

# MAINE STATE LEGISLATURE

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# 116th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1993

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Legislative Document

No. 964

H.P. 713

House of Representatives, March 22, 1993

**An Act to Allow Municipalities to Collect Service Charges on Certain Properties Exempt from Property Taxes.**

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Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative SULLIVAN of Bangor.  
Cosponsored by Representatives: CAMPBELL of Holden, CATHCART of Orono,  
FAIRCLOTH of Bangor, HEESCHEN of Wilton, KERR of Old Orchard Beach, MORRISON of  
Bangor, PLOURDE of Biddeford, ROWE of Portland, SAXL of Bangor, TUFTS of Stockton  
Springs, Senators: BALDACCI of Penobscot, HANDY of Androscoggin.

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

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4       **Sec. 1. 22 MRSA §396-D, sub-§9, ¶H,** as amended by PL 1991, c.  
591, Pt. Q, §2, is further amended to read:

6       H. In determining payment year financial requirements, the  
7       commission shall include an adjustment for the hospital's  
8       assessment under Title 36, section 652, subsection 1,  
9       paragraph L and section 2801-A.

10       **Sec. 2. 36 MRSA §652, sub-§1, ¶L,** as enacted by PL 1977, c.  
11       487, is amended to read:

12       L. Service charges.

13       (1) The owners of certain institutional and  
14       organizational real property, ~~which that~~ is otherwise  
15       exempt from state or municipal taxation, may be subject  
16       to service charges when these charges are calculated  
17       according to the actual cost of providing municipal  
18       services to that real property and to the persons who  
19       use that property. These services shall include,  
20       without limitation:

21               (a) Fire protection;

22               (b) Police protection;

23               (c) Road maintenance and construction, traffic  
24               control, snow and ice removal;

25               (d) Water and sewer service;

26               (e) Sanitation services; and

27               (f) Any services other than education and  
28               welfare.

29       (2) The establishment of service charges is not  
30       mandatory, but rather is at the discretion of the  
31       municipality in which the exempt property is located.  
32       The municipal legislative body shall determine those  
33       institutions and organizations on which service charges  
34       are to be levied by charging for services on any or all  
35       of the following classifications of tax exempt real  
36       property: described in this section.

37               ~~(a) --- Residential --- properties --- currently --- totally~~  
38               ~~exempt from property taxation, yet used to provide~~

2                   ~~rental--income.---This--classification---shall---net~~  
3                   ~~include--student--housing--or--parsonages.~~

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

10                   (3) With respect to the determination of service  
11                   charges, appeals shall must be made in accordance with  
12                   an appeals process to be provided for by municipal  
13                   ordinance.

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

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

20                   (6) The total service charges levied by a municipality  
21                   on any institution and organization under this section  
22                   shall may not exceed 2% of the gross annual revenues of  
23                   the organization. To qualify for this limitation the  
24                   institution or organization shall file with the  
25                   municipality an audit of the revenues of the  
26                   organization for the year immediately prior to the year  
27                   in which the service charge is levied. The municipal  
28                   officers shall abate the service charge amount that is  
29                   in excess of 2% of the gross annual revenues.

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

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38                   **STATEMENT OF FACT**

39                   This bill expands the authority of municipalities to levy  
40                   service charges on certain institutional and organizational real  
41                   property exempt from property taxes. This bill also allows  
42                   hospitals regulated by the Maine Health Care Finance Commission  
43                   to recover in their rates the cost of service fees assessed by  
44                   municipal officials.  
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