

MAINE STATE LEGISLATURE

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No. 1376

H.P. 968

House of Representatives, March 13, 2007

An Act To Preserve Farmland and Timberland

Reference to the Committee on Taxation suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative FLETCHER of Winslow.
Cosponsored by Senator SHERMAN of Aroostook and
Representatives: BROWNE of Vassalboro, LUNDEEN of Mars Hill, SCHATZ of Blue Hill.

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

2 **Sec. 1. 36 MRSA §4080** is enacted to read:

3 **§4080. Exemptions**

4 **1. Definitions.** As used in this section, unless the context otherwise indicates, the
5 following terms have the following meanings.

6 **A. "Eligible farmland"** means a tract of land located in the State, including woodland
7 and wasteland, of at least 5 contiguous acres on which a farming or agricultural
8 activity has contributed to a gross annual farming income of at least \$2,000 per year
9 in either one of the 2 calendar years or 3 of the 5 calendar years preceding the death
10 of the owner. The farming or agricultural activity and the income derived from that
11 activity may be earned by either the owner or lessee of the farmland. For the
12 purposes of this paragraph, "gross annual farming income" includes the value of
13 commodities produced for consumption by the farm household.

14 **B. "Eligible timberland"** means a tract of land of at least 10 acres used primarily for
15 the growth of trees to be harvested for commercial use. Otherwise eligible
16 timberland may not be excluded from the provision of this section due to:

- 17 (1) Public recreational use of the land;
18 (2) A statutory or governmental restriction that prevents commercial harvesting
19 of trees or requires a primary use of the land other than commercial harvesting;
20 (3) A deed restriction, restrictive covenant or organizational charter that prevents
21 commercial harvesting of trees or requires a primary use of the land other than
22 commercial harvesting and was effective prior to January 1, 1982; or
23 (4) Past or present mineral exploration on the land.

24 **2. Credit.** The tax otherwise imposed by this chapter is reduced by the amount of
25 the tax attributable to eligible farmland and eligible timberland included in the taxable
26 estate, including eligible timberland and eligible farmland held by an entity to the extent
27 that the value of the entity is included in the taxable estate. For purposes of this
28 subsection, "tax attributable to eligible farmland and eligible timberland" means the tax
29 otherwise due under this chapter multiplied by a fraction, the numerator of which is the
30 value of the taxable estate from the eligible property and the denominator of which is the
31 total taxable estate.

32 **3. Application.** The provisions of this section apply to an estate of a decedent who
33 dies on or after January 1, 2007.

34 **SUMMARY**

35 This bill removes the value of eligible farmland and timberland from the calculation
36 of the Maine estate tax.