

# MAINE STATE LEGISLATURE

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# 122nd MAINE LEGISLATURE

## SECOND REGULAR SESSION-2006

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Legislative Document

No. 2056

H.P. 1452

House of Representatives, March 9, 2006

### **An Act To Replace Municipal Revenues Subject to Business Equipment Property Tax Exemption**

(AFTER DEADLINE)

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Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.

Reference to the Committee on Taxation suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative BOWLES of Sanford.  
Cosponsored by Senator MARTIN of Aroostook and  
Representatives: BIERMAN of Sorrento, CLOUGH of Scarborough, CUMMINGS of  
Portland, GLYNN of South Portland, LINDELL of Frankfort, McCORMICK of West  
Gardiner, McKANE of Newcastle, Speaker RICHARDSON of Brunswick, RICHARDSON of  
Warren, ROBINSON of Raymond, TARDY of Newport, VAUGHAN of Durham, WATSON  
of Bath, WOODBURY of Yarmouth, Senators: COURTNEY of York, President EDMONDS  
of Cumberland, PERRY of Penobscot.

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

2 **Sec. 1. 36 MRSA c. 105, sub-c. 4-C** is enacted to read:

3 **SUBCHAPTER 4-C**

4 **BUSINESS EQUIPMENT TAX EXEMPTION**

5 **§691. Definitions; exemption limitations**

6 **1. Definitions.** As used in this subchapter, unless the context otherwise indicates,  
7 the following terms have the following meanings.

8 A. "BETR-expired property" means property that was eligible for property tax  
9 reimbursement under chapter 915, but is no longer eligible for such reimbursement  
10 due to the fact that reimbursements have been made for the entire length of time for  
11 which reimbursements were allowed under section 6652, subsection 1.

12 B. "Eligible business equipment" means qualified property that, in the absence of  
13 this subchapter, would first be subject to assessment under this Part on or after April  
14 1, 2008 and BETR-expired property. "Eligible business equipment" includes,  
15 without limitation, repair parts, replacement parts, replacement equipment, additions,  
16 accessions and accessories to other qualified business property that first became  
17 subject to assessment under this Part before April 1, 2008 if the part, addition,  
18 equipment, accession or accessory would, in the absence of this subchapter, first be  
19 subject to assessment under this Part on or after April 1, 2008. "Eligible business  
20 equipment" also includes inventory parts.

21 "Eligible business equipment" does not include:

22 (1) Office furniture, including, without limitation, tables, chairs, desks,  
23 bookcases, filing cabinets and modular office partitions;

24 (2) Lamps and lighting fixtures used primarily for the purpose of providing  
25 general purpose office or worker lighting;

26 (3) Property owned or used by an excluded person;

27 (4) Telecommunications personal property subject to the tax imposed by section  
28 457;

29 (5) Gambling machines or devices, including any device, machine, paraphernalia  
30 or equipment that is used or usable in the playing phases of any gambling activity  
31 as that term is defined in Title 8, section 1001, subsection 15, whether that  
32 activity consists of gambling between persons or gambling by a person involving  
33 the playing of a machine. "Gambling machines or devices" includes, without  
34 limitation:

35 (a) Associated equipment as defined in Title 8, section 1001, subsection 2;

36 (b) Computer equipment used directly and primarily in the operation of a slot  
37 machine as defined in Title 8, section 1001, subsection 39;

- 1           (c) An electronic video machine as defined in Title 17, section 330,  
2           subsection 1-A;
- 3           (d) Equipment used in the playing phases of lottery schemes; and
- 4           (e) Repair and replacement parts of a gambling machine or device ; or
- 5           (6) Property located at a retail sales facility exceeding 100,000 square feet of  
6           interior customer selling space and used primarily in a retail sales activity, unless  
7           the facility is owned by a business whose Maine-based operation derives less  
8           than 50% of its total annual revenue on a calendar-year basis from sales that are  
9           subject to Maine sales tax. For purposes of this subparagraph, the following  
10           terms have the following meanings:
- 11           (a) "Primarily" means more than 50% of the time;
- 12           (b) "Retail sales activity" means an activity associated with the selection and  
13           purchase of goods or the rental of tangible personal property; and
- 14           (c) "Retail sales facility" means a structure used to serve customers who are  
15           physically present at the facility for the purpose of selecting and purchasing  
16           goods at retail or for renting tangible personal property. "Retail sales  
17           facility" does not include a separate structure that is used as a warehouse or  
18           call center facility.
- 19           C. "Excluded person" means:
- 20           (1) A public utility as defined in Title 35-A, section 102, subsection 13;
- 21           (2) A person that provides radio paging service as defined in Title 35-A, section  
22           102, subsection 15;
- 23           (3) A person that provides mobile telecommunications services as defined in  
24           Title 35-A, section 102, subsection 9-A;
- 25           (4) A cable television company as defined in Title 30-A, section 2001, subsection  
26           2;
- 27           (5) A person that provides satellite-based direct television broadcast services; or
- 28           (6) A person that provides multichannel, multipoint television distribution  
29           services.
- 30           D. "Exempt business equipment" means eligible business equipment that is exempt  
31           under this subchapter.
- 32           E. "Inventory parts" includes repair parts, replacement parts, replacement equipment,  
33           additions, accessions and accessories on hand but not in service and stocks or  
34           inventories of repair parts, replacement parts, replacement equipment, additions,  
35           accessions and accessories on hand but not in service and other machinery and  
36           equipment on hand for future use but not in service if acquired after April 1, 2007,  
37           regardless of when placed in service.
- 38           F. "Municipal tax increment percentage" means, with respect to tax increment  
39           financing districts, the specified percentage of captured assessed value retained as  
40           provided in Title 30-A, section 5227 and allocated to the municipality for the

1 municipality's own authorized project costs as provided in Title 30-A, section 5225.  
2 With respect to tax increment financing districts authorized pursuant to Title 30-A,  
3 former chapter 207, "municipal tax increment percentage" means the specified  
4 percentage of captured assessed value retained as provided in Title 30-A, former  
5 section 5254, subsection 1 and allocated to the municipality for the municipality's  
6 own authorized project costs as provided in Title 30-A, former section 5252,  
7 subsection 8.

8 G. "Qualified property" means tangible personal property that:

9 (1) Is used or held for use exclusively for a business purpose by the person in  
10 possession of it or, in the case of construction in progress or inventory parts, is  
11 intended to be used exclusively for a business purpose by the person who will  
12 possess that property; and

13 (2) Either:

14 (a) Was subject to an allowance for depreciation under the Code on April 1st  
15 of the property tax year for which a claim for exemption under this  
16 subchapter is filed or would have been subject to an allowance for  
17 depreciation under the Code as of that date but for the fact that the property  
18 has been fully depreciated; or

19 (b) In the case of construction in progress or inventory parts, would be  
20 subject under the Code to an allowance for depreciation when placed in  
21 service or would have been subject to an allowance for depreciation under the  
22 Code as of that date but for the fact that the property has been fully  
23 depreciated.

24 "Qualified property" also includes all property that is affixed or attached to a building  
25 or other real estate if the property is used primarily to further a particular trade or  
26 business activity taking place in that building or on that real estate.

27 "Qualified property" does not include components or attachments to a building if they  
28 are used primarily to serve the building as a building, regardless of the particular  
29 trade or activity taking place in or on the building. "Qualified property" also does not  
30 include land improvements if they are used primarily to further the use of the land as  
31 land, regardless of the particular trade or business activity taking place in or on the  
32 land. In the case of construction in progress or inventory parts, the term "used"  
33 means "intended to be used." "Qualified property" also does not include any vehicle  
34 registered for on-road use on which a tax assessed pursuant to chapter 111 has been  
35 paid or any watercraft registered for use on state waters on which a tax assessed  
36 pursuant to chapter 112 has been paid.

37 H. "TIF exempt business equipment" means exempt business equipment that is  
38 located within a tax increment financing district but does not include any BETR-  
39 expired property.

40 **2. Additional limitations.** The exemptions provided pursuant to this subchapter are  
41 limited pursuant to this subsection.

42 A. Exemption for certain energy facilities under this subchapter is limited as follows.

1           (1) The exemption provided by this subchapter does not apply to a natural gas  
2           pipeline, including pumping or compression stations, storage depots and  
3           appurtenant facilities used in the transportation, delivery or sale of natural gas,  
4           but not including a pipeline that is less than a mile in length and is owned by a  
5           consumer of natural gas delivered through the pipeline.

6           (2) The exemption provided in this subchapter does not apply to property used to  
7           produce or transmit energy primarily for sale. Energy is primarily for sale if  
8           during the immediately preceding property tax year 2/3 or more of the useful  
9           energy is directly or indirectly sold and transmitted through the facilities of a  
10           transmission and distribution utility.

11           (3) For purposes of this paragraph, unless the context otherwise indicates, the  
12           following terms have the following meanings.

13                   (a) "Transmission and distribution utility" has the same meaning as in Title  
14                   35-A, section 102, subsection 20-B.

15                   (b) "Useful energy" is energy in any form that does not include waste heat,  
16                   efficiency losses, line losses or other energy dissipation.

17           B. Pollution control facilities that are entitled to exemption pursuant to section 656,  
18           subsection 1, paragraph E are not entitled to an exemption under this subchapter,  
19           except if:

20                   (1) The property is entitled to an exemption under section 656, subsection 1,  
21                   paragraph E but has not yet been certified for exemption under that paragraph;

22                   (2) The property has been placed in service after the December 1st immediately  
23                   preceding April 1st of the tax year for which the exemption is sought but prior to  
24                   April 1st of the property tax year for which the exemption is sought; and

25                   (3) The taxpayer has submitted the required application for certification to the  
26                   Commissioner of Environmental Protection prior to April 1st.

27           The exemption under this subchapter continues for property that meets the  
28           requirements of subparagraphs (1), (2) and (3) only until the certification for  
29           exemption under section 656, subsection 1, paragraph E has been granted. If the  
30           State Tax Assessor or an assessor denies an exemption on the ground that the  
31           property in question is entitled to exemption under section 656, subsection 1,  
32           paragraph E and the taxpayer appeals the denial, the State Tax Assessor or assessor  
33           shall, at the taxpayer's request, allow the taxpayer up to one year to obtain a statement  
34           from the Commissioner of Environmental Protection that the property at issue is not  
35           exempt under section 656, subsection 1, paragraph E. If the taxpayer timely produces  
36           such a statement or otherwise demonstrates that the property is not exempt under  
37           section 656, subsection 1, paragraph E, the State Tax Assessor or an assessor shall  
38           allow the exemption under this subchapter, but only for the year in question.

39           **§692. Exemption of business equipment**

40                   **1. Eligible business equipment exempt.** Eligible business equipment is exempt  
41           from all taxation under this Part, except chapters 111 and 112.

1 2. Just value of exemption. In determining the just value of exempt business  
2 equipment, the assessor shall determine the just value of the property in the same manner  
3 as prescribed in section 701-A as if the property were subject to taxation.

4 3. Effect on state valuation. The exemption has the following effect on state  
5 valuation.

6 A. Except as provided in paragraph B, the percentage of just value of exempt  
7 business equipment to be included in the annual determination of state valuation  
8 under sections 208 and 305 for tax year 2008 and subsequent tax years is as follows:

9 (1) Fifty percent for exempt business equipment for which the municipality  
10 receives reimbursement under section 694, subsection 2, paragraph A;

11 (2) One hundred percent for exempt business equipment for which the  
12 municipality receives reimbursement under section 694, subsection 2, paragraph  
13 B;

14 (3) The applicable percentage calculated under section 694, subsection 2,  
15 paragraph C for exempt business equipment for which the municipality receives  
16 reimbursement under section 694, subsection 2, paragraph C; and

17 (4) Zero for exempt business equipment for which the municipality receives  
18 reimbursement under section 694, subsection 2, paragraph D.

19 B. In the case of a municipality that has one or more tax increment financing districts  
20 authorized pursuant to Title 30-A, chapter 206, subchapter 1 and effective under Title  
21 30-A, section 5226, subsection 3 prior to April 1, 2008 or authorized pursuant to Title  
22 30-A, former chapter 207 and effective under Title 30-A, former section 5253,  
23 subsection 1, paragraph F prior to April 1, 2008, for the 2008 tax year and subsequent  
24 tax years, the percentage of just value of TIF exempt business equipment located in  
25 such a tax increment financing district that must be included in the annual  
26 determination of state valuation pursuant to paragraph A, subparagraph (1) or (3) is  
27 decreased, but not below zero, by a percentage amount equal to the municipal tax  
28 increment percentage for the tax increment financing district in which the TIF exempt  
29 business equipment is located.

30 4. Property tax rate. The following percentages of the value of exempt business  
31 equipment must be included in the total municipal valuation used to determine the  
32 municipal tax rate for 2008 and subsequent tax years:

33 A. Fifty percent for exempt business equipment for which the municipality receives  
34 reimbursement under section 694, subsection 2, paragraph A;

35 B. One hundred percent for exempt business equipment for which the municipality  
36 receives reimbursement under section 694, subsection 2, paragraph B;

37 C. The applicable percentage calculated under section 694, subsection 2, paragraph  
38 C for exempt business equipment for which the municipality receives reimbursement  
39 under section 694, subsection 2, paragraph C; and

40 D. The applicable percentage calculated under section 694, subsection 2, paragraph  
41 D for exempt business equipment for which the municipality receives reimbursement  
42 under section 694, subsection 2, paragraph D.

1 **§693. Forms; reporting**

2 **1. Reporting.** On or before May 1st of each year, a taxpayer claiming an exemption  
3 under this section shall file a report with the assessor of the taxing jurisdiction in which  
4 the property would otherwise be subject to taxation. The report must identify the  
5 property for which exemption is claimed and must be made on a form prescribed by the  
6 State Tax Assessor or substitute form approved by the State Tax Assessor. The State Tax  
7 Assessor shall furnish copies of the form to each municipality in the State and the form  
8 must be made available to taxpayers prior to April 1st annually. The assessor of the  
9 taxing jurisdiction may require the taxpayer to sign the form and make oath to its truth.  
10 Upon written request, the assessor may at any time grant extensions of time to file the  
11 report. Failure to file the report in a timely manner, including any extensions of time,  
12 disqualifies the property involved from exemption for that tax year. The assessor of the  
13 taxing jurisdiction may require in writing that a taxpayer answer in writing all reasonable  
14 inquiries as to the property for which exemption is requested. A taxpayer has 30 days  
15 from receipt of such an inquiry to respond. Upon written request, a taxpayer is entitled to  
16 a 30-day extension to respond to the inquiry and the assessor may at any time grant  
17 additional extensions upon written request. The answer to any such inquiry is not binding  
18 on the assessor.

19 All notices and requests provided pursuant to this subsection must be made by personal  
20 delivery or certified mail and must conspicuously state the consequences of the taxpayer's  
21 failure to respond to the notice or request in a timely manner.

22 If an exemption has already been accepted and the State Tax Assessor subsequently  
23 determines that the property is not entitled to exemption, a supplemental assessment must  
24 be made within 3 years of the original assessment date with respect to the property in  
25 compliance with section 713, without regard to the limitations contained in that section  
26 regarding the justification necessary for a supplemental assessment.

27 **2. False filing.** An individual who knowingly gives false information for the  
28 purpose of claiming an exemption under this subchapter commits a Class E crime.

29 **3. Continuation of eligibility.** A person must annually file the report required by  
30 this section for all eligible business equipment, even though there may be no substantive  
31 change in the property from one year to the next.

32 **§694. Duty of assessor; reimbursement by State**

33 **1. Examination and identification.** The assessor shall examine each report  
34 pursuant to section 693 that is timely filed, determine whether the property identified in  
35 the report is entitled to an exemption under this subchapter and determine the just value  
36 of the property.

37 **2. Entitlement to reimbursement by State; calculation.** Reimbursement is  
38 calculated as follows:

39 A. Notwithstanding section 661, upon proof in a form satisfactory to the bureau, a  
40 municipality that has accepted a valid exemption under this subchapter is entitled to  
41 recover from the State the applicable percentage of property tax revenue lost by  
42 reason of the exemption. The applicable percentage is 50%, except as otherwise  
43 provided in this subsection.

44 B. In the case of BETR-expired property, the applicable percentage is 100%.

1 C. In the case of municipalities in which the taxable value of the exempt business  
2 equipment, other than BETR-expired property, exceeds 10% of the entire assessed  
3 taxable value in the municipality, the applicable percentage for exempt business  
4 equipment other than BETR-expired property is 50% plus an amount equal to 1/2 of  
5 the percentage that the taxable value of the exempt business equipment, other than  
6 BETR-expired property, represents of the municipality's entire assessed taxable  
7 value. For purposes of this paragraph, the taxable value of exempt business  
8 equipment means the value that would have been assessed on that equipment if it  
9 were taxable. For purposes of this paragraph, the term "entire assessed taxable value"  
10 includes the value of all taxable property plus that percentage of the value of exempt  
11 business equipment for which the municipality is eligible to be reimbursed under this  
12 subchapter for that tax year.

13 D. In the case of a municipality that has one or more tax increment financing  
14 districts authorized pursuant to Title 30-A, chapter 206, subchapter 1 and effective  
15 under Title 30-A, section 5226, subsection 3 prior to April 1, 2008 or authorized  
16 pursuant to Title 30-A, former chapter 207 and effective under Title 30-A, former  
17 section 5253, subsection 1, paragraph F, prior to April 1, 2008, the applicable  
18 percentage with respect to TIF exempt business equipment is 50% plus a percentage  
19 amount equal to the percentage amount, if any, by which the municipal tax increment  
20 percentage for the tax increment financing district in which the TIF exempt business  
21 equipment is located exceeds 50%. This paragraph applies only when it will result in  
22 a greater percentage of reimbursement for the TIF exempt business equipment than  
23 would be provided under paragraph C.

24 **3. Reimbursement to unorganized territory education and services.** The bureau  
25 shall reimburse the Unorganized Territory Education and Services Fund for taxes lost by  
26 reason of the exemption at the same percentages as are applicable to municipalities.

27 **4. Information provided to State; deviations in assessment ratio.** The assessor  
28 shall provide by June 1st annually any relevant information requested by the bureau for  
29 the purpose of determining the actual assessment ratio in use for personal property in the  
30 municipality. The certified ratio declared by the municipality must be considered  
31 accurate by the bureau if it is within 10% of the assessment ratio last determined by the  
32 bureau in its annual report of ratio studies. The assessor may submit additional  
33 information on the relevant assessment ratio to the bureau in order to prove that a  
34 different ratio should apply. The bureau may accept a certified ratio that deviates more  
35 than 10% from the bureau's most recent state valuation report only if the information  
36 submitted by the municipality clearly indicates that the certified ratio is more accurate  
37 than the assessment ratio contained in the bureau's most recent report.

38 Any municipality that is eligible for an applicable percentage of reimbursement other  
39 than the general 50% applicable percentage described in subsection 2, paragraph A shall,  
40 annually by June 1st, provide any relevant information requested by the bureau to  
41 determine the percentage of value of exempt business equipment to be included in the  
42 determination of state valuation under sections 208 and 305.

43 **5. Payments by State.** Reimbursements to municipalities must be made as  
44 described in this subsection. A municipality claiming reimbursement under this section  
45 shall submit a claim to the bureau by November 1st of the year in which the exemption

1 applies or within 30 days of commitment of taxes, whichever occurs later. The bureau  
2 shall review the claims and determine the total amount to be paid. The bureau shall  
3 certify and the Treasurer of State shall pay by December 15th of the year in which the  
4 exemption applies the amount that the bureau determines for that tax year. Municipal  
5 claims that are timely filed after November 1st must be paid as soon as reasonably  
6 possible after the December 15th payment date.

7 **6. Reimbursement for state-mandated costs.** The bureau shall reimburse  
8 municipalities and the Unorganized Territory Education and Services Fund for state-  
9 mandated costs in the manner provided in Title 30-A, section 5685.

10 **§695. Denial of exemption; appeals**

11 If the assessor determines that a property is not entitled to an exemption under this  
12 subchapter, the assessor shall provide a written notice of denial prior to the tax  
13 commitment date in that municipality, including the reasons for the denial, to the  
14 applicant by either personal delivery or certified mail. An applicant may contest a denial  
15 by the assessor of an exemption under this subchapter either by using the procedures  
16 provided in subchapter 8 or by pursuing such other actions or proceedings by which other  
17 property tax exemptions under this chapter may be reviewed or adjudicated. If the  
18 assessor determines that a property receiving an exemption under this subchapter in any  
19 year within the 3 preceding years was not eligible for the exemption, the assessor shall  
20 immediately notify the bureau in writing.

21 **§696. Supplemental assessment**

22 If the assessor makes a determination under section 695 that property receiving an  
23 exemption under this subchapter was not entitled to an exemption under this subchapter,  
24 the assessor shall by means of a supplemental assessment assess the property for which  
25 the exemption was improperly received, plus costs and interest. The taxpayer may contest  
26 a supplemental assessment under this subchapter either by using the procedures provided  
27 in subchapter 8 or by pursuing such other actions or proceedings by which other property  
28 tax exemptions under this chapter may be reviewed or adjudicated. The supplemental  
29 assessment must be assessed and collected pursuant to section 713. The bureau shall  
30 deduct the amount of the portion of the supplemental assessment that pertains to any  
31 funds previously reimbursed to the municipality under section 694 from the next  
32 reimbursement issued to the municipality.

33 **§697. Audits; determination of bureau**

34 The bureau may audit the records of a municipality to ensure compliance with this  
35 subchapter. The bureau may independently review the records of a municipality to  
36 determine if exemptions have been properly approved. If the bureau determines that an  
37 exemption was improperly approved for any of the 3 years immediately preceding the  
38 determination, the bureau shall ensure, by setoff against other payments due the  
39 municipality under this subchapter or subchapter 4-B, that the municipality is not  
40 reimbursed for the exemption.

41 **§698. Appeals**

42 The bureau shall send notice of its determination that an exemption was improperly  
43 or erroneously approved by the municipality to the taxpayer, in the manner provided for  
44 in section 151. The taxpayer may seek reconsideration pursuant to section 151 of any  
45 such decision. Notwithstanding any other provision of law, if a taxpayer does not timely

1 request reconsideration of the bureau's decision under section 151, the local taxing  
2 jurisdiction must issue a supplemental assessment with respect to such property within 90  
3 days after the bureau's determination. The taxpayer may not appeal that supplemental  
4 assessment except as to issues unrelated to the applicability of the exemption.  
5 Notwithstanding any other provision of law, if a taxpayer appeals a decision of the bureau  
6 to disqualify an exemption and does not prevail in that appeal, the local taxing  
7 jurisdiction must issue a supplemental assessment with respect to the property at issue  
8 within 90 days after the appeal has been resolved in the bureau's favor. The taxpayer may  
9 not appeal that supplemental assessment except as to issues unrelated to the applicability  
10 of the exemption. Notwithstanding any other provision of law, if a taxpayer appeals a  
11 decision of the bureau that an exemption was improperly or erroneously approved and the  
12 taxpayer prevails in that appeal, the bureau shall promptly restore any reimbursement to  
13 the municipality that was not made or was set off or otherwise denied the municipality  
14 under section 697.

15 **§699. Legislative findings**

16 The Legislature finds that encouragement of the growth of capital investment in this  
17 State is in the public interest and promotes the general welfare of the people of the State.  
18 The Legislature further finds that the high cost of owning qualified business property in  
19 this State is a disincentive to the growth of capital investment in this State. The  
20 Legislature further finds that the tax exemption set forth in this subchapter is a reasonable  
21 means of overcoming this disincentive and will encourage capital investment in this  
22 State.

23 **Sec. 2. 36 MRSA §6651, sub-§1**, as amended by PL 2001, c. 396, §43, is further  
24 amended to read:

25 **1. Eligible property.** "Eligible property" means qualified business property first  
26 placed in service in the State, or constituting construction in progress commenced in the  
27 State, after April 1, 1995, but does not include property that qualifies for exemption  
28 pursuant to chapter 105, subchapter 4-C. "Eligible property" includes, without limitation,  
29 repair parts, replacement parts, additions, accessions and accessories to other qualified  
30 business property placed in service on or before April 1, 1995 if the part, addition,  
31 accession or accessory is first placed in service, or constitutes construction in progress, in  
32 the State after April 1, 1995, unless such property qualifies for exemption pursuant to  
33 chapter 105, subchapter 4-C. "Eligible property" also includes inventory parts.

34 **SUMMARY**

35 This bill establishes a property tax exemption for eligible business equipment that is  
36 first subject to property tax assessment on or after April 1, 2008 in the absence of the  
37 exemption. The bill requires the State to reimburse municipalities for 50% of the lost  
38 property tax revenue associated with the exemption, as is provided by the Constitution of  
39 Maine.

40 Property that was first subject to property tax assessment prior to April 1, 2008 will  
41 remain taxable and eligible for the Business Equipment Tax Reimbursement, "BETR,"  
42 program for the duration of the 12 years of BETR program entitlement. Property that is  
43 no longer eligible for the BETR program because it has received BETR reimbursement  
44 for the full 12 years becomes exempt business equipment. The bill requires the State to

1 reimburse municipalities for 100% of the lost property tax revenue associated with this  
2 type of property, referred to as "BETR-expired property."

3 Property that was placed in service on or before April 1, 1995 remains fully taxable.

4 The bill also provides for additional state reimbursements to municipalities in which  
5 the taxable value of exempt business equipment, other than BETR-expired property,  
6 exceeds 10% of the entire taxable value in the municipality.

7 The bill also contains provisions that protect the expectations of municipalities with  
8 respect to the sheltering and revenues related to tax increment financing revenues to be  
9 used by municipalities on their own qualifying tax increment financing projects.

10 Finally, the bill phases out the BETR program by eliminating BETR eligibility for  
11 property that qualifies for the new exemption.