

# MAINE STATE LEGISLATURE

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# 124th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2009

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Legislative Document

No. 1146

H.P. 790

House of Representatives, March 23, 2009

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**An Act To Authorize Municipalities To Impose Service Charges to  
Tax-exempt Property Owned by Certain Organizations Whose  
Primary Activities Are Not Charitable**

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Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative CELLI of Brewer.

Cosponsored by Representatives: AYOTTE of Caswell, GIFFORD of Lincoln, GOODE of Bangor, JOY of Crystal, SAVIELLO of Wilton, THOMAS of Ripley.

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

**Sec. 1. 36 MRSA §508, sub-§1**, as enacted by PL 2007, c. 627, §12, is repealed and the following enacted in its place:

**1. Imposition.** A municipality may impose service charges on the owner of the following classes of property exempt from property tax:

A. Residential property, other than student housing or parsonages, that is totally exempt from taxation under section 652 and that is used to provide rental income; and

B. Property exempt from taxation under section 652, subsection 1, paragraph A, B, F or K if less than 50% of the revenue of the organization is spent directly on charitable activities. For the purposes of this paragraph, "charitable activities" means activities that provide goods or services gratuitously or based on ability to pay to a an indefinite class of persons who are the legitimate subjects of charity or relieve the government of some of its burden.

Service charges must be calculated according to the actual cost of providing municipal services to the property and to the persons who use that property, and revenues derived from the charges must be used to fund, to the extent possible, the costs of those services. The municipal legislative body shall identify those institutions and organizations upon which service charges are to be levied. A municipality that imposes service charges on an institution or organization must impose those service charges on every similarly situated institution or organization. For the purposes of this section, "municipal services" means all services provided by a municipality other than education and welfare.

### SUMMARY

This bill expands the authority of municipalities to impose service charges on certain property tax exempt properties to include charitable and benevolent institutions, literary and scientific organizations, chambers of commerce, boards of trade and property leased by exempt hospitals that do not spend at least 50% of their revenues directly on charitable activities.