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H.864

Introduced by Committee on Agriculture and Forest Products

Date:

Subject: Taxation; sales and use tax; agricultural exemptions

Statement of purpose of bill as introduced: This bill proposes to modify and clarify the current exemptions from the sales and use tax for agricultural supplies, machinery, equipment, and fuels.

An act relating to agricultural exemption from Vermont's sales and use tax

It is hereby enacted by the General Assembly of the State of Vermont:

~~Sec. 1. 32 V.S.A. § 9741 is amended to read:~~

§ 9741. SALES NOT COVERED

Retail sales and use of the following shall be exempt from the tax on retail sales imposed under section 9771 of this title and the use tax imposed under section 9773 of this title.

\* \* \*

(3)(A) Agriculture feeds; seed; plants; baler twine; silage bags; agricultural wrap; sheets of plastic for bunker covers; liming materials; ~~breeding and other livestock, semen breeding fees, replacement livestock; semen, liquid nitrogen, and breeding supplies; baby chicks; turkey poults;~~

1 ~~agriculture chemicals other than pesticides, veterinary supplies, washing,~~  
2 ~~cleaning, and sanitizing supplies; and bedding; and.~~

3 (B) ~~fertilizers~~ Fertilizers and pesticides for use and consumption  
4 ~~directly predominately~~ in the production for sale of tangible personal property  
5 on farms, including stock, dairy, poultry, fruit and truck farms, orchards,  
6 nurseries, or in greenhouses or other similar structures used primarily for the  
7 raising of agricultural or horticultural commodities for sale.

8 \* \* \*

9 (25) Sales of agricultural machinery and equipment for use and  
10 consumption ~~directly and exclusively, except for isolated or occasional uses,~~  
11 predominately in the production for sale of tangible personal property on farms  
12 (including stock, dairy, poultry, fruit, and truck farms), orchards, nurseries, or  
13 in greenhouses or other similar structures used primarily for the raising of  
14 agricultural or horticultural commodities for sale. ~~It shall be rebuttably~~  
15 ~~presumed that uses are not isolated or occasional if they total more than four~~  
16 ~~percent of the time the machinery or equipment is operated.~~

17 \* \* \*

18 (27) Sales of electricity, oil, gas, and other fuels used ~~directly and~~  
19 ~~exclusively~~ predominately for farming purposes.

~~\* \* \*~~

*Sec. 1. 32 V.S.A. § 9741(25) is amended to read:*

*(25) Sales of agricultural machinery and equipment for use and consumption ~~directly and exclusively, except for isolated or occasional uses,~~ predominately in the production for sale of tangible personal property on farms (including stock, dairy, poultry, fruit, and truck farms), orchards, nurseries, or in greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities for sale. ~~It shall be rebuttably presumed that uses are not isolated or occasional if they total more than four percent of the time the machinery or equipment is operated.~~ As used in this subdivision, the term “predominately” means 75 percent or more of the time the machinery or equipment is in use.*

1 ~~Sec. 2. PURPOSE~~

2 ~~This act replaces the requirement that an item be used “directly” or “directly~~  
3 ~~and exclusively” in the production for sale of tangible personal property on~~  
4 ~~farms in order to qualify for a sales and use tax exemption with a requirement~~  
5 ~~that the item be used “predominately” in the production for sale of tangible~~  
6 ~~personal property on farms in order to qualify for an exemption. The changes~~  
7 ~~also remove the requirement that machinery and equipment be used 96 percent~~  
8 ~~of the time for farming purposes in order to be exempt. It is the intention of~~  
9 ~~the General Assembly to clarify that certain agricultural items are exempt from~~

1 ~~Vermont's sales and use tax, including items that are used less than 96 percent~~  
2 ~~of the time for farming.~~

*Sec. 2. [Deleted.]*

3 Sec. 3. EFFECTIVE DATE

4 This act shall take effect on July 1, 2016.