



# MAINE REVENUE SERVICES PROPERTY TAX DIVISION PROPERTY TAX BULLETIN NO. 17

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## EXEMPTION OF FARM MACHINERY

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REFERENCE: Title 36, MRSA, Section 655, Subsection 1, Paragraph M.

Issued October 24, 1977; Replaces January 1, 1975 Edition.

1. The Law. All farm machinery used exclusively in production of hay and field crops to the aggregate actual market value not exceeding \$10,000, excluding motor vehicles is exempt from property taxation. "Motor vehicle" means any self-propelled vehicle.
2. In General. The exemption will apply to farm machinery not self-propelled or excised as part of a self-propelled vehicle. It applies only to such farm machinery that is used exclusively in production of hay and field crops and then only to \$10,000 of actual market value of the total amount of such machinery. This would include horse drawn or tractor accessories such as plows, hay rakes, mowers, harrows, spreaders, balers, planters, cultivators, sprayers, and other equipment used exclusively in production of hay and field crops.
3. The Exemption Provisions for Farm Machinery. The exemption is based on the value of farm machinery as noted above not exceeding \$10,000 based on the aggregate actual market value of such exempt property. The law is specific and no reference is made to any basis for exemption other than actual market value. The assessor(s) must first arrive at an estimate of the current market value for all farm machinery entitled to exemption under this section for each owner. The total market value would then be reduced by \$10,000 to arrive at the remaining value subject to taxation. The assessed value would be computed by applying the ratio to be certified by the assessor(s) to the remaining value object to taxation.
  - a. Example - A farm may have \$30,000 in actual market value attributable to farm machinery used exclusively in production of hay and field crops. Deducting the \$10,000 exemption from this value would leave \$20,000 of value subject to taxation. If the ratio used for assessing property is 75% of market value, the resulting taxable value applicable to such machinery would be \$15,000 for assessment purposes.
4. What is "Actual Market Value"? Simply stated in this connection it means the cost on the open market that the owner would have to pay in order to obtain a similar machine or equipment of substantially the same age and condition. It does not presume that it represents what the owner could or would sell it for. In appraising machinery of this kind the assessor must take into consideration the utility of the machine, its condition, and comparison with newer, more modern equipment in his estimate of value for assessment purposes.

NOTE: This bulletin is intended solely as advice to assist persons in determining, exercising or complying with their legal rights, duties or privileges. If further information is needed, contact the Property Tax Division of Maine Revenue Services.

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