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## **An Act To Amend the Law Authorizing the Application of Service Charges to the Owners of Certain Real Property Exempt from Property Taxation**

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

**Sec. 1. 36 MRSA §508, sub-§1**, as enacted by PL 2007, c. 627, §12, is repealed and the following enacted in its place:

**1. Imposition.** A municipality may impose service charges on certain types of tax-exempt real property identified in subsection 1-A. Such service charges must be calculated according to the actual cost of providing municipal services to that real property and to the persons who use that property, and revenues derived from the charges must be used to fund the costs of those services. A municipal ordinance must identify the institutions and organizations upon which service charges are to be levied. A municipality that imposes service charges on an institution or organization must impose those service charges on every similarly situated institution or organization in its jurisdiction. For the purposes of this section, "municipal services" means fire protection services and municipal fire hydrant fees; police protection services; and road-related services including road and bridge maintenance and construction, traffic control and snow and ice removal.

A municipality may calculate the service charges it imposes pursuant to this subsection by determining the proportion of the total budgeted cost of providing the identified services by the municipality that should be reasonably borne by tax-exempt institutions or organizations based on the following:

A. For fire protection services and municipal fire hydrant fees and for police protection services, the square footage of the developed tax-exempt property relative to the total square footage of developed property in the municipality; and

B. For road-related services, the linear public road mileage that the tax-exempt property abuts relative to the total linear road mileage of the municipality.

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

**1-A. Application.** Tax-exempt real property to which service charges under subsection 1 may be applied is:

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

B. Real property totally exempt from taxation under section 652 that has an assessed value that exceeds \$1,000,000; and

C. Property owned by an organization or institution that is totally exempt from taxation under section 652 that has gross annual revenues related to that organization's or institution's activities within the municipality that exceed \$1,000,000.

**Sec. 3. 36 MRSA §508, sub-§2,** as enacted by PL 2007, c. 627, §12, is amended to read:

**2. Limitation.** The total service charges levied by a municipality on any institution or organization under this section may not exceed 2% of the gross annual revenues of the institution or organization. For an institution or organization that owns real property in 2 or more municipalities, the total service charges levied by all municipalities may not exceed 2% of the gross annual revenues of the institution or organization as reasonably prorated or allocated with respect to the institution's or organization's real property that is located within the municipality where the service charges are established. In order to qualify for this limitation, the institution or organization must file with the municipality an audit of the revenues of the institution or organization for the year immediately prior to the year in which the service charge is levied, along with all information to support any proration or allocation of those revenues as may be necessary. The municipal officers shall abate the portion of the service charge that exceeds 2% of the gross annual revenues of the institution or organization or the prorated or allocated portion of those revenues, as applicable.

## SUMMARY

This bill amends the laws regarding the municipal assessment of service charges to certain tax-exempt institutions.

1. It narrows the list of the types of municipal services that may be considered in the application of service charges to include just fire protection services, police protection services and road-related services .

2. It sets out a methodology for calculating the appropriate service charge for each service.

3. It expands the list of tax-exempt institutions that may be subject to service charges to include those institutions that own property that has an assessed value of \$1,000,000 or more and institutions that generate gross annual revenues related to those institutions' activities within the municipality that exceed \$1,000,000.