



# 126th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2013

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Legislative Document

No. 562

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H.P. 381

House of Representatives, February 19, 2013

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

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2 **Sec. 1. 36 MRSA §508**, as enacted by PL 2007, c. 627, §12, is repealed.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