

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

No. 328

S.P. 131

In Senate, January 14, 1999

**An Act to Establish Parity in Property Taxation for Commercial Dairy
Farmers.**

Reference to the Committee on Taxation suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator MILLS of Somerset.

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

4 **Sec. 1. 36 MRSA c. 918** is enacted to read:

6 **CHAPTER 918**

8 **MAINE AGRICULTURAL PROPERTY**
TAX PROGRAM

10 **§6801. Definitions**

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

14 1. Claim year. "Claim year" means the 12 calendar months
immediately preceding the date on which the eligible property
taxes are assessed.

18 2. Claimant. "Claimant" is a person or entity that makes a
claim for property tax reimbursement as a commercial dairy farm
under this chapter.

22 3. Commercial dairy farm. "Commercial dairy farm" means a
single taxable entity, including a sole proprietor, married
couple, partnership or corporation, that:

26 A. Held a dairy farm operating permit under Title 7,
section 2902-A, subsection 22 on the date of a property tax
assessment and for at least 6 calendar months during the
claim year;

32 B. Produced and sold at least 10,000 pounds of milk
products in each of 6 calendar months of the claim year;

34 C. Was domiciled in the State throughout the claim year; and

36 D. Was owned throughout the claim year exclusively by Maine
residents if the entity is a corporation or partnership.

40 If a farm is sold during the claim year, the entity that owns or
leases the dairy farm real estate on the date of a property tax
assessment may qualify as a commercial dairy farm if its own
experience, when combined with that of its predecessor, fulfills
each of the above conditions.

46 4. Dairy farm real estate. "Dairy farm real estate" means
those portions of real estate that were:

48 A. Owned by or leased to a commercial dairy farm on the
date of the property tax assessment and for at least 6 full
calendar months of the claim year;

2 B. Necessary to support that farm's production of milk
3 products as defined in Title 7, section 2901; and

4 C. In fact, predominantly used to support the production of
5 milk products by that farm during at least 6 months of the
6 claim year.

7 The raising and selling of cows, heifers, veal, hay, silage and
8 other products associated with dairy farming are considered to
9 support the production of milk products if the aggregate revenue
10 generated by such activity is merely incidental to the farm's
11 primary function as a producer of milk products.

12 "Dairy farm real estate" may include the residence of any person
13 who is regularly employed more than 30 hours a week in the dairy
14 operations of the farm as long as that residence is owned or
15 leased by the farm and is located on the farm or adjacent to it.
16 Residential property may be included as dairy farm real estate
17 only to the extent that it does not exceed 30% of the total value
18 of the farm's dairy farm real estate.

19 5. Eligible property taxes. "Eligible property taxes"
20 means property taxes that have been assessed and paid on or after
21 April 1, 1998 on dairy farm real estate owned by a commercial
22 dairy farm or leased to it. Eligible property taxes on real
23 estate leased to the farm may not exceed the amount paid by the
24 farm as rent for use of the property during the claim year.

25 Taxes are not "eligible property taxes" until the taxes
26 themselves and any associated interest and penalties have been
27 fully paid. "Eligible property taxes" does not include the
28 amount of any special assessment, any service charge or any
29 charge, interest or penalty for delinquency.

30 6. Real estate. "Real estate" means land, buildings and
31 fixtures located in this State. "Real estate" does not include
32 vehicles, movable equipment or other personal property.

33 **§6802. Reimbursement**

34 A commercial dairy farm is entitled to reimbursement from
35 the State of 50% of its eligible property taxes.

36 **§6803. Claim for reimbursement**

37 A claim for reimbursement must be filed within 15 calendar
38 months of the date when the eligible property taxes are
39 assessed. No more than one claim for reimbursement may be filed
40 for each year in which eligible taxes are assessed. A copy of
41 the claim must be sent to the assessor for any taxing
42 authority.

2 jurisdiction in which the eligible property taxes have been
3 paid. The assessor shall prescribe claim forms for reimbursement
4 with instructions and make such forms available to commercial
5 dairy farms.

6 **§6804. Payment of claim**

8 Upon receipt of a timely and properly completed claim for
9 reimbursement, the assessor shall determine if the commercial
10 dairy farm is eligible for reimbursement and shall pay to an
11 eligible commercial dairy farm from the General Fund the amount
12 claimed within 120 days after the claim is filed.

14 **§6805. Audit of claim**

16 The assessor may audit any claim filed under this chapter
17 and take any action provided in section 384. If the assessor
18 determines that the amount of the claimed reimbursement is
19 incorrect, the assessor shall redetermine the claim and notify
20 the claimant in writing of the redetermination and the assessor's
21 reasons. If the claimant has received reimbursement of an amount
22 that the assessor concludes should not have been reimbursed, the
23 assessor may issue an assessment for that amount within 3 years
24 from the date the reimbursement claim was filed or at any time if
25 a fraudulent reimbursement claim was filed. The claimant may
26 seek reconsideration of the redetermination or assessment
27 pursuant to section 151.

28 **§6806. Subsequent changes**

30 If, after a claim for reimbursement has been filed, the
31 associated property tax assessment is reduced or abated, the
32 claimant shall file, within 60 days after receipt of the
33 reduction or abatement, an amended claim for reimbursement
34 reflecting the reduction or abatement. If a claimant has
35 received reimbursement for property tax that is reduced or
36 abated, the claimant shall, within 60 days of receipt of the
37 reduction or abatement, refund to the General Fund the amount of
38 the reimbursement for the property tax that has been reduced or
39 abated. If the claimant fails to make the refund within the
40 60-day period, the assessor may issue, within 3 years from the
41 claimant's receipt of reimbursement, an assessment for the amount
42 that the claimant owes to the General Fund. The claimant may
43 seek reconsideration of the assessment pursuant to section 151.

46 **SUMMARY**

48 This bill provides a 50% property tax rebate to commercial
49 dairy farms.