

Property Tax Relief Programs

**Business Equipment
BETR / BETE**

Maine Revenue Services
Property Tax Division
October 2013

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

<p>BETR</p> <ul style="list-style-type: none"> ▪ Reimbursement Program ▪ Generally applies to qualifying equipment first placed in service in <u>Maine from 4/2/95 to 4/1/07</u> <ul style="list-style-type: none"> ▪ 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 	<p>BETE</p> <ul style="list-style-type: none"> ▪ Exemption Program ▪ Applies to qualifying equipment <i>first placed in service in Maine after 4/1/07</i> <ul style="list-style-type: none"> ▪ With some exceptions, applies to same companies and types of property as BETR ▪ Does not apply to certain retail equipment
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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, 2009, and 2012 and 80% for taxes paid in 2013)
- For years 13 and thereafter:

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

BETR **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

BETR **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

BETR**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

BETR**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

BETR**Who Qualifies?**

- Most businesses in Maine
 - Manufacturers
 - Retail/Wholesale
 - Service
- Party assessed property tax is entitled to reimbursement

BETR**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

BETR**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

BETR**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)

BETR**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

BETR**Other Not Eligible**

- Certain gas pipelines
- Certain generating facilities and transmission properties
- Certain gambling equipment

BETR**2 Step Reimbursement Process**

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

BETR**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

BETR**Filing Reimbursement Claim with Maine Revenue (Form 800)**

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

BETR**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

BETR**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**E**QUIPMENT**T**AX**E**xemption**BETE****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

BETE**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

BETE**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
- For 4/1/2014 the application must contain income and expense information for taxpayers that make up more than 2% of the municipal tax base
- Property disqualified from exemption for any year in which the report is not timely filed or income and expense information is omitted for larger taxpayers

BETE**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

BETE**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

BETE**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

BETE**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

BETE**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

BETE**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

BETE**Denials**

- What if local Assessor denies exemption for piece of equipment?
- Statute has procedure to contest denial

BETE**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

BETE**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

BETE**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:

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

BETE**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.

BETE**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.

BETE**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)