

MAINE STATE LEGISLATURE

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New Draft of: H. P. 227, L. D. 264
FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 1598

H. P. 1459

House of Representatives, May 14, 1981

Reported by the Majority from the Committee on Taxation and Printed
under Joint Rules No. 2.

EDWIN H. PERT, Clerk

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 reasonably reflect the actual cost of providing services to that real property and to the persons who use the 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; and**
- (c) Snow and ice removal.**

(2) The establishment of service charges is not mandatory, but is at the discretion of the voters of a municipality who, by referendum, may determine those services for which in lieu service charges are to be levied

and those classifications of property on which the service charges are to be levied. A service charge may be levied on any or all of the classifications of tax exempt real property listed in paragraphs A, B, F and H.

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

(3) Referendum procedure.

(a) The municipal officers of cities and towns and the assessors of plantations, on their own initiative or upon a petition signed by at least 10% of the voters in that municipality in the last gubernatorial election, shall prepare and adopt, after notice and hearing, a proposed ordinance to levy service charges on any or all classifications of tax exempt property authorized in subparagraph (2). The municipal officers shall then notify the inhabitants of their municipality to meet the vote, by referendum, upon the proposed ordinance.

(i) Except as otherwise provided in this paragraph, the petition process and the voting at elections held in towns and plantations shall be held and conducted in accordance with Title 30, sections 2061, 2062, 2065 and 2153, even though the municipality has not accepted the provisions of Title 30, section 2061.

(ii) Except as otherwise provided in this paragraph, the voting at elections held in cities shall be in accordance with Title 21.

(b) If a majority of the legal voters voting at that referendum vote in favor of the proposed ordinance, the ordinance shall become effective at the beginning of that municipality's 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 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 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 new draft makes the following changes.

1. It limits service charges to police and fire protection, road maintenance and snow and ice removal.
2. It removes veterans' organizations from the list of those which may be subject to a service charge.
3. It revises the referendum procedure to avoid confusion by clarifying the circumstances under which a referendum must be held.
4. It requires towns which hold a referendum to propose an ordinance prior to the vote.