

# MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
129TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 204, L.D. 241, Bill, "An Act To Adjust the Personal Property Tax Exemption for Farm Machinery"

Amend the bill by striking out everything after the enacting clause and inserting the following:

'Sec. 1. 36 MRSA §655, sub-§1, ¶M, as amended by PL 1977, c. 263, is further amended to read:

M. All farm machinery used exclusively in production of hay and field crops to the aggregate actual market value, excluding motor vehicles, not exceeding \$10,000; excluding motor vehicles and on or after April 1, 2020 not exceeding \$45,000. Motor vehicle shall mean As used in this paragraph, "motor vehicle" means any self-propelled vehicle;

(1) On or before April 1st annually, a taxpayer claiming an exemption under this paragraph shall file a report with the assessor of the taxing jurisdiction in which the property would otherwise be subject to taxation on April 1st of that year. The report must identify the property for which an exemption is claimed and must be on a form prescribed by or approved by the bureau. The bureau shall provide copies of the form to each municipality in the State, and the form must be made available to taxpayers before April 1st annually.

(2) The bureau may audit the records of a municipality to ensure compliance with this paragraph. The bureau may review the records of a municipality to determine if exemptions granted under this paragraph have been properly approved. If the bureau determines that an exemption under this paragraph has been improperly approved, the bureau shall ensure, either by setoff against other payments due the municipality or otherwise, that the municipality is not reimbursed for the revenue lost as a result of the improperly approved exemption. A municipality that is aggrieved by a determination of the bureau under this paragraph may appeal pursuant to section 151.

COMMITTEE AMENDMENT

(3) Notwithstanding section 661, a municipality that experiences a loss in property tax revenue attributable to the increase in the exemption limitation over \$10,000 on or after April 1, 2020 is entitled to reimbursement in the manner provided in section 661 for 100% of the additional property tax revenue loss;

**Sec. 2. Appropriations and allocations.** The following appropriations and allocations are made.

**ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF  
Revenue Services, Bureau of 0002**

Initiative: Provides one-time funding to reimburse municipalities for costs associated with increasing the property tax exemption on farm machinery from \$10,000 to \$45,000.

<b>GENERAL FUND</b>	<b>2019-20</b>	<b>2020-21</b>
All Other	\$0	\$17,500
<b>GENERAL FUND TOTAL</b>	<u>\$0</u>	<u>\$17,500</u>

Amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

**SUMMARY**

This amendment provides a time frame for implementation of the increase in the property tax exemption for farm machinery, provides administrative provisions for the Bureau of Revenue Services to enforce the exemption and verify required state reimbursement amounts and requires the State to reimburse municipalities for 100% of property taxes lost as a result of the increase in the exemption.

This amendment also includes an appropriations and allocations section.

**FISCAL NOTE REQUIRED**

(See attached)



# 129th MAINE LEGISLATURE

LD 241

LR 1682(02)

An Act To Adjust the Personal Property Tax Exemption for Farm Machinery

Fiscal Note for Bill as Amended by Committee Amendment *A (H-335)*

Committee: Taxation

Fiscal Note Required: Yes

## Fiscal Note

	FY 2019-20	FY 2020-21	Projections FY 2021-22	Projections FY 2022-23
<b>Net Cost (Savings)</b>				
General Fund	\$0	\$17,500	\$525,000	\$525,000
<b>Appropriations/Allocations</b>				
General Fund	\$0	\$17,500	\$525,000	\$525,000

### Fiscal Detail and Notes

This bill increases the property tax exemption for farm machinery from \$10,000 to \$45,000 and provides for 100% reimbursement to municipalities of the property tax loss. The bill includes a one-time General Fund appropriation of \$17,500 in fiscal year 2020-21 to the Department of Administrative and Financial Services to reimburse municipalities for costs associated with increasing this property tax exemption. The Department will require annual General Fund appropriations of \$525,000 beginning in fiscal year 2021-22 to reimburse municipalities 100% of the property tax loss.