

Additional \$100,000 Exemption for Farm Machinery – A Municipal Option



Background:

The cost and value of farm machinery has steadily increased. Municipalities may choose to provide an additional \$100,000 property tax exemption for farm machinery above and beyond the mandatory statewide exemption of \$100,000. Municipalities that adopt this tax exemption provide those qualifying farmers with a \$200,000 property tax exemption for farm machinery.

Key Points:

- This tax exemption is a municipal option adopted at the discretion of the municipality. It is not mandated statewide.
- Municipalities adopt the exemption through an ordinance voted on by the municipal legislative body.
- The enabling state statute, **CGS Section 12-91 (b)**, provides the language for the ordinance.
- The level of the tax exemption is the assessed value, not the appraised value of the equipment.
- The farmer must apply for the exemption with the local tax assessor annually on or before November 1.
- In order to qualify for the exemption the farmer must derive at least \$15,000 in gross receipts from the farming operation or incur at least \$15,000 in expenditures related to the farming operation in the most recently completed tax year prior to application.
- The equipment must be used exclusively in farming as defined under CGS Section 1-1q.

Statute:

CGS Section 12-91. Exemption for farm machinery, horses or ponies. Additional optional exemption for farm buildings or buildings used for housing for seasonal employees. (a) All farm machinery, except motor vehicles, as defined in section 14-1, to the assessed value of one hundred thousand dollars, any horse or pony which is actually and exclusively used in farming, as defined in section 1-1, when owned and kept in this state by, or when held in trust for, any farmer or group of farmers operating as a unit, a partnership or a corporation, a majority of the stock of which corporation is held by members of a family actively engaged in farm operations, shall be exempt from local property taxation; provided each such farmer, whether operating individually or as one of a group, partnership or corporation, shall qualify for such exemption in accordance with the standards set forth in subsection (d) of this section for the assessment year for which such exemption is sought. Only one such exemption shall be allowed to each such farmer, group of farmers, partnership or corporation. Subdivision (38) of section 12-81 shall not apply to any person, group, partnership or corporation receiving the exemption provided for in this subsection. (*Over*)

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(b) Any municipality, upon approval by its legislative body, may provide an additional exemption from property tax for such machinery to the extent of an additional assessed value of one hundred thousand dollars. Any such exemption shall be subject to the same limitations as the exemption provided under subsection (a) of this section and the application and qualification process provided in subsection (d) of this section.

(d) Annually, on or before the first day of November, each such individual farmer, group of farmers, partnership or corporation shall make written application for the exemption provided for in subsection (a) of this section to the assessor or board of assessors in the town in which such farm is located, including therewith a notarized affidavit certifying that such farmer, individually or as part of a group, partnership or corporation, derived at least fifteen thousand dollars in gross sales from such farming operation, or incurred at least fifteen thousand dollars in expenses related to such farming operation, with respect to the most recently completed taxable year of such farmer prior to the commencement of the assessment year for which such application is made, on forms to be prescribed by the Commissioner of Agriculture. Failure to file such application in said manner and form on or before the first day of November shall be considered a waiver of the right to such exemption for the assessment year. Any person aggrieved by any action of the assessors shall have the same rights and remedies for appeal and relief as are provided in the general statutes for taxpayers claiming to be aggrieved by the doings of the assessors or board

Notes: