

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

An Act To Preserve Farmland and Timberland

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 36 MRSA §4080 is enacted to read:

§ 4080. Exemptions

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Eligible farmland" means a tract of land located in the State, including woodland and wasteland, of at least 5 contiguous acres on which a farming or agricultural activity has contributed to a gross annual farming income of at least \$2,000 per year in either one of the 2 calendar years or 3 of the 5 calendar years preceding the death of the owner. The farming or agricultural activity and the income derived from that activity may be earned by either the owner or lessee of the farmland. For the purposes of this paragraph, "gross annual farming income" includes the value of commodities produced for consumption by the farm household.

B. "Eligible timberland" means a tract of land of at least 10 acres used primarily for the growth of trees to be harvested for commercial use. Otherwise eligible timberland may not be excluded from the provision of this section due to:

(1) Public recreational use of the land;

(2) A statutory or governmental restriction that prevents commercial harvesting of trees or requires a primary use of the land other than commercial harvesting;

(3) A deed restriction, restrictive covenant or organizational charter that prevents commercial harvesting of trees or requires a primary use of the land other than commercial harvesting and was effective prior to January 1, 1982; or

(4) Past or present mineral exploration on the land.

2. Credit. The tax otherwise imposed by this chapter is reduced by the amount of the tax attributable to eligible farmland and eligible timberland included in the taxable estate, including eligible timberland and eligible farmland held by an entity to the extent that the value of the entity is included in the taxable estate. For purposes of this subsection, "tax attributable to eligible farmland and eligible

timberland" means the tax otherwise due under this chapter multiplied by a fraction, the numerator of which is the value of the taxable estate from the eligible property and the denominator of which is the total taxable estate.

3. Application. The provisions of this section apply to an estate of a decedent who dies on or after January 1, 2007.

SUMMARY

This bill removes the value of eligible farmland and timberland from the calculation of the Maine estate tax.