

# MAINE STATE LEGISLATURE

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Date 5-24-23

(Filing No H-215)

**TAXATION**

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**STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
131ST LEGISLATURE  
FIRST SPECIAL SESSION**

COMMITTEE AMENDMENT "A" to H P 806, L D 1258, "An Act to Increase the Personal Property Tax Exemption for Farm Machinery"

Amend the bill in section 1 in paragraph M by striking out all of subparagraph (3) (page 1, lines 25 to 28 in L D ) and inserting the following

'(3) 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, 2024 is entitled to reimbursement in the manner provided in section 661 for 50% of the additional property tax revenue loss

(4) The bureau shall reimburse municipalities and the Unorganized Territory Education and Services Fund in the manner provided in Title 30-A, section 5685 for state-mandated costs attributable to the increase in the exemption under this paragraph from \$10,000 to \$45,000 beginning April 1, 2024

(5) Machinery that is eligible for the business equipment tax exemption under subchapter 4-C or for reimbursement under the Business Equipment Tax Reimbursement program under chapter 915 is not eligible for the exemption provided under this paragraph.'

Amend the bill by inserting after section 1 the following

**'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 funding for state-mandated costs associated with an increased property tax exemption for farm machinery beginning April 1, 2024

<b>GENERAL FUND</b>	<b>2023-24</b>	<b>2024-25</b>
All Other	\$0	\$3,750
	_____	_____

**COMMITTEE AMENDMENT**

1 GENERAL FUND TOTAL \$0 \$3,750

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

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**SUMMARY**

6 This amendment changes from 100% to 50% the amount of state reimbursement to  
7 municipalities for the loss of revenue resulting from the increase of the property tax  
8 exemption under the bill, provides that state-mandated costs attributable to the bill must be  
9 reimbursed at 90% and provides that farm equipment for which the bill increases the  
10 property tax exemption is not eligible for the exemption under the bill if the property is  
11 eligible for the business equipment tax exemption or for reimbursement under the Business  
12 Equipment Tax Reimbursement, or BETR, program.

13

**FISCAL NOTE REQUIRED**

14

(See attached)



# 131st MAINE LEGISLATURE

LD 1258

LR 1789(02)

## An Act to Increase the Personal Property Tax Exemption for Farm Machinery

Fiscal Note for Bill as Amended by Committee Amendment "A" (H-215)

Committee: Taxation

Fiscal Note Required: Yes

### Fiscal Note

#### State Mandate - Funded

	FY 2023-24	FY 2024-25	Projections FY 2025-26	Projections FY 2026-27
<b>Net Cost (Savings)</b>				
General Fund	\$0	\$3,750	\$153,750	\$153,750
<b>Appropriations/Allocations</b>				
General Fund	\$0	\$3,750	\$153,750	\$153,750

#### State Mandates

##### Required Activity

Requires municipalities to undertake administrative activities to implement an increase in the personal property tax exemption for farm machinery, including annual processing and verifying of applications

##### Unit Affected

Municipality

##### Local Cost

4167 annually  
= 100%

The required local activities in this bill may represent a state mandate pursuant to the Constitution of Maine. If the bill does require a local unit of government to expand or modify its activities so as to necessitate additional expenditures from local revenue, the state mandate provisions of the Constitution of Maine require either (1) General Fund appropriations be provided to fund at least 90% of any additional necessitated local costs of the mandate, or (2) a Mandate Preamble be added to the bill and two-thirds of the members of each House vote to exempt the mandate from the funding requirement. If the bill does represent a state mandate and neither one of these actions occurs, the local units of government will not be required to implement the mandated activities.

#### Fiscal Detail and Notes

This bill increases the property tax exemption for farm machinery beginning April 1, 2024 and requires the State to reimburse municipalities for 90% of the state-mandated costs and 50% of the property tax revenue loss due to the increased exemption. The bill includes an ongoing General Fund appropriation of \$3,750 per year beginning in fiscal year 2024-25 to reimburse municipalities for 90% of the estimated \$4,167 in state-mandated costs. Beginning in fiscal year 2025-26, an additional ongoing appropriation of \$150,000 per year will be required to reimburse municipalities for 50% of the property tax revenue loss.