



MAINE REVENUE SERVICES PROPERTY TAX DIVISION BULLETIN NO. 28

BUSINESS EQUIPMENT TAX EXEMPTION

REFERENCE: 36 M.R.S. §§ 691 – 700-B
September 23, 2025; replaces January 31, 2023, revision

1. General

The Business Equipment Tax Exemption (“BETE”) program exempts eligible business equipment from the property tax.

This bulletin is intended solely as advice to assist persons in determining and complying with their legal rights, duties, and privileges under Maine law. It is written in a relatively informal style and intended to address questions and issues commonly faced by municipal assessors and landowners regarding the BETE program. For more information regarding the BETE program, contact your local municipal assessor or Maine Revenue Services (“MRS”).

2. Definitions

- A. Assessor. “Assessor” means a sworn municipal assessing authority, whether an individual assessor, a board of assessors, or a chief assessor of a primary assessing area. With respect to the unorganized territory, “assessor” means the State Tax Assessor.
- B. Certified ratio. “Certified ratio” means the level of municipal assessed value, expressed as a percentage of just value, as certified by the assessor pursuant to 36 M.R.S. § 383.
- C. Code. “Code,” as defined in 36 M.R.S. § 111(1), means the United States Internal Revenue Code of 1986 and amendments to that Code as of December 31, 2023.
- D. Exempt business equipment. “Exempt business equipment” means personal property that is eligible for and exempt under the BETE program.
- E. Increased assessed value. “Increased assessed value” means the amount by which the current assessed value of a Tax Increment Financing (“TIF”) district exceeds the original assessed value. The increased assessed value cannot be less than zero.
- F. Original assessed value. “Original assessed value” means the municipal assessed value as of March 31 of the tax year preceding the year in which the TIF district was designated. For example, a district is designated on February 2, 2019, effective April 1, 2019. The original assessed value would be the taxable value on March 31, 2018, which is the municipally assessed

value as of April 1, 2017. The value of exempt property in a TIF district is not included in the original assessed value.

- G. Person. “Person,” as defined in 36 M.R.S. § 111(3), means an individual, firm, partnership, association, society, club, corporation, financial institution, estate, trust, business trust, receiver, assignee or any other group or combination acting as a unit, the State or Federal Government or any political subdivision or agency of either government.
- H. Retail sales activity. “Retail sales activity,” as defined in 36 M.R.S. § 691(1)(A)(6)(b), means an activity associated with the selection and retail purchase of goods or rental of tangible personal property.. 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. “Retail sales activity” does not include “production” as defined in 36 M.R.S. § 1752(9-B).
- I. Retail sales facility. “Retail sales facility,” as defined in 36 M.R.S. § 691(1)(A)(6)(c), 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.
- J. Structure. “Structure” means a building or other freestanding architectural construction.

3. Eligible Business Equipment

The BETE program exempts eligible business equipment from the property tax. “Eligible business equipment,” as defined in 36 M.R.S. § 691(1)(A), means tangible personal property that: (1) is used or held for use exclusively for a business purpose; (2) is subject to an allowance for depreciation under the Code; and (3) meets certain placed-in-service requirements.

- A. Used for a business purpose. Eligible business equipment must be used or held for use exclusively for a business purpose by the person in possession of the equipment; or, for construction in progress or inventory parts, intended to be used exclusively for a business purpose by the person who will possess that property.
- B. Depreciable under the Code. Eligible business equipment must be subject to an allowance for depreciation under the Code, or would be subject to an allowance for depreciation under the Code if not already fully depreciated. In the case of construction-in-progress and inventory parts, eligible business equipment must be subject to an allowance for depreciation under the Code when placed in service (or would be if not already fully depreciated).
- C. Placed in service requirements. Eligible business equipment must have been first placed in service in Maine after April 1, 2007 and first subject to assessment on or after April 1, 2008. Eligible business equipment can include property of any age, as long as it was first placed in service in Maine during the relevant time period.

Example 1. A non-retail piece of equipment is purchased and placed in service in New

Hampshire in 1961. In 2012, the equipment was sold to a Maine manufacturing business, moved to Portland, and placed in service in Maine for the first time. This equipment satisfies the requirement for property to be first placed in service in Maine after April 1, 2007 and first subject to assessment on or after April 1, 2008.

Example 2. Same facts as Example 1, but the property was sold, moved, and placed in service in Maine for the first time in 2005. This equipment does not satisfy the requirement that the property be first placed in service in Maine after April 1, 2007 and first subject to assessment on or after April 1, 2008. This equipment, however, may be eligible for the Business Equipment Tax Reimbursement program – see Bulletin No. 27.

- D. Other eligible property. Other eligible business equipment includes, without limitation, repair parts, replacement parts, replacement equipment, additions, accessions, and accessories to other eligible business equipment. Eligible business equipment also includes inventory parts.

Property attached to real estate is not ineligible for exemption under the BETE program if the attachment is used primarily to further a particular business activity taking place in or on that real estate. Eligible property does not include attachments to real estate, however, if the attachment is used primarily to serve that building as a building or serve the land as land.

Example 3. An HVAC system attached to a building is generally ineligible for exemption because it serves the building generally and would be used by most businesses in that building.

Example 4. A specialized refrigeration unit attached to a building used primarily for the specific business activity located in that building is not ineligible for exemption.

See Section 9 for a non-exhaustive list of categories of property and their eligibility under the BETE program.

4. Excluded Property

Property owned by an excluded person, certain excluded property, property exempted from taxation by another provision of law, and certain retail sales property is generally ineligible for exemption under the BETE program.

- A. Excluded person. Property owned by the following persons does not qualify for the BETE program:

- (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, except:
 - a. Property that would be subject to exemption under 36 M.R.S. § 656(1)(E) but has not yet been certified may be qualified for BETE;
 - b. Property that has been placed in service between the immediately preceding December 2 and April 1 of the year for which exemption is sought may be qualified for BETE; and
 - c. Property for which the taxpayer has submitted a certification application to the Commissioner of the Department of Environmental Protection prior to April 1 may be qualified for BETE.

B. Certain excluded property. The following property does not qualify for the BETE program:

- (1) Office furniture;
- (2) Lamps and lighting fixtures used primarily for general office lighting;
- (3) Property used to support a telecommunications antenna used by a telecommunications business subject to tax under the Telecommunications Excise Tax. See 36 M.R.S. § 457.
- (4) Gambling machines or devices;
- (5) Natural gas pipeline (except pipelines less than one mile in length and owned by a consumer), pumping or compression stations, storage depots, and appurtenant facilities used for natural gas;
- (6) Property used to produce or transmit energy primarily for sale. Energy is primarily for sale if, during the property tax year for which a claim for exemption is being made, 2/3 or more of the useful energy is directly or indirectly sold and transmitted through the facilities of a transmission and distribution utility. Notwithstanding this exclusion, certain cogeneration facilities are eligible. See 36 M.R.S. § 6652(1-C). Certain battery storage systems are also eligible if:
 - a. more than 50% of the electrical output from the battery storage system serves load behind the utility meter where the system is located, or
 - b. there was a fully executed interconnection agreement between the battery system owner and the utility on or before January 1, 2025.
- (7) Property against which the excise tax under Title 36, chapter 111 (aircraft, house trailers,

and motor vehicles) or chapter 112 (watercraft) has been assessed; and

- (8) A facility that stores spent nuclear fuel, as defined under 22 M.R.S. § 673(18), or radioactive waste classified by the United States Nuclear Regulatory Commission as greater-than-Class C waste.
- C. Property exempted by another provision of law. 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) Property of Institutions and Organizations exempt pursuant to 36 M.R.S. § 652, including, but not limited to, the following:
 - a. Benevolent and charitable organizations;
 - b. Literary and scientific institutions;
 - c. American Legion, Veterans of Foreign Wars, American Veterans, Sons of Union Veterans of the Civil War, Disabled American Veterans, and Navy Clubs of the U.S.A.;
 - d. Chambers of commerce and boards of trade;
 - e. Houses of religious worship;
 - f. Fraternal organizations, except college fraternities; and
 - g. Hospitals, health maintenance organizations, and blood banks.
 - (3) Property leased to public schools, pursuant to 20-A M.R.S. § 4001(3)(C).
 - (4) Personal property exempt pursuant to 36 M.R.S. § 655.
 - (5) Property exempt pursuant to 36 M.R.S. § 656.
- D. Certain retail sales property. Property located at a retail sales facility and used primarily in a retail sales activity does not qualify for the BETE program. Property is located at a retail sales facility if it is in or near the facility, as long as the property is within the parcel of land upon which the structure is situated.

While retail property is not eligible for exemption under the BETE program, it may be eligible for reimbursement under the Business Equipment Tax Reimbursement (“BETR”) program. For more information, see Bulletin No. 27 – Business Equipment Tax Reimbursement.

5. Application

An applicant must file a BETE application by May 1 of each year with the assessor of the municipality where the property would be subject to taxation, or to MRS for property located in the unorganized territory. Applicants are required to file annually, even if there are no changes in their eligible business equipment.

On written request by a taxpayer prior to the commitment of taxes, an assessor, or MRS for applicants in the unorganized territory, may extend the time during which a taxpayer may apply for the BETE program. The application extension can only be granted for good cause and may not exceed 3 months in length. If a taxpayer fails to apply in a timely manner, including within any extensions of time, the taxpayer may not obtain an exemption under the BETE program for that property during the tax year.

6. Responsibilities of Assessors

- A. Recording. All eligible business equipment exempted under the BETE program *must* be included in the municipal commitment book, valued as if it were subject to taxation, depreciated, and adjusted by the certified ratio.
- B. Retention. All applications must be kept on file as required by the rules set forth by the State Archives Advisory Board and be available for inspection by MRS.
- C. Determination. An assessor must review, approve, and sign all applications. If an assessor determines that property is ineligible, the assessor must provide a written notice of denial, including the reason for the denial, to the applicant by certified mail prior to the commitment date. Taxpayers may appeal the decision of the assessor as described in 36 M.R.S. §§ 841 - 849. For more information see Bulletin No. 10 – Property Tax Abatement and Appeals Procedures.
- D. Tax rate calculation. The value of the portion of all exempt business equipment for which the municipality is entitled to reimbursement must be added to the total taxable municipal value when calculating the municipal tax rate. For example, if a municipality is entitled to the 50% standard reimbursement rate for taxes not collected on exempt business equipment, the municipality must include 50% of the value of exempt business equipment in taxable municipal value for calculating the municipal tax rate.

7. Reimbursement.

A municipality that has appropriately exempted equipment under the BETE program is generally entitled to recover 50% of the property tax revenue lost due to the exemption from the State. This recovery is referred to as the standard reimbursement. Municipalities may be entitled to a higher reimbursement rate than the standard reimbursement rate under the following circumstances:

- A. Enhanced reimbursement. Municipalities may be eligible for the enhanced BETE reimbursement based on the municipality's personal property factor. The personal property factor is the value of all taxable business personal property in the municipality plus the value of

exempt business equipment; divided by the value of all taxable property in the municipality plus the value of exempt business equipment. The value of exempt business equipment is the value that would have been assessed if that property was taxable. If the personal property factor within a municipality exceeds 5%, then the municipality is eligible to receive an enhanced BETE reimbursement from the State. The enhanced reimbursement is 50% plus an amount equal to half of the personal property factor.

- B. Special reimbursement. Municipalities with TIF districts that were in effect prior to April 1, 2008 may receive a special reimbursement rate for tax revenues lost as a result of personal property located within the district exempt from taxation under the BETE program. The reimbursement rate is equal to the greater of (1) the captured assessed value for the district expressed as a percentage of increased assessed value or (2) the standard BETE reimbursement of 50%.

8. Audits And Appeals

MRS may audit and review the records of a municipality with regard to the BETE program. If MRS determines that an exemption was improperly approved, MRS will deny reimbursement to the municipality for the ineligible property. The municipality must make a supplemental assessment for the property which was improperly exempted. MRS may recapture the improperly distributed funds by a setoff against other payments due to the municipality. The recapture period is up to three years. A municipality aggrieved by a determination of MRS may appeal pursuant to 36 M.R.S. § 151.

9. Examples of Eligible Property

The following is a non-exhaustive list of categories of property and their eligibility under the BETE program:

A. Leased property.

- (1) Property leased to private schools. Property leased to private schools may qualify for the BETE program. However, property *owned* by a private school, and all property possessed by public schools, *including leased property*, is exempt from property tax under 36 M.R.S. §§ 651-652 and is therefore ineligible for the BETE program.
- (2) Property leased to hospitals. Property leased to hospitals is ineligible for BETE because it is already exempt from tax under 36 M.R.S. § 652(1)(K).
- (3) Property leased to other tax-exempt entities. Property leased to other tax-exempt entities such as churches, municipalities, State of Maine, etc. is eligible for BETE if that property would otherwise be taxable to the lessor.

- B. Veterinary clinics. Business equipment located at veterinary clinics is eligible for BETE. These entities sell services rather than tangible personal property and are therefore not retail sales

facilities. While a veterinary clinic may also sell some tangible personal property such as pet food, the primary purpose of the operation is to sell medical services for animals.

- C. Fencing. Security fencing is not eligible under the BETE program since it is considered to be attached to real estate and can be used for many different types of businesses rather than being unique to a particular business activity.
- D. Banking institutions in big box retail stores. Business equipment associated with banking institutions located within a big box store is eligible for BETE because, although it is located in a retail sales facility, it is not being used in a retail sales activity.
- E. Recreational-related business. Business equipment associated with golf courses, ski facilities, water parks, and amusement parks is generally eligible for exemption. Since the primary business purpose is to sell the service of providing amusement to their customers, such businesses are not considered retail sales facilities.
- F. Breweries and distilleries. Brewery and distillery business equipment is eligible for exemption if the primary (more than 50%) business purpose is to sell the product wholesale to retailers. If the primary business purpose is to supply an onsite tasting room or a bar or to serve walk-in customers, then the business may be considered a retail sales facility and be ineligible for exemption.
- G. Professional services. Business equipment owned by professional services firms such as attorneys, accountants, insurance agents, therapists, physicians, and architects is generally eligible for exemption because these professional services firms are in the business of selling services.
- H. Transient/short-term rentals. Transient or short-term rental property may be eligible for exemption, but only if it is used exclusively by the renters. If the owner of the property uses the property for personal use or as noneligible business equipment at any time, it is not eligible.
- I. Window treatments/interior decorating. Window treatments, curtains, and property used for interior decorating such as artwork, are generally eligible for exemption. Window shades are generally not eligible because the property is affixed or attached to a building and is not used to further a particular trade or business activity.

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