

MAINE STATE LEGISLATURE

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124th MAINE LEGISLATURE

FIRST REGULAR SESSION-2009

Legislative Document

No. 1290

S.P. 472

In Senate, March 31, 2009

**An Act To Amend the Law Authorizing the Application of Service
Charges to the Owners of Certain Real Property Exempt from
Property Taxation**

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator MARRACHÉ of Kennebec.
Cosponsored by Representative WATSON of Bath and
Senators: GOOLEY of Franklin, McCORMICK of Kennebec, MILLS of Somerset, PERRY of
Penobscot, SIMPSON of Androscoggin, Representatives: CHASE of Wells, COHEN of
Portland, CROCKETT of Augusta.

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

2 **Sec. 1. 36 MRSA §508, sub-§1**, as enacted by PL 2007, c. 627, §12, is repealed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

4 **1. Imposition.** A municipality may impose service charges on certain types of tax-
5 exempt real property identified in subsection 1-A. Such service charges must be
6 calculated according to the actual cost of providing municipal services to that real
7 property and to the persons who use that property, and revenues derived from the charges
8 must be used to fund the costs of those services. A municipal ordinance must identify the
9 institutions and organizations upon which service charges are to be levied. A
10 municipality that imposes service charges on an institution or organization must impose
11 those service charges on every similarly situated institution or organization in its
12 jurisdiction. For the purposes of this section, "municipal services" means fire protection
13 services and municipal fire hydrant fees; police protection services; and road-related
14 services including road and bridge maintenance and construction, traffic control and snow
15 and ice removal.

16 A municipality may calculate the service charges it imposes pursuant to this subsection
17 by determining the proportion of the total budgeted cost of providing the identified
18 services by the municipality that should be reasonably borne by tax-exempt institutions or
19 organizations based on the following:

20 A. For fire protection services and municipal fire hydrant fees and for police
21 protection services, the square footage of the developed tax-exempt property relative
22 to the total square footage of developed property in the municipality; and

23 B. For road-related services, the linear public road mileage that the tax-exempt
24 property abuts relative to the total linear road mileage of the municipality.

25 **Sec. 2. 36 MRSA §508, sub-§1-A** is enacted to read:

26 **1-A. Application.** Tax-exempt real property to which service charges under
27 subsection 1 may be applied is:

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

30 B. Real property totally exempt from taxation under section 652 that has an assessed
31 value that exceeds \$1,000,000; and

32 C. Property owned by an organization or institution that is totally exempt from
33 taxation under section 652 that has gross annual revenues related to that
34 organization's or institution's activities within the municipality that exceed
35 \$1,000,000.

36 **Sec. 3. 36 MRSA §508, sub-§2**, as enacted by PL 2007, c. 627, §12, is amended
37 to read:

38 **2. Limitation.** The total service charges levied by a municipality on any institution
39 or organization under this section may not exceed 2% of the gross annual revenues of the

1 institution or organization. For an institution or organization that owns real property in 2
2 or more municipalities, the total service charges levied by all municipalities may not
3 exceed 2% of the gross annual revenues of the institution or organization as reasonably
4 prorated or allocated with respect to the institution's or organization's real property that is
5 located within the municipality where the service charges are established. In order to
6 qualify for this limitation, the institution or organization must file with the municipality
7 an audit of the revenues of the institution or organization for the year immediately prior
8 to the year in which the service charge is levied, along with all information to support any
9 proration or allocation of those revenues as may be necessary. The municipal officers
10 shall abate the portion of the service charge that exceeds 2% of the gross annual revenues
11 of the institution or organization or the prorated or allocated portion of those revenues, as
12 applicable.

13 SUMMARY

14 This bill amends the laws regarding the municipal assessment of service charges to
15 certain tax-exempt institutions.

16 1. It narrows the list of the types of municipal services that may be considered in the
17 application of service charges to include just fire protection services, police protection
18 services and road-related services .

19 2. It sets out a methodology for calculating the appropriate service charge for each
20 service.

21 3. It expands the list of tax-exempt institutions that may be subject to service charges
22 to include those institutions that own property that has an assessed value of \$1,000,000 or
23 more and institutions that generate gross annual revenues related to those institutions'
24 activities within the municipality that exceed \$1,000,000.