

# \$100,000 Exemption for Farm Machinery



## Background:

Farm machinery, equipment, tools, horses and ponies are taxable as personal property under state law. Farmers are required to file a Personal Property Declaration with their local tax assessor annually listing all of the machinery, equipment, tools and horses used on the farm. Farm machinery, horses and ponies are exempt from personal property tax for the first \$100,000 of assessed value for qualifying farmers.

## Key Points:

- The exemption is mandatory statewide for qualifying farmers.
- Qualifying farmers must derive at least \$15,000 in gross sales from farming or incur at least \$15,000 in expenditures related to farming in the most recently completed tax year prior to application.
- The farm machinery, horses and ponies must be used exclusively for agriculture and farming as defined in CGS 1-1q.
- The farmer must apply for the exemption annually by November 1<sup>st</sup> with the local assessor's office in conjunction with the filing of their Personal Property Declaration.
- The farmer should be prepared to provide the assessor with an IRS Schedule F (Form 1040) Farm Profit and Loss from the most recent tax year.

## 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 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)*

## 2 **\$100,000 Exemption for Farm Machinery** *(continued)*

(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:**