

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 264

H. P. 227

House of Representatives, January 14, 1981

Referred to the Committee on Taxation. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Brenerman of Portland.

Cosponsors: Miss Aloupis of Bangor, Mr. Gillis of Calais and
Mr. Murphy of Kennebunk.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-ONE

AN ACT to Allow Municipalities the Option of Charging Reasonable Service Charges on Certain Tax Exempt Property.

Be it enacted by the People of the State of Maine, as follows:

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

M. Service charges may be imposed under the following provisions.

(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 is at the discretion of the municipality in which the exempt property is located. The municipal legislative body shall determine those institutions and organizations on which they propose to levy service charges. A service charge may be levied on any or all of the classifications of tax exempt real property listed in paragraphs A, B, E, F, H and J.

If a municipality levies service charges in any of those classifications, 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 cost 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.**
- (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 bill allows municipalities the option of imposing a service charge on certain types of tax exempt property. Municipalities that do not wish to impose a service fee are not required to do so.

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

The service charge may be levied to reflect to the greatest extent possible 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 bill would 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.
3. A service charge levied on any classification of tax exempt property shall be levied on all institutions owning property in that classification.

This bill 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.