

MAINE STATE LEGISLATURE

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126th MAINE LEGISLATURE

FIRST REGULAR SESSION-2013

Legislative Document

No. 562

H.P. 381

House of Representatives, February 19, 2013

An Act Related to Service Charges in Lieu of Property Taxes on Tax-exempt Property

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative WILSON of Augusta.
Cosponsored by Senator KATZ of Kennebec and
Representatives: HAYES of Buckfield, POULIOT of Augusta, SHAW of Standish, Senator:
HASKELL of Cumberland.

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

2 **Sec. 1. 36 MRSA §508**, as enacted by PL 2007, c. 627, §12, is repealed.

3 **Sec. 2. 36 MRSA §509** is enacted to read:

4 **§509. Service charges**

5 **1. Imposition.** A municipality may impose service charges on property that is
6 exempt from taxation under section 652 except for:

7 A. Property that is exempt under section 652, subsection 1, paragraph G; and

8 B. Property owned by an educational institution exempt under section 652,
9 subsection 1, paragraph B other than property that is rented for residential purposes to
10 persons who are not students at that educational institution.

11 **2. Determination of service charges.** Service charges must be calculated according
12 to the actual cost of providing municipal services to the exempt property and to the
13 persons who use that property. Revenues derived from the service charges must be used
14 to fund, to the extent possible, the costs of those services. Service charges must be
15 calculated based on the square footage of building space occupied by the exempt property
16 unless the municipality determines that a different measure more accurately represents
17 the cost of services for which the service charges are imposed.

18 **3. Imposition of service charges.** The municipal legislative body shall identify the
19 categories of institutions and organizations upon which service charges are to be
20 imposed. A municipality that imposes service charges on any institution or organization
21 must impose those service charges on every similarly situated institution or organization.

22 **4. Municipal services for which charges may be imposed.** Service charges may
23 be imposed under this section for any services provided by a municipality other than
24 education and general assistance.

25 **5. Limitation.** The total service charges levied by a municipality on any institution
26 or organization under this section may not exceed 2% of the gross annual revenues of the
27 institution or organization. In order to qualify for this limitation, the institution or
28 organization must file with the municipality an audit of the revenues of the institution or
29 organization for the year immediately prior to the year in which the service charge is
30 imposed.

31 **6. Administration.** A municipality that chooses to impose service charges under
32 this section shall adopt any ordinances necessary to carry out the provisions of this
33 section. Determinations of service charges may be appealed in accordance with an
34 appeals process provided by municipal ordinance. Unpaid service charges may be
35 collected in the manner provided in Title 38, section 1208.

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SUMMARY

2 This bill permits municipalities to impose service charges on tax-exempt property
3 owned by nongovernmental institutions and organizations other than educational
4 institutions, houses of worship and parsonages. Service charges must be calculated to
5 cover the cost of services provided and be based on the square footage of building space
6 occupied by the institution or organization unless the municipality determines that a
7 different measure more accurately represents the cost of services for which the charge is
8 imposed. Service charges may be imposed to cover the cost of any services provided by
9 the municipality to the property other than education or general assistance. The bill
10 repeals an existing service charge law that applies to a limited class of property that
11 would be covered under this bill.