

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)



# 123rd MAINE LEGISLATURE

## FIRST REGULAR SESSION-2007

---

Legislative Document

No. 1413

H.P. 996

House of Representatives, March 14, 2007

### **An Act To Set Fees for Services for Tax-exempt Property in Municipalities**

---

Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative BLANCHETTE of Bangor.  
Cosponsored by Senator PERRY of Penobscot and  
Representatives: BRAUTIGAM of Falmouth, GERZOFSKY of Brunswick, HARLOW of  
Portland, HOGAN of Old Orchard Beach, PERCY of Phippsburg, SIMPSON of Auburn,  
Senators: BRYANT of Oxford, NUTTING of Androscoggin.

1 **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. 487, is amended  
3 to read:

4 L. Service charges.

5 (1) The owners of certain institutional and organizational real property, which is  
6 otherwise exempt from state or municipal taxation, may be subject to service  
7 charges when these charges are calculated according to the actual cost of  
8 providing municipal services to that real property and to the persons who use that  
9 property. These services ~~shall~~ include, without limitation:

10 (a) Fire protection;

11 (b) Police protection;

12 (c) Road maintenance and construction, traffic control, snow and ice  
13 removal;

14 (d) Water and sewer service;

15 (e) Sanitation services; and

16 (f) Any services other than education and welfare.

17 (2) The establishment of service charges is not mandatory, but rather is at the  
18 discretion of the municipality in which the exempt property is located. The  
19 municipal legislative body shall determine those institutions and organizations on  
20 which service charges are to be levied by charging for services on any or all of  
21 the following classifications of tax exempt real property:

22 (a) Residential properties currently totally exempt from property taxation,  
23 yet used to provide rental income. This classification ~~shall~~ does not include  
24 student housing or parsonages; and

25 (b) All other property exempt from taxation due to this section, other than  
26 property specified in paragraph G, that is owned or possessed by an  
27 institution that has assets with a taxable value of more than \$10,000,000, but  
28 for the application of this section.

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

32 (3) With respect to the determination of service charges, appeals ~~shall~~ must be  
33 made in accordance with an appeals process to be provided for by municipal  
34 ordinance.

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

37 (5) Municipalities shall use the revenues accrued from service charges to fund,  
38 as much as possible, the costs of those services. Those revenues must be  
39 considered property tax revenues for the purposes of section 661.

1 (6) The total service charges levied by a municipality on any institution and  
2 organization under this section ~~shall~~ may not exceed 2% of the gross annual  
3 revenues of the organization. To qualify for this limitation the institution or  
4 organization shall file with the municipality an audit of the revenues of the  
5 organization for the year immediately prior to the year in which the service  
6 charge is levied. The municipal officers shall abate the service charge amount  
7 that is in excess of 2% of the gross annual revenues.

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

10

### SUMMARY

11 This bill expands the authority of municipalities to adopt ordinances that govern the  
12 assessment of fees for municipal services provided to certain property tax-exempt  
13 institutions. Current law allows fees to be assessed against residential properties that are  
14 held by a tax-exempt institution but that are used to provide rental income. This bill  
15 allows a municipality to assess fees for services provided to a tax-exempt institution,  
16 other than houses of religious worship, that have assets with a taxable value of more than  
17 \$10,000,000 if not for the property tax exemption. The service charges collected by the  
18 municipality must be treated as property tax revenue for the purpose of determining the  
19 municipality's property tax levy limitation.