

# MAINE STATE LEGISLATURE

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Taxesi Farm Machinery  
Taxesi Ownership of Exempt Items.

TEL. (207) 289-2076

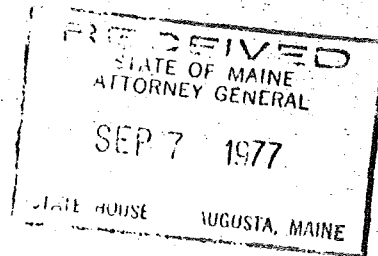
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STATE OF MAINE  
DEPARTMENT OF THE ATTORNEY GENERAL  
BUREAU OF TAXATION  
AUGUSTA, MAINE 04333

August 31, 1977

Norman P. Ledew, Director  
Property Tax Division  
Bureau of Taxation  
State Office Building  
Augusta, Maine 04333



Dear Mr. Ledew:

You have requested answers to two questions relating to the meaning of the property tax exemption enacted by c. 456 PL. Me. 1977.

FACTS:

36 MRSA § 655, sub-§ 1, ¶ P, sub-§ (1) as enacted by Chapter 456 PL. Me. 1977 will be effective October 25, 1977 and exempts from the property tax all items of individually owned personal property with a just value of less than \$1,000 except:

- (1) Items used for industrial or commercial purposes.

QUESTION I:

Is farm machinery used for industrial or commercial purposes?

QUESTION II:

Does "individually owned" restrict the exemption to single owners, thereby excluding partnerships and corporations?

ANSWER I:

In most instances farm machinery is used for industrial or commercial purposes and will not be exempt from the property tax under the provisions of 36 MRSA § 655, sub-§ 1, ¶ P, sub-¶ (1).

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ANSWER II:

Yes.

REASONS I:

The intent of Chapter 456 PL. Me. 1977 can be partially gleaned from reading the Statement of Fact to the original of L.D. 1042 of the 108th Maine Legislature. L.D. 1042 in an amended form eventually was enacted as Chapter 456, PL. Me. 1977.

The Statement of Fact reads as follows

"The purpose of this bill is to define which specific revenue items are taxable. Presently, the tax law allows towns to tax these items.

The bill does not intend to include items such as snow blowers, chain saws and lawn mowers under the personal property tax."

This approach of defining what specific items of personal property are taxable was rejected by the taxation committee. The committee prepared an amendment (Committee Amendment A) which amendment eliminated the itemization of taxable personal property and repealed the elimination of the exemptions of types of personal property from the property tax as originally set forth in L.D. 1042. The Committee Amendment instead created an additional value of less than \$1,000 not used for industrial or commercial purposes and not otherwise specifically enumerated in section 603 of Title 36.

A House Amendment "A" to Committee Amendment "A" added as exceptions to the new additional exemptions nonexcised vehicles, camp trailers and watercraft and eliminated the reference to section 603.

The legislative intent set forth in the second paragraph of the Statement of Fact printed with the original of L.D. 1042 was not effectively changed by either amendment to L.D. 1042. The intent of the original L.D. was to exclude from taxation items of personal property such as snow blowers, chain saws and lawn mowers which were not used for industrial or commercial purposes and which have a just value of less than \$1,000.

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If the profit motive is substantially involved with the use of a lawn mower, chain saw, snow blower of similar type of personal property, it can fairly be said that it was used for either an industrial or commercial purpose. The use of farm machinery is in most instances substantially involved with the profit motive and would be taxable unless otherwise statutorily exempt. It should be noted, however, if the use of machinery such as a roto-tiller, tractor or other equipment is limited to the cultivation of crops which are grown solely for the use of an individual, his family or to be given away to his friends, such an item of machinery would be exempt from the personal property tax under the new exemption enacted as chapter 456 PL. Me. 1977.

The conclusion that farm machinery is in most instances used for an industrial or commercial purpose is bolstered by the fact that the legislature has a specific exemption from the property tax for certain types of farm machinery. This property tax exemption was increased by the enactment of chapter 263 of PL. Me. 1977 which legislation amended 36 MRSA § 655, sub-§ 1, ¶ M as follows

M. All farm machinery used exclusively in production of hay and field crops to the aggregate actual market value not exceeding \$5,000 \$10,000, excluding motor vehicles.

Should the legislature have intended that farm machinery should be otherwise exempt, the legislature could have further amended the exemption for farm machinery.

The clear and unambiguous terms of the exemption established by chapter 456 PL. Me. 1977 does not clearly indicate that farm machinery is exempt from taxation and as all doubts and uncertainty to the meaning of a statute is to be weighed against exemption, we conclude that farm machinery is not exempt under 36 MRSA § 655, sub-§ 1, ¶ P.

REASONS II:

In the construction of Maine Statutes

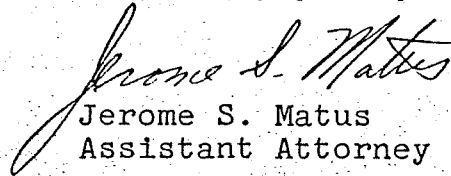
"Words and phrases shall be construed according to the common meaning of the language. Technical words and phrases and such as have a peculiar meaning." 1 MRSA § 72, sub-§ 3.

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The common meaning of the adverb "individually" is separately and personally as distinguished from jointly or officially. Southern Distributing Co. v Caraway 189 N.C. 420, 127 SE 427, 428.

The term "individual" as a noun is a reference to a human person as opposed to a legal entity. "Individually owned" is not a reference to property owned by a partnership or a corporation, therefore, personal property owned by a partnership or a corporation is not tax exempt under 36 MRSA § 655, sub-§, ¶ P.

Very truly yours,



Jerome S. Matus  
Assistant Attorney General

JSM:spa