

# **Property Tax Relief Programs**

## **Business Equipment BETR / BETE**

**Maine Revenue Services**

**Property Tax Division**

**November 3, 2010**

**<http://www.state.me.us/revenue/propertytax/propertytaxbenefits/bete.htm>**

# BETR

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

# BETE

- Exemption Program
- Applies to qualifying equipment *first placed in service in Maine after 4/1/07*
  - With some exceptions, applies to same companies and types of property as BETR
  - Does not apply to certain retail equipment

**B**USINESS

**E**QUIPMENT

**T**AX

**R**EIMBURSEMENT

## 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:**

<b>13<sup>th</sup> year</b>	<b>75%</b>
<b>14<sup>th</sup> year</b>	<b>70%</b>
<b>15<sup>th</sup> year</b>	<b>65%</b>
<b>16<sup>th</sup> year</b>	<b>60%</b>
<b>17<sup>th</sup> year</b>	<b>55%</b>
<b>18<sup>th</sup> year</b>	<b>50%</b>
<b>and later</b>	

# What Business Property?

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

# **Eligible Business Equipment**

**(Exceptions Noted Below)**

**Personal property 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 Equipment

- **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**
    - **Example: Manufacturer's clean room air system v. normal HVAC**
    - **May be assessed as real estate**

# Used Equipment

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

# Who Qualifies?

- **Most businesses in Maine**
  - **Manufacturers**
  - **Retail/Wholesale**
  - **Service**
- **Party assessed property tax is 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.
- 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)**

# Not Eligible

- **“Big Box Retail”**
  - Applies to property tax years beginning after 4/1/06 (first assessed 4/1/2007 or after)
  - 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
  - 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 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**

# **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”**

**B**USINESS

**E**QUIPMENT

**T**AX

**E**xemption

# BETE Exemption

- **100% property tax exemption for “eligible property” first subject to tax in Maine on or after 4/1/08**
- **No limit on length of time 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:**

- **Personal property that further a particular trade or business activity**
- **Must be devoted to business purpose**
- **Parts, additions and accessories**
- **Construction in progress**
- **Inventory parts**
- **Must be depreciable under IRC... or would be, but for fact it is already fully depreciated**

# 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 both sales of goods and services
  - 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 selecting and purchasing goods or services at retail 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 purchase of goods or services 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?**
- **Statute has procedure to contest denial**

# Reimbursement to Municipalities

- **Municipalities are reimbursed by the State for a percentage of the property tax revenue lost because of the exemption. Municipalities are entitled to at least the following amount of reimbursement:**
  - **2008**                      **100% of lost tax revenue**
  - **2009**                      **90% of lost tax revenue**
  - **2010**                      **80% of lost tax revenue**
  - **2011**                      **70% of lost tax revenue**
  - **2012**                      **60% of lost tax revenue**
  - **2013**                      **50% of lost tax revenue**
  - **and later**