Sec. X.	32 V.S.A.	§ 9701 is amended to read:
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## § 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.

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(3) 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, baby chicks, turkey poults, agriculture chemicals other than pesticides, veterinary supplies, and bedding; and fertilizers and pesticides for use and consumption directly either directly or indirectly 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.

16 \*\*\*

(25) Sales of agricultural machinery and equipment for use and consumption directly and exclusively either directly or indirectly, except for isolated or occasional uses, 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.

4 \*\*\*

(27) Sales of electricity, oil, gas, and other fuels used directly and exclusively either directly or indirectly for farming purposes.

## Sec. Y. PURPOSE

This act broadens the scope of the agricultural exemptions from Vermont's sales and use taxes. The act replaces the requirement that an item be used "directly" or "directly and exclusively" in the production for sale of tangible personal property on farms in order to qualify for an exemption, to a requirement that the item be used "directly or indirectly" in the production for sale of tangible personal property on farms in order to qualify for an exemption. It is the intention of the General Assembly to broaden the category of agricultural items that are exempt from Vermont's sales and use tax to include items that are necessary to maintaining a farm business in this State, but that are indirectly related to the production for sale of tangible personal property. Examples of items that may be indirectly related to the production for sale of tangible personal property on a farm include the types of items currently treated as taxable under Tax Department Regulation § 1.9741(25)-5.