

MAINE STATE LEGISLATURE

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121st MAINE LEGISLATURE

FIRST REGULAR SESSION-2003

Legislative Document

No. 1080

H.P. 798

House of Representatives, March 4, 2003

An Act To Impose a Municipal Services Fee on Tax-exempt Property

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative PELLON of Machias.
Cosponsored by Representative DUDLEY of Portland, Senator CARPENTER of York and
Representatives: JACOBSEN of Waterboro, LANDRY of Sanford, McGOWAN of Pittsfield,
McLAUGHLIN of Cape Elizabeth, SHERMAN of Hodgdon, STONE of Berwick,
SULLIVAN of Biddeford, WHEELER of Kittery.

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

2 Sec. 1. 36 MRSA §652, sub-§1, ¶L, as enacted by PL 1977, c.
4 487, is repealed.

6 Sec. 2. 36 MRSA §652-A is enacted to read:

8 §652-A. Direct benefit service charges

10 Notwithstanding the provisions of sections 651 and 652, and
12 pursuant to the provisions and limitations in this section, a
14 municipality may impose a charge for direct benefit services
16 provided to an otherwise tax-exempt property of a public or
18 private institution or organization, as described in sections 651
and 652 and referred to in this section as the "tax-exempt
entity," for direct benefit services provided to the tax-exempt
entity by the municipality. For purposes of this section,
"tax-exempt entity" includes any identifiable subunit of that
entity.

20 1. Discretionary imposition. The imposition of direct
22 benefit service charges under this section is not mandatory, but
24 is at the discretion of the municipality in which the tax-exempt
property is located. The municipal legislative body shall
26 determine the scope of any charge system imposed; these charges
28 may not exceed limitations outlined in this section, but they may
30 be narrower in scope than this section specifically allows,
32 reaching only some, but not all direct benefit services provided
by the municipality. They may exempt classes of property
nominally subject to charges as provided by this section. If a
municipality levies service charges on any classification of
property as defined in this section, that municipality shall levy
those service charges on all tax-exempt entities in that
classification.

36 2. Chargeable services. The only direct benefit services
38 of a municipality for which a system of charges may be imposed
pursuant to this section are:

40 A. Fire protection services, which may include a medical
42 crisis unit and E-9-1-1 system;

44 B. Police protection services, which may include a medical
crisis unit and E-9-1-1 system;

46 C. Water and sewer services which may include fresh water
48 treatment, wastewater cleanup, pollution control and hydrant
services;

50 D. Trash collection, storage and disposal services; and

2 E. Public works department services, which may include
3 municipal sidewalk and road construction and maintenance,
4 traffic control and snow plowing and removal.

6 A municipality may include charges for a medical crisis unit or
7 E-9-1-1 system as part of either fire protection services or
8 police protection services, but not both.

10 3. Calculation of charges. A municipality imposing a
11 system of charges for direct benefit services shall calculate on
12 an annual basis the actual costs of providing the service,
13 including capital costs, and may impose on any individual
14 tax-exempt entity only its proportional share of these costs
15 according to the following formula:

16 A. The total annual costs of the municipality for direct
17 benefit services is divided by the total value of all
18 taxable and tax-exempt property in the municipality. This
19 results in the direct benefit service charge rate; and

22 B. The direct benefit service charge calculated under
23 paragraph A is multiplied by the assessed value of
24 individual tax-exempt property. The result is the prorated
25 charge for direct benefit services.

26 4. Tax-exempt entity subject to service charges;
27 exemption. Charges for direct benefit services may be imposed
28 only on that tax-exempt entity that derives at least 50% of its
29 annual revenue from charges such as, but not limited to, service
30 fees, rents, rates or tuitions imposed on a client group served
31 by that tax-exempt entity, regardless of the source of those
32 charges. A tax-exempt entity otherwise subject to charges under
33 this section is exempt if that tax-exempt entity expends 50% or
34 more of its annual revenues to provide temporary housing, food,
35 clothing or other services to individuals and families at or
36 below the federal poverty level, as defined in Title 22, section
37 3762.

40 A tax-exempt entity claiming exemption from municipal charges for
41 direct benefit services must apply annually for exempt status on
42 appropriate forms provided by the municipality for that purpose.
43 The burden of proving a right to exemption initially and in any
44 succeeding year lies with the tax-exempt entity seeking
45 exemption. The tax-exempt entity shall provide tax, annual audit
46 and business records necessary to prove the tax-exempt entity's
47 exempt status. The granting of an exemption in any given year
48 does not preclude the municipality from verifying or denying the
49 exempt status of an entity in succeeding years.

50

2 those charges, may be charged for direct benefit services. A
tax-exempt entity otherwise subject to charges is exempt if that
4 tax-exempt entity expends 50% or more of its annual revenues to
provide temporary housing, food, clothing or other services to
individuals and families at or below the federal poverty level.