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**The Commission to Study the Growth of
Tax-exempt Property in Maine's Towns,
Cities, Counties and Regions**

February 1996

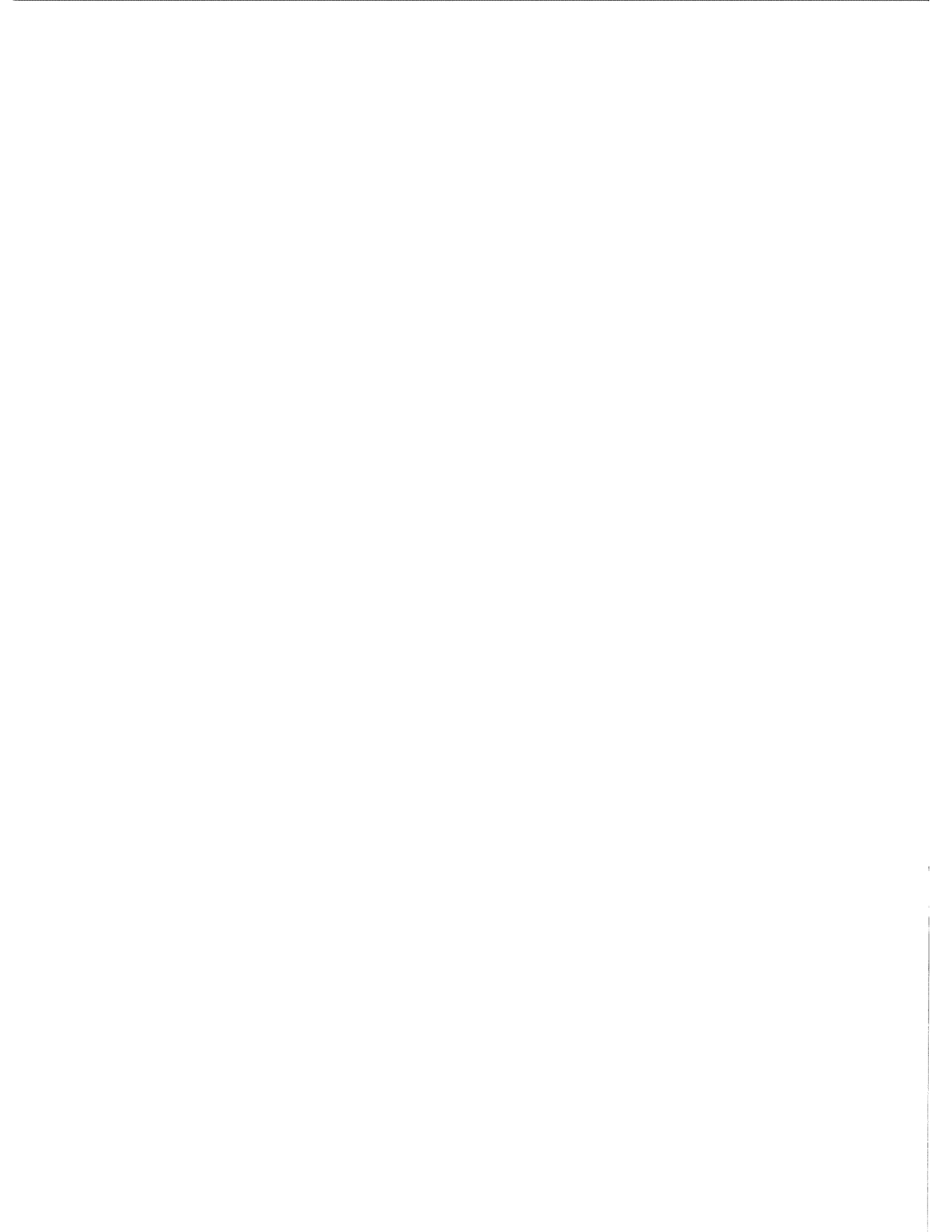
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**Commission to Study the Growth of Tax-Exempt Property
in Maine's Towns, Cities, Counties and Regions**

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Senator Susan W. Longley

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**** Denotes members who have submitted minority reports.**

TABLE OF CONTENTS

Executive Summary	1
Introduction	4
The Growth of Tax Exempt Property in Maine	5
Recommendations	6
Appendix A - Minority Report A	14
Appendix B - Minority Report B	18
Appendix C - Authorizing Legislation	20
Appendix D - Recommended Legislation	22
Appendix E - Municipal Data	27

Executive Summary

The Commission to Study the Growth of Tax-exempt Property in Maine's Towns, Cities, Counties and Regions was established in the First Regular Session of the 117th Legislature (Chapter 47, Resolves 1995) The Commission was charged with studying the following:

- ◆ The rate of growth in tax-exempt property as a percentage of all taxable property in a town, city, county or region;
- ◆ The use of service charges and payments in lieu of taxes and their impact on nonprofit entities;
- ◆ The history and rationale for each property tax exemption and whether that rationale continues to be valid; and
- ◆ Any other issues related to tax-exempt property in Maine's communities that the commission determines appropriate.

The Commission was hampered by both the severe time constraints and the absence of adequate data. Since neither of these factors seemed remediable, the Commission decided at its initial meeting to avoid abstract and more philosophical discussions about tax exemption and to concentrate on the development of a short manageable piece of legislation; legislation which would provide municipalities in Maine with the option of recovering some of the lost revenues that have resulted from the exemption of property taxes. The proposed legislation builds upon the current law in 36 MRSA §652, sub-§1, ¶L by broadening the existing provision in statute in which municipalities are given the option of assessing service fees on a very limited classification of tax exempt property. The legislation as proposed substantially broadens that provision, giving municipalities the option of assessing a direct benefit service charge on a larger number of tax exempt entities.

Not all members agreed with this approach, but most, with differing degrees of reservation, did participate in the development of the legislation offered in this report. **(Please see the minority reports, appendices A and B, for the dissenting views on this matter.)** The legislation proposed in this report is by no means a complete answer to the problems which tax exemption creates; all members of the Commission are in agreement on this point. It is, however, a useful step in the direction of tax fairness and equity between tax exempt and non-exempt tax payers in a municipality.

At the last meeting of the Commission, a number of more general points were raised, and discussed briefly. Though not the main focus of Commission activity over the last two months, there was remarkable consensus with respect to these points. A number of these points raised goals or objectives that seem capable of being achieved by modest legislative changes. Other of the points raised will require further study by another Commission, the Legislature's Joint Standing Committee on Taxation, or Bureau of Taxation. The Commission urges that

some official body be appointed to study these issues and report back to the full legislature its findings and recommendations. Building upon the work of the present Commission seems not only useful, but the only way to fully and comprehensively address the range of problems that tax exemption creates. The general points raised, which were almost unanimously agreed to, are as follows:

- ◆ The Legislature should require that local assessors revalue all tax exempt property no less frequently than at five year intervals.
- ◆ In Maine, the property tax accounts for 48% of total state and local tax revenues. This compares with a national average closer to 30%. A level of reliance on the property tax approaching the national average should be a goal over the next several years. Items to be considered should include:
 - ◇ State reimbursement of 100% of local property tax revenues lost due to the tree growth tax classification;
 - ◇ Restoration of municipal revenue sharing to 1991 levels;
 - ◇ Increased state funding of local education costs; and
 - ◇ Local option taxes to fund municipal services, including local option sales, income, excise, and meals and lodging taxes.
- ◆ There are clear indications that the impacts of property tax exemptions are not shared equally, but fall particularly hardest on certain municipalities. Much of this results from State policy on where to locate state facilities and services, while a related cause is that non-profit, tax exempt organizations tend to locate in municipalities acting as regional service centers. The Commission discussed the need to further examine what the State can and should do to address tax burden inequities created by the present random clustering of non-profit and tax exempt properties across the State. Suggestions offered by individual commission members include the following:
 - ◇ The imposition of percentage or dollar caps on the exemption for certain classes of tax-exempt properties;
 - ◇ Reimbursement by the State of municipal property tax revenues lost due to new construction or conversion of tax-exempt properties;
 - ◇ The imposition of a fractional mil rate on State-owned improved properties;
 - ◇ An adjustment of State education funding formulas; and

- ◇ The establishment of a mechanism of relief for those municipalities whose level of property tax exemption exceeds 20% of all property.

The Commission made no effort to choose among these options; they reserved this judgment for the Legislature. The Commission does recommend, however, that the Legislature begin immediately, to correct the fiscal consequences of the unequal distribution of tax exempt properties. The State level of government must begin to share in a meaningful way the high, and increasing, fiscal burdens of property tax exemption.

Introduction

The Commission to Study the Growth of Tax Exempt Property in Maine's Towns, Cities, Counties and Regions was hampered by both the severe time constraints and the absence of adequate data. Since neither of these factors seemed remediable, the Commission decided at its initial meeting to avoid abstract and more philosophical discussions about tax exemption and to concentrate on the development of a short manageable piece of legislation, which would provide municipalities in Maine with the option of recovering some of the lost revenues that have resulted from the exemption of property taxes. Not all members agreed with this approach, but most, with differing degrees of reservation, did participate in the development of the legislation offered in this report--legislation that would allow municipalities to impose a limited system of fees on tax exempt properties for direct benefit services provided by the municipality to the tax exempt entity. **(Please see the minority reports , appendices A and B, for the dissenting views on this matter.)** The legislation proposed in this report is by no means a complete answer to the problems which tax exemption creates; all members of the Commission are in agreement on this point. It is, however, a useful step in the direction of tax fairness and equity between tax exempt and non-exempt tax payers in a municipality. It should be noted that at least three previous commissions have addressed using service fees assessed on tax-exempt property to generate revenues for municipalities.

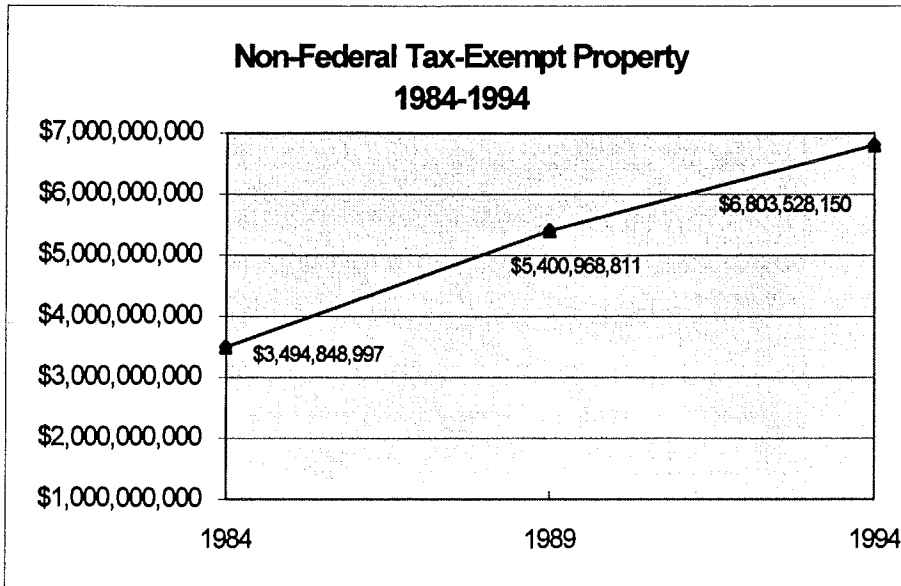
The Governor's Tax Policy Committee reported to Governor James B. Longley on November 17, 1975 that "*It should be locally optional whether exempt properties pay in lieu service charges.*" The group specified that communities could vote to permit service assessments on church property (excluding houses of worship), hospital properties, all levels of private schools and all other non-profit tax exempt organizations. The group additionally recommended that the "*State should pay municipalities for services provided to state owned property.*"

On November 24, 1986, the Speaker's **Select Committee on Property Tax Reform** reported to Speaker John L. Martin that "*...municipalities be granted the option of assessing service charges on any classes of property currently exempt from property tax.*" Their recommendation would exempt only federal property from service charges.

The third study, by the **Select Committee on Comprehensive Tax Reform** reported to President Pray and Speaker Martin on January 30, 1991. The Committee discussed, as an alternative source of revenue to property taxes, "*the use of fees for services.*" They recommended that fees for certain services could be charged to organizations exempt from property taxes because the voluntary payments in lieu of taxes approach "*has not worked in most cases.*"

The growth of tax exempt property in Maine

While it is difficult to measure the true impact that tax exempt entities are having on the property taxes in Maine, it is clear that in the past 10 years there has been a significant increase

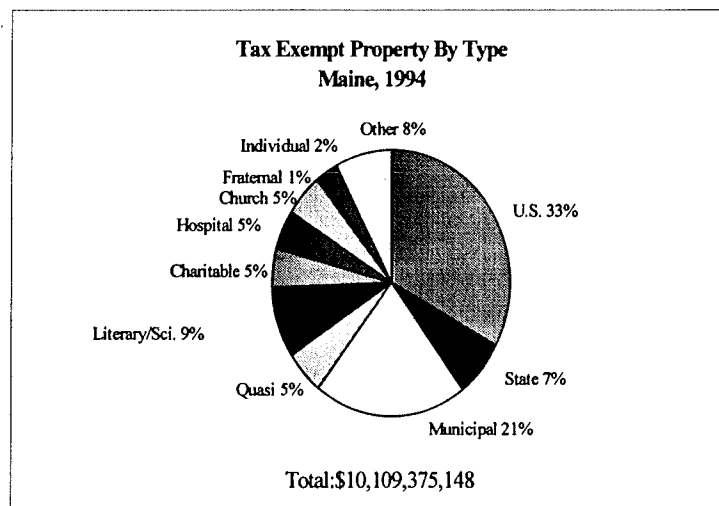


in the actual dollar amount of tax exempt property in Maine. This increase has occurred in spite of the fact that less attention is given to tax exempt property by local assessors. Assessors are more concerned about property that is taxable as it is the base which can be used to generate the required revenues for

service delivery. As a result, the assessment of tax exempt property is often an estimation, and potentially understated. This may explain, in part, the reason tax exempt property has remained constant as a percentage of all property in the past 10 years. As the chart above indicates the total value of tax exempt property in Maine in 1984 was approximately 3.5 billion dollars, while 10 years later that number almost doubled to 6.8 billion, a 95% increase.

It should be noted that property of the **United States Government** is by far the largest percentage of tax exempt property in Maine, accounting for **one-third of all tax exempt property** in the State. When

other governmental properties - state and municipal governments as well as public water, airports and other utility districts are added, that number increases to two-thirds. The remaining one-third is made up of several categories, including charitable and benevolent (hospitals, social service centers, nursing homes, etc.), Literary and scientific organizations, churches, fraternal organizations, veterans service clubs, and several other smaller categories. The pie chart



gives a more detailed breakdown of each of the tax exempt categories as a percentage of all tax exempt property in Maine for 1994.

**Non-Federal Tax-Exempt Properties in Maine
Assessed Valuation By Category.**

As the chart to the right indicates, the increases have not been limited to any one category of tax exempt property, but have grown significantly in every category, with hospitals leading all other categories at a growth of more than 200% in the past 10 years. *(Again, the data limitations apply here as well.)* However, the actual numbers only tell part of the story. A

	1984	1994	% Increase
State	\$ 459,860,135	\$ 713,953,634	55.3%
Municipal	\$ 969,180,690	\$ 2,101,496,228	116.8%
Quasi-Municipal	\$ 246,210,292	\$ 525,760,714	113.5%
Literary/Scientific	\$ 540,380,035	\$ 885,039,155	63.8%
Charitable*	\$ 222,966,061	\$ 462,337,442	107.4%
Hospital (leased)	\$ 149,605,023	\$ 482,435,888	222.5%
Church Property	\$ 277,137,485	\$ 540,830,576	95.1%
Fraternal	\$ 29,771,903	\$ 65,491,409	120.0%
Individual	\$ 146,025,582	\$ 245,630,680	68.2%
Other	\$ 453,711,791	\$ 780,552,824	72.0%
TOTALS	\$ 3,494,848,997	\$ 6,803,528,550	94.7%

closer examination reveals that much of the growth is limited to a select number of communities serving as service centers, which have been asked to bear an increasing amount of the burden of

tax exempt properties. In every category of tax exempt property, the top 20 municipalities by tax exempt category account for over 50% of the total value of tax exempt property within that category. (See appendix E for a complete list of Top 20 Municipalities for each tax exempt category.) The chart on the left indicates the percentage total that the top 20 municipalities account for in several of the tax exempt categories. The Commission discussed the need to further examine what the State can and should do to address tax burden inequities created by the present random clustering of non-profit and otherwise exempt properties

State Property	73%
Quasi-municipal	73%
Literary/Scientific	83%
Hospital	87%
Church Property	53%
Fraternal	54%

Source: State Tax Assessor 1994 Municipal Valuation Return Statistical Summary

across the State. A more detailed discussion of this matter is covered later in the report.

Recommendations

- ◆ **A majority of the Commission recommends the adoption of the legislation (see appendix D) which would broaden the current law, giving municipalities the option of assessing a direct benefit service charge on a larger number of tax exempt entities.**

The proposed legislation builds upon the current law in 36 MRSA §652, sub-§1, ¶L by broadening the current provision in statute in which municipalities are given the option of assessing service fees on a very limited classification of tax exempt property. The legislation as proposed substantially broadens that provision, giving municipalities the option of assessing a direct benefit service charge on a larger number of tax exempt entities. The three main provisions of the legislation are **eligible services**, **the formula** for calculation of the direct benefit service charge rate and **limitations** in the application of charges to help ensure that some notion of ability to pay is considered.

A. Eligible services.

It was agreed upon very early in the process of deliberations that any system of direct benefit service charges must include those items that can be easily identified and are services in which the benefits to a tax exempt property can be reasonably demonstrated. This initial agreement consequently, eliminated both education and welfare from consideration in the mix of any system of charges. Additionally, the proposed Legislation offers language that places a restriction on the use of the charges by requiring that “Municipalities use the revenues accrued from direct benefit service charges to fund the costs of those services or to reduce the municipality’s tax commitment for the subsequent tax year.” Specifically the following charges would be eligible under the proposed legislation:

- ◇ Fire protection, including ambulance and rescue services;
- ◇ Police protection, including emergency 911 services;
- ◇ Road maintenance and construction, traffic control, snow and ice removal;
- ◇ Water and sewer service, provided to the tax exempt property and not otherwise recovered through user fees or other charges; and
- ◇ Sanitation services, including the net cost of municipal recycling services, provided to the tax exempt property and not otherwise recovered through user fees or other charges.

B. The formula used to determine the charge for direct benefit services.

It is the recommendation of the Commission that any system of charges for direct benefit services calculate on an annual basis the actual municipal costs of providing the service, including capital costs, and impose on any individual tax exempt entity only its proportional share of these costs, according to the following formula:

Total annual municipal costs of direct benefit services		=	Direct benefit service charge rate
Step 1	_____		
Total value of all taxable and improved tax exempt property in the municipality			
Step 2	Direct benefit service charge rate	X	Assessed value of individual tax exempt property
		=	Prorated charge for direct benefit services

C. Limitations of the service charge.

Members of the Commission were particularly interested in providing a mechanism that would provide tax exempt entities subject to the service charge with some assurance that the impact of any new fees would take into consideration the income of the entity. In short, the committee is recommending that the total direct benefit service charges levied by a municipality on a tax exempt entity not exceed the lesser of 1.5% of the tax entity's annual receipts or 25% of the amount that would have been assessed as taxes on the property if it were not exempt from taxation. The definition of annual receipts does not include charitable gifts, investment income, or income related to the tax exempt property, but only those fees paid by the recipients of services rendered at the property. However, to qualify for this limitation the tax exempt entity must file with the municipality a report of the annual receipts of the entity for the year immediately prior to the year for which the service charge is levied.

The commission discussed whether to make service fees applicable to lands owned by conservation organizations. The commission agreed that undeveloped conservation lands do not require significant community services and that if service fees were to apply, they should be limited to reflect this fact. Limiting the valuation basis for the calculation of service fees on conservation lands to 5% of full valuation was discussed as a reasonable approach, consistent with the current Open Space Tax Law. In the end, the commission decided that the low level of services provided to undeveloped conservation lands, coupled with the value of protected open space to local communities, did not warrant their inclusion in the service fee provisions of the law, and they are proposed to remain exempt from service fees.

In addition, there are other mechanisms that have been suggested by the Commission concerning both the ability to pay and the notion of value to the community. The Commission has offered language that would do the following:

- ◇ Exempt any tax exempt entity that expends 50% or more of its annual income providing temporary housing, food, clothing, or other services to persons at or below the federal poverty level is exempt from the provisions of this section; and

- ◇ Another important threshold determined by the Commission for the imposition of service charges was that the property be improved. This threshold recognizes that the tax exempt properties without buildings or other principal use structures, such as nature preserves, require minimal municipal services as compared to improved properties.
- ◇ Allow the payment of direct benefit service charges made in kind, in the form of goods or services provided to the municipality or its residents at no or reduced charge.

One other important component of the legislation is the requirement that any municipality wishing to adopt a system of direct benefit service charges do so by ordinance.

At the last meeting of the Commission, a number of more general points were raised, and discussed briefly. Though not the main focus of Commission activity over the last two months, there was remarkable consensus with respect to these points. A number of these points raised goals or objectives that seem capable of being achieved by modest legislative changes. Other of the points raised will require further study by another Commission, the Legislature's Joint Standing Committee on Taxation, or Bureau of Taxation. The Commission urges that some official body be appointed to study these issues and report back to the full legislature its findings and recommendations. Building upon the work of the present Commission seems not only useful but it is the only way to fully and comprehensively address the range of problems that tax exemption creates. The general points raised, which were almost unanimously agreed to, are as follows:

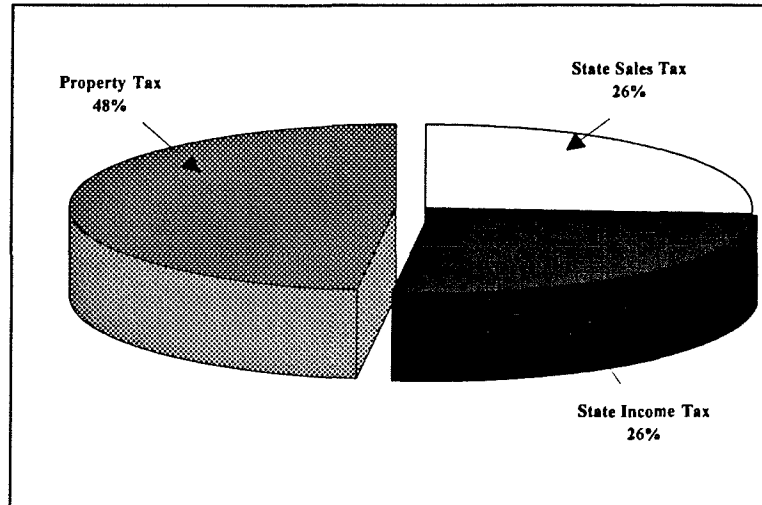
- ◆ **The Legislature should require that local assessors revalue all tax exempt property no less frequently than at five year intervals**

To facilitate the availability of more accurate and more complete data with respect to tax exempt property, the Legislature should require that local assessors revalue all tax exempt property no less frequently than at five year intervals; municipal assessors should be given clear authority to promulgate whatever regulations are necessary to compel the cooperation of the tax exempt entities in these revaluation processes.

- ◆ **In Maine, the property tax accounts for 48% of total state and local tax revenues, this compares with a national average closer to 30%. A level of reliance on the property tax approaching the national average should be a goal over the next several years.**

The reliance on property taxes continues to grow in Maine, accounting for 48% of the governmental revenues generated through Maine's three major taxes. In contrast, income and sales tax each produced only 26% of the \$2.1 billion total. Maine's reliance on property tax revenues is substantially above the national average of 30%. The property tax is arguably Maine's most regressive tax, imposing its heaviest burdens on lower-income homeowners struggling to make ends meet. The present imbalance between property, sales and income tax as sources of state and local revenues exacerbates the inequities created when the residual taxpayers of a single host municipality are required to provide municipal services at no charge to tax exempt

1994 Property, Income and Sales Tax Distribution



public and private properties that serve regional and state-wide needs. In addition, it is often dramatically rising local property tax rates that cause organizations and individuals to seek tax-exempt status for their properties, thereby further eroding the local tax base and adding to the pressures of the remaining taxable properties.

The Commission viewed these trends as ominous; they have contributed significantly to statewide growth in the number and value of tax exempt properties; they are unlikely to abate unless and until the Legislature reduces state and local government's overall dependence on the property tax. For these reasons the commission urges the Legislature to undertake a re-examination of its current tax policy as a whole, with a view toward re-establishing the traditional balance between income, sales and property taxes as sources of state and local revenue. Among the many suggestions which have been made to the Legislature by others in this regard, the Commission particularly endorses legislative examination of the following areas:

- ◇ State reimbursement of 100% of local property tax revenues lost due to the tree growth classification;
- ◇ Restoration of municipal revenue sharing to 1991 levels;
- ◇ Increased state funding of local education costs;
- ◇ Local option taxes to fund municipal services, including local option sales, income, excise, and meals and lodging taxes.

- ◆ **The level of government which hosts and provides services to tax exempt properties, the municipalities, are not given the opportunity to participate in determining the exemptions. The Commission believes that current law should establish criteria in which the tax-exemption would be clearly justified**

The Commission would be remiss in its duties to the public and the Legislature if it did not point out a fundamental fact of property tax exemption--the state level of government that alone has the legal power to create tax exemptions, does not have to bear the fiscal consequences of its actions.

Historically, the concept was that if a property is owned or utilized by an institution to provide a service that would otherwise have to be provided by a level of government, then the exemption is warranted. But the level of government which hosts and provides services to these properties, the municipalities, are not given the opportunity to participate in determining the exemptions. There is no "test" to pass; no process needed to get approval, other than an informational filing with the local assessor. No organization or individual need seek legislative approval at any level to obtain an exemption for property within any of the broad classifications for exemption set out in 36 MRSA sec. 651-652. The Commission discussed the possibility of changing sec. 652(1)(c) that states how an organization or institution shall apply for each parcel to receive this entitlement. The Commission believes that this section could establish criteria in which the tax-exemption would be clearly justified. There were discussion on standards or levels of financial or in-kind contributions which would reflect commitment to meeting charitable and benevolent needs. The objective is to shift the approval process toward criteria established by the State rather than a "self-selection" by individual property owners.

- ◆ **Wherever located, service center communities have two features in common: a high percentage of exempt properties and a high municipal tax-rate.**

As the chart on the right indicates, it is clear that the impacts of property tax exemptions are not shared equally but fall particularly hardest on certain municipalities. Much of this results from State policy on where to locate state facilities and services. A related cause is that non-profit tax exempt organizations tend to locate in municipalities acting as regional service centers.

An argument can be made that non-profits located on tax-exempt properties provide benefits for the host communities. But the numbers; that is the amount of taxable property revenues which support services for tax-exempts, do not support the benefits argument.

A selection of Maine communities and the percentage of total property value that is tax exempt.*	
Augusta	19.81%
Bangor	23.56%
Bar Harbor	16.03%
Brunswick	17.77%
Gorham	16.90%
Lewiston	26.46%
Orono	45.13%
Portland	21.05%
Rumford	15.0%
Presque Isle	21.58%
Waterville	19.69%

*These values do not include Federal property.
Source: State Tax Assessor 1994 Municipal Valuation Return Statistical Summary

The Commission agreed that the public benefits provided by tax-exempt organizations are typically received by a much larger region, and in some cases state-wide. Service to the local community is separate from serving a public need at the State or regional level.

The Commission further recognized that service centers are not always larger urban municipalities, but are in fact located throughout the State. Wherever located, service center communities will have two features in common: a high percentage of exempt properties and a high municipal tax-rate. State-wide, there is a close statistical correlation between the ratio of tax-exempt to taxable properties in a given municipality, and the municipal tax-rate.

The Commission discussed the need to further examine what the State can and should do to address tax burden inequities created by the present random clustering of non-profit and otherwise exempt properties across the State. Suggestions offered by individual commission members include the following:

- ◇ **Imposition of percentage or dollar caps on the exemption for certain classes of tax-exempt properties.** For example, 36 MRSA § 652(1)(c)(6) limits the exemption for federally-subsidized low income housing converted to tax exempt status after September 1, 1993 to 50% of the property's assessed value. 36 MRSA § 652(1)(G) limits the exemption amount for real estate used as a parsonage to \$20,000.00. Allowing municipalities to tax even a portion of an exempt property's assessed value would go a long way toward funding the cost public services provided by host municipalities to presently tax-exempt properties, and could obviate the need for a revised service fee statute.
- ◇ **State reimbursement of municipal property tax revenues lost due to new construction or conversion of tax-exempt properties.** Article 4, Part 3, Section 23 of the Maine Constitution has required the Legislature to reimburse not less than 50% of property tax revenues lost by a municipality due to new tax exemptions or credits enacted by the Legislature since April 1, 1978. However, the dramatic growth of privately-owned tax exempt properties within the State of Maine over the last ten years is not the product of new statutory exemptions, but rather has occurred within existing statutory exemption categories through the "self-selection" process described above. Legislative extension of the 50% reimbursement rule under Article 4, Part 3, Section 23 to newly exempt properties, as well as new categories of exemptions, would help to equalize the burden of providing local municipal services to tax exempt organizations whose charitable activities provide regional or state-wide benefits.

◇ **Imposition of a fractional mil rate on State-owned improved properties.** State-owned properties also demand local municipal services while providing regional or State-wide benefits. In some municipalities, the State owns no property while in others the State of Maine, if taxable, would be the municipality's single largest taxpayer. In fact, as the chart on the right shows, in 1994 ten municipalities accounted for almost 60% of all state owned property in Maine. While the numbers may mean different things to a city like South Portland, where State property accounts for less than 2% of the total municipal value, in Augusta that number approaches 9%

Tax Exempt Property - State of Maine			
	Assessed Value	State Property	% of Municipal
	1994	as a % of total	Property Valuation
Augusta	\$ 101,082,200	14.2	8.9
Bangor	\$ 82,157,300	11.5	4.6
Gorham	\$ 72,946,300	10.2	12.4
Farmington	\$ 34,506,800	4.8	11.0
Cape Elizabeth	\$ 34,373,400	4.8	4.5
South Portland	\$ 31,642,400	4.4	1.9
Windham	\$ 24,275,625	3.4	4.6
Castine	\$ 15,860,900	2.2	12.2
Falmouth	\$ 14,617,700	2.0	2.1
Warren	\$ 13,386,900	1.9	11.2

and even exceeds 10% in several communities throughout the State. The Legislature is urged to recognize the disparate impact on local budgets and mil rates caused by State ownership of tax-exempt improved property, by directly funding the cost of municipal public services provided to the State, through adoption of service fee legislation, pilot payments, or imposition of a fractional mil rate (e.g. 50% of the municipal mil rate) on improved State-owned properties. As a legislative model, the State of Virginia currently provides for State payment of cost-based service fees to County and municipal governments where State facilities are located.

◇ **Adjustment of State education funding formulas.** As an alternative to direct State funding, the Legislature could begin to equalize the burden of providing local public services to public and private tax-exempt properties by including the local ration or percentage of tax-exempt properties as a factor in the State's general assistance, education, highway assistance, and municipal revenue sharing funding formulas.

◇ **Establish a mechanism of relief for property tax payers in a community whose level of property tax exemption exceeds 20% of all property.** Data available to the Commission illustrates clearly that municipal fiscal burdens arising from property tax exemptions fall very unevenly from town to town. This unfairness is probably manageable when only 1-2% of local properties are tax exempt. As this figure rises, however, the dollar losses are more real and the fiscal inequities (from town to town) of tax exemption are more difficult to justify. The data shows that tax exempt properties account for between 10-20% of all property in dozens of Maine towns; in more than a few towns the level of tax exemption exceeds 20% of all property. The Commission believes, again in the name of tax fairness, that the Legislature must fashion some mechanism of relief for property tax payers in the

latter group of municipalities. The options open to the Legislature are numerous for the municipalities that exceed the 20% level and could include: An increase for these municipalities of a percentage point or two in the level of state shared income and sales taxes; allowing these municipalities alone to have some form of local option taxing powers; developing regional approaches to sharing the burdens of property tax exemption.

The Commission made no effort to choose among these options; they reserved this judgment for the Legislature. The Commission does recommend, however, that the Legislature begin immediately, to correct the fiscal consequences of the unequal distribution of tax exempt properties. The State level of government must begin to share in a meaningful way the high, and increasing, fiscal burdens of property tax exemption.

Appendix A

MINORITY REPORT OF THE COMMISSION TO STUDY THE GROWTH OF TAX-EXEMPT PROPERTY IN MAINE'S TOWNS, CITIES, COUNTIES AND REGIONS

Harry H. Dresser, Jr.
Associate Headmaster, Gould Academy

Summary

There were several fundamental problems with this commission's efforts which have left its present work fatally flawed but which could well pave the way for better directed thought by ensuing commissions. Following are the commission's problems of presumption, process and product as I see them.

- The commission severely restricted its discussion to that conversation necessary to generate a bill. Specifically excluded from discussion were tax-exempt status, the benefit/liability continuum, and charitability and benevolence. Despite these restrictions, the commission's proposal effectively redefines tax-exempt status.
- As one result of that restriction, the commission didn't notice until its last session that the data available to it did not support the commission's principle presumption that tax-exempt property is growing as a percentage of all non-federal property in the state.
- In its rush to propose legislation, the commission failed to appreciate the impact that its bill would have on small, responsible tax-exempt entities. For example, Gould Academy would become Bethel's largest taxpayer out paying the largest industry in town by a whopping 45% margin. The school is currently the fourth largest taxpayer in the town.
- In a time when many are favoring reduced governmental spending as the best means of achieving balanced budgets, this commission's process was clearly driven by a municipal appetite for new revenue to be garnered by taxing tax-exempt entities.
- Late in the very last meeting of the commission it became clear that there were important, fertile issues in the topics discussed which had never made it to the table. These insights should be shared with future commissions lest they repeat our mistakes.

Definition phase

The commission's process began with a definition phase largely driven by representatives of large municipalities. In that phase, it was strongly suggested, and widely accepted within the assembled body, that the commission would **not** discuss several topics which were not only part of the charge but which have also proven to be central to the questions at hand. The following ideas or concepts **were not to be discussed**:

The notions of “charitability and benevolence” which are the very roots of the tax-exempt concept;

The concept of tax-exempt status, since its examination was deemed beyond our purview; and

The benefits brought to communities by tax-exempt entities; examining the balance between liabilities and benefits was seen as too time-consuming given our tight calendar.

After preliminary readings of applicable current law, with particular attention to Title 36, Part 2, Chapter 105, Subchapter IV, Paragraph 652. L., the task of the Commission was defined as the production of a bill to be sent to the Joint Standing Committee on Taxation.

Work phase

Early assertions. Several early assertions drove the work phase. While these assertions were changed over the course of the commission’s work, they were basically as follows:

There is a steady growth in tax-exempt properties in municipalities of all sizes across the State which is driving up the tax burden of property taxpayers; and

Questionable use of legal tax-exempt status is putting tax-paying businesses at an unfair disadvantage and is, once again, placing additional burden on the property taxpayer.

For the balance of the commission’s existence, conversation centered almost exclusively on developing versions of a proposed bill entitled “Optional Municipal Service Charges” which typically received editorial attention between meetings from a subcommittee, again made up chiefly of representatives from large municipalities.

In the next to the last work session, a small representation of the full commission agreed to vote to present the bill as it was then configured. In my view, the commission’s work had been steered from the beginning by those with a familiarity for the process and with a need for increased municipal revenue. I took strong objection to the use of unsupported assertions, to the usurping of the time of the commission to work on a bill of particular prior interest to a few commission members, and to the apparent unwillingness of those directing the group to lay the proper groundwork for bill formulation through discussion of the major principles underlying the matter - those of charitability and benevolence, of benefit versus liability, and of tax-exempt status.

Results

The commission has prepared a draft bill entitled “Optional Municipal Service Charges” for presentation to the Joint Standing Committee on Taxation. The bill permits municipalities, at their discretion, to tax some formerly tax-exempt entities for delineated services provided by the local government to the community at large and to the tax-exempt entity by virtue of its place in the municipality.

The bill further permits municipalities to decide which classifications of tax-exempt institutions they wish to tax under the terms of this bill. The bill provides a formula for use by municipal officials in determining the maximum value of the tax to be levied against the formerly tax-exempt entities and provides a cap to the maximum tax which can be levied based on either a percentage of annual receipt or a percentage of property taxes which would have been levied were the property not tax-exempt.

A real life example... Under the proposed legislation, Gould Academy, currently, the fourth highest taxpayer in the town of Bethel, behind P.H. Chadbourne & Co., Bethel Commodore Corp. (the Bethel Inn & Country Club), and Central Maine Power Co., would become the town's highest taxpayer. In fact, the Academy's tax burden, using 1994 tax figures, would exceed \$80,000 and place it more than 45% higher in tax burden than P.H. Chadbourne, the town's largest business and biggest employer.

Since the Academy already attends to its sewer, water and trash related expenses in addition to the taxes it pays, the school's burden for all billable categories under this legislation would exceed \$128,000 per year!

Concerns

Limited discussion. Without a moment's discussion of tax-exempt status, charitability and benevolence, or the benefit side of the benefit/liability ledger as it relates to tax-exempt entities within a municipality, this commission is proposing legislation which will make it possible for municipal governments to **redefine** tax-exempt status for chosen classifications of tax-exempt entity.

Assertions made with inadequate data. The bulk of the work of this commission presumed valid the assertion that tax-exempt property is growing rapidly leaving the "residual taxpayer" bearing an ever-increasing burden. The data we reviewed on municipal valuations, as reported by the municipalities, not only don't support that assertion but point up a contrary trend. Tax-exempt property valuation as a percentage of all taxable and tax-exempt properties, except those owned by the federal government, has actually shrunk from 12% in 1984, to 11% in 1986, to 10% in 1994. (The value of tax-exempt property in Maine increased from approximately \$3.5 billion in 1984 to approximately \$6.8 billion in 1994, an increase of about 95%. During the same period, the value of taxable property in Maine increased from approximately \$25 billion to approximately \$63 billion, an increase of 156%.) (The proposed bill excepts federal property as do these statistics.) There are examples available to suggest that tax-exempt property valuations are both under-estimated and over-estimated making this data less than perfect. Nevertheless, it makes little sense to make wholesale changes in tax law based on inadequate data, which fail to support the premises behind the changes.

Untested assertion. Late in the commission's days, a new assumption began to pervade the conversation. Those using the assertion claim baldly that the costs a tax-exempt entity brings to a municipality outweigh the benefits which it brings. It is clear from the broad nature of the assertion that it must be tested seriously in several types of bases before it can be given any credence. I would suggest that a rigorous community cost-benefit analysis of a large organization, such as Eastern Maine Medical Center, and of a small organization, such as Gould Academy, be undertaken to determine whether or not the assertion has any merit in this debate.

Social impact. Perhaps of gravest concern to me is the social impact of the statement that would be carried by the enactment of this proposed bill. Were this commission's bill to be enacted, it would say to a public already reeling under a vanishing sense of community that the Legislature of the State of Maine has abandoned the notion of common good which underlies tax-exempt status in favor of a growing municipal appetite for revenue.

Conclusions

The bill which this commission is sending to the Joint Standing Committee on Taxation is characterized as a modest step in the right direction. On the contrary, all tax-exempt entities, schools, hospitals, museums, churches, fraternal orders, and the like, ought to be very concerned that a commission with no apparent willingness to carefully balance the complex issues at hand would actually recommend the **redefinition** of the concept of tax-exemption and hide that redefinition behind unclear language. In the current bill and in commission discussions about its development, taxes assessed against tax-exempt entities have been called “direct benefit service charges,” and the property taxpayer, representing a **growing** segment of the State’s property, has been called the “residual taxpayer.”

It is likely that there are some unfair tax-exemption practices which this commission could have addressed but didn’t. Surely hospital parking lots and gift shops, school bookstores, and turnpike fast food restaurants which compete with taxpaying entities ought to be similarly taxed. It is my hope that a future commission will address such issues of fairness and reasonability while keeping in control the burdensome preconceptions which seriously flawed this commission’s process and outcome.

As a Selectman in the Town of Bethel, as an administrator at Gould Academy, and as the majority owner of a Maine and New Hampshire business, I find nothing to applaud in the proposed bill and urge you to send the broader issue back to a commission with instruction to study the matter more comprehensively.

Appendix B

**MINORITY REPORT OF THE COMMISSION TO STUDY THE
GROWTH OF TAX-EXEMPT PROPERTY IN MAINE'S TOWNS, CITIES,
COUNTIES AND REGIONS**

John C. Wiesendanger, President/CEO
Northern Cumberland Memorial Hospital

I do not support the Commission's decision to recommend enactment of legislation allowing municipalities to charge direct service fees to tax exempt organizations. I submit below the rationale behind my opposition to the legislation and I respectfully request that this material be included with the Commission's final report.

As stated at Commission meetings, I believe strongly that hospitals should remain exempt from the imposition of municipal service fees. The reasons are as follows:

1. Hospitals view the service fee proposal as a tax-exempt concern. Non-profit hospitals are tax-exempt in Maine for good reason. Assessing service fees is a backdoor way of removing the tax-exempt status of hospitals.
2. During the Commission's brief review of the growth of tax exempt properties, it appears that there has been little or no relative growth by the more traditional tax exempt organizations of hospitals, churches, charitable, and literary and scientific organizations. Together, these organizations represent only 24% of tax exempt properties. The majority of tax exempt properties, 61%, include land and buildings owned by federal, state, and municipal governments.
3. It is agreed that probably all of these properties place a burden on the municipalities for services. It is unknown, however, what value of direct or indirect services is returned to the communities in which they are located. I think this is important since significant services are returned to communities by hospitals.
4. Hospitals provide non-reimbursed services in the form of charity care (\$60 million in Maine), treat patients who are covered by Medicare and Medicaid (which combined underpay Maine hospitals by some \$200 million dollars), keep expensive emergency rooms open 24 hours a day as a service to the community, and provide health education programs and outpatient clinic services to their communities free of charge. If hospitals were not charitable and thus worthy of their tax-exempt status, they would not engage in these services. If they operated as any other business, they would not give away their services, they would not accept some \$200 million less in payments that what it costs to provide the service, and they would not engage in activities that, while good for the community, are unprofitable.

5. Unlike most other businesses, if hospitals were to be taxed by their local communities, they would not be able to pass the cost on to all of their customers. Because Medicare and Medicaid will not pay for the cost of the tax (and obviously those who are unable to pay are not going to pay), the burden of these taxes will fall on only 25% of a hospital's patients. This is a very small base of people to absorb such a tax.

6. Typically, a hospital serves a region of the state - not just one defined community. Allowing a municipality to assess service fees on one hospital while a neighboring hospital's community did not - poses an unfair competitive problem for hospitals. Service fees have the potential of being arbitrarily applied and could cause financial hardship far beyond the burden of the tax itself. Hospitals which are located near the western and southern state boundaries will further suffer an unfair cost burden, damaging their abilities to compete financially with border hospitals in New Hampshire.

Appendix C

CHAPTER 47

H.P. 550 - L.D. 746

Resolve, to Create the Commission to Study the Growth of Tax-exempt Property in Maine's Towns, Cities, Counties and Regions and its Impact on those Budgets

Emergency preamble. Whereas, Acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, nonprofit agencies need a variety of services from municipal governments; and

Whereas, most nonprofit agencies are not required to pay service fees or make payments in lieu of taxes; and

Whereas, municipal budgets are being strained by continued growth in tax-exempt property without concomitant growth in service fees or payments in lieu of taxes or without the capacity for any local revenue options; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore, be it

Sec. 1. Commission established. Resolved: That the Commission to Study the Growth of Tax-exempt Property in Maine's Towns, Cities, Counties and Regions, referred to in this resolve as the "commission," is established; and be it further

Sec. 2. Commission membership. Resolved: That the commission consists of 21 members as follows:

1. Two members of the Senate, one from the Joint Standing Committee on Taxation and one from the Joint Standing Committee on State and Local Government, appointed by the President of the Senate;
2. Four members of the House of Representatives, 2 from the Joint Standing Committee on Taxation and 2 from the Joint Standing Committee on State and Local Government, appointed by the Speaker of the House of Representatives;
3. The President of the Maine Municipal Association or a designee;
4. Four municipal officials appointed by the Governor as follows: one from a municipality with less than 1,000 in population; one from a municipality with greater than 1,000 and less than 10,000 in population; and 2 from municipalities with greater than 10,000 in population;
5. Four representatives of nonprofit agencies, including one from a hospital, one from an educational institution, one from a charitable and benevolent institution and one from an environmental organization with significant land holdings;
6. The State Tax Assessor or a designee;
7. A member of the Maine Association of Assessing Officers;
8. A member of the Maine Tax Collectors Association; and
9. Three members of the general public who pay property taxes, appointed by the Governor; and be it further

Sec. 3. Convening of commission. Resolved: That all appointments must be made no later than 30 days after the effective date of this resolve. The chair of the Legislative Council shall call the first meeting of the commission within 14 days after all appointments are made. The commission shall elect a chair from among the members; and be it further

Sec. 4. Duties. Resolved: That the commission shall study the following issues:

1. The rate of growth in tax-exempt property as a percentage of all taxable property in a town, city, county or region;
2. The use of service charges and payments in lieu of taxes and their impact on nonprofit entities;
3. The history and rationale for each property tax exemption and whether that rationale continues to be valid; and
4. Any other issues that are related to tax-exempt property in Maine's communities that the commission determines appropriate; and be it further

Sec. 5. Report. Resolved: That the commission shall prepare a written report of its findings and submit the report, together with any necessary implementing legislation, within 30 days after the convening of the Second Regular Session of the 117th Legislature; and be it further

Sec. 6. Staff assistance. Resolved: That the commission shall request staffing assistance from the Legislative Council; and be it further

Sec. 7. Reimbursement. Resolved: That the members of the commission are not entitled to any reimbursement or compensation for attendance at meetings of the commission, except that legislative members are entitled to receive the legislative per diem and reimbursement for expenses upon approval of the chair of the commission and application to the Executive Director of the Legislative Council; and be it further

Sec. 8. Appropriation. Resolved: That the following funds are appropriated from the General Fund to carry out the purposes of this resolve.

1995-96

LEGISLATURE

Commission to Study the Growth of
Tax-exempt Property in Maine's Towns,
Cities, Counties and Regions

Personal Services	\$990
All Other	1,760
TOTAL	\$2,750

Provides funds for the advertising and miscellaneous expenses of the Commission to Study the Growth of Tax-exempt Property in Maine's Towns, Cities, Counties and Regions and funds for legislative per diem and reimbursement.

Emergency clause. In view of the emergency cited in the preamble, this resolve takes effect when approved.

Appendix D

Recommended Legislation

Sec 1. 36 MRSA, §652, sub-§1, ¶L is repealed.

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

652-A. Optional Municipal Service Charges

1. Definitions.

A. Annual Receipts. “Annual receipts” means any streams of income received in the most recent fiscal year by the tax exempt entity from receipts of goods and services provided at the exempt property. “Annual receipts” does not include amounts received by a tax exempt entity in the form of governmental or corporate grants, private charitable donations, or trust or endowment earnings

B. Improved tax exempt property. “Improved tax exempt property” means any parcel of land containing a building or other principal use structure, which is exempt from taxation under 36 MRSA section 652.

C. Actual municipal costs. “Actual municipal costs” means the municipality’s direct costs, including capital costs, expended or incurred to provide direct benefit services during the municipal fiscal year, minus the allocable portion of state and federal revenue sharing and grants-in-aid received by the municipality during that year.

D. Calculation of capital costs. “Capital costs” means capital expenditures for equipment and facilities necessary to provide the services concerned consisting of the following:

(1) Current fiscal year debt service on such equipment and facilities, and

(2) In the case of equipment and facilities purchased or constructed as a current expense item or by the withdrawal of accumulated reserve funds, twenty percent (20%) of the total amount expended during the year of purchase or construction and in each of the following four municipal fiscal years.

2. Direct benefit service charge; establishment Pursuant to the provisions in this section, improved exempt property may be subject to municipal charges for direct benefit services actually provided to the tax exempt entity by a municipality. The establishment of direct benefit service charges is not mandatory, but rather is at the discretion of the municipality in which the tax exempt improved property is located. The municipal legislative body shall determine the scope of any charge system imposed provided that any charge established does not exceed limitations outlined in this section.

Any tax exempt entity that expends 50% or more of its annual income providing temporary housing, food, clothing, or other services to persons at or below the federal poverty level is exempt from the provisions of this section

3. Municipal services eligible for direct benefit service charges. The only direct benefit services of a municipality for which a system of charges may be imposed are:

A. Fire protection, including ambulance and rescue services;

B. Police protection, including emergency 911 services;

C. Road maintenance and construction, traffic control, snow and ice removal;

D. Water and sewer service, provided to the tax exempt property and not otherwise recovered through user fees or other charges; and

E. Sanitation services, including the net cost of municipal recycling services, provided to the tax exempt property and not otherwise recovered through user fees or other charges;

4. Calculation of Charges. Any system of charges for direct benefit services must calculate on an annual basis the actual municipal costs of providing the service, including capital costs, and may only impose on any individual tax exempt entity its proportional share of these costs according to the following formula.

The direct benefit service charge rate is determined by dividing the actual municipal costs of direct benefit services provided in that year by the total assessed value of all taxable and improved tax exempt property in the municipality. This determines the direct benefit service charge rate. The direct benefit service charge rate is then multiplied by the assessed value of each individual improved tax exempt property. This results in the prorated charge for direct benefit services for each tax exempt entity. A diagram of the calculation is as follows.

$$\begin{array}{l}
 \text{Step 1} \quad \text{Total annual municipal costs} \\
 \text{of direct benefit services} \\
 \hline
 \text{Total value of all taxable and improved} \\
 \text{tax exempt property in the municipality}
 \end{array}
 = \text{Direct benefit service charge rate}$$

$$\text{Step 2} \quad \text{Direct benefit service charge} \times \text{Assessed value of individual} = \text{Prorated charge} \\
 \text{tax exempt property} \qquad \qquad \qquad \text{for direct} \\
 \qquad \qquad \qquad \qquad \qquad \qquad \qquad \qquad \qquad \text{benefit services}$$

5. Amount of service charges limited. The total direct benefit service charges levied by a municipality on a tax exempt entity under this section may not exceed the lesser of 1.5% of the tax exempt entity's annual receipts or 25% of the amount that would have been assessed as taxes on the property concerned if it were not exempt from taxation. To qualify for this limitation the tax exempt entity must file with the municipality a report of the annual receipts of the entity for

the year immediately prior to the year for which the service charge is levied. The municipal officers shall abate the service charge amount that is in excess of the applicable limitation.

6. Service charges applied equally. If a municipality levies service charges on a classification of property, that municipality shall levy those service charges on all institutions and organizations owning improves tax exempt property in that classification.

7. Payment schedule .A municipality may establish a payment schedule that is annual, semi-annual, quarterly or monthly.

Payment of direct benefit service charges may be in kind, in the form of goods or services provided to the municipality or its residents at no or reduced charge.

8. Use of service charges restricted. Municipalities shall use the revenues accrued from direct benefit service charges to fund the costs of those services or to reduce the municipality's tax commitment for the subsequent tax year.

9. Collection of unpaid service charges. The collection of unpaid direct benefit service charges shall be carried out in the same manner as provided in Title 38, section 1208.

10. Appeals. Appeals concerning the assessed valuation of the improved tax exempt property shall be undertaken in accordance with 36 MRSA Subchapter VIII. An appeal mechanism, including the right of an appeal in accordance with the Maine Rules of Civil Procedure, Rule 80-B, for all other issues shall be provided by the municipality's implementing ordinance

11. Adopt ordinance. Municipalities adopting a system of direct benefit service charges must do so by ordinance.

Sec. 3. 36 MRSA §652-B is enacted to read:

652-B Optional municipal Service charge; Public Property

Municipalities may assess direct benefit service charges against any or all of the following categories of public property as defined in 36 MRSA §651 and in accordance with section 652-A.

- A. Property of the State of Maine that generates income from recipients of goods and services provided at the property.
- B. Public water and power facilities as defined in §651(1)(E), unless the municipality or its residents receive service from the facilities concerned;
- C. Public airports and landing fields as defined in §651(1)(F) which are exempt from taxation under that subsection; and
- D. Public sewage disposal facilities as defined in §651(1)(G), unless the municipality or its residents receive service from the facilities concerned.

In assessing direct benefit service charges against public property under this subsection, the provisions of section 652-A, subsection 5 do not apply.

Statement of Fact

This bill has been introduced as a result of the findings of the commission to study the Growth of Tax Exempt Property in Maine's Towns, Cities, Counties and Regions. The bill would broaden the current provision in statute in which municipalities are given the option of assessing service fees on a very limited classification of an otherwise tax exempt entity. This bill would broaden that provision, giving municipalities the option of assessing a direct benefit service charge on a larger number of tax exempt entities if they choose to do so. The bill includes a number of restrictions including: any direct benefit service charge may not exceed 1.5% of the tax entity's annual receipts or 25% of the amount that would have been otherwise assessed as taxes if the property were not tax exempt; service charges must be used to fund the cost of those services or to reduce the municipality's tax commitment for the subsequent year and any municipality that chooses to adopt a system of direct benefit service charges must do so by ordinance.

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Appendix E
Top 20 Exempt Municipalities by Categories

**Information compiled by the Maine Municipal Association
Local Government Resource Center**

United States

<u>Tax Exempt Top 20</u>	<u>% of United States Total</u>	<u>% of Total Municipal Property Value</u>
Chelsea	60.5	96.7
Brunswick	9.5	21.6
Limestone	8.5	16.8
Cutler	3.2	83.3
Topsham	3.0	18.7
Southwest Harbor	2.7	28.6
Moscow	2.3	52.4
Winter Harbor	2.0	50.1
Portland	1.1	0.9
Mount Desert	0.8	4.4
Bangor	0.8	1.4
Hampden	0.8	8.1
Bar Harbor	0.4	2.4
Ellsworth	0.4	2.4
Tremont	0.3	6.3
Augusta	0.2	0.7
Presque Isle	0.2	1.9
South Portland	0.2	0.3
Wells	0.1	0.4
Houlton	0.1	2.1

Public Property

<u>Tax Exempt Top 20</u>	<u>% of Public Prop Total</u>	<u>% of Total Municipal Property Value</u>
Portland	14.5	7.6
Bangor	7.1	8.4
Lewiston	4.9	6.1
Cape Elizabeth	2.6	7.3
South Portland	2.6	3.4
Brunswick	2.6	3.7
Auburn	2.2	4.1
Westbrook	2.0	4.0
Augusta	1.9	3.5
York	1.8	3.0
Biddeford	1.7	3.2
Bar Harbor	1.7	5.6
Windham	1.6	6.1
Bath	1.4	5.4
Gardiner	1.3	14.0
Rockland	1.3	7.3
Old Orchard Beach	1.3	4.4
Brewer	1.2	6.1
Camden	1.1	4.3
Topsham	1.1	4.5

Scientific/Literary

<u>Tax Exempt Top 20</u>	<u>% of Statewide Sci/Lit Total</u>	<u>% of Total Municipal Property Value</u>
Orono	19.2	43.4
Brunswick	12.8	7.8
Lewiston	12.5	6.6
Portland	9.2	2.0
Waterville	4.8	6.3
Bangor	4.8	2.4
Bar Harbor	4.8	6.2
Bath	4.4	2.9
Biddeford	1.8	1.2
Hampden	1.6	4.1
Standish	1.4	3.2
Presque Isle	1.4	2.9
Rockland	1.3	3.0
South Berwick	1.1	4.0
Lincoln	1.0	4.3
Houlton	0.9	3.9
Hebron	0.8	19.4
Old Town	0.8	1.8
Saco	0.7	0.8
Augusta	0.7	0.5

State of Maine

<u>Tax Exempt Top 20</u>	<u>% Statewide ME Total</u>	<u>% of Total Municipal Property Value</u>
Augusta	14.2	8.9
Bangor	11.5	4.6
Gorham	10.2	12.4
Farmington	4.8	11.0
Cape Elizabeth	4.8	4.5
South Portland	4.4	1.9
Windham	3.4	4.6
Castine	2.2	12.2
Falmouth	2.0	2.1
Warren	1.9	11.2
Auburn	1.9	1.2
Presque Isle	1.8	3.2
New Gloucester	1.7	6.7
Freeport	1.4	2.0
Portland	1.2	0.2
Brunswick	1.1	0.5
Thomaston	1.0	4.2
Fairfield	1.0	3.8
Machias	1.0	9.1
Fort Kent	0.9	4.8

Churches

Tax Exempt Top 20	% of Statewide Churches Total	Churches Municipal Property Value
Portland	9.0	1.2
Lewiston	7.8	2.5
Bangor	4.7	1.4
Brunswick	3.1	1.2
Augusta	3.1	1.5
Auburn	2.7	1.3
South Portland	2.3	0.8
York	2.2	1.0
Waterville	2.1	1.7
Sanford	1.8	1.3
Biddeford	1.8	0.8
Old Town	1.7	2.2
Saco	1.6	1.2
Westbrook	1.5	0.8
Kennebunk	1.5	1.2
Rockland	1.4	2.1
Bath	1.3	1.3
Bar Harbor	1.3	1.2
Cape Elizabeth	1.2	0.8
Ellsworth	1.1	1.2

Quasi Municipal

Tax Exempt Top 20	% of Quasi-Muni Total	% of Total Municipal Property Value
Portland	10.4	1.4
Auburn	10.2	4.8
South Portland	7.0	2.2
Kennebunk	6.2	4.8
Lewiston	4.7	1.5
Presque Isle	4.6	5.9
Augusta	4.3	2.0
Scarborough	3.8	1.8
Brunswick	3.0	1.1
Turner	2.8	6.4
Bridgton	2.0	2.9
Bar Harbor	2.0	1.7
Westbrook	2.0	1.0
Gray	1.6	2.8
Hiram	1.6	11.3
Limerick	1.5	7.7
Readfield	1.4	6.0
Cumberland	1.4	1.8
South Berwick	1.4	2.8
Livermore Falls	1.3	3.7

Hospitals

Tax Exempt Top 20	% of Hospitals Total	% of Total Municipal Property Value
Portland	30.2	3.6
Lewiston	21.8	6.3
Brunswick	5.4	1.8
Biddeford	3.9	1.7
Augusta	3.0	1.3
York	2.4	1.0
Damariscotta	2.2	5.8
Ellsworth	2.1	2.0
Presque Isle	1.9	2.3
Farmington	1.7	2.6
Rumford	1.7	1.2
Rockport	1.6	2.0
Lincoln	1.3	3.0
Houlton	1.3	3.0
Bath	1.2	1.1
Skowhegan	1.2	0.6
Sanford	1.1	0.7
Belfast	1.1	1.7
Blue Hill	1.1	1.8
Bar Harbor	1.0	0.8

Charitable

Tax Exempt Top 20	% of Charitable Total	% of Total Municipal Property Value
Portland	17.7	2.0
Bangor	17.5	4.5
Waterville	8.3	5.6
Lewiston	4.8	1.3
Augusta	3.3	1.3
Camden	3.2	2.6
Rockland	3.1	3.9
Biddeford	2.6	1.1
Old Orchard Beach	2.2	1.7
Auburn	2.1	0.9
Saco	2.0	1.2
Rumford	1.9	1.4
Brunswick	1.7	0.5
Sanford	1.0	0.6
Fairfield	0.9	2.2
Bath	0.9	0.8
Ellsworth	0.8	0.8
Vinalhaven	0.8	2.0
South Portland	0.8	0.2
Boothbay Harbor	0.7	1.2

Pollution Control

Tax Exempt Top 20	% of Pollution Cont. Total	% of Total Municipal Property Value
Rumford	23.1	10.5
Bucksport	10.2	6.0
Jay	6.9	2.9
Skowhegan	6.9	2.2
Lewiston	6.1	1.1
Thomaston	4.7	7.7
Baileyville	4.3	3.8
Farmington	3.8	3.5
Biddeford	3.7	1.0
South Portland	3.4	0.6
Westbrook	3.0	0.8
Eagle Lake	2.7	14.4
Livermore Falls	2.6	4.2
Sanford	2.2	0.8
Limerick	2.2	6.4
Hartland	2.1	9.9
Jonesboro	1.6	6.2
Auburn	1.5	0.4
Rangeley	1.4	2.1
Enfield	1.3	2.8

Veteran Valuation

Tax Exempt Top 20	% of Veteran Val. Total	% of Total Municipal Property Value
Portland	4.2	0.2
Lewiston	2.9	0.4
South Portland	2.5	0.4
Bangor	2.2	0.3
Augusta	1.9	0.4
Brunswick	1.8	0.3
Auburn	1.7	0.4
Sanford	1.7	0.5
Waterville	1.5	0.5
Biddeford	1.3	0.3
Westbrook	1.2	0.3
Saco	1.1	0.4
Scarborough	1.0	0.2
York	0.9	0.2
Winslow	0.9	0.6
Brewer	0.9	0.5
Cape Elizabeth	0.9	0.3
Rumford	0.9	0.3
Kittery	0.9	0.4
Wells	0.9	0.2

Public Water

Tax Exempt Top 20	% of Public Water Total	% of Total Municipal Property Value
Bangor	17.0	1.4
Winthrop	15.6	7.1
Standish	14.0	5.4
Topsham	7.0	2.0
Brunswick	6.5	0.7
York	6.2	0.8
Houlton	6.0	4.5
Cumberland	2.4	0.9
Hampden	2.0	1.0
Lubec	1.3	3.0
Gardiner	1.1	0.9
Richmond	1.1	1.4
Mexico	1.1	2.1
Strong	1.0	4.0
Newport	0.9	1.1
Lewiston	0.9	0.1
Eagle Lake	0.9	2.4
Old Town	0.8	0.3
Fairfield	0.7	0.6
Windham	0.7	0.2

Water Supply

Tax Exempt Top 20	% of Water Supply Total	% of Total Municipal Property Value
Portland	60.8	1.9
Cape Elizabeth	7.2	1.2
Jay	6.2	1.1
Auburn	5.6	0.6
Sanford	4.6	0.8
Scarborough	3.8	0.4
Westbrook	2.9	0.4
Bath	1.8	0.4
Eddington	1.1	2.5
Gorham	0.9	0.2
Veazie	0.7	0.9
Ogunquit	0.5	0.2
Winslow	0.3	0.1
Medway	0.3	0.9
Orono	0.3	0.1
Brewer	0.3	0.1
New Sharon	0.3	0.9
Biddeford	0.3	0.0
Van Buren	0.3	0.6
Dixfield	0.2	0.4

Airports

<u>Tax Exempt Top 20</u>	<u>% of Public Airport Total</u>	<u>% of Total Municipal Property Value</u>
Bangor	33.7	1.9
Portland	25.3	0.6
South Portland	8.4	0.5
Auburn	6.7	0.6
Sanford	6.3	0.8
Presque Isle	3.6	0.9
Eastport	2.3	2.8
Biddeford	2.3	0.2
Owls Head	1.9	1.5
Oxford	1.6	0.8
Greenville	1.1	0.8
Millinocket	1.1	0.3
Caribou	0.7	0.3
Old Town	0.7	0.2
Houlton	0.6	0.3
Wiscasset	0.6	0.2
Fryeburg	0.6	0.3
Rangeley	0.4	0.2
Frenchville	0.3	1.1
Dexter	0.3	0.2

Sewage Facilities

<u>Tax Exempt Top 20</u>	<u>% of Sewage Fac. Total</u>	<u>% of Total Municipal Property Value</u>
Westbrook	14.7	1.1
Guilford	11.0	8.6
North Berwick	10.5	2.7
Eastport	10.3	10.0
Greenville	9.3	5.1
Rumford	7.8	0.9
Topsham	7.0	1.0
Cumberland	6.4	1.2
Patten	4.8	12.8
Waterville	4.6	0.5
Norway	4.5	1.6
Danforth	2.2	6.1
Washburn	2.1	2.7
Fort Kent	2.0	1.2
Southwest Harbor	1.0	0.2
Mars Hill	0.7	1.3
Grand Isle	0.6	3.9
Carrabassett Val	0.2	0.1
Bethel	0.2	0.1
Smithfield	*	0.1

*Less than .1 percent

Fraternal Organizations

<u>Tax Exempt Top 20</u>	<u>% of Fraternal Orgs. Total</u>	<u>% of Total Municipal Property Value</u>
Portland	9.9	0.2
Lewiston	7.5	0.3
Bath	5.1	0.6
Bangor	4.2	0.2
Waterville	3.8	0.4
Augusta	3.2	0.3
Biddeford	2.6	0.2
Brunswick	2.3	0.1
Auburn	2.0	0.1
Kennebunk	1.6	0.1
South Portland	1.5	0.1
Sanford	1.5	0.1
Oxford	1.4	0.4
Damariscotta	1.2	0.4
Warren	1.2	0.6
Old Orchard Beach	1.1	0.1
Skowhegan	1.1	0.1
Westbrook	1.0	0.1
Rockland	1.0	0.2
Windham	0.9	0.1

Service Clubs

<u>Tax Exempt Top 20</u>	<u>% of Service Clubs Total</u>	<u>% of Total Municipal Property Value</u>
Wells	8.2	0.2
Portland	4.2	*
Caribou	3.3	0.4
Orono	2.6	0.2
Auburn	2.4	0.1
Trenton	2.4	0.5
Old Town	2.2	0.1
Augusta	2.2	0.1
Jefferson	2.1	0.3
Scarborough	1.9	*
South Portland	1.8	*
Belfast	1.7	0.1
Biddeford	1.7	*
Westbrook	1.6	*
Old Orchard Beach	1.5	0.1
Lisbon	1.5	0.1
Bar Harbor	1.4	0.1
Yarmouth	1.3	0.1
Millinocket	1.3	0.1
Calais	1.2	0.3

*Less than .1 percent

Chambers of Commerce/Boards of Trade

Tax Exempt Top 20	% of C of C & Brd Total	% of Total Municipal Property Value
New Gloucester	53.2	1.7
Standish	8.0	0.1
Augusta	4.5	0.0
Brooksville	4.4	1.5
Bangor	3.2	*
East Millinocket	3.1	0.1
Presque Isle	2.6	*
York	2.4	*
Topsfield	2.1	1.5
Old Orchard Beach	2.1	*
Boothbay Harbor	1.8	*
Belfast	1.5	*
Greenville	1.5	0.1
Boothbay	1.4	*
Ellsworth	1.4	*
Brunswick	1.3	*
Bridgton	1.2	*
Damariscotta	0.9	*
Mount Desert	0.9	*
Rangeley	0.4	*

*Less than .1 percent

Paraplegic Veterans

Tax Exempt Top 20	% of Paraplegic Total	% of Total Municipal Property Value
Brunswick	2.6	*
Wells	2.6	*
Portland	2.3	*
Augusta	2.3	*
Hampden	2.3	*
Biddeford	2.3	*
Lewiston	2.3	*
Rockland	2.3	*
Gorham	2.3	*
Oakland	2.3	*
Wayne	2.3	*
Plymouth	2.3	*
Frankfort	2.2	0.4
Corinna	1.9	0.4
Bowdoinham	1.6	0.2
Yarmouth	1.4	0.1
Presque Isle	1.2	*
York	1.2	*
Bridgton	1.2	*
Mount Desert	1.2	*

*Less than .1 percent

Blind

Tax Exempt Top 20	% of Blind Total	% of Total Municipal Property Value
Portland	5.9	*
South Portland	3.9	*
Newburgh	2.1	0.2
Bethel	2.1	0.1
Westbrook	1.7	*
Sanford	1.7	*
Brunswick	1.6	*
Augusta	1.6	*
York	1.6	*
Biddeford	1.4	*
Waterville	1.4	*
Belfast	1.4	*
Kennebunk	1.4	*
Norway	1.3	*
Saco	1.3	*
Bangor	1.3	*
Lewiston	1.1	*
Scarborough	1.1	*
Auburn	1.1	*
Old Orchard Beach	1.1	*

*Less than .1 percent

Private Airports

Tax Exempt Top 20	% of Private Airport Total	% of Total Municipal Property Value
Eliot	45.6	0.3
Turner	39.1	0.4
Limerick	3.8	0.1
Bethel	3.3	0.1
Charolette	1.4	0.2
Brewer	1.3	*
Baring Pt	0.7	0.1
Hampden	0.6	*
Clinton	0.6	*
Brownville	0.6	*
Blue Hill	0.5	*
Minot	0.5	*
South Bristol	0.4	*
Rumford	0.4	*
Dixfield	0.3	*
West Forks Pt	0.2	0.1
Perry	0.2	*
Newport	0.2	*
Bowdoinham	0.1	*
Farmington	0.1	*

*Less than .1 percent