



Property Tax Updates

and

Overview of Business Equipment Tax Relief Programs

Maine Revenue Services

Property Tax Division



2020 Legislative Updates

Business Equipment Tax Exemption (BETE)

Clarifies that equipment eligible for the BETE program specifically *excludes* property exempt under any other provision of law.

Clarifies that property against which an excise tax has been assessed is *not* eligible for the BETE program.

Effective June 16, 2020. L.D. 2047, P.L. 2019, c. 659, Pt. B.



2020 Legislative Updates

Tax Increment Financing (TIF) Districts

Provides that tax increment revenue may be used for certain child care and adult care facilities.

Effective June 16, 2020. L.D. 1958, P.L. 2019, c. 604.

Clarifies that unused tax increment financing revenue may still be transferred to a municipality's general fund after the tax increment financing district has expired.

Effective June 16, 2020. L.D. 2008, P.L. 2019, c. 607.



2020 Legislative Updates

Administrative Changes

Provides that property tax liens and the associated lien releases filed by the State Tax Assessor do not have to be signed by a notary public.

Effective June 16, 2020. L.D. 2008, P.L. 2019, c. 607.

Updates the noticing provisions for the proposed state valuation numbers. The State Tax Assessor will now send the proposed state valuation numbers to municipal officers, who are the parties authorized to appeal the State's assessment.

Effective June 16, 2020. L.D. 2008, P.L. 2019, c. 607.

Provides that signatures of the transferor and transferee are no longer required on the Real Estate Transfer Tax Declaration or the Controlling Interest Transfer Tax Return/Declaration of Value.

Effective June 16, 2020. L.D. 2008, P.L. 2019, c. 607



COVID Related Updates

Executive Orders

Extends deadline for filing applications for property tax exemptions (normally April 1) to the earlier of the commitment date of the municipality or 30 days after termination of the declared emergency. Includes:

- Property of Institutions and Organizations (36 M.R.S. § 652)
- Estates of Veterans (36 M.R.S. § 653(1)(G))
- Solar and Wind Energy Equipment (36 M.R.S. §§ 655(1)(U) and 656(1)(K))
- Exemption of Homesteads (36 M.R.S. § 684(1))
- Exemption of Business Equipment ("BETE") (36 M.R.S. § 693(1))



COVID Related Updates

Executive Orders

Extends deadline for filing current use applications (normally April 1) to the earlier of the commitment date of the municipality or 30 days after termination of the declared emergency. Includes:

- Tree Growth (36 M.R.S. § 579)
- Open Space and Farmland(36 M.R.S. § 1109)
- Working Waterfront(36 M.R.S. § 1133)



COVID Related Updates

Executive Orders

Allows municipal officers to extend and reestablish property tax due dates and the dates when interest will begin to accrue on property taxes that were previously committed in 2019.

Allows municipal officers to set the due dates, interest rate, and interest accrual dates for property taxes committed in 2020 if the municipality is unable to hold its annual budget meeting prior to the property tax commitment date.

Allows municipal tax collectors the option of delaying the property tax lien process for delinquent taxpayers.



Business Equipment Tax Exemption (BETE)

REFERENCE: 36 M.R.S. §§ 691 – 700-B

The BETE program exempts eligible business equipment from property tax.

Municipalities are reimbursed at least 50% of the taxes lost



Business Equipment Tax Exemption (BETE)

“Eligible business equipment,” as defined in 36 M.R.S. § 691(1)(A), means business equipment that was ***first placed in service in Maine on or after April 2, 2007*** and was first subject to assessment on or after April 1, 2008. Eligible business equipment includes property of any age, as long as it was first placed in service in Maine on or after April 2, 2007.



Business Equipment Tax Exemption (BETE)

Example: A piece of machinery is purchased and placed in service in New Hampshire in 1961. In 2018, the machinery is then sold to a Maine business, moved to Portland, and placed in service in Maine for the first time. This machinery satisfies the requirement for property to be first placed in service in Maine on or after April 2, 2007.



Business Equipment Tax Exemption (BETE)

What Qualifies?

“Qualified property” means tangible personal property that:

1. Is used or held for use **exclusively** for a business purpose by the person in possession of it or, in the case of construction in progress or inventory parts, is intended to be used exclusively for a business purpose by the person who will possess that property;

and

2. Subject to depreciation or would be subject if not fully depreciated.



Business Equipment Tax Exemption (BETE)

What Qualifies?

2. Property that is affixed or attached to a building or real estate if the property is used primarily to further a particular trade or business activity taking place in that building or on that real estate.

This **does not** include:

- A building or components or attachments to a building if they are used **primarily to serve the building as a building**, regardless of the particular trade or activity taking place in or on the building.
 - Examples would be overhead doors, flooring etc.
- Land improvements if they are used **primarily to further the use of the land as land**, regardless of the particular trade or business activity taking place in or on the land.
 - Examples would be paving, fencing or outside lighting etc.



Business Equipment Tax Exemption (BETE)

Excluded Property – Ineligible for BETE Exemption

- Property owned by an excluded person
- Certain excluded property
- Property located at a retail sales facility and used in a retail sales activity
- Property exempted by another provision of law



Business Equipment Tax Exemption (BETE)

Excluded Persons

Property owned or used by the following persons does not qualify for BETE:

1. A public utility;
2. A provider of radio paging services;
3. A provider of mobile telecommunications services;
4. A cable television company;
5. A provider of satellite-based direct television broadcast services;
6. A provider of multichannel multipoint television distribution services; or
7. A pollution control facility



Business Equipment Tax Exemption (BETE)

Excluded Property

1. Office furniture;
2. Lamps and lighting fixtures used primarily for general office lighting;
3. Property owned or used by an excluded person;
4. Telecommunications personal property subject to tax under 36 M.R.S. § 457;
5. Gambling machines or devices;
6. Retail property;
7. Natural gas pipeline (except pipeline less than one mile in length and owned by a consumer), pumping or compression stations, storage depots, and appurtenant facilities used for natural gas;
8. Property used to produce or transmit energy primarily for sale; and
9. Property otherwise exempt from taxation.



Business Equipment Tax Exemption (BETE)

Retail Property

- Property located at a retail sales facility and used primarily in a retail sales activity does not qualify for BETE.
- “Retail sales facility” means a structure used to serve customers who are physically present at the facility to select and either purchase or rent tangible personal property.
 - Retail sales facility does not include a separate structure that is used as a warehouse or call center facility.
- “Primarily” means more than 50% of the time



Business Equipment Tax Exemption (BETE)

Retail Sales Activity

“Retail sales activity” means an act associated with the selection and either **purchase or rental of tangible personal property**. Retail sales activity does not include production, manufacturing, or processing. Generally, a retail sale activity occurs when a customer selects, purchases, and receives an item of **tangible personal property** that the customer **takes with them when they leave**.



Business Equipment Tax Exemption (BETE)

Retail Sales Exception

“Business equipment located at retail sales facilities that exceed 100,000 square feet of interior customer selling space (i.e., space that is used by, and accessible to, customers) that is used primarily for retail sales and whose Maine-based operations derive less than 30% of their total annual revenue from sales that are made at retail facilities located throughout Maine.”



Business Equipment Tax Exemption (BETE)

Service Providers

Maine Revenue Services considers service providers such as doctors' offices, hair salons, hotels/motels, and other similar businesses to be allowable BETE locations because the consumer is selecting and purchasing a service and not a good.



Business Equipment Tax Exemption (BETE)

Property Otherwise Exempt

Property that is exempt from property tax under another area of law is not eligible for BETE. This includes, but is not limited to, the following:

1. Public property exempt pursuant to 36 M.R.S. § 651.
2. Personal property exempt pursuant to 36 M.R.S. § 655.
3. Property of Institutions and Organizations exempt pursuant to 36 M.R.S. § 652
Located at hospitals, health maintenance organizations, & blood banks—this includes leased property!
4. Property leased to public schools.(20-A M.R.S. § 4001(3)(C)
5. Property exempt pursuant to 36 M.R.S. § 656.
Water pollution control, air pollution control, animal waste storage facilities, Mining property, landing area of privately owned airport, corporations supplying water to municipalities



Business Equipment Tax Exemption (BETE)

How to Apply

- ✓ File a BETE application by April 1st of each year with the local assessor(s) where the property would be subject to taxation, whether or not there are changes in their eligible business equipment
 - ✓ Filing deadline is automatically extended to May 1st
- ✓ On written request, an assessor may grant the applicant an additional extension of time to file the application. An extension of time may not extend beyond the municipal tax commitment date.
- ✓ Application must be signed
- ✓ Description must be sufficient to determine eligibility



Business Equipment Tax Exemption (BETE)

Appeals to Local Assessor

In the event that a property is determined to be ineligible, the **assessor shall provide a written notice of denial, including the reason** for the denial, to the taxpayer prior to the commitment date by certified mail. **Taxpayers may appeal the decision** of the assessor(s) by using the procedures provided in Title 36 subchapter 8 (Abatements).



Business Equipment Tax Exemption (BETE)

Supplemental Assessment

If the assessor or Maine Revenue makes a determination that property receiving an exemption was not entitled, the assessor shall make a supplemental assessment of the property, plus costs and interest

- Taxpayers may appeal by using the procedures provided in Title 36 subchapter 8 (Abatements) or by pursuing such other actions or proceedings by which other property tax exemptions under this chapter maybe reviewed or adjudicated



Business Equipment Tax Reimbursement (BETR)

BETR — What is it?

A reimbursement program

- Taxpayers pay taxes to local municipalities on qualified property and are reimbursed for a portion or all of those taxes by the State of Maine

Applies to qualifying property first placed in service in Maine (In the absence of BETR) from 4/2/95 to 4/1/07.

BETR continues for certain retail business property even if placed in service in Maine after 4/1/07.



Business Equipment Tax Reimbursement (BETR)

Reimbursement and Duration

**100% of taxes for the first 12 years
(except 90% for taxes paid in
calendar year 2005 and 2009)**

For years 13 and thereafter:

- 13th year — 75%
 - 14th year — 70%
 - 15th year — 65%
 - 16th year — 60%
 - 17th year — 55%
 - 18th year — 50%
- and later



Business Equipment Tax Reimbursement (BETR)

Two Step Reimbursement Process

1. File list of eligible equipment with municipal assessor (Form 801)

- List of eligible property; state of origin if equipment is used; number years reimbursement has been claimed; date placed in service; original costs
- Assessor fills in assessed value; tax rate; assessed tax and signs

2. File reimbursement claim with Maine Revenue (Form 800)

- File between August 1 and December 31 for taxes paid in prior calendar year



Business Equipment Tax Reimbursement (BETR)

Two Step Reimbursement Process

Necessary Information:

- Completed original Form 800
- Completed Form 801 filled out and signed by local assessor
- Tax receipt or cancelled check
- Property tax bill

Timely Filing Required

- Claim barred if not timely filed
- State Tax Assessor may extend Form 800 filing deadline for up to 60 days. Taxpayer must show "good cause."



MRS Property Tax Division

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Questions?

Thank you.

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