

# MAINE STATE LEGISLATURE

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# 122nd MAINE LEGISLATURE

## FIRST REGULAR SESSION-2005

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Legislative Document

No. 1180

S.P. 408

In Senate, March 8, 2005

### **An Act To Create a Property Tax Reimbursement for Commercial Dairy Farms**

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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 **DAIRY FARM PROPERTY TAX REIMBURSEMENT**

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" means a person that makes a claim as a commercial dairy farm under this chapter.

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

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

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

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

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

34 If a farm is sold during the claim year, the entity that owns or leases the dairy farm real estate on the date of 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.

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

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

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

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

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

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

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

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

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

38 **§6802. Reimbursement**

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

44 **§6803. Claim for reimbursement**

46 A claim for reimbursement under this chapter must be filed  
within 15 calendar months of the date when the eligible property  
48 taxes are assessed. No more than one claim for reimbursement may  
be filed for each year in which eligible taxes are assessed. A  
50 copy of the claim must be sent to the assessor for each taxing

2 jurisdiction to which the eligible property taxes have been  
3 paid. The State Tax Assessor shall prescribe claim forms for  
4 reimbursement with instructions and make such forms available to  
5 qualified farms.

6 **§6804. Payment of claim**

8 Upon receipt of a timely and properly completed claim for  
9 reimbursement under this chapter, the State Tax Assessor shall  
10 certify that the commercial dairy farm is eligible for  
11 reimbursement and shall pay from the General Fund the amount  
12 claimed within 120 days after the claim is filed.

14 **§6805. Audit of claim**

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

30 **§6806. Subsequent changes**

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

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## SUMMARY

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Under this bill an eligible commercial dairy farm, which must produce and sell at least 10,000 pounds of milk products in each of 6 months in one year, may receive a 50% reimbursement for property taxes paid on real estate that was necessary to support the farm's production of milk products for at least 6 months of the year for which reimbursement is sought.

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