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PROPERTY TAX BULLETIN NO. 5
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**SUBJECT: TAX EXEMPTIONS FOR CHARITABLE AND BENEVOLENT
INSTITUTIONS/ORGANIZATIONS**

REFERENCES: Title 36 MRSA, section 652, subsection 1, paragraph A, B and C

NOTE: The provisions of Section 652 are broad and undefined, specifically those for institutions and organizations incorporated by the State of Maine for charitable and benevolent purposes. (This bulletin has been prepared in outline form with case law presentation, to assist the local assessor in determining the exempt status of property of charitable and benevolent institutions and organizations). The statute addresses several key requirements for exemption qualification. The tax exemption of real estate and personal property must satisfy the prerequisites of ownership and occupancy or use solely for their own purposes, and be incorporated by this State.

1. Definitions

a. Ownership. It is necessary to the exemption that the institution or organization own and occupy the property. Ownership of the property by the institution or organization is essential to the exemption and such ownership must be exclusively charitable since the State of Maine provides for the exemption of property for charitable purposes by statute. The property deed will show ownership.

b. Occupancy. The word occupancy is used in its natural sense to mean an actual occupation; i.e., possessing, holding, in possession of, land/building holder and is not synonymous with used or appropriated. The occupation of real estate by an institution which entitles it to exemption is possession or holding for charitable purposes for which it is incorporated. Ownership of the property must be concurrent with occupancy for exemption of the property tax.

Maine law permits the exemption to an otherwise qualifying charitable and benevolent institution or organization that occupies or uses the real and personal property of the charitable institution or organization of recorded ownership. If there is an existing lease, the agreement will show occupancy by a qualifying institution or organization. The institution is not entitled to the exemption with respect to property owned by it, but not occupied by it, unless occupancy is by another qualifying institution or organization. Case law indicates that the courts will consider the extent of the use and the nature of the occupation; the

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