

# MAINE STATE LEGISLATURE

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# 121st MAINE LEGISLATURE

## FIRST REGULAR SESSION-2003

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**Legislative Document**

**No. 761**

H.P. 566

House of Representatives, February 18, 2003

### **An Act To Create an Agricultural Property Tax Reimbursement Program**

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Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative MILLS of Cornville.

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

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

CHAPTER 918

MAINE AGRICULTURAL PROPERTY TAX PROGRAM

§6801. Definitions

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

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

2. Claimant. "Claimant" means a person or entity that makes a claim as a commercial dairy farm under this chapter.

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

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

B. Produced and sold at least 10,000 pounds of milk products as defined in Title 7, section 2900 in each of 6 calendar months of the claim year;

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

D. If the entity is a corporation or partnership, was owned throughout the claim year exclusively by residents of the State.

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

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

2       A. That were owned by or leased to a commercial dairy farm  
3       on the date of property tax assessment and for at least 6  
4       full calendar months of the claim year;

5       B. That were necessary to support the commercial dairy  
6       farm's production of milk products as defined in Title 7,  
7       section 2900; and

8       C. That were, in fact, predominantly used to support the  
9       production of milk products as defined in Title 7, section  
10       2900 by the commercial dairy farm during at least 6 months  
11       of the claim year.

12       The raising and selling of cows, heifers, veal, hay, silage  
13       and other products associated with dairy farming are  
14       considered to support the production of milk products as  
15       defined in Title 7, section 2900 if the aggregate revenue  
16       generated by such activity is merely incidental to the  
17       farm's primary function as a producer of milk products.

18       "Dairy farm real estate" may include the residence of any person  
19       who is regularly employed more than 30 hours a week in the dairy  
20       operations of the commercial dairy farm provided that such a  
21       residence is owned or leased by the commercial dairy farm and is  
22       located on the commercial dairy farm or adjacent to it.  
23       Residential property may be included as dairy farm real estate  
24       only to the extent that it does not exceed 30% of the total value  
25       of the commercial dairy farm's dairy farm real estate.

26       5. Eligible property taxes. "Eligible property taxes"  
27       means property taxes that have been assessed and paid on or after  
28       April 1, 2003 on dairy farm real estate owned by a commercial  
29       dairy farm or leased to it. Eligible property taxes on real  
30       estate leased to the commercial dairy farm may not exceed the  
31       amount paid by the commercial dairy farm as rent for use of the  
32       real estate during the claim year.

33       Taxes are not eligible property taxes until the taxes themselves  
34       and any associated interest and penalties have been fully paid.  
35       "Eligible property taxes" does not include the amount of any  
36       special assessment, any service charge or any charge, interest or  
37       penalty for delinquency.

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

41       **§6802. Reimbursement**

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

4       **§6803. Claim for reimbursement**

6       A claim for reimbursement pursuant to section 6802 must be  
7       filed within 15 calendar months of the date when eligible  
8       property taxes are assessed. No more than one claim for  
9       reimbursement may be filed for each year in which eligible  
10       property taxes are assessed. A copy of the claim must be sent to  
11       the assessor for each taxing jurisdiction to which the eligible  
12       property taxes have been paid. The State Tax Assessor shall  
13       prescribe claim forms for reimbursement with instructions and  
14       make such forms available to qualified commercial dairy farms.

16       **§6804. Payment of claim**

18       Upon receipt of a timely and properly completed claim for  
19       reimbursement under section 6803, the State Tax Assessor shall  
20       certify that the commercial dairy farm is eligible for  
21       reimbursement and shall pay from the General Fund the amount  
22       claimed within 120 days after the claim is filed.

24       **§6805. Audit of claim**

26       The State Tax Assessor may audit any claim filed under this  
27       chapter and take any action provided in section 384. If the  
28       State Tax Assessor determines that the amount of the claimed  
29       reimbursement is incorrect, the State Tax Assessor shall  
30       redetermine the claim and notify the claimant in writing of the  
31       redetermination and the State Tax Assessor's reasons. If the  
32       claimant has received reimbursement of an amount that the State  
33       Tax Assessor concludes should not have been reimbursed, the State  
34       Tax Assessor may issue an assessment for that amount within 3  
35       years from the date the reimbursement claim was filed or at any  
36       time if a fraudulent reimbursement claim was filed. The claimant  
37       may seek reconsideration of the redetermination or assessment  
38       pursuant to section 151.

40       **§6806. Subsequent changes**

42       If, after a claim for reimbursement has been filed under  
43       section 6803, the property tax assessment associated with that  
44       claim is reduced or abated, the claimant shall file, within 60  
45       days after receipt of the reduction or abatement an amended claim  
46       for reimbursement reflecting the reduction or abatement. If a  
47       claimant has received reimbursement pursuant to section 6802 for  
48       property tax that is subsequently reduced or abated, the claimant  
49       shall, within 60 days of receipt of the reduction or abatement,  
50       refund to the State Tax Assessor the amount of the difference

2 between the reimbursement received and the reimbursement that  
3 would be due under this chapter based on the property tax as  
4 reduced or abated. If the claimant fails to make the refund  
5 within the 60-day period, the State Tax Assessor, within 3 years  
6 from the claimant's receipt of reimbursement, may issue an  
7 assessment for the amount that the claimant owes to the State Tax  
8 Assessor. The claimant may seek reconsideration of the  
9 assessment pursuant to section 151.

## 10 SUMMARY

12  
13 This bill establishes the Maine Agricultural Property Tax  
14 Program. Under the bill, a commercial dairy farm is entitled to  
15 reimbursement from the State of 50% of its eligible property  
16 taxes.