Property Tax Relief Programs
Business Equipment BETR / Bette
Maine Revenue Services
Property Tax Division
October 2013
http://www.state.me.us/revenue/propertytax/propertytaxbenefits/bete.htm

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### BUSINESS EQUIPMENT TAX REIMBURSEMENT

<table>
<thead>
<tr>
<th>BETR</th>
<th>Bette</th>
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<tbody>
<tr>
<td>Reimbursement Program</td>
<td>Exemption Program</td>
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<tr>
<td>Generally applies to qualifying equipment first placed in service in Maine from 4/2/95 to 4/1/07</td>
<td>Applies to qualifying equipment first placed in service in Maine after 4/1/07</td>
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<tr>
<td>BETR continues for certain retail equipment even if placed in service in Maine after 4/1/07</td>
<td>With some exceptions, applies to same companies and types of property as BETR</td>
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<tr>
<td>Qualified equipment continues in BETR until removed from tax rolls</td>
<td>Does not apply to certain retail equipment</td>
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<td>12 year limit eliminated but reimbursement rate decreases after 12 years</td>
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### Reimbursement and Duration
- 100% of taxes for the first 12 years (except 90% for taxes paid in calendar year 2005, 2009, and 2012 and 80% for taxes paid in 2013)
- 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

### 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**

- 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”

### BUSINESS EQUIPMENT TAX Exemption

### 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 application with local Assessor identifying the exempt property
- Application 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

### 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 furthers 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

### 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 ½ 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.

### Example of Alternative Reimbursement
- 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:
  \[50\% + \frac{1}{2} \times 40\% = 70\%\]

### Municipal Valuation Return
- Enhanced Tax Rate Calculator (TRC) required if equipment located in TIF District approved prior to April 1, 2008 and the percentage of tax on the CAV retained by the municipality for established project exceeds the percentage reimbursement the municipality would otherwise be entitled to.
- Enhanced TRC also required if business equipment exceeds 5% of town’s value + BETE value.

### Reimbursements
- Municipality may grant exemption but BETE must be reported on MVR before reimbursement can be issued.
- Reimbursements issued in December unless additional information required.
- BETE mandate payments issued in May/June.

### Records Retention/ MRS Audit
- Applications must be available for MRS review and kept on file in office as required by the rules of the State Archives Advisory Board.
- Amount of any improperly approved exemption reimbursement recaptured by setoff of municipal payments (3 year window).