

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

An Act To Set Fees for Services for Tax-exempt Property in Municipalities

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

Sec. 1. 36 MRSA §652, sub-§1, ¶L, as enacted by PL 1977, c. 487, is amended to read:

L. Service charges.

(1) The owners of certain institutional and organizational real property, which is otherwise exempt from state or municipal taxation, may be subject to service charges when these charges are calculated according to the actual cost of providing municipal services to that real property and to the persons who use that property. These services shall include, without limitation:

- (a) Fire protection;
- (b) Police protection;
- (c) Road maintenance and construction, traffic control, snow and ice removal;
- (d) Water and sewer service;
- (e) Sanitation services; and
- (f) Any services other than education and welfare.

(2) The establishment of service charges is not mandatory, but rather is at the discretion of the municipality in which the exempt property is located. The municipal legislative body shall determine those institutions and organizations on which service charges are to be levied by charging for services on any or all of the following classifications of tax exempt real property:

- (a) Residential properties currently totally exempt from property taxation, yet used to provide rental income. This classification shall does not include student housing or parsonages; and

(b) All other property exempt from taxation due to this section, other than property specified in paragraph G, that is owned or possessed by an institution that has assets with a taxable value of more than \$10,000,000, but for the application of this section.

If a municipality levies service charges in any of the classifications of this subparagraph, that municipality shall levy these service charges ~~toon~~ on all institutions and organizations owning property in that classification.

(3) With respect to the determination of service charges, appeals ~~shall~~must be made in accordance with an appeals process to be provided for by municipal ordinance.

(4) The collection of unpaid service charges ~~shall~~must be carried out in the same manner as provided in Title 38, section 1208.

(5) Municipalities shall use the revenues accrued from service charges to fund, as much as possible, the costs of those services. Those revenues must be considered property tax revenues for the purposes of section 661.

(6) The total service charges levied by a municipality on any institution and organization under this section ~~shall~~may not exceed 2% of the gross annual revenues of the organization. To qualify for this limitation the institution or organization shall file with the municipality an audit of the revenues of the organization for the year immediately prior to the year in which the service charge is levied. The municipal officers shall abate the service charge amount that is in excess of 2% of the gross annual revenues.

(7) Municipalities shall adopt any necessary ordinances to carry out the provisions of this paragraph regarding service charges.

SUMMARY

This bill expands the authority of municipalities to adopt ordinances that govern the assessment of fees for municipal services provided to certain property tax-exempt institutions. Current law allows fees to be assessed against residential properties that are held by a tax-exempt institution but that are used to provide rental income. This bill allows a municipality to assess fees for services provided to a tax-exempt institution, other than houses of religious worship, that have assets with a taxable value of more than \$10,000,000 if not for the property tax exemption. The service charges collected by the municipality must be treated as property tax revenue for the purpose of determining the municipality's property tax levy limitation.