

MAINE STATE LEGISLATURE

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132nd MAINE LEGISLATURE

FIRST SPECIAL SESSION-2025

Legislative Document

No. 1879

H.P. 1250

House of Representatives, May 5, 2025

**An Act to Support Maine's Agricultural Economy by Increasing
Revenue from the Corporate Income Tax and Providing Property
Tax Exemptions**

Received by the Clerk of the House on May 1, 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 "Robert B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative PLUECKER of Warren.
Cosponsored by Representatives: DODGE of Belfast, GOLEK of Harpswell, GRAHAM of
North Yarmouth, MILLIKEN of Blue Hill, WARREN of Scarborough, WEBB of Durham.

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

2 **Sec. 1. 36 MRSA §5200, sub-§7** is enacted to read:

3 **7. Imposition of tax to support agricultural programs.** For tax years beginning on
4 or after January 1, 2026, an additional tax to support agricultural programs is imposed if
5 the income is \$3,500,000 or more of each taxable corporation and on each group of
6 corporations that derives income from a unitary business carried on by 2 or more members
7 of an affiliated group subject to the tax imposed pursuant to subsection 1-A as follows.

8 A. In addition to the tax of 8.93% imposed pursuant to subsection 1-A on income in
9 excess of \$3,500,000, a tax at the rate of 1.07% is imposed on the income in excess of
10 \$3,500,000 for each taxable year of an entity subject to this subsection.

11 B. Revenue from the tax imposed pursuant to this subsection must be used to annually
12 fully fund the distribution of dairy stabilization support funds pursuant to Title 7,
13 section 3153-B.

14 C. Revenue in excess of that needed for the purpose of paragraph B must be distributed
15 annually in the following priority and amounts to the extent funds are available:

16 (1) To the Dirigo business incentives program created pursuant to section
17 5219-AAA, subsection 2, \$5,000,000. Notwithstanding any provision of section
18 5219-AAA to the contrary, the Commissioner of Economic and Community
19 Development shall use funds received pursuant to this subparagraph to fund the
20 credit for expenditures on agricultural businesses;

21 (2) To fund the property tax exemption pursuant to chapter 919-B for agricultural
22 buildings constructed, reconstructed or renovated after January 1, 2026,
23 \$1,000,000;

24 (3) To the Maine Agriculture, Food and Forest Products Investment Fund
25 established in Title 7, section 320-B, subsection 1, \$5,000,000;

26 (4) To the Business Recovery and Resilience Fund program established in Public
27 Law 2023, chapter 643, Part UUUU, section 4, \$2,000,000. The Commissioner of
28 Economic and Community Development shall work with the Commissioner of
29 Agriculture, Conservation and Forestry to ensure that funds distributed pursuant to
30 this subparagraph are used to benefit the agriculture industry;

31 (5) To the Agricultural Marketing Loan Fund created in Title 10, section 1023-J
32 for the purposes specified in Title 7, section 435, \$1,000,000; and

33 (6) To the Dairy Improvement Fund created in Title 10, section 1023-P for the
34 purposes specified in Title 7, section 2910-B, \$1,000,000.

35 Any remaining balance must be transferred to the General Fund.

36 D. In the case of an affiliated group of corporations engaged in a unitary business with
37 activity taxable only by Maine, the rate provided in this subsection is applied only to
38 the amount of Maine net income of the entire group that exceeds \$3,500,000 and must
39 be apportioned equally among the taxable corporations unless those taxable
40 corporations jointly elect a different apportionment.

41 In the case of an affiliated group of corporations engaged in a unitary business with
42 activity taxable both within and without this State, the rate provided in this subsection

1 is applied only to the amount of the net income of the entire group that exceeds
2 \$3,500,000 and must be apportioned equally among the taxable corporations unless
3 those taxable corporations jointly elect a different apportionment.

4 **Sec. 2. 36 MRSA c. 919-B** is enacted to read:

5 **CHAPTER 919-B**

6 **AGRICULTURAL BUILDINGS EXEMPTION**

7 **§6911. Definitions**

8 As used in this chapter, unless the context otherwise indicates, the following terms
9 have the following meanings.

10 **1. Agricultural building.** "Agricultural building" means a structure located on
11 agricultural land and used for agricultural purposes that is constructed, reconstructed or
12 renovated after January 1, 2026.

13 **2. Agricultural enterprise.** "Agricultural enterprise" means knowledge, skill or labor
14 applied to growing or raising plants or animals, harvesting plants or growing or obtaining
15 plant or animal by-products. "Agricultural enterprise" includes forestry and aquaculture
16 and production, processing, storing, packaging or marketing products derived from the
17 activities described in this subsection.

18 **3. Agricultural land.** "Agricultural land" means land used by an agricultural
19 enterprise to support commercial farming production.

20 **§6912. Property tax exemption for agricultural buildings**

21 For property tax years beginning on or after April 1, 2026 but ending before April 1,
22 2036, an agricultural building is exempt from property taxes.

23 **§6913. Reimbursement by State; audit; funding**

24 **1. Claims by municipalities.** A municipality that provides an exemption from
25 property tax for an eligible person under this chapter may recover from the State 100% of
26 the amount of the property tax assessed on the agricultural building in the usual manner.
27 A municipality claiming reimbursement under this subsection shall submit a claim to the
28 bureau on the annual return required by section 383. The bureau shall review claims and
29 determine the total amount to be paid to each municipality. The bureau shall certify and the
30 Treasurer of State shall pay the amount due to each municipality by January 15th of the
31 year following the year for which the claim for reimbursement was submitted or within 60
32 days of the date the claim was filed, whichever is later.

33 **2. Audits; determinations of bureau.** The bureau may audit the records of a
34 municipality to ensure compliance with this chapter. The bureau may independently review
35 the records of a municipality to determine if claims under this section have been properly
36 approved. If the bureau determines that a claim was improperly approved, the bureau shall
37 ensure, either by setoff against other payments due the municipality or otherwise, that the
38 municipality is not reimbursed for that claim. A municipality that is aggrieved by a
39 determination of the bureau under this subsection may appeal pursuant to section 151.

3. Funding. To the extent funds are available pursuant to the distribution made pursuant to section 5200, subsection 7, paragraph C, subparagraph (2), the exemption from property tax under this chapter must be paid for using those distributed funds.

SUMMARY

This bill imposes an additional tax of 1.07% on annual corporate income of more than \$3,500,000, bringing the top rate to a total of 10%.

The revenue from the additional tax is designated for agricultural purposes, in order of priority and to the extent funds are available, to: dairy stabilization support funds; the Dirigo business incentives program to fund the credit for expenditures on agricultural businesses; reimburse municipalities for a new 100% property tax exemption for agricultural buildings constructed, reconstructed or renovated after January 1, 2026 established in the bill; the Maine Agriculture, Food and Forest Products Investment Fund; the Business Recovery and Resilience Fund program to benefit the agriculture industry; the Agricultural Marketing Loan Fund; and the Dairy Improvement Fund. Any remaining balance must be transferred to the General Fund.