



# HOUSE OF REPRESENTATIVES

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*Testimony of Rep. Maureen Terry presenting*  
**LD 1258, An Act to Increase the Personal Property Tax Exemption for Farm Machinery**  
*Before the Joint Standing Committee on Taxation*

Senator Grohoski, Representative Perry and esteemed members of the Taxation Committee, I am Maureen Terry, representing part of Gorham in House District 108. I am proud to be here to present **LD 1258, An Act to Increase the Personal Property Tax Exemption for Farm Machinery**.

For those of you who have been around for a couple cycles, you may recognize this bill as very similar to one that Rep. O'Neil presented before this committee in the 129<sup>th</sup> Legislature. Her bill, LD 241, unfortunately died on the table in 2019, after receiving an OTP-AM vote out of committee, when the Legislature had to abruptly shut down due to the COVID-19 pandemic.

This bill seeks to increase the existing personal property tax exemption for haying and field crop equipment from \$10,000 to \$45,000, and provides a time frame for phasing in this increase. For years, members of the Maine Farm Bureau have identified this to be an important issue to farmers across the state, particularly since this credit has not been adjusted since 1977.

Farming is a capital-intensive endeavor that almost always requires large investments in equipment. Buying a tractor, a baler or another large piece of equipment, even if used, constitutes a huge expense for farmers, particularly for the small family farms that make up the majority of Maine's agricultural industry. Beyond the expense of purchasing equipment, owning such valuable equipment increases a farm's tax burden.

Recognizing this, Maine law provides a \$10,000 personal property tax exemption for farm machinery. Farm Bureau members have requested this legislation because the current amount no longer adequately represents the value of machinery farms rely on to operate. This bill would address that issue and account for inflation by increasing the exemption to \$45,000.

Existing Business Equipment Tax Exemption and Reimbursement programs, BETE and BETR, do not adequately address the needs of smaller farmers. First, both programs only apply to equipment that is new or new to the state. This means a farm could purchase a used piece of

equipment out of state and bring it into Maine (in which case, it would be first subject to taxation here), and that equipment would be eligible. Used equipment purchased from within Maine are not eligible for either program.

The second consideration is the particular age of eligible equipment. BETE exempts equipment placed in service in 2007 and later. BETR reimburses the taxpayer for property taxes paid on equipment placed in service between April 1, 1995 and April 1, 2007. A tractor purchased before April of 1995 would not be eligible. That means smaller farmers are at a disadvantage simply for owning older equipment or purchasing used equipment in Maine. These are the folks who would benefit most from an exemption – dairy farmers, younger farmers who are just starting out and smaller farms who are working to grow their businesses.

Though this proposed increase to the current exemption will result in a modest cost to reimburse municipalities, it will mean a great deal to the farmers who produce our food and help to fuel our rural economy. That money will be put directly back into those farms and communities, ultimately benefiting our entire state.

Thank you for your time, and I am happy to answer any questions you may have.