

# Tax Reduction Programs for Connecticut Farmers – A Summary



## Background:

There are a number of tax reduction programs for eligible Connecticut farmers. Some of the programs are mandatory statewide. Other programs are municipal options. This means that state statutes provide the enabling legislation, however the programs are adopted at the discretion of the municipality.

Here is a summary of the state and optional tax programs for Connecticut farmers:

## State mandated programs:

- **\$100,000 Exemption for farm machinery, horses or ponies:** CGS Section 12-91 (a) Exempts first \$100,000 of assessed value from personal property taxation.
- **Farmers Tax Exemption Permit:** CGS Section 12-412 (63) Retail sales of tangible personal property used exclusively in agricultural production are exempt from sales and use taxes if the purchaser qualifies.
- **PA 490:** CGS Section 12-107 Connecticut's Land use value assessment law for farmland, forest land, open space and maritime heritage land.
- **Property Tax Exemptions:** CGS Section 12-81 Exempts certain agricultural commodities and certain temporary devices or structures used for seasonal production, storage or protection of plants or plant material, including, but not limited to, hoop houses, poly houses, high tunnels, overwintering structures and shade houses, from personal property taxation. Exempts farming tools used exclusively in the business of farming to the value of five hundred dollars.

## Municipal optional tax reduction programs:

- **\$100,000 tax exemption on farm buildings:** CGS Section 12-91 (c). Municipalities may provide an exemption from property tax on buildings used exclusively for farming. The exemption is per building and the municipality may choose the level of exemption up to \$500,000.  
**Criteria:** The buildings must be used exclusively for agricultural production. The farmer must show either \$15,000 in gross sales from the farming operation or at least \$15,000 in expenditures related to the farming operation annually and must apply annually to the assessor by filing a personal property declaration and exemption form. The exemption is adopted through an ordinance and voted on by the municipal legislative body.

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- **Additional \$250,000 exemption for farm machinery, horses and ponies:** CGS Section 12-91 (b) Municipalities may provide an additional \$250,000 exemption from personal property tax for farm machinery, horses and ponies on top of the state mandated \$100,000 exemption to bring the total exemption to \$350,000.  
**Criteria:** The farmer must show either \$15,000 in gross sales from the farming operation or at least \$15,000 in expenditures related to the farming operation annually and must apply annually to the assessor by filing a personal property declaration and form for exemption. The exemption is adopted through an ordinance and voted on by the municipal legislative body.
- **Property tax on horses or ponies:** PA 14-33 Effective October 1, 2014 any municipality may, by a vote of its legislative body or, in a municipality where the legislative body is a town meeting, by vote of the board of selectmen, exempt from property taxation horses or ponies of any value.
- **Property tax abatement:** CGS § 12-81(m) Municipalities may choose to abate up to 50% of the property taxes for certain agricultural businesses including dairy farms, fruit orchards, vineyards, vegetable farms, nurseries, any farm that employs nontraditional farming methods, such as hydroponics, tobacco farms or commercial lobstering operated on maritime heritage land. The municipality may choose which or all of the farm businesses to include in the abatement and the abatement includes land in PA 490.  
**Criteria:** The abatement and criteria is set by the municipality through an ordinance and the municipality may also establish a recapture in the event of sale provided the recapture does not exceed the original amount of taxes abated and does not go back further than ten years. The ordinance is voted on by the municipal legislative body.

### FAQs:

**Q: Where can I find information on obtaining a Farmers Tax Exemption Permit and other farm related tax questions?**

**A:** Here is a link to: The Connecticut Department of Revenue Services: “*Farmer's Guide to Sales and Use Taxes, Motor Vehicle Fuels Tax, Estimated Income Tax, and Withholding Tax*” <http://www.ct.gov/drs/cwp/view.asp?A=1510&Q=465728>

### Notes: