

MAINE STATE LEGISLATURE

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132nd MAINE LEGISLATURE

FIRST SPECIAL SESSION-2025

Legislative Document

No. 1617

H.P. 1071

House of Representatives, April 15, 2025

**An Act to Lower the Exclusion Amount for the Estate Tax and
Create an Exclusion for Family Farms and Aquaculture, Fishing
and Wood Harvesting Businesses**

Received by the Clerk of the House on April 11, 2025. Referred to the Committee on
Taxation pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

A handwritten signature in cursive script, reading "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative GOLEK of Harpswell.
Cosponsored by Representatives: ABDI of Lewiston, MACIAS of Topsham, RANA of
Bangor, SATO of Gorham.

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

2 **Sec. 1. 36 MRSA §4102, sub-§5**, as amended by PL 2017, c. 474, Pt. G, §1, is
3 further amended to read:

4 **5. Maine exclusion amount.** For estates of decedents dying on or after January 1,
5 2013, but before January 1, 2016, "Maine exclusion amount" means \$2,000,000. For
6 estates of decedents dying on or after January 1, 2016, but before January 1, 2018, "Maine
7 exclusion amount" means the basic exclusion amount determined for the calendar year in
8 accordance with the Code, Section 2010(c)(3). For estates of decedents dying on or after
9 January 1, 2018, but before January 1, 2026, "Maine exclusion amount" means \$5,600,000.
10 For estates of decedents dying on or after January 1, 2026, "Maine exclusion amount"
11 means \$1,000,000 plus any additional exclusion amount allowed under section 4120.

12 **Sec. 2. 36 MRSA §4120** is enacted to read:

13 **§4120. Additional exclusion amount for family farms and aquaculture, fishing and**
14 **wood harvesting businesses**

15 **1. Definitions.** As used in this section, unless the context otherwise indicates, the
16 following terms have the following meanings.

17 A. "Commercial agricultural production" means commercial production of crops,
18 maple syrup, honey, plants, trees, compost and livestock.

19 B. "Commercial aquacultural production" means the commercial production of
20 cultured fish, shellfish, seaweed or other marine plants for human and animal
21 consumption, including:

22 (1) All cultivating activities occurring at hatcheries or nurseries, from the egg,
23 larval or spore stage to the transfer of the product to a growing site; and

24 (2) All cultivating activities occurring on water, from the receipt of fish, shellfish,
25 seaweed or other marine plants from onshore facilities to the delivery of harvested
26 products to onshore facilities for processing.

27 C. "Commercial fishing" means attempting to catch fish or any other marine animals
28 or organisms with the intent of disposing of them for profit or trade in commercial
29 channels and does not include subsistence fishing for personal use, sport fishing or
30 charter boat fishing in which the vessel is used for carrying sport anglers to available
31 fishing grounds.

32 D. "Commercial wood harvesting" means the commercial severance and yarding of
33 trees for sale or for processing into logs, pulpwood, bolt wood, wood chips, stud wood,
34 poles, pilings, biomass or fuel wood or other products commonly known as forest
35 products.

36 E. "Depreciable machinery and equipment" means, except as otherwise provided by
37 this paragraph, that part of the following machinery and equipment for which
38 depreciation is allowable under the Code and repair parts for that machinery and
39 equipment:

40 (1) New or used machinery and equipment used directly and primarily in
41 commercial agricultural production, including self-propelled vehicles; attachments
42 and equipment for the production of field and orchard crops; new or used

1 machinery and equipment for use directly and primarily in production of milk,
2 maple syrup or honey, animal husbandry and production of livestock, including
3 poultry; new or used machinery and equipment used in the removal and storage of
4 manure; and new or used machinery and equipment not used directly and primarily
5 in commercial agricultural production but used to transport potatoes from a truck
6 into a storage location;

7 (2) New or used watercraft, nets, traps, cables, tackle and related equipment
8 necessary to and used directly and primarily in commercial fishing;

9 (3) New or used watercraft, machinery or equipment used directly and primarily
10 for commercial aquacultural production, including, but not limited to: nets; ropes;
11 cables; anchors and anchor weights; shackles and other hardware; buoys; fish
12 tanks; fish totes; oxygen tanks; pumping systems; generators; water-heating
13 systems; boilers and related pumping systems; diving equipment; feeders and
14 related equipment; power-generating equipment; tank water-level sensors;
15 aboveground piping; water-oxygenating systems; fish-grading equipment; safety
16 equipment; and sea cage systems, including walkways and frames, lights, netting,
17 buoys, shackles, ropes, cables, anchors and anchor weights; and

18 (4) New or used machinery and equipment used directly and primarily in
19 commercial wood harvesting, including, but not limited to, chain saws, skidders,
20 delimbers, forwarders, slashers, feller bunchers and wood chippers.

21 "Depreciable machinery and equipment" does not include a motor vehicle as defined
22 in section 1752, subsection 7 or a trailer as defined in section 1752, subsection 19-A.

23 F. "Family member" means, whether by blood or legal adoption, the decedent's sibling
24 or the spouse of a sibling; parent or grandparent, or the spouse of a parent or
25 grandparent; ancestor; or lineal descendant.

26 G. "Farmland" means land that is or could be classified as farmland under chapter 105,
27 subchapter 10 and includes personal property that is exempt from personal property tax
28 under section 655, subsection 1, paragraph C, D, M or O.

29 **2. Additional exclusion amount.** Notwithstanding any provision of law to the
30 contrary, an additional exclusion amount from the estate tax under this chapter of up to
31 \$3,800,000 is allowed for farmland or depreciable machinery and equipment that is part of
32 an estate of a decedent dying on or after January 1, 2026 that is transferred to a family
33 member of the decedent.

34 **3. Requirements for additional exclusion; report.** In order to qualify for the
35 additional exclusion from the estate tax pursuant to this section:

36 A. The farmland or depreciable machinery and equipment must be transferred to a
37 family member;

38 B. For at least 5 years following the transfer, the farmland or depreciable machinery
39 and equipment must remain the property of the family member to whom the farmland
40 or depreciable machinery and equipment was transferred or, in the event of the death
41 of that transferee, a family member of that transferee; and

42 C. During the 5 years under paragraph B following the transfer:

(1) The land transferred must continue to meet the requirements for classification as farmland under chapter 105, subchapter 10, except that the gross income requirements of section 1102, subsection 4 must be met for every year of the 5 years following transfer; and

(2) The depreciable machinery and equipment transferred must continue to be used for commercial agricultural production, commercial aquacultural production, commercial fishing or commercial wood harvesting for every year of the 5 years following transfer.

A family member to whom farmland or depreciable machinery and equipment is transferred who wishes to claim the additional exclusion under this section shall file a report annually for the 5 years following the transfer with the assessor certifying that the farmland or depreciable machinery and equipment continues to qualify for the additional exclusion.

4. Failure to maintain requirements for additional exclusion. If, at any time during the 5 years following the decedent's death, the farmland or depreciable machinery and equipment transferred does not meet the requirements of subsection 3, the owner of the farmland or depreciable machinery and equipment is subject to the applicable tax specified in this chapter based on the fair market value of the farmland or depreciable machinery and equipment as of the date of the decedent's death.

5. Rules. The assessor shall adopt routine technical rules pursuant to Title 5, chapter 375, subchapter 2-A to implement this section, including determining the method of providing certification of qualification for the additional exclusion provided by this section.

SUMMARY

This bill lowers the exclusion amount, below which the Maine estate tax does not apply, to \$1,000,000 from the \$5,600,000 in current law for estates of decedents dying on or after January 1, 2026.

The bill also creates an additional exclusion amount from the estate tax for family farms and aquaculture, fishing and wood harvesting businesses of up to \$3,800,000. This additional exclusion applies to farmland or depreciable machinery and equipment used in commercial agriculture, aquaculture, fishing or wood harvesting that is inherited by a family member and remains in commercial use for 5 years following transfer.