



127th MAINE LEGISLATURE

FIRST REGULAR SESSION-2015

Legislative Document

No. 565

H.P. 389

House of Representatives, February 26, 2015

**An Act To Authorize Municipalities To Impose Service Charges on
Tax-exempt Property Owned by Certain Nonprofit Organizations**

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Robert B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative LOCKMAN of Amherst.
Cosponsored by Senator GRATWICK of Penobscot and
Representatives: EDGECOMB of Fort Fairfield, GILLWAY of Searsport, GOODE of Bangor,
GUERIN of Glenburn, PICCHIOTTI of Fairfield, TUELL of East Machias, Senators:
BRAKEY of Androscoggin, VOLK of Cumberland.

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2 **Sec. 1. 36 MRSA §508, sub-§1**, as enacted by PL 2007, c. 627, §12, is repealed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.** By referendum vote conducted in accordance with the provisions of
5 the municipality's charter or Title 30-A, section 2528 or 2532, even if the municipality
6 has not accepted the provisions of section 2528, a municipality may adopt an ordinance
7 as provided in this subsection that imposes service charges on:

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

10 B. Subject to the limitations of subsection 1-A, real and personal property that is
11 totally exempt from taxation under section 652, subsection 1, paragraph A, B, F, H or
12 J, excluding:

13 (1) Nonprofit nursing homes exempt under paragraph A and licensed by the
14 Department of Health and Human Services pursuant to Title 22, chapter 405,
15 nonprofit residential care facilities licensed by the Department of Health and
16 Human Services pursuant to Title 22, chapter 1663 and nonprofit community
17 mental health service facilities licensed by the Commissioner of Health and
18 Human Services pursuant to Title 34-B, section 1203-A; and

19 (2) Property exempt under section 652, subsection 1, paragraph J that is partly
20 owned or used by an entity exempt under section 652, subsection 1, paragraph E
21 or G.

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

23 **1-A. Conditions.** A municipal ordinance adopted under subsection 1 must provide
24 the following:

25 A. Service charges may be imposed on property only if the owner of that property
26 owns property in the municipality that is totally exempt from taxation under section
27 652, subsection 1, paragraph A, B, F, H or J and the total assessed value of that
28 property would be at least \$1,000,000 if the property was assessed for property tax
29 purposes;

30 B. Service charges may be imposed only on property owned by, rented to or
31 otherwise occupied by, in whole or in part, a person or entity that provides any
32 employee or independent contractor engaged to provide professional management
33 services with compensation, exclusive of health benefits, in excess of 4 times the
34 median household income as most recently established by the United States
35 Department of Commerce, Bureau of the Census for the county where the property is
36 located;

37 C. Service charges must be calculated according to the actual cost of providing
38 municipal services to that real property and to the persons who use that property, and
39 revenues derived from the charges must be used to fund, to the extent possible, the
40 costs of those services;

1 4. The calculation of service charges imposed by municipalities must be based on the
2 square footage of building space that is exempt from taxation unless the municipality
3 determines that a different measure more accurately represents the cost of services for
4 which the service charges are imposed; and

5 5. Service charges must be reduced by any payments made or services provided to
6 the municipality by the exempt entity in lieu of taxes.

7 The bill provides that municipal ordinances adopted before the effective date of the
8 legislation remain valid even if they do not comply with the new requirements. The bill
9 retains the requirement in current law that service charges may not exceed 2% of the
10 entity's gross annual revenue.