

**Personal Property Tax
Relief Programs
BETR / BETE**

**Maine Revenue Services
Property Tax Division
March 17th, 2022**

*** Personal property is defined in 36 M.R.S.A. § 601 as “all tangible goods and chattels wheresoever they are and all vessels, at home or abroad.” “Chattels” is defined in Ballentine’s Law Dictionary as “property which is movable and not so connected with the ground as to become a part of the real estate.”**

Taxable personal property, whether located within or outside the State, normally must be taxed to the owner by the municipality in which he or she resides. 36 M.R.S.A. § 602.

Exceptions

- **Personal property employed in trade.**

All personal property employed in trade, in the erection of buildings or vessels, or in the mechanic arts shall be taxed in the place where so employed, except as otherwise provided for in this subsection; provided the owner, his servant, subcontractor or agent occupies any store, storehouse, shop, mill, wharf, landing place or shipyard therein for the purpose of such employment.

Exceptions

- **Cargo trailers.**

A cargo trailer shall be taxed in the place where it is primarily located on April 1st, even though the cargo trailer may not be present in that place on April 1st.

Exceptions

Taxed where situated on April 1, 20xx

*Portable Mills

*All store fixtures, office furniture, furnishings, fixtures and equipment

*Professional Libraries, apparatus, implements & supplies

*Coin-operated vending or amusement devices

*Camper trailers

*Television and radio transmitting equipment

See Title 36 § 603-611 for more information.

2 Relief Programs

- Business Equipment Tax Reimbursement
- Widely known as BETR
- Began effective 4/1/1996
- Business Equipment Tax Exemption
- Widely known as BETE
- Began effective 4/1/2008

BETR

- Reimbursement program
- Generally applies to “BETR qualifying” equipment first placed in service in Maine from 4/2/95 to 4/1/07
 - But continues for certain retail equipment even if placed in service in Maine after 4/1/07
- This equipment continues in BETR until removed from tax rolls
 - 12 year limit eliminated but reimbursement rate drops after 12 years

BETE

- Exemption Program
- Applies to “property tax exempt qualifying” equipment first subject to tax in Maine on or after 4/1/08
 - With some exceptions, applies to same companies and types of property as BETR
 - Does not apply to certain retail equipment

BETR

Reimbursement and Duration

- **100% of taxes for the first 12 years (if fully funded by the legislature)**
- **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	
- **Applies on a per item basis**

What Business Property?

- **Generally: eligible property first placed in service in Maine after April 1, 1995, but on or before 4/1/07**
- **Continues for certain retail equipment even if placed in service in Maine after 4/1/07**

Eligible Property (Exceptions Noted Below)

- **Certain tangible personal property**
- **Fixtures that further a particular trade or business activity**
- **Parts, additions and accessories**
- **Construction in progress**
- **Inventory parts**
- **Must be devoted to business purpose**
- **Must be depreciable under IRC**
 - **Or would be, but for fact fully depreciated**

Eligible Fixtures

- **Land and building attachments**
 - **Eligible if used to further a particular trade or business activity v. primarily used to serve the building as a building or to further the use of land as land**
 - **Manufacturing process piping or electrical v. building plumbing or electrical**
 - **Example: Manufacturer's clean room air system v. normal HVAC**
 - **May be assessed as real estate**

Used Equipment

- **First placed in service in Maine after 4/1/95**
 - **Not eligible if purchased by current owner post- 4/1/95 but first placed in service in Maine pre- 4/2/95**
 - **Eligible if placed in service outside Maine pre- 4/2/95 but first placed in service in Maine post- 4/1/95**
- **Eligible if purchased from owner who first placed property in service in Maine post- 4/1/95**

Who Qualifies?

- **Most businesses in Maine**
 - **Manufacturers**
 - **Retail/Wholesale**
 - **Service**
- **Party assessed entitled to reimbursement**

Who Does NOT Qualify?

- **Public utilities**
- **Providers of radio paging services**
- **Providers of mobile telecommunications services**
- **Cable television companies**
- **Providers of satellite-based direct television broadcast services**
- **Providers of multichannel, multipoint television distribution services**

What Does NOT Qualify

- **Land**
- **Buildings**
- **Normal land improvements - parking lots, fencing, etc.**
- **Certain attachments**
 - **Components or attachments to buildings if primarily used to serve the building as a building**
 - **E.g., normal building plumbing v. process piping**
- **Registered vehicles and watercraft on which excise tax has been assessed and paid**

Not Eligible But Some Grandfathered

- **Office furniture including without limitation tables, chairs, desks, bookcases, filing cabinets and modular office partitions (April 1, 1996 property grandfathered)**
- **Lamps and lighting fixtures (April 1, 1996 property grandfathered)**

“Big Box Retail”

- **Not eligible - property located in a retail sales facility exceeding 100,000 sq. ft. of interior customer selling space and used primarily in a retail sales activity**
 - **But eligible if the facility is owned by a business whose Maine-based operation derives less than 50% of its total annual revenue on a calendar-year basis from sales that are subject to Maine sales tax**
- **Applies to property tax years beginning after 4/1/06 (first assessed 4/1/2007 or after)**
- **Property that qualified for the 2006 property tax year is grandfathered**

Other Not Eligible

- *E.g.*
 - **Certain gas pipelines**
 - **Certain generating facilities and transmission properties**
 - **Certain gambling equipment**

2 Step Reimbursement Process

- 1. File Assessor Notice & Equipment List (Form 801) with local assessor**
- 2. File reimbursement claim with Maine Revenue (Form 800)**

Assessor Notification (Form 801; Standard MRS Form)

- **File notice with local Assessor**
 - **Listing eligible property; state of origin if used; no. years claimed; date placed in service; original costs**
 - **Assessor fills in assessed value; tax rate; assessed tax and signs**

Filing Reimbursement Claim with Maine Revenue (Form 800)

- **File Form 800 between August 1 and December 31**
- **Covers taxes paid in prior calendar year**

Filing BETR Claim With Maine Revenue

- **Completed original Form 800**
- **Completed Form 801 filled out and signed by local assessor**
- **Tax receipt or cancelled check**
- **Property tax bill**
- **BETR payment within 90 days of filing claim**

Timely Filing Required / Extensions

- **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”**

BETE

BETE Exemption

- **100% property tax exemption for “eligible property” first subject to tax in Maine on or after 4/1/08**
- **No time limit on length of exemption**
- **With some exceptions, uses same definitions of “eligible property” and applies to same types of property and companies as does BETR**

Exemption – Filing Procedures - The Report

- By April 1 each year – file report with local Assessor identifying the exempt property
- Report must be on form prescribed or approved by State Tax Assessor and must be available to taxpayers before 4/1 each year
- Report must be filed by April 1 each year even if there's no change

Exemption – Filing Procedures - The Report

- **Automatic Extension to 5/1 if 4/1 deadline not met**
- **On written request local Assessor can extend 5/1 filing deadline**
- **Property disqualified from exemption for any year in which the report is not timely filed**

What is Eligible Business Equipment?

Qualified property that, in the absence of this subchapter, would first be subject to assessment under this Part on or after April 1, 2008 and includes:

- **Repair parts**
- **Replacement parts**
- **Replacement equipment**
- **Additions**
- **Accessions and accessories to other business property**
- **Inventory parts**

Who does NOT Qualify?

Property Owned or Used by an Excluded Person:

- A Public Utility
- A person that provides radio Paging Service
- A person that provided mobile telecommunications services
- A cable television company
- A person that provides satellite-based direct television broadcast services
- A person that provides multichannel, multipoint television distribution services

What does NOT Qualify?

- Office furniture
- Lamps and lighting fixtures used primarily for general office or worker lighting
- Property owned or used by an excluded person
- Telecommunications personal property
- Gambling machines or devices
- Property located at a retail sales facility and used primarily in a retail sales activity

Major Difference from BETR: Retail

- **Exemption does not apply to property located at a retail sales facility and used primarily in a retail sales activity**
 - **This exception applies to sales of goods.**
 - **And is not limited to “big box” as is BETR**
- **BETR applies to these items if otherwise eligible for BETR**

Retail Sales Facility

- **A structure used to serve customers who are:**
 - **physically present at the facility**
 - **for the purpose of selection and retail purchase of goods or for renting tangible personal property**
- **Does not include a separate structure that is used as a warehouse or call center facility**

Retail Sales Activity

- **An activity associated with the selection and retail purchase of goods or the rental of tangible personal property**
- **Does not include production, *i.e.*, manufacturing / processing**

Denials

- **What if local Assessor denies exemption for piece of equipment?**
- **A municipality that is aggrieved by a determination of the bureau may now appeal pursuant to Title 36 §151.**

Procedure

- **Request in writing a reconsideration within 60 days of notification.**
- **Division has 90 days to respond or the request is deemed denied.**
- **Municipality may then appeal to BOTA or Superior Court within 60 days.**

Standard Reimbursement to Municipalities (Since 2013)

§661. Reimbursement for exemptions

As required by the Constitution of Maine, Article IV, Part 3, Section 23, the Treasurer of State shall reimburse each municipality 50% of the property tax revenue loss suffered by that municipality during the previous calendar year as a result of statutory property tax exemptions or credits enacted after April 1, 1978.

Alternative Reimbursement to Municipalities

- Applies if business equipment (both taxable and exempt) exceeds 5% of town's total value of all taxable property plus the value of exempt business equipment
- Reimbursement % = 50% plus $\frac{1}{2}$ of the percentage that business equipment (both taxable and exempt) represents of the town's total value of all taxable property plus the value of exempt business equipment

Exception-Enhanced BETE

- If value of business equipment (both exempt and taxable) equals 40% of the town's total value of all taxable property plus the value of exempt business equipment
- The municipal reimbursement would be:

$$50\% + \frac{1}{2} \text{ of } 40\% = 70\%$$

Tax Increment Financing ("TIF")

- TIF does not apply to exempt business equipment (4/1/08) because not taxable
- Business equipment currently in BETR or entering BETR by April 1, 2007
 - BETR and TIF continue to apply with no cap on usage for first 12 years
 - Starting year 13, BETR and TIF apply but capped at 100% - BETR reduced to extent BETR and TIF exceed 100%
 - 100% BETR / TIF cap also applies to non-exempt retail equipment entering BETR on or after 4/1/08

Legislative changes effective 4/1/18

- **Removal of “services” from the definition of retail (non qualifying)**
- **Appeal procedure now allows municipal appeals, rather than taxpayer appeals of bureau determinations.**
- **"Eligible business equipment" does not include property eligible for exemption under section 652. (Property leased to hospitals, public schools, blood banks, HMO's)**

Legislative changes effective 4/1/18

- Clarification of deadlines for application. Applications must be submitted by April 1 each year. If not, the deadline is automatically extended to May 1, without taxpayer request
- Upon written request, before the commitment of taxes, the assessor may grant further extensions of time to file the report.

Ways to get in touch

- By Email: BETR.MRS@maine.gov
- By phone: (207) 624-9404

Questions?

This is
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thank you
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