

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
109TH LEGISLATURE  
FIRST REGULAR SESSION

(Filing No. H-466)

COMMITTEE AMENDMENT "A" to H.P. 982, L.D. 1162, Bill,  
"AN ACT to Allow Municipalities the Option of Charging  
Reasonable Service Charges on Certain Tax Exempt Property."

Amend the Bill by striking out everything after the  
enacting clause and inserting in its place the following:

'36 MRSA §652, sub-§1, ¶M is enacted to read:

M. Service charges.

(1) The owners of certain institutional and organizational  
real property, which is otherwise exempt from state or  
municipal taxation, may be subject to service charges when  
these charges are calculated according to the actual cost  
of providing municipal services to that real property and to  
the persons who use that property.

A municipality may elect to levy a service charge within  
each classification for one or more of the following services:

- (a) Fire protection;
- (b) Police protection;
- (c) Road maintenance and construction, traffic control,  
snow and ice removal, sidewalks and streetlights; and
- (d) Sanitation services.

(2) The establishment of service charges is not mandatory, but rather is at the discretion of the municipality in which the exempt property is located. The municipal legislative body shall determine and hold a referendum on those institutions and organizations on which they propose to levy service charges. A service charge may be levied on any or all of the following classifications:

(a) Real estate and personal property owned and occupied or used solely for their own purposes by benevolent and charitable institutions incorporated by this State, currently exempt from property taxation and which receive a majority of <sup>their</sup> funds from fees for the services provided, including third party payments. Fees for services shall not include funds from Federal or state grant-in-aid programs and from donations which are deductible under Federal income tax law. Any part of a building not currently exempt from property taxation shall not be subject to a service charge for that part of the building.

(b) Real estate and personal property owned and occupied or used solely for their own purposes by chambers of commerce or boards of trade in this State, currently exempt from property taxation. Any part of a building not currently exempt from property taxation shall not be subject to a service charge for that part of the building. and

(c) Real estate and personal property owned by or held in trust for fraternal organizations, except college fraternities, operating under the lodge system, currently exempt from property taxation. Any part of a building not currently exempt from property taxation shall not be subject to a service charge for that part of the building.

If a municipality levies service charges in any of the classifications of this subparagraph, that municipality shall levy these service charges to all institutions and organizations owning property in that classification.

(3) The municipal legislative body shall hold a referendum on whether or not service charges shall be levied on tax exempt property which is listed in subparagraph (2) and which is located within the municipality. The referendum shall be held at a municipal election called under Title 30, chapter 207, or other applicable law for calling an election in that municipality. The municipality shall cause the required ballots to be prepared, on which shall be placed the following question for each classification of tax exempt property: "Shall (name of municipality) levy a service charge on (classification of tax exempt property) for (the applicable services)?" The voters shall indicate by a cross or check mark placed against the

words "Yes" or "No" their opinion of the question. If a majority of the legal voters voting at that referendum are in favor of levying a service charge for one or more classifications of tax exempt property, the municipal officers of that municipality shall adopt, after notice and hearing, an ordinance to levy the service charges approved, beginning the next fiscal year.

(4) With respect to the determination of service charges, appeals shall be made in accordance with an appeals process to be provided for by municipal ordinance.

(5) The collection of unpaid service charges shall be carried out in the same manner as provided in Title 38, section 1208.

(6) Municipalities shall use the revenues accrued from service charges to fund, as much as possible, the costs of those services.

(7) The total service charges levied by a municipality on any institution or organization under this section during the first full year of imposition shall not exceed 25% of the actual cost of providing to that institution or organization the services listed in subparagraph (1); during the 2nd full year, 50% of that cost; during the 3rd full year, 75% of that cost; and thereafter, 100% of that cost.

(8) Municipalities shall adopt any necessary ordinances to carry out the provisions of this paragraph regarding service charges.

Any service charge levied in accordance with this paragraph shall comply with the following standards:

- (a) The institution or organization must receive the service for which it is charged;
- (b) The service charge must reasonably reflect the value of that service; and
- (c) A service charge levied on any classification of tax exempt property shall be levied on all institutions owning property in that classification.'

Statement of Fact

This amendment conforms L.D. 1162 to the recommendations concerning service charges from the Joint Standing / Committee on Taxation's report on tax exempt property. It allows municipalities to impose a service charge on:

1. Benevolent and charitable institutions which receive a majority of their fees from services provided;
2. Chambers of commerce and boards of trade; and
3. Fraternal organizations.

The municipality may levy a service charge on any or all of such institutions and organizations only if a majority of the voters approve the action at a referendum.

The service charge may be levied to reflect the actual cost of any or all of the following services:

1. Fire protection;
2. Police protection;
3. Road maintenance and construction, traffic control, snow and ice removal, sidewalks and street lights; and

4. Sanitation service.

Any service charge levied in accordance with this amendment shall comply with the following guidelines:

1. The institution or organization must receive the service for which it is charged;
2. The service charge must reasonably reflect the value of that service; and
3. A service charge levied on any classification of tax exempt property shall be levied on all institutions owning property in that classification.

This amendment also provides that imposition of service charges shall be by steps: 25% of the full cost of service during the first full calendar year, 50% during the 2nd year; 75% during the 3rd year; and 100% during all full calendar years thereafter.

Reported by the Majority of the Committee on Taxation  
Reproduced and distributed under the direction of the  
Clerk of the House.

5/21/79 (Filing No. H-466)