

MAINE STATE LEGISLATURE

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132nd MAINE LEGISLATURE

FIRST SPECIAL SESSION-2025

Legislative Document

No. 1739

H.P. 1157

House of Representatives, April 22, 2025

**An Act to Authorize a General Fund Bond Issue to Support Maine's
Agricultural Sector, to Create an Agricultural Buildings Property
Tax Exemption and to Direct the Department of Agriculture,
Conservation and Forestry to Study Barriers to Its Financial
Assistance Programs and Study the Potential for a Common
Application for Those Programs**

Reference to the Committee on Appropriations and Financial Affairs suggested and ordered printed.

A handwritten signature in black ink, reading "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative PLUECKER of Warren.
Cosponsored by Representatives: COOPER of Windham, CRAY of Palmyra, DILL of Old
Town, FROST of Belgrade, JACKSON of Oxford.

Preamble. Two thirds of both Houses of the Legislature deeming it necessary in accordance with the Constitution of Maine, Article IX, Section 14 to authorize the issuance of bonds on behalf of the State of Maine to provide funds as described in this Act,

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

PART A

Sec. A-1. Authorization of bonds. The Treasurer of State is authorized, under the direction of the Governor, to issue bonds in the name and on behalf of the State in an amount not exceeding \$55,600,000 for the purposes described in section 5 of this Part. The bonds are a pledge of the full faith and credit of the State. The bonds may not run for a period longer than 10 years from the date of the original issue of the bonds.

Sec. A-2. Records of bonds issued; Treasurer of State. The Treasurer of State shall ensure that an account of each bond is kept showing the number of the bond, the name of the successful bidder to whom sold, the amount received for the bond, the date of sale and the date when payable.

Sec. A-3. Sale; how negotiated; proceeds appropriated. The Treasurer of State may negotiate the sale of the bonds by direction of the Governor, but no bond may be loaned, pledged or hypothecated on behalf of the State. The proceeds of the sale of the bonds, which must be held by the Treasurer of State and paid by the Treasurer of State upon warrants drawn by the State Controller, are appropriated solely for the purposes set forth in this Part. Any unencumbered balances remaining at the completion of the project in this Part lapse to the Office of the Treasurer of State to be used for the retirement of general obligation bonds.

Sec. A-4. Interest and debt retirement. The Treasurer of State shall pay interest due or accruing on any bonds issued under this Part and all sums coming due for payment of bonds at maturity.

Sec. A-5. Disbursement of bond proceeds from General Fund bond issue. The proceeds of the sale of the bonds authorized under this Part must be expended as designated in the following schedule under the direction and supervision of the agencies and entities set forth in this section.

DEPARTMENT OF AGRICULTURE, CONSERVATION AND FORESTRY

Maine Agriculture, Food and Forest Products Investment Fund

Provides funds to support the activities of the fund.

Total	\$25,000,000
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Common application

Provides funds to create a common application for all of the department's financial assistance programs.

Total	\$600,000
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FINANCE AUTHORITY OF MAINE

Dairy Improvement Fund

Provides funds to support the activities of the fund.

1 Total \$5,000,000

2 **Agricultural Marketing Loan Fund**

3 Provides funds to support the activities of the fund.

4 Total \$5,000,000

5 **DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

6 **Dirigo Business Incentives Program**

7 Provides funds for agriculturally directed spending.

8 Total \$10,000,000

9 **Agricultural Buildings Property Tax Exemption Program**

10 Provides funds to exempt certain agricultural buildings from property taxation for a 10-
11 year period.

12 Total \$5,000,000

13 **DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT**

14 **Business Recovery and Resilience Fund**

15 Provides funds for a subaccount for the agricultural sector within the fund.

16 Total \$5,000,000

17 **Sec. A-6. Contingent upon ratification of bond issue.** Sections 1 to 5 do not
18 become effective unless the people of the State ratify the issuance of the bonds as set forth
19 in this Part.

20 **Sec. A-7. Appropriation balances at year-end.** At the end of each fiscal year,
21 all unencumbered appropriation balances representing state money carry forward. Bond
22 proceeds that have not been expended within 10 years after the date of the sale of the bonds
23 lapse to the Office of the Treasurer of State to be used for the retirement of general
24 obligation bonds.

25 **Sec. A-8. Bonds authorized but not issued.** Any bonds authorized but not issued
26 within 5 years of ratification of this Part are deauthorized and may not be issued, except
27 that the Legislature may, within 2 years after the expiration of that 5-year period, extend
28 the period for issuing any remaining unissued bonds for an additional amount of time not
29 to exceed 5 years.

30 **Sec. A-9. Referendum for ratification; submission at election; form of**
31 **question; effective date.** This Part must be submitted to the legal voters of the State at
32 a statewide election held in the month of November following passage of this Act. The
33 municipal officers of this State shall notify the inhabitants of their respective cities, towns
34 and plantations to meet, in the manner prescribed by law for holding a statewide election,
35 to vote on the acceptance or rejection of this Part by voting on the following question:

36 "Do you favor a \$55,600,000 bond issue to support the agricultural sector
37 in Maine?"

38 The legal voters of each city, town and plantation shall vote by ballot on this question
39 and designate their choice by a cross or check mark placed within a corresponding square

1 below the word "Yes" or "No." The ballots must be received, sorted, counted and declared
2 in open ward, town and plantation meetings and returns made to the Secretary of State in
3 the same manner as votes for members of the Legislature. The Governor shall review the
4 returns. If a majority of the legal votes are cast in favor of this Part, the Governor shall
5 proclaim the result without delay and this Part becomes effective 30 days after the date of
6 the proclamation.

7 The Secretary of State shall prepare and furnish to each city, town and plantation all
8 ballots, returns and copies of this Part necessary to carry out the purposes of this
9 referendum.

10 **PART B**

11 **Sec. B-1. 36 MRSA §1122** is enacted to read:

12 **§1122. Exemption for certain agricultural buildings**

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

15 A. "Agricultural or horticultural use" includes the activities of raising, breeding and
16 boarding livestock and in connection with commercial horse boarding operations.

17 B. "Commercial horse boarding operation" means an agricultural enterprise consisting
18 of at least 7 acres and boarding at least 10 horses, regardless of ownership, that receives
19 \$10,000 or more in gross receipts annually from fees generated through the boarding
20 of horses; through the production for sale of crops, livestock and livestock products; or
21 through both such boarding and such production. "Commercial horse boarding
22 operation" does not include operations whose primary on-site function is horse racing.

23 C. "Lands actively devoted to agricultural or horticultural use" means lands not less
24 than 5 acres actually used in bona fide agricultural and horticultural production and
25 operation carried on for profit.

26 D. "Structure or building" includes:

27 (1) A permanent or impermanent structure, including, but not limited to, a trellis
28 or pergola, made of metal or wood or a permanent or impermanent building,
29 including a greenhouse, or portion of such a structure or building used directly and
30 exclusively in the raising and production for sale of agricultural and horticultural
31 commodities or necessary for the storage of such commodities;

32 (2) A structure or building used to provide housing for regular and essential
33 employees and their immediate families who are primarily employed in connection
34 with the operation of lands actively devoted to agricultural or horticultural use, but
35 not a structure or building occupied as a residence by an applicant and the
36 applicant's immediate family under subsection 3;

37 (3) A structure or building used as an indoor exercise arena exclusively for training
38 and exercising horses in connection with the raising and production for sale of
39 agricultural and horticultural commodities or in connection with a commercial
40 horse boarding operation;

41 (4) A structure or building used in the production of maple syrup; and

(5) A structure or building used in the production of honey, royal jelly, bee pollen, propolis and beeswax, including a structure or building used for the storage of bees.

"Structure or building" does not include a structure or building used in the sale of maple syrup, honey or beeswax; a riding academy; or a dude ranch.

2. Exemption allowed for certain agricultural buildings. For property tax years beginning on or after April 1, 2026, a taxpayer is allowed an exemption from the tax imposed under this Part equal to any increase in the value of a structure or building essential to the operation of lands actively devoted to agricultural or horticultural use and actually used and occupied to carry out that operation that are constructed or reconstructed after January 1, 2026. An exemption under this subsection continues only while the structure or building is actually used and occupied as provided in this subsection, but in no event for more than 10 years.

3. Application. A tax exemption may be granted only upon an application by the owner of a structure or building described in subsection 2 on a form prescribed by the bureau. The applicant shall furnish information as the bureau may require. An application must be filed with the assessor on or before April 1st within one year from the date of completion of the construction or reconstruction of the structure or building.

If the assessor is satisfied that the applicant is entitled to an exemption pursuant to this section, the assessor shall approve the application.

4. Penalty. If the land or a structure or building in agricultural or horticultural use is converted to a use other than an agricultural or horticultural use during the period of an exemption under this section, the structure or building for which the exemption under this section was granted is subject to taxation for the increase in the value of that structure or building for the period of the exemption. The amount must be determined by the assessor by applying the applicable tax rate for each prior year of the period of exemption to the assessed valuation for that structure or building for each of those years. This amount of tax must be levied and collected in the same manner and at the same time as other property taxes are levied and collected in the municipality.

5. Rules. The bureau may adopt rules to implement this section. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

PART C

Sec. C-1. Commissioner of Agriculture, Conservation and Forestry to study barriers to financial assistance programs. The Commissioner of Agriculture, Conservation and Forestry shall direct staff of the Department of Agriculture, Conservation and Forestry, Bureau of Agriculture, Food and Rural Resources to study the bureau's financial assistance programs for farmers and food producers to identify and eliminate barriers to accessing these programs and increase the effectiveness of these programs in addressing farmer and food producer needs. The study must include an examination of the consolidation of the various grant programs within the department and whether consolidation of these programs into one office would reduce barriers to applicants or create efficiencies within the grant programs. The study must examine the creation of a single common application for all of the department's financial assistance programs, how such an application could be actualized and whether efficiency would be found in the

1 consolidation of the application processes. The study must include at least 2 listening
2 sessions with farmers or food producers. These listening sessions must encompass topics
3 related to the study, including, but not limited to, the following:

4 1. Program application materials, submission procedures and timelines for application
5 retention by the department;

6 2. Contact procedures to inform applicants of new program opportunities;

7 3. Accessibility for beginning and emerging farmers and food producers, the expansion
8 of education about department programs, partnerships with community organizations to
9 reach new groups of farmers and food producers and identification of farmers and food
10 producers who currently underuse department programs; and

11 4. Input on how the department can organize and consolidate its financial assistance
12 offerings.

13 **Sec. C-2. Report.** By January 15, 2027, the Commissioner of Agriculture,
14 Conservation and Forestry shall submit a report detailing the results of the study under
15 section 1 and any recommended legislation to the joint standing committee of the
16 Legislature having jurisdiction over agriculture, conservation and forestry matters, which
17 may recommend legislation to the 133rd Legislature in 2027.

18 SUMMARY

19 This bill does the following.

20 1. The funds provided by the bond issue in Part A, in the amount of \$55,600,000, will
21 be used to support the agricultural sector in the State.

22 2. Part B establishes a property tax exemption for certain agricultural and horticultural
23 structures and buildings.

24 3. Part C requires the Commissioner of Agriculture, Conservation and Forestry to direct
25 staff of the Department of Agriculture, Conservation and Forestry, Bureau of Agriculture,
26 Food and Rural Resources to study the bureau's financial assistance programs for farmers
27 and food producers to identify barriers to accessing these programs and methods to
28 eliminate those barriers and increase the effectiveness of the programs in addressing farmer
29 and food producer needs. The study must also include an examination of how to create a
30 simple common application for all of the department's financial assistance programs. The
31 commissioner is required to submit a report by January 15, 2027 to the joint standing
32 committee of the Legislature having jurisdiction over agriculture, conservation and forestry
33 matters, which may report out legislation to the 133rd Legislature in 2027.