



Testimony of Garrett Mason
in Opposition to LD 1617

An Act to Lower the Exclusion Amount for the Estate Tax and Create an Exclusion for Family
Farms and Aquaculture, Fishing and Wood Harvesting Businesses

Senator Grohoski, Representative Cloutier, and Members of the Taxation Committee. My name is Garrett Mason, and I am here on behalf of the Maine Farm Bureau. We respectfully submit this testimony in opposition to LD 1617.

LD 1617 proposes to reduce the Maine estate tax exclusion from \$5.6 million to \$1 million beginning in 2026. While the bill creates an additional exclusion for farmland and certain depreciable farm assets passed to family members, this does not go far enough to mitigate the harm the bill causes to generational farm succession in our state.

The average working farm in Maine may have significant land and equipment assets on paper, but typically they have very limited liquidity. Lowering the exclusion threshold to \$1 million would force many families to consider selling farmland, equipment, or entire operations simply to satisfy a tax obligation triggered by a death in the family.

Though the bill attempts to offset this harm by offering a \$3.8 million exclusion for certain assets, the requirements to qualify are both narrow and onerous. Only farmland and depreciable machinery and equipment qualify, leaving out other critical assets such as buildings, livestock, and farm inventory. The exclusion is conditioned on maintaining commercial use and family ownership for five years post-transfer. This is an unrealistic burden given the unpredictability of weather, markets, and personal circumstances.

Additionally, heirs must file annual compliance reports for five consecutive years. This is an administrative barrier that places an unfair burden on grieving families trying to maintain an operation. Worse still, a single lapse in compliance could trigger retroactive taxation on the full value of the inheritance.

Maine's family farms are already under immense pressure from inflation, market volatility, and rising land values. We should be doing everything we can to support the next generation of farmers not making it harder for them to continue the legacy.

The Maine Farm Bureau urges this Committee to reject LD 1617.