3Cs. See Maine Limited Liability Company Act, 1993 Me. Laws 2168 (1994) (enacted Apr. 20, 1994) and now codified at 31 M.R.S. §§ 1501-1693; Business Corporation Act, 13-C M.R.S. § 102(39) (definition of unincorporated entity includes LP and LLC). See, *e.g.*, *Pentecostal Assembly of Bangor v. Maidlow,* 414 A.2d 891, 893 & fn. 3 (Me. 1980) (citing P.L. 1955, ch. 399, §§ 1-122); legislative history of 36 M.R.S. § 652. For L3C, see An Act to amend Maine LLC Act, P.L. 2011, ch. 113 and 31 M.R.S. § 1611.
3. Non-charitable exemptions allow for non-corporate formation: "institution, organization or corporation", "held in trust", etc.
   See 36 M.R.S. §§ 652(1)(B), (E), (F), (G), and (H).

4. Application: Words & Phrases, cont'd.

Used for their own purposes or exclusively for charitable purposes?

- "After the *Green Acre Baha'i* case [110 A.2d 581 (1954)] was decided, the tax laws relating to towns were revised extensively, and the exemption provisions were changed to include, among other things, what is now subsection 1(C)(1) of section 652 … ."
  See *Pentecostal Assembly of Bangor v. Maidlow,* 414 A.2d 891, 893 & fn. 3 (Me. 1980) (citing P.L. 1955, ch. 399, §§ 1-122).
- **36 M.R.S. § 652(1)(A) –** "occupied or used solely for their own purposes by incorporated benevolent and charitable institutions"
- **36 M.R.S. § 652(1)(C)(1) –** "conducted exclusively for benevolent and charitable purposes"
- **Summary:** "[T]heir own purposes" is narrowed by 36 M.R.S. § 652(1)(C)(1) to mean: used solely for their own charitable purposes, not any purpose, not a corporate purpose, nor a purpose for a non-charitable exemption under 36 M.R.S. § 652(1).
  See Pentecostal Assembly of Bangor v. Maidlow, 414 A.2d 891, 893-94 (Me. 1980) (corporation's religious purposes are not to be equated with benevolent and charitable purposes); *City of Lewiston v. Salvation Army*, 1998 ME 98, ¶6, 710 A.2d 914, 915 (1998) (applying *City of Lewiston v. Marcotte Congregate Housing, Inc.,* 673 A.2d 209, 211-12 (Me. 1996): "As we said in *Marcotte,* the plain language of section 652(1)(A) precludes exempting the *Marcotte* building from taxation because a portion of the building, though owned by *Marcotte,* was not occupied or used by *Marcotte* "solely" for *Marcotte*'s charitable purposes.") (emphasis added).

4. Application: Words & Phrases, cont'd.

<u>Fraternal Organization</u> (partial exemption):

a. Owned by or held in trust (excludes college fraternities);
b. Operates under a lodge system;* and
c. Exemption limited to facilities "for meetings, ceremonies or religious or moral instruction" with areas "appurtenant" and used in connection with those purposes. See 36 M.R.S. § 652(1)(H).

* Lodge system: Self-governing local branches, reports to parent organization, *e.g.*, Elks, Moose, Knights of Columbus, & Freemasons.

<u>Residential Rental Housing</u>: Avoid using the term "affordable housing" as it is too broad to describe the charitable exemption for residential rental housing for low income, elderly, or handicapped persons under 36 M.R.S. §§ 652(1)(A), 652(1)(C)(1) and 652(1)(C)(7).

See *City of Lewiston v. Marcotte Congregate Housing, Inc.*, 673 A.2d 209 (Me. 1996); *cf. Maine AFL-CIO Housing Dev. Corp. v. Town of Madawaska*, 523 A.2d 581 (Me. 1987); see also 30-A § M.R.S. 5246(1) ("affordable housing" defined).

4. Application: Words & Phrases, cont'd.

"Reasonable Compensation": Director, trustee, officer, and employee may receive "reasonable compensation", which is undefined. See 36 M.R.S. § 652(1)(C)(2); 13-B M.R.S. § 713-A (public disclosure required if compensation exceeds $250,000 and at least 25% of funding is from state or federal sources).

- Consider whether information was timely and publicly disclosed in the ordinary course of business, including:
  1. Advertised when position was open;
  2. Identified on Form 990;
  3. Reviewed by a corporate committee or board of directors prior to the filing of Form 990; and
  4. If applicable, disclosed in compliance with 13-B M.R.S. § 713-A(2-A).

4. Application: Words & Phrases, cont'd.

<u>Educational Charitable Purpose</u>: Is the property maintained to train, educate, or instruct individuals? For example:

1. An "organized and professional program that integrates religious teachings, moral instruction, and social living and civic responsibility"; and
2. Services offered at less than cost and direct tuition assistance is provided.

   See *Episcopal Camp Foundation v. Hope*, 666 A.2d 108, 109-10 (Me. 1995) (sole example of educational charitable purpose).

N.B. "Educational charitable purpose" was also considered in *Cushing Nat. & Preservation Ctr. v Town of Cushing*, 785 A2d 342, 347 (Me. 2001), 2001 ME 149, ¶18, but, on remand, the matter was dismissed on procedural grounds. See *Cushing Nat. & Preservation Ctr. v Town of Cushing*, docket no. KNOCV-99-059 (Superior Court Order of March 26, 2002).

4. Application: Words & Phrases, cont'd.

Charitable: "Benevolent" and "charitable" are synonymous* and means "for the benefit of an indefinite number of persons, either

[1] by bringing their minds or hearts under the influence of education or religion,

[2] by relieving their bodies from disease, suffering, or constraint,

[3] by assisting them to establish themselves in life, or

[4] by erecting or maintaining public buildings or works or otherwise lessening the burdens of government."**

See *Episcopal Camp Foundation v. Hope*, 666 A.2d 108, 110 (Me. 1995); see also MRS, *Property Tax Bulletin No. 5*, para. 1 (rev. Dec. 9, 2022). **N.B.** Non-exhaustive list. See *Cushing Nature and Preservation Center v. Town of Cushing*, 785 A.2d 342, 347 (2001), 2001 ME 149, ¶17 ("does not represent an exhaustive list of considerations, but it will guide the court in its determination of the existence of a charitable use.").

* See *Francis Small Heritage Trust v. Town of Limington*, 2014 ME 102, ¶ 14, 98 A.3d 1012, 1017.

** See *Christian Fellowship and Renewal Center v. Town of Limington*, 2006 ME 44, ¶24 (April 28, 2006) ("lessening the burdens of government" is a non-controlling factor); *Francis Small Heritage v. Town of Limington*, 2014 ME 102, ¶ 14, 98 A.3d 1012 (Me. 2014); and *Episcopal Camp Foundation, Inc. v. Town of Hope*, 666 A.2d 108, 110 (1995).

4. Application: Words & Phrases, cont'd.

Charitable Attribute: "The fundamental attribute of a charitable organization is that it provides a benefit or service to a significant number of its beneficiaries for free, below cost, or below market rates." See *Maine Life Care Retirement Community, Inc. v. Town of Scarborough*, CUMcv-18-476, *13 (Me. Super. Ct., Cumberland Ct., Feb. 18, 2020).

'Lessening the Burdens of Government':

- Providing a retirement community to those who can afford it "cannot be found to lessen the burdens of government in any appreciable way." See *Maine Life Care Retirement Community, Inc. v. Town of Scarborough*, CUMcv-18-476, *13 (Me. Super. Ct., Cumberland Ct., Feb. 18, 2020) (quoting *Western Mass. Lifecare Corp. v. Board of Assessors*, 747 N.E.2d 97, 105).
- Land conservation with public access.
  See, *e.g.*, *Francis Small Heritage Trust v. Town of Limington*, 2014 ME 102.

4. Application: Words & Phrases, cont'd.

'Public Building':

- The term "public building" is not defined by 36 M.R.S. § 652 nor addressed by a bulletin issued by Maine Revenue Services.
- Under the Maine Tort Claims Act, 14 M.R.S. §§ 8101-8118 (2006), the term "public building" concerns:
  1. Accessibility by members of the public;
  2. The function that the structure performs (subjective); and
  3. The structure's character in relation to the public (objective).

See *Rodriguez v. Town of Moose River*, 922 A.2d 484, 493 (Me. 2007) (town clerk and tax collector opened her home to the public to conduct town business; residence "was used to "provid[e] services to the people on a business basis," was "under some degree of civic or state control," and was "a place accessible or visible to all members of the communities."; quoting Black's Law Dictionary 1243 (7th ed. 1999) ("A "public building" is "[a] building that is accessible to the public; esp[ecially] one owned by the government.")); see also *McDonald v. City of Portland*, 2020 ME 119 (an outdoor plaza is an appurtenance to a public building; citing *Rodriguez*, 922 A.2d at 493).

4. Application: Words & Phrases, cont'd.

Literary & Scientific:

- Need only be literary *or* scientific.
- If both, the primary purpose is to "engag[e] its students in the academic pursuit of both literary and scientific knowledge through the provision of an accredited course of" high school or college education. See *Hebron Academy, Inc. v. Town of Hebron*, 60 A.3d 774, 780, 2013 ME 15, ¶18; *Hurricane Island Outward Bound v. Vinalhaven*, 372 A.2d 1043, 1046 (Me. 1977); *Hurricane Island Outward Bound v. Vinalhaven*, Docket No. Ap-19-17 (Super. Ct., Knox County) (Mallonee, J., April 22, 2020). To search for high school or college accreditation, see, *e.g.*, New England Association of Schools and Colleges (https://www.neasc.org/school-directory) and New England Commission of Higher Education (https://www.neche.org/roster/).

"Educational" Institution: Mere status as an educational institution is insufficient for a literary or scientific exemption under 36 M.R.S. § 652(1)(B).

See *American Martial Arts Foundation v. City of Portland*, 1995 WL 18036754, *1 (Me. Super.) (May 16, 1995) (citing *Hurricane Island Outward Bound v. Vinalhaven*, 372 A.2d 1043, 1047 (Me. 1977); see also *Hurricane Island Foundation v. Town of Vinalhaven*, 2023 ME 33, ¶¶16-7.

4. Application: Words & Phrases, cont'd.

Literary: a term not defined by 36 M.R.S. § 652 nor addressed by a bulletin issued by Maine Revenue Services.

1. "Literary means "[p]ertaining to literature; connected with authors and the study or use of books and writings.""
   See *American Martial Arts Foundation v. City of Portland*, Docket No. Ap-99-86, *4 & fn. 2 (Super. Ct., Cumberland County) (May 31, 2002.) (quoting Black's Law Dictionary 841 (5th ed. 1979).

2. Literary "must be a primary or substantial character; an "incidental" [literary] objective insufficient to qualify for exemption."
   See *Hurricane Island Outward Bound v. Vinalhaven*, 372 A.2d 1043, 1046 (Me. 1977); *Skowhegan School of Painting and Sculpture, Inc. v. Town of Madison*, CV-82-28 (Me. Super. Ct., Som. Cty., "Order" of Feb. 28, 1985).

3. "Schools, universities, and similar institutions have traditionally qualified as literary institutions. [See] 36 M.R.S. 652(1)(B)."
   See MRS, *Maine Property Tax Law*, p. 27 (rev. Feb. 2026); *Hebron Academy, Inc. v. Hebron*, 2013 ME 15, 60 A.3d 774.

4. Application: Words & Phrases, cont'd.

Scientific: "For an institution to be scientific, "it should be devoted either to the sciences generally, or to some department of science as a principal object, and not merely as an unimportant incident to its important objects." See *Hurricane Island Outward Bound v. Vinalhaven*, 372 A.2d 1043, 1046 (Me. 1977).

1. "[A]n institution devoted to teaching applied sciences was not exempt and that "the [L]egislature made no provision under the penumbra of "education" for an exemption."
   See *Hurricane Island Foundation v. Town of Vinalhaven*, 2023 ME 33, ¶ 16 (May 30, 2023) (quoting *Hurricane Island Outward Bound v. Vinalhaven*, 372 A.2d 1043, 1047 & n. 4 (Me. 1977)).

2. Notable characteristics: promotes scientific knowledge through peer-reviewed research, collaboration, publication, and advocacy.

4. Application: Words & Phrases, cont'd.

Operative Language: "The real estate and personal property owned and occupied or used solely for their own purposes by … ."

- **Argument by Applicant's legal counsel:** Case law applying literary exemption applies to charitable exemption: "[b]ecause the operative language" for a charitable exemption "is the same as the operative language" for a literary exemption, "we have routinely considered case law interpreting one subsection as applicable to the other."
  See *Hebron Academy, Inc. v. Town Hebron*, 2013 ME 15, ¶ 20 & fn. 4 (emphasis added).

- **Caution:** Additional conditions apply to a charitable exemption as compared to a literary exemption:
  - Exclusivity rule: 'Organized and conducted exclusively for charitable purposes' under 36 M.R.S. § 652(1)(C)(1) applies only to a charitable exemption.
  - Corporate form: only a nonprofit corporation can qualify for charitable exemption 36 M.R.S. §§ 652(1)(A) and 652(1)(C)(1), but an "institution, organization, or corporation" can qualify for a literary exemption under 36 M.R.S. §§ 652(1)(B) and 652(1)(C)(4).

4. Application: Words & Phrases, cont'd.

House of Religious Worship: Partial exemption limited to structures & values: (1) house of worship, vestries, pews, and furniture within; (2) tombs and rights of burial; (3) parsonage up to $20,000; & (4) personal property in parsonage up to $6,000.

> **N.B.** House of worship is a structure devoted to religious services (church, chapel & synagogue), but Maine Revenue Services asserts that 36 M.R.S. § 652(1)(G) exemption includes "land on which they stand, including enough for convenient access".
> See 36 M.R.S. § 652(1)(G); MRS, *Maine Property Tax Law*, p. 88 (rev. Feb. 2026); *Woolwich-Wiscasset v. Town of Woolwich*, CV-86-72 (Me. Super. Ct. Saga. Cty., Oct. 23, 1987); but see *City of Belfast v. Belfast Board of Assessment Review*, CV-91-50 (Waldo Cty., Me. Super. Ct. Oct. 16, 1992); *Gammon v. City of Presque Isle*., 1990 Me. Super. LEXIS 212; Black's Law Dictionary, p. 739 (6th ed. 1990); *Town of Richmond v. Richmond Corner Baptist Church*, CV-86-119 (Saga. Cty., Me. Super. Ct. Oct. 27, 1987); and *Maine Conference Association of Seventh-Day Adventists v. Town of Weld*, 1987 Me. Super. LEXIS 280.

Religious vs. Charitable Distinction: "[R]eligious purposes are not to be equated with benevolent and charitable purposes." See *Christian Fellowship v. Town of Limington*, 896 A.2d 287 (Me. 2006) (quoting *Pentecostal Assembly of Bangor v. Maidlow,* 414 A.2d 891, 893-94 (Me. 1980)).

4. Application:

Avoid the consequences of a poor decision.



* An AI generated image.

4. Application: Charitable Issues to Consider

<u>Mark decision letter "Public Document" and address</u>:

1. **Introduction:** summary of relevant facts, documents considered, and submission date.
2. **Origin of Tax-Exempt Status (if any):** Earlier application, 501(c)(3) designation, etc.
3. **Exemption Statute:** Identify which statutory paragraph applies.
4. **Corporate Name & Status:** Impossible to hold property without corporate existence – check via Maine Dept. of the Sec. of State
   See https://apps3.web.maine.gov/nei-sos-icrs/ICRS?MainPage=x.
5. **Evidence of Ownership:** Deed (or lease in a few circumstances)
   See, *e.g.*, *Alpha Rho Zeta of Lambda Chi Alpha, Inc. v. Inhabitants of Waterville,* 477 A.2d 1131, 1137 (Me.1984) (legal title and a party's usufructuary right to the property).

4. Application: Charitable Issues, cont'd.

6. **Organizational Element – Charitable Exemption:** Does the Articles of Incorporation and/or bylaws contain a revealing expression of charitable purpose?
   See 36 M.R.S. §§ 652(1)(A) and 652(1)(C)(1) (applies only to charitable exemption).

7. **Conduct Element – Charitable Exemption:** Is the parcel being used for a charitable purpose, *e.g.*, no organizational drift?
   See 36 M.R.S. §§ 652(1)(A) and 652(1)(C)(1) (applies only to charitable exemption).

8. **Sole or Permitted Non-Exclusive Use:** Incidental use is institutional necessity or de minimis.**

9. **No Pecuniary Profit from Operations:** Other than "reasonable" compensation.
   See 36 M.R.S. § 652(1)(C)(2); 13-B M.R.S. § 713-A (disclosure required if director or officer compensation exceeds $250,000).

4. Application: Charitable Issues, cont'd.

10. **Devotion of Profits:** Profits devoted exclusively to corporate purpose. See 36 M.R.S. § 652(1)(C)(3).

11. **Source of Funds:** Non-controlling factor (donations weigh in favor of charitable status). See *Episcopal Camp Foundation v. Hope*, 666 A.2d 108, 111 (Me. 1995).

12. **Profit Motive:** Non-controlling factor from case law.
See *Francis Small Heritage v. Town of Limington*, 98 A.3d 1012, 1017 (Me. 2014); see also *Christian Fellowship & Renewal Ctr. v. Town of Limington*, 896 A. 2d 287, 296 (Me. 2006) ("there is no profit motive in CFRC's activity, it is losing money on its operations").

13. **Financial Records Disclosed** (if requested).
See 36 M.R.S. § 652(1)(C)(4).

14. **Miscellaneous**: Novel issue, repeat filer, property under construction, and residential rental housing.
See 36 M.R.S. §§ 652(1)(A), 652(1)(C)(1), and 652(1)(C)(7)(a, b & c); *City of Lewiston v. Marcotte Congregate Housing, Inc.*, 673 A.2d 209, 211-12 (Me. 1996).

4. Application: Charitable Issues, cont'd.

15. **Conclusion** summarizes reason(s) to grant or deny application:
    - Granted: duty to maintain public benefit and to inform Assessor's Office of change of ownership or use.
    - Denied: explain process to re-apply or challenge by (a) reconsideration, (b) abatement application, appeal to BOAR & then to Superior Court, or (c) seek declaratory judgment.
    - Consider reserving right to reconsider: Reservation of right to reconsider in Decision Letter allows a written request for reconsideration to (a) be submitted prior to or during the 185-day abatement window and (b) allow the property owner to explain in writing how the Decision Letter is based on a material mistake of fact or of law.

4. Application: Incidental Use

Institutional Necessity: "where [1] the utilization of property is reasonably incident to the major purpose for which a benevolent and charitable institution is incorporated, and [2] such utilization is not oriented toward pecuniary profit but, rather, toward providing necessary services and facilities, such property under Maine law is exempt from taxation."* Examples:

1. Parking garage for hospital
   * See *Maine Medical Center v. Lucci*, 317 A.2d 1, 3 (1974) (emphasis added).
2. Providing "work therapy" at thrift store
   See *City of Lewiston v. Salvation Army*, 1998 ME 98.
3. College fraternity provides student housing to college
   See *Alpha Rho Zeta of Lambda Chi Alpha, Inc. v. Inhabitants of Waterville,* 477 A.2d 1131 (Me. 1984).
4. Use of caretaker's cottage, rent free with utilities
   See *State Young Men's Christian Association of Maine v. Town of Winthrop, Me.*, 295 A.2d 440 (1972), but note that 36 M.R.S. § 652(1)(B) does not allow employee housing for "literary and scientific" organizations.

4. Application: Incidental Use, cont'd.

***De Minimis* Use:** Use of the parcel that does not interfere with the institution's major tax-exempt purpose under 36 M.R.S. § 652.
See *Hebron Academy, Inc. v. Town of Hebron*, 60 A.3d 774, 782, 2013 ME 15, ¶24.

1. Employees renting vacant summer camp for nominal fee.
   See *Salvation Army v. Town of Standish*, 1998 ME 75, ¶¶ 2, 6, 7, 709 A.2d 727.
2. Leasing summer camp during the off-season.
   See *Episcopal Camp Found., Inc. v. Town of Hope*, 666 A.2d 108, 108-09 (Me. 1995).
3. Renting part of school facilities (a) on a short-term basis, (b) revenue was 1%* of operating budget, and (c) activities did not interfere with use of the facilities for its own tax-exempt purpose.
   See *Hebron Academy, Inc. v. Town of Hebron*, 60 A.3d 774, 782, 2013 ME 15.
4. Occupation by for-profit business permitted if activities are solely devoted to nonprofit's purposes. See *Eastern Maine Medical Center v. City of Brewer*, No. PENSC-CIV-2023-00119 (Jan. 8, 2026) (2% "revenue falls within the incidental use exception even if it is not charitable.").

* <u>1% is not a cap, upper limit not established</u>. See MRS, *Property Tax Bulletin No. 5*, para. 2(B)(2) (rev. Dec. 9, 2022); see also MRS, *Maine Property Tax Law*, pp. 85 & 145 (Feb. 2026).

4. Application: Operating Budget

Operating Budget is the total expense of operations, which is used as an estimate of the nonprofit corporation's actual size. Law Court has held that 1% of "operating budget" does not interfere with exempt purpose but upper limit not determined. See *Hebron Academy, Inc. v. Town of Hebron*, 60 A.3d 774, 782, 2013 ME 15; MRS, *Property Tax Bulletin No. 5*, para. 2(B)(2) (rev. Dec. 9, 2022) (the term "operating budget" not defined). See Cause IQ, *How to Calculate a Nonprofit Operating Budget* (May 13, 2020); https://www.causeiq.com/insights/nonprofit-operating-budget/

<u>Basic Calculation</u>:

Operating Budget = Total Expenditures minus Grants to Government, Organizations, and Individuals minus Benefits Paid to Members

<u>Form 990</u> (gross receipts greater or equal to $200,000):

Operating budget = Part IX Line 25 minus Part IX Line 1 minus Part IX Line 2 minus Part IX Line 3 minus Part IX Line 4

<u>Form 990-EZ</u> (gross receipts less than $200,000):

Operating budget = Part I Line 17 minus Part I Line 10 minus Part I Line 11

4. Application: Parcel Under Construction

Is a parcel exempt while under construction?

- **No**: Construction alone is not exempt use under 36 M.R.S. § 652.
  1. Municipalities with 2,000 residents or more: issuance of certificate of occupancy is required prior to lawful occupation or use. See 25 M.R.S. § 2357-A; City of Portland Code Sec. 6-93(a).
  2. Case law below is distinguishable and concern a pre-existing exempt use.
  3. Contrary to statutory construction principles – "occupied or used" are past tense.
  4. Contrary to narrowly and strictly construing tax statute 36 M.R.S. § 652.
  5. Usurps the legislature's policymaking authority.
  6. Contrary to public interest by speeding up the erosion of the municipal tax base.
  7. Violates equal apportionment. See ME Constitution, Art. IX, sec. 8.
  8. Law Court has tacitly approved taxation until completion. See *Maine AFL-CIO Housing Dev. Corp. v. Town of Madawaska*, 523 A.2d 581 (Me. 1987).
- **Maybe**: Impedes statutory purpose if exempt use not inferred.

See *Osteopathic Hospital v. City of Portland*, 26 A.2d 641 (1942); *Camp Emoh Associates v. Lyman*, 106 A. 59 (1933); *Maine Medical Center v. Lucci*, 317 A2d. 1 (Me. 1974); *Advanced Med. Research Found. v. Town of Cushing*, 555 A.2d 1040 (Me. 1989); *Overmont Corp. v. Board of Tax Revision*, 388 A.2d 311, 312 (Pa. 1978); but see Wright & Brunelle, *Digest of Board of Property Tax Review Decisions*, p. 179 (updated 2025) ("Property under construction on April 1st is eligible for exemption" citing *New Marblehead North Housing Corp. v. Taylor*, No. 90-10, pp. 7-8 (BPTR, June 12, 1991)).

4. Application: Roux Inst., Northeastern Univ.

Background: Northeastern University's Roux Institute submitted a fourth application for a literary and scientific exemption for a parcel under construction:

1. 4th exemption application for a literary and scientific exemption.
2. 17-page Decision Letter: property under construction is ineligible for a charitable exemption.
3. $88,049,200 assessed value with $1,107,658.94 tax liability (FY27).
4. No appeal.



Fischer, *Roux Institute is rising along Portland's waterfront* (Mainebiz, July 30, 2026); see https://mainebiz.biz/article/roux-institute-is-rising-along-portlands-waterfront/

4. Application: Martin's Point Health Care

Background: Martin's Point second application for a charitable exemption for a building under construction:

1. 30% complete as of April 1, 2026.
2. Abutting two parcels are not exempt due to deed restriction and a PILOT agreement.
3. Owns and uses property in Biddeford and Gorham but not exempt.
4. 13-page Decision Letter: (a) property under construction is ineligible for a charitable exemption and (b) whether charitable use upon completion still needs to be determined.
5. Property assessed value at $4,624,900, estimated tax $55,406 (FY27).
6. No appeal.



Still from PCConstruction.com; see https://www.facebook.com/pcconstructioncareers/videos/big-things-in-the-works-for-martins-point-health-care-%EF%B8%8F-heres-a-quick-look-at-th/970867525342493/.

4. Application: Maine Public Broadcasting

Background: WCBB in Lewiston and WMEB in Bangor merged to form Maine Public in 1992 (no direct association with academic institutions). Is radio & TV programming: charitable, literary, or scientific?

- Bangor & Lewiston: Literary and scientific exemption
- Portland: Purchased for $20 million in 2025
  1. Denied twice – charitable
  2. Denied twice – literary & scientific
  3. 26-page Decision Letter: most recent decision with 133 pages of exhibits
  4. $224,849.03 tax liability (FY27)
  5. $100,254.86 TIF reimbursement (FY27)
  6. No appeal.



Wroten & Filler, *Maine Public Broadcasting buys iconic building for Portland recording studio* (March 26, 2025), CoStar News; https://www.costar.com/article/648182344/maine-public-broadcasting).

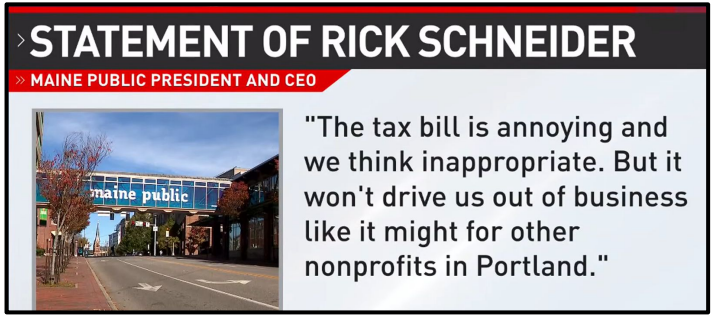
4. Application: Maine Public Broadcasting

Background: WCBB in Lewiston and WMEB in Bangor merged to form Maine Public in 1992 (no direct association with academic institutions). Is radio & TV programming: charitable, literary, or scientific?

- Bangor & Lewiston: Literary and scientific exemption
- Portland: Purchased for $20 million in 2025
  1. Denied twice – charitable
  2. Denied twice – literary & scientific
  3. 26-page Decision Letter: most recent decision with 133 pages of exhibits
  4. $224,849.03 tax liability (FY27)
  5. $100,254.86 TIF reimbursement (FY27)
  6. No appeal.



WGME, **Portland charitable organizations upset over being forced to pay city property taxes** (Oct. 15, 2026); https://www.youtube.com/watch?v=G_Ss4WNIvKc



4. Application: Peaks Island Land Preserve

Peaks Island Land Preserve (PILP):

1. Mere ownership of no. 4 (Tolman Road) does not entitle PILP to a charitable exemption.

2. Land conservation as a charitable purpose requires active steps to promote public use, *e.g.*, advertisements, news articles, web page, used by members of the public, trails maintained, and hikes organized. See *Francis Small Heritage Trust v. Limington*, 2014 ME 102, 98 A.3d 1012.

3. Current and anticipated use is consistent with other exempt parcels owned by PILP.

4. Application approved.



See

4. Application: Potential Solutions

1. **In-person meeting:** Offer to meet prior to April 1st, *e.g.*, exemptions not permanent, avoid commercial activities, application becomes a public document, and, if granted, subject ongoing compliance obligations.
2. **Transparency:** Update web page and distribute source materials.
   See, *e.g.*, exemption application, 36 M.R.S. § 652, MRS, *Maine Property Tax Law* (PT102), Chp. 8 (Exemptions) (rev. Feb. 2026), and MRS, *Property Tax Bulletin No. 5*, Tax Exemption for Benevolent and Charitable Institutions (rev. Dec. 9, 2022).
3. **Condo:** Parcel could be 'condo-ized' to separate non-exempt portion of the parcel from the potentially exempt portion.
   See *Gregory v. MMC Realty Corp. and Maine Medical Center*, No. 2000-001 (BPTR November 14, 2000).
4. **Tentative or Deferred Decision:** Provide tentative or deferred decision; request clarification and/or further information.
5. **Decision Letter:** State that decision letter is a public document and content should be detailed and thorough as possible.

5. Exempt Parcels: A sleeping dog?

‘Sleeping dogs’:

1. Decision by the current assessor.
2. Decisions by a former assessor.
3. Decision by an assessor in another municipality.
4. Exempt organization drifts away from exempt purpose or use of the parcel.
5. Willful ignorance by Assessor’s Office.
6. Data entry error by Assessor’s Office.
7. Public outrage and criticism where an application is denied or an exemption is revoked.



* An AI generated image.

5. Exempt Parcels: Review Timeline

1. **Exemptions are not permanent.**
   See 36 M.R.S. § 652 (last paragraph).

2. **Exempt organizations have ongoing compliance obligations.**
   See *Humboldt Field Research v. Town of Steuben*, 2011 ME 130, ¶2, 36 A.3d 873, 874 (applicant has burden of proof of entitlement, even if exemption granted years earlier).

3. **Review should be annually or by every 4th year**
   See MRS, *Property Tax Bulletin No. 5*, para. 3 (rev. Dec. 9, 2022) ("should be reviewed annually"); 36 M.R.S. § 383 (Municipal Valuation Return, lines 40a-1 to 40s for exempt valuations); and 36 M.R.S. § 328(7) ("Physical inspection and inventory of each real parcel and personal property account will take place at least every 4 years"); but see MRS, *Maine Property Tax Law*, p. 33 (rev. Feb. 2026) ("Assessors are required to physically inspect each taxable account at least every four years (36 M.R.S. § 328(7))." (Emphasis added.)

4. **List exempt parcels every 5 years:**
   See 36 M.R.S. § 707; MRS, *Maine Property Tax Law*, p. 81 (rev. Feb. 2026) ("Exempt real estate should be included in the valuation book, separately from the list of taxable property. Assessors are required to include and value exempt real estate in their inventory of property at least every five years (36 M.R.S. § 707). If this is done annually, it is relatively easy to record any change of use or ownership that may result in a return of the real estate to taxable status.").

5. Exempt Parcels: Duty to Take Action

Triggers to take prompt, appropriate, and effective action:

1. **Notice:** On notice* of change of ownership, use,* or statutory requirements.
2. **Annual review preferred:** Municipal Valuation Return
   See MRS, *Property Tax Bulletin No. 5*, para. 3 (rev. Dec. 9, 2022); see also 36 M.R.S. § 383 and MVR lines 40a-1 to 40s.
3. **By 4th year:** Physical inspection & inventory at least every 4 years
   See 36 M.R.S. § 328(7).
4. **By 5th year:** Inventory list of exempt parcels every 5 years
   See 36 M.R.S. § 707.

5. Exempt Parcels: Review Process

1. Budget resources for exemption review process
2. Notify municipal officials in advance, *e.g.*, review due to (a) statutory requirements and/or (b) revaluation project
3. Update Exemption Application with declaration & agreement
4. Request information from property owner*
5. Review documents, draft decision letter, & then have site walk
6. Consult legal counsel with updated draft of decision letter
7. Authorizes final decision letter to maintain or revoke eligibility
8. Notify property owner and update Assessor's database

5. Exempt Parcels: Obtaining Information

Information From Exempt Organization:

1. Provide written notice: (a) summary of the law and burden of proof, (b) exemption continues until assessor determines otherwise, (c) annual review recommended and, by law, all parcels reviewed every 4th year, and (d) request information within 30 days but an extension of time must be in writing and is subject to the assessor's discretion.
   See, *e.g.*, 36 M.R.S. § 652 (last paragraph).
2. Failure to comply with request for information should weigh against continuation of the exemption.
   See, *e.g.*, *Humboldt Field Research v. Town of Steuben*, 2011 ME 130, ¶2, 36 A.3d 873, 874 (burden of proof always on property owner).

N.B. Assessor's statutory authority under 36 M.R.S. § 706-A applies to (a) taxable parcels and (b) exempt parcels subject to full or partial reimbursement by the State (*e.g.*, BETE, Homestead, and Veterans' exemptions) but apparently does not apply to parcels exempt under 36 M.R.S. § 652. See, *e.g.*, *Handyman Equipment Rental Co. v. City of Portland*, 1999 ME 20, ¶ 10, 724 A.2d 605, 608 (applying 36 M.R.S. § 706, the previous version of 36 M.R.S. § 706-A).

Information From Taxpayer: Provide written request for information under 36 M.R.S. § 706-A.

5. Exempt Parcels: Revocation Issues

What jeopardizes an exemption under 36 M.R.S. § 652?

1. **Corporate Form:** 36 M.R.S. § 652(1)(A) requires "incorporated" entity; undefined by statute. Dictionary meaning: "formed into a legal corporation". See Merriam-Webster's Collegiate Dict., p. 588 (10th ed. 2001); see also Black's Law Dictionary, p. 781 (8th ed. 2004) ("incorporate" means, as a verb, to "1. To form a legal corporation").
   - For profit and unincorporated organizations are ineligible for charitable exemption, *e.g.*, LLCs and limited partnerships.
   - LLCs were nonexistent in Maine prior to 1994.
     See Maine Limited Liability Company Act, 1993 Me. Laws 2168 (1994) (enacted Apr. 20, 1994) and now codified at 31 M.R.S §§ 1501-1693; Maine Business Corporation Act, 13-C M.R.S. § 102(39) (LLC defined as an unincorporated entity that does not include a nonprofit corporation).
2. **Proof of Ownership:** Property owner's name may be different than that on exemption application or deed. For example:
   - "Lions Club of Peak Island, Inc." vs. Lions Club of Peak**s** Island, Inc.
   - "Peaks Island Lions Club" – Grantee name on deeds

5. Exempt Parcels: Revocation Issues, cont'd.

3. **Corporate Purpose:** Articles of Incorporation (or Certificate of Organization), which may be supplemented by bylaws:
   - Has conflicting corporate purposes.
   - Fails to provide a "revealing expression" of the organization's corporate purpose, *e.g.*, consider words before a verb that shows purpose, intention, or the action itself (*e.g.*, to teach, to promote, to maintain, etc.).
   - For charitable exemptions: organizational conduct no longer "exclusively" for charitable purposes.

     See 36 M.R.S. § 652(1)(C)(1) ("must be organized and conducted exclusively for benevolent and charitable purposes[.]"

5. Exempt Parcels: Revocation Issues, cont'd.

4. **Use Oriented Toward Pecuniary Profit:** Property used for non-exempt purposes, *e.g.*, renting facility for weddings, corporate and private events, and lobster bakes.

   N.B. Note additional requirements under 36 M.R.S. § 652(1)(C) for charitable, literary, and scientific organizations.

5. **Incidental Use Not De Minimis:** Renting part of property that interferes with property owner's use rather when property is not in use. See MRS, *Property Tax Bulletin No. 5*, para. 2(B)(2) (rev. Dec. 9, 2022).

6. **Vacant Property:** "Vacant" refers to an undeveloped parcel that is devoid of exempt use. But see *Maine Medical Center v. Lucci*, 317 A.2d 1, fn. 4 (Me. 1974) ("where land is owned and held for future expansion", citing *Osteopathic Hospital of Maine v. Portland*, 26 A.2d 641 (Me. 1942)). **N.B.** Caution: A 'land trust' may be "vacant" and be eligible for a charitable exemption under 36 M.R.S. § 652(1)(A).

5. Exempt Parcels: Revocation – Vacant

Portland / St. Albans, Corp.: 1877 Congress Street (4.04 acres)

1. June 2013 – Charitable exemption granted for future expansion
2. September 2025 – Revoked by decision letter
3. October 31, 2025 – Sold to developer for $353,000
4. $788,700 assessed value, $9,448.62 tax liability (FY26)
5. Supplemental assessments for FY24, FY25, and FY26 totalled $31,3488.86
6. No appeal as of November 2026.



5. Exempt Parcels: Revocation – Vacant

Boys and Girls Club of Southern Maine: 17-19 Cedar Street (0.2 acres)

1. August 2021 – Charitable exemption granted (future expansion of headquarters)
2. October 28, 2025 – Revoked by decision letter
3. January 2, 2026 – Parcel donated with plans to build 30 “affordable housing” units.
   See https://www.avestahousing.org/2026/01/boys-girls-clubs-of-southern-maine-announces-expansion-of-cumberland-avenue-location-a-strategic-partnership-with-avesta-housing/
4. $373,000 assessed value, $4,468.54 tax liability (FY27)
5. No appeal as of November 2026.



5. Exempt Parcels: Revocation Issues, cont'd.

7. **Proposed or New Construction:** Property subject to be or is under construction but not yet used for exempt purposes.

   But see *New Marblehead North Housing Corp. v. Taylor*, No. 90-10, at 5-7 (property under construction but substantially complete by April 1st was eligible for exemption).*

   * Caution – Too broad a principal: "Property under construction on April 1st is eligible for exemption". See Wright & Brunelle, Digest of Board of Property Tax Review Decisions, p. 179 (updated 2025) (citing *New Marblehead North Housing Corp. v. Taylor*, No. 90-10, at 5-7).

8. **Liquor License:** Viewed as a 'yellow flag' for exemption purpose
   - Oriented toward pecuniary profit, not charitable purpose.
   - Purported "incidental" use negated by use of liquor license.
   - Raises revenue that may exceed "de minimis" amount of 1% of operating budget.

   See MRS, *Property Tax Bulletin No. 5*, para. 2(B)(2) (rev. Dec. 9, 2022) (concerning incidental use and 1% of operating budget).

5. Exempt Parcels: Revocation Issues, cont'd.

9. **Fundraising:** Fundraising can be a corporate purpose but not necessarily a charitable purpose:
   - Law Court has not directly addressed fundraising as charitable purpose.
     See *City of Lewiston v. All Maine Fair Ass'n*, 21 A.2d 625 (Me. 1941) (under headnotes [4] and [5]) (illustrates the principle that "[p]roperty used for deriving revenue and for purposes alien to its own purposes as contemplated by the statute was taxable.") **N.B.** Statute at issue in 1941 (see Par. III, Sec. 6, Chap. 13, R.S.) allowed for a partial exemption for literary and scientific institutions for a property partly used for employee housing, which has been superseded by the current statute (see 36 M.R.S. § 652(1)(B)).
   - Institutional necessity: fundraising likely to be immaterial.
   - *De minimis* use: fundraising not an issue if (a) income about 1% operating budget and (b) incidental use is temporary, occasional, and does not interfere with operation and use of that space by exempt organization.

5. Exempt Parcels: Revocation Issues, cont'd.

10. Sale or Transfer of Property:

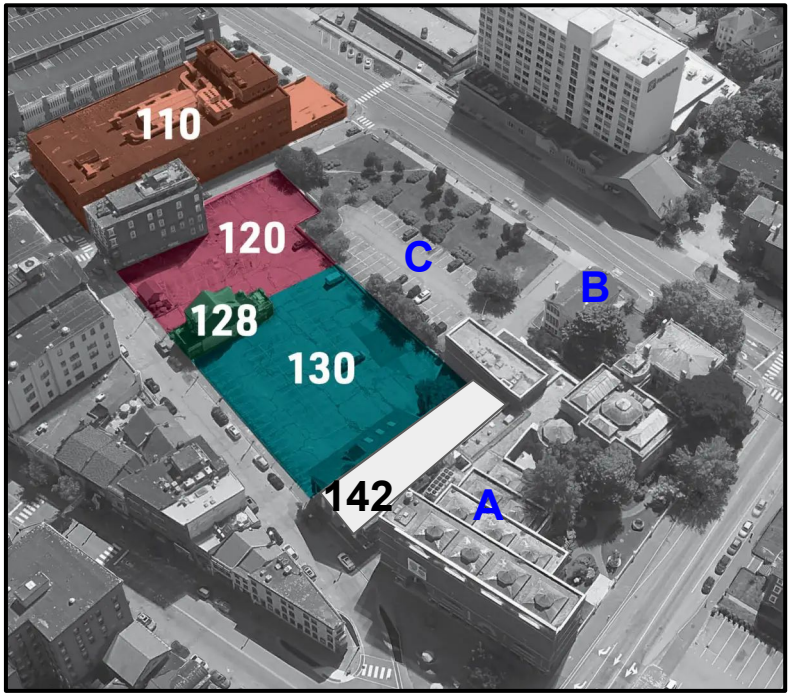
- Upon the sale or transfer of an exempt parcel from the exempt organization to a new owner, the exemption should be deemed revoked 'by operation of law.'
- 'By operation of law' means that no formal action or notice is required by municipal assessor – revocation is automatic – but Assessor's Office must map new deed, check RETT declaration, update Assessor's database, and confirm exemption is removed from parcel.
- New owner is required to submit a written request with accompanying evidence in support by April 1st.

See 36 M.R.S. § 652 (last paragraph).

5. Exempt Parcels: Revoked by Operat. of Law

Portland Museum of Art (PMA):

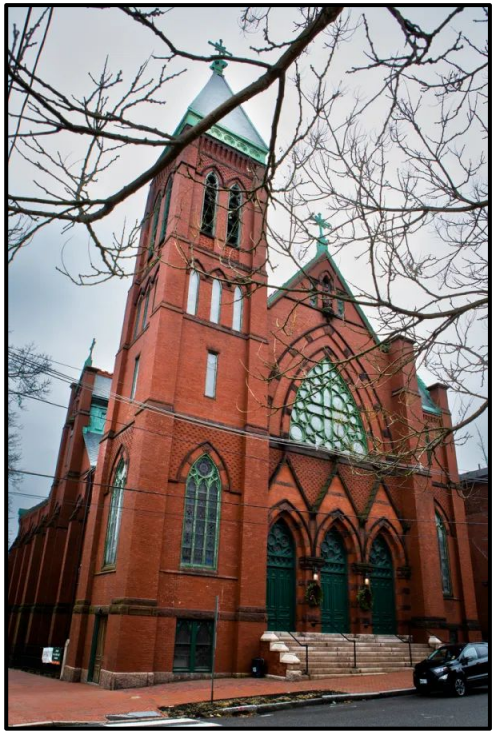
1. Literary exemption for parcels **A, B & C**
2. October 15, 2019 – PMA acquired 142 Free St. from Children's Museum & Theatre of Maine.
3. March 20, 2026 – PMA acquired 110, 120, 128, and 130 Free Street from MaineHealth, which continues on as a tenant.
4. 110, 120, 128, and 130 Free Street *may* have been eligible for exemption under 36 M.S.R. § 652(1)(J), but no applications submitted.
5. For FY27, parcels acquired in 2019 & 2026:
   $14,189,790 – assessed value
   $178,507.55 – tax liability



5. Exempt Parcels: Revoked by Decision

Background: City of Portland (CoP) sold parcel to Maine Irish Heritage Center (Maine Irish) for $1 in 2002.

1. 2002: As per the P&S Agreement, Maine Irish agreed to (1) convey conservation easement to CoP, (2) a covenant enforce P&S Agreement to CoP, and (3) enter into PILOT agreement for ⅓ real estate taxes – no evidence that any were completed.
2. 2003: Charitable exemption granted.
3. January 2026: 17-page Decision Letter that revoked the exemption.
4. March 2026: New exemption application for a charitable exemption.
5. October 2026: 23-page Decision Letter (with 51 pages of exhibits) that denied the exemption application. Rental income: 11.67% (FY26) and 14.94% (FY27) of operating budget
6. $3.51 million assessed value, $44,164.61 tax liability (FY27)
7. No appeal as of November 2026.



Bennett, Troy, Maine Irish Heritage Center, (Jan. 6, 2023), Bangor Daily News; https://www.bangordailynews.com/2023/01/06/portland/maine-irish-heritage-center-to-get-3m-from-congress/

5. No Longer Eligible: Maine Irish Herit. Ctr.

Consequences of the original exemption-related decision:

Dr. Brown: "Originally, the City of Portland worked with the organization to set up an agreement that included preservation of this historic building to serve as a community space, as well, and as a place for Irish arts and culture."

Reporter: "When [1] they applied for the tax exemption this year, they were surprised to learn it was revoked. [2] They appealed and [3] it was again revoked. City tax assessors told the Heritage Center, [4] using the property as a central gathering place for all things Irish is commendable. But we do not agree that it is within the state's narrow meaning of charitable activities."



N.B. Decision letter of January 12, 2026 (emphasis added): "... narrow meaning of "charitable" activities eligible for an exemption under 36 M.R.S. §§ 652(1)(A) and 652(1)(C)(1)."

5. No Longer Eligible: Maine Irish Herit. Ctr.

Consequences of the original exemption-related decision:

Dr. Brown: "All of those things have always been treated as under [a] tax exempt umbrella in the city."

Reporter: "Eric Brown, who heads the Maine Irish Heritage Center, dropped off a $22,000 check yesterday for half the property taxes. He says 44 grand they owe amounts to 20% of their operating budget."

Dr. Brown: "For us, this is gutting."



N.B. Property owner represented that $44,000 is 20% of operating budget, which represents an operating budget of $220,000. But decision letter of Oct. 7, 2026 calculated an operating budget of $393,563.59 and 20% of that is $78,712.72.

5. No Longer Eligible: Maine Irish Herit. Ctr.

Consequences of the original exemption-related decision:

Reporter: "Over the last year and a half, City Assessors have revoked or denied tax exempt status for nearly 20 nonprofits. Maine Public is one of them. … Maine Public and the Irish Heritage Center plan to ask state lawmakers to amend the state statute to explicitly extend tax exempt protection to arts and culture organizations that provide public and charitable good."

Dr. Brown: "Arts, culture, heritage. That kind of public good is not incorporated into that language. Nonprofits historically have been granted those exemptions because of the services and the good that they provide to the community."

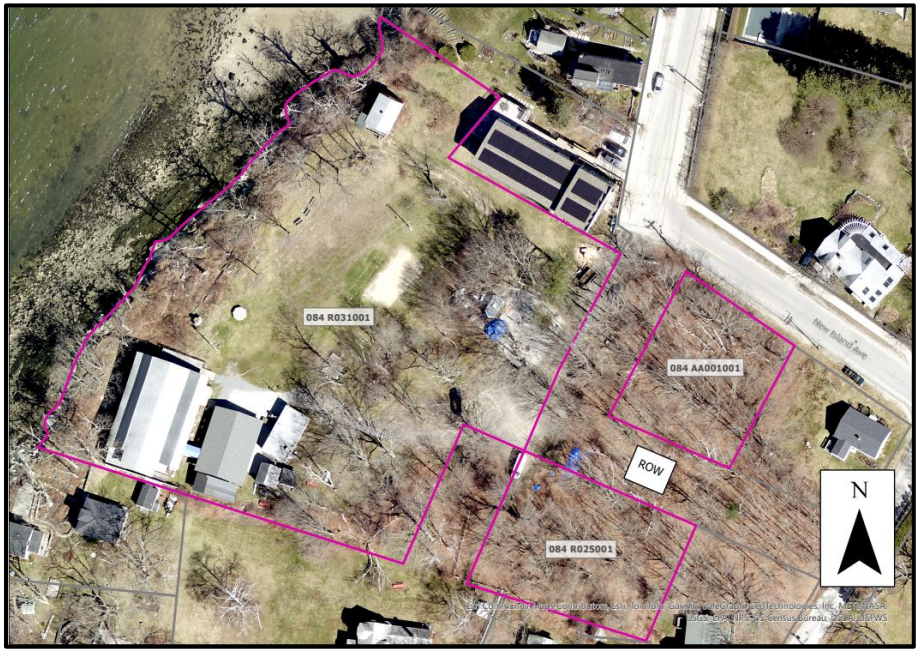




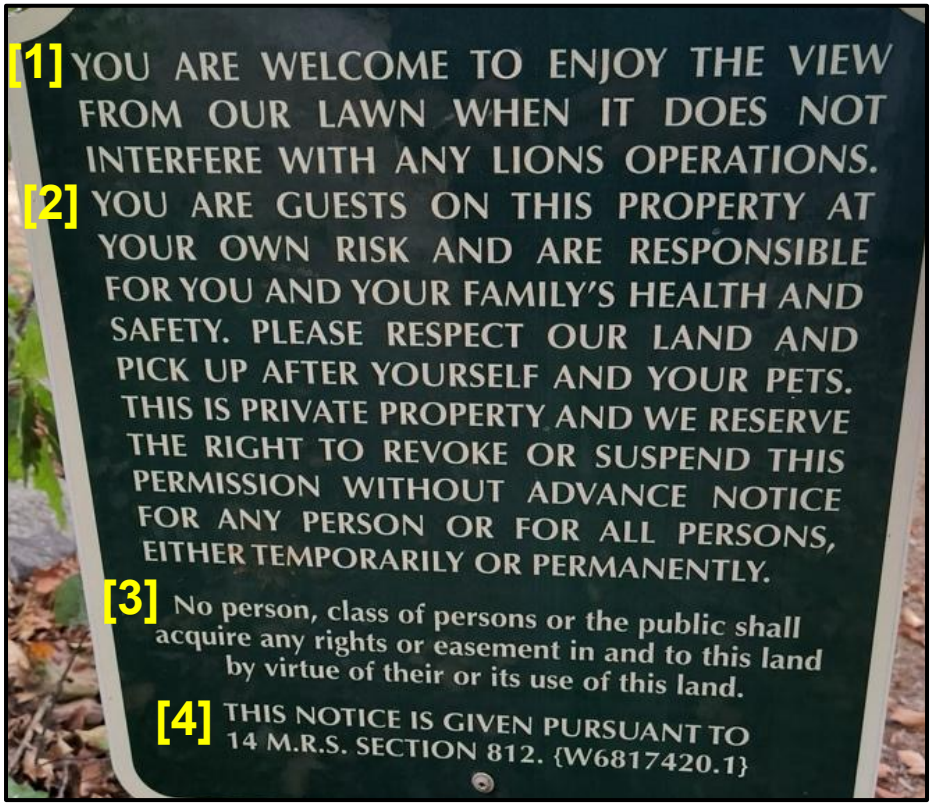
5. No Longer Eligible: Peaks Island Lions Club

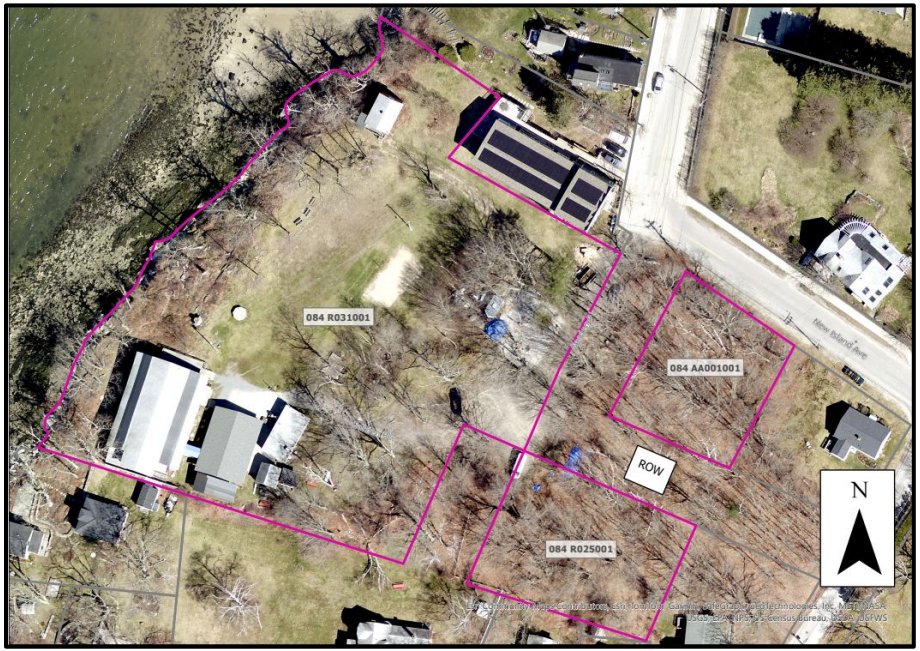
Background: A 501(c)(4) organization, Lions Club acquired main parcel in 1955 and vacant parcels during 1970s:

1. Operates from May to October, closed other times
2. Posted Notice under 14 M.R.S. § 812 but claimed to be ‘akin to a public park’*
3. Approx. $35.5k transferred to related foundation for yearly scholarships
4. Revenue from weddings, lobster bakes, & corp., and lease to on-premises pizza oven business: 120.4% of operating budget ($122,264.31), 1% is $1,015.86.
5. $2.205 million assessed value, $27,740.16 tax liability (FY27)
6. No appeal as of November 2026.



5. No Longer Eligible: Peaks Island Lions Club

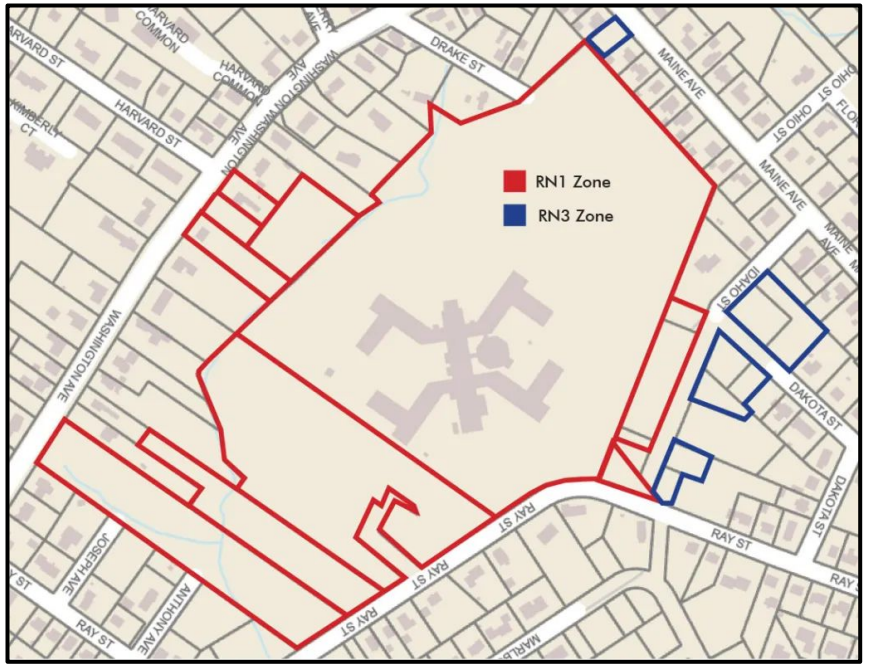




5. No Longer Eligible: Saint Joseph's Manor

Background: MaineHealth acquired St. Joseph's Manor nursing home from Roman Catholic Diocese of Portland in 2017; 15 parcels now sold to a developer (7 of 15 were previously exempt):

1. Religious exemption for 1 parcel continued after transfer to MaineHealth; exemption for another parcel continued without evidence of an application.
2. Sept. 2024 & March 2026: Facility closed and marketed for sale; sold in March 2026.
3. Decision Letters of October 28 & 30, 2025: Exemption revoked for 7 parcels.
4. $8.96 million assessed value (FY26)
   $107,403 tax liability (FY26)
   $107,403 Supplemental Assessment (FY26)
5. No appeal as of November 2026.



Malone Commercial Brokers, For Sale: (June 3, 2025); https://www.pressherald.com/2025/06/03/for-sale-significant-development-parcel-in-portland-maine/

5. No Longer Eligible: Rental at Cheverus H.S.

Background: In 2015, Cheverus High School acquired an abutting residence at 235 Ocean Avenue and then obtain a literary and scientific exemption. The property's use varied but then reverted to a rental as a single family residence:

1. Advertised for rent on RedFin, Realtor.com, and Apartments.com.
2. Employee housing not eligible under 36 M.S.R. § 652(1)(B).
3. Cheverus notified of exemption-related issue, a request for information was sent, and agreement reached on revocation.
4. $680,600 assessed value (FY27)
   $8,561.95 tax liability (FY27)
5. No appeal as of November 2026.



5. No Longer Eligible: Mayo Street Arts

Background: Approved in 2013 and notified exemption continues "as long as its use continues to satisfy state statutes regarding property tax exemption."

1. Articles of Incorporation and bylaws omit revealing expression of charitable purpose.
2. "Pay-what-you-will" is a ticketing strategy, not charity: approx. 95% of patrons paid full price.
3. Multiple uses but no dominant charitable use. Rents 5 basement studios to artists, space to other nonprofits, and facility twice a year: rental income is 7.98% of operating budget (not 1%).
4. Exemption revoked; did not reapply.
5. $907,800 assessed value (FY27)
   $11,420.12 tax liability (FY27)
6. No appeal as of November 2026.



Mayo Str. Arts, Mission & History (March 16, 2026); https://mayostreetarts.org/about-msa/

5. BoAR Reversed: Avesta H. D. Corp.

Background: 4 parcels exempt since 2004, 2 since 2013. Decision letter revoked charitable exemption for 6 parcels in August 2025:

1. Issues: (a) Parcels not used for residential rental housing; (b) 15 of 57 parking spaces leased for $1.00 to related for-profit corp.; (c) vacant, grass covered lot; and (d) 98 related business entities operate from office building, *e.g*, for-profit, LLCs, LPs, and foreign corps.
2. Update: 5 abatement applications denied in April 2026 but overturned by BoAR in September 2026; 3 parcels now under contract for sale, listed for $4.9 million.
3. BoAR Decision: Appeals granted – now exempt.



The Boulos Company, Prominent Office Building with Parking, 307 Cumberland Ave. See https://boulos.com/our-listings/307-cumberland-avenue-portland-sale/

6. Abatement Procedure: Preliminary Issues

Preliminary stage and Formal Abatement process:*

1. **In-person Meeting:** Discuss area of law, issues to be considered, and exemption eligibility under different circumstances.
2. **Request for Reconsideration:** Assessor may exercise discretion to grant an abatement until the 185th day; a written request for reconsideration could be helpful.
3. **Abatement Procedures – 36 M.R.S. § 841(1)** (emphasis added):

"1. Error or mistake. **[A]** The assessors … within 185 days from commitment … may … correct any illegality, error or irregularity in assessment if the taxpayer has complied with section 706-A.

[B] The municipal officers … after one year but within 3 years from commitment … may correct any illegality, error or irregularity in assessment if the taxpayer has complied with section 706-A. The municipal officers may not grant an abatement to correct an error in the valuation of property."

* See MRS, Property Tax Bulletin No. 10, Property Tax Abatement and Appeals Procedures (rev. Sept. 25, 2025); https://www.maine.gov/revenue/sites/maine.gov.revenue/files/2024-12/bulletin%20no%2010_abatements.pdf

6. Abatement Procedures: 36 M.R.S. § 841(1)

3. **Abatement Procedures, cont'd.:** "Exemption claims may be pursued through either [1] the abatement process or [2] a declaratory judgment action, regardless whether the challenger is a resident or owns other property taxable by the town's assessors." See *Oakes v. Town of Richmond,* 2023 ME 65, ¶ 31, 303 A.3d 650 (citing *Hurricane Island Found.,* 2023 ME 33, ¶ 12, 295 A.3d 147) (emphasis added); for declaratory judgment, see 14 M.R.S. §§ 5951-5963.
   - Abatement application must be submitted within 185 days following commitment date. See 36 M.R.S. §§ 841, 843-44, but see *Hurricane Island Foundation v. Vinalhaven,* 2023 ME 33, 295 A.3d 147 (direct appeal to Superior Court from decision not authorized under M.R. Civ. P. 80B)). **N.B.** It is important to be accurate so use a days calculator. See https://www.timeanddate.com/date/duration.html
   - Statutory Authority: A municipal assessor "may make such reasonable abatement as they consider property to correct any illegality, error, or irregularity in assessment if the taxpayer has complied with section 706-A." See 36 M.R.S. § 841(1).

6. Abatement Procedures, cont'd.

- Illegality: Taxation of public property is a type of "illegality" (exempt under 36 M.R.S. § 651(1)(E) and requires no exemption application or approval by the municipal assessor).

  See *Town of East Millinocket v. Town of Medway*, 486 A.2d 739 (Me. 1985); see also Wright & Brunelle, *Digest of Board of Property Tax Review Decisions*, pp. 127-128 (updated 2025). **N.B.** In *Goldstein v. Town of Georgetown*, 1998 ME 261, the issue concerned the classification of waterfront property, not an exemption. The Law Court's comment about "illegality" should be viewed as a general expression that does not have authoritative precedential value.

- Error: An error includes "situations where property was assessed to someone not taxable for it, where an assessment was void, or where a taxpayer entitled to exemption was assessed on the value of property subject to exemption."

  See *Maine Property Tax Law*, p. 105 (rev. Feb. 2026); see also *Berry v. Daigle*, 322 A.2d 320, 324 (Me. 1974) ("[t]he failure of an assessor to grant an exemption is properly included within that category of over-taxation subject to review by a proceeding for abatement.").

- Irregularity: A clerical mistake is a type of irregularity.

  See *Eastport Water Co. v. City of Eastport,* 288 A.2d 718 (Me.1972) (valuation determined by assessor but clerical mistake improperly placed a decimal point that resulted in over taxation of the property).

7. Financial Impact: Stakeholders

Revocation of an exemption has financial impact:

1. Former tax-exempt owner: New property tax obligation and potential for supplemental assessments (up to three (3) prior tax years).
   See 36 M.R.S. § 713; see also MRS, *Maine Property Tax Law*, pp. 99-101 (rev. Feb. 2026).
2. Other taxpayers: Reduces overall tax burden
3. Municipality:
   - Resources to address exemption-related issues, *e.g.*, staffing, public relations, administrative and legal appeals
   - Anticipated tax revenue as a taxable parcel
   - Supplemental assessment – maximum of prior 3 years

7. Financial Impact: City of Portland FY26-27

Exemption-related Data	Tentative Amount*
Current Mill Rate (FY27)	$0.01258
Likely Mill Rate without Exemption Audit	$0.0126409
Mill Rate Differential	$0.0000609
Anticipate Increase to Municipal Tax Base	$95,990,200
Anticipated Increase to Tax Revenue	$1,207,556.70

The amounts are tentative while the abatement process is ongoing, but there is a financial impact of 56 parcels no longer being qualified for an exemption:

- Mill rate reduced by approximately **6¢;**
- Approximately $96 million returned to the municipal tax base; and
- Approximately $1.213 million increase in tax revenue.

8. Lost Commandments on Exemptions



@GIPHY. “History of the World, Part 1” Giphy, March 8, 2026, https://giphy.com/gifs/mel-brooks-moses-history-of-the-world-part-1-B88DHpHV7Wd0c

8. Lost Commandments, cont'd.

11. **Thou shall improve public relations.**

12. **Thou shall timely review exempt parcels and act on notice.**

13. **Thou shall trust but verify information.**

14. **Thou shall be professional to all.**

15. **Thou shall …**

8. Lost Commandments, cont'd.

15. **Thou shall urgently respond to other Assessors.**



* An AI generated image.

9. Public Feedback



* An AI generated image.

9. Public Feedback – Councilor Sykes

1. “In practice, a full annual review of every exempt parcel is administratively demanding and not always possible. From what I have been told, this recent review was likely the most thorough review of tax-exempt properties conducted in many years. (As in, no one seems to remember the last time it was done.)

   When regular maintenance doesn’t happen consistently, later corrections feel abrupt. That dynamic can create the appearance of a sudden shift in political ideology or a revenue grab, when, in reality, it reflects a system catching up.”



Councilor Kate Sykes,
Explainer: What’s Actually Happening with Nonprofit Property Tax Exemptions in Portland? (March 3, 2026);
see https://katesykes.com/2026/03/03/5145/

9. Public Feedback – Early 2026

2. "As a taxpayer in Portland, I want to register my extreme disapproval with the way in which you punish non-profits who are just trying to stay afloat and serve their community. … This is the exactly wrong thing to do to people who are trying to bring life and value to our town. Please reconsider, and find another way."

Email to Assessor's Office, April 14, 2026 (emphasis added)

3. "Portland is throwing the baby out with the bathwater -- presumably the adults (city leaders or judges) will step in and moderate this over-reaction."

"Curiouserandcuriouser", Comment to *Portland revoked or denied tax-exempt status for nearly 20 nonprofits in past year* (Portland Press Herald, February 19, 2026) (emphasis added)

4. "Seems like in this case a culture around nonprofits was allowed to proliferate for years that did not follow the letter of the law. … [W]e absolutely should be doing these audits. … I expect the non-profits to prove they are exempt. … This isn't outrageous, this is what government should [b]e doing."

"VWrynnFTA", Comment to *Despite Portland lobbying, Legislature will not take up tax exemption issue* (Portland Press Herald, March 27, 2026) (emphasis added)

5. "I think we need more of these audits. … This isn't unreasonable, it's the oversight work I expect from government."

"SDB", Comment to *Portland revoked or denied tax-exempt status for nearly 20 nonprofits in past year* (Portland Press Herald, February 19, 2026) (emphasis added)

9. Public Feedback – Late 2026

6. "[W]ho in their right mind would up and deny [Maine Public] real estate tax exemptions by claiming [it is] neither charitable nor literary institutions? Not me."

"Hpmcg", Comment to *Portland tells Maine Public it's not tax-exempt – again*, Portland Press Herald (August 22, 2026) (emphasis added)

7. "The Portland Assessor's office is taking a singular approach in its interpretation of Maine's law that defines non-profits. No other city in our State interprets it as such[.]"

"MollyBloom", Comment to *Portland tells Maine Public it's not tax-exempt – again*, Portland Press Herald (August 22, 2026) (emphasis added)

8. "Maine assessors are a stain on our state. Clearly there's kickbacks occurring somewhere down the line!"

"Anonymousme", Comment to *Portland upholds opinion that Maine Irish Heritage Center is not tax-exempt* (October 16, 2026)

9. "It's about time these organization start paying the[i]r fair share. I provide free food to my wife's family every thanksgiving, can I get a tax exemption?"

"DSKnight", Comment to *Portland charitable organizations upset over being forced to pay city property taxes* (October 15, 2026) (emphasis added)

10. "In a community where property taxes are exorbitant for its citizens, such as Portland, the assessor has a duty both to the state and to the community to assess properties fairly and accurately so that the tax burden is equitably distributed. Portland is fortunate to have a top flight professional staff doing this work."

"Bd1949", Comment to *Portland upholds opinion that Maine Irish Heritage Center is not tax-exempt* (October 19, 2026) (emphasis added)

10. Questions and Answers

P.S. **Avoid the consequences of a poor decision.**

Contact: *mcaton@portlandmaine.gov*

Real Property Exemptions:

How to Solve Problems and Be Alienated from Society

Presentation to: Maine Chapter of the IAAO

November 12, 2026

Presented by: Matthew Caton, Esq., CMA
Assistant Assessor
City of Portland