## (dr req 16-916 – draft 3.1) 3/11/2016 - PGG - 01:21 PM

1	Introduced by Committee on Agriculture and Forest Products
2	Date:
3	Subject: Taxation; sales and use tax; agricultural exemptions
4	Statement of purpose of bill as introduced: This bill proposes to modify and
5	clarify the current exemptions from the sales and use tax for agricultural
6	supplies, machinery, equipment, and fuels.
7	An act relating to agricultural exemption from Vermont's sales and use tax
8	It is hereby enacted by the General Assembly of the State of Vermont:
9	Sec. 1. 32 V.S.A. § 9741 is amended to read:
10	§ 9741. SALES NOT COVERED
11	Retail sales and use of the following shall be exempt from the tax on retail
12	sales imposed under section 9771 of this title and the use tax imposed under
13	section 9773 of this title.
14	* * *
15	(3)(A) Agriculture feeds; seed; plants; baler twine; silage bags;
16	agricultural wrap; sheets of plastic for bunker covers; liming materials;
17	breeding and other livestock, semen breeding fees, replacement livestock,
18	semen, liquid nitrogen, and breeding supplies; baby chicks;; turkey poults;;
19	agriculture chemicals other than pesticides; veterinary supplies; washing,
20	cleaning, and sanitizing supplies; and bedding; and

## (dr req 16-916 – draft 3.1) 3/11/2016 - PGG - 01:21 PM

1	(B) fertilizers Fertilizers and pesticides for use and consumption
2	directly predominately in the production for sale of tangible personal property
3	on farms, including stock, dairy, poultry, fruit and truck farms, orchards,
4	nurseries, or in greenhouses or other similar structures used primarily for the
5	raising of agricultural or horticultural commodities for sale.
6	* * *
7	(25) Sales of agricultural machinery and equipment for use and
8	consumption directly and exclusively, except for isolated or occasional uses,
9	predominately in the production for sale of tangible personal property on farms
10	(including stock, dairy, poultry, fruit, and truck farms), orchards, nurseries, or
11	in greenhouses or other similar structures used primarily for the raising of
12	agricultural or horticultural commodities for sale. It shall be rebuttably
13	presumed that uses are not isolated or occasional if they total more than four
14	percent of the time the machinery or equipment is operated.
15	* * *
16	(27) Sales of electricity, oil, gas, and other fuels used directly and
17	exclusively predominately for farming purposes.
18	* * *
19	Sec. 2. PURPOSE
20	This act replaces the requirement that an item be used "directly" or "directly
21	and exclusively" in the production for sale of tangible personal property on

(dr req 16-916 – draft 3.1) 3/11/2016 - PGG - 01:21 PM

1	farms in order to qualify for a sales and use tax exemption with a requirement
2	that the item be used "predominately" in the production for sale of tangible
3	personal property on farms in order to qualify for an exemption. The changes
4	also remove the requirement that machinery and equipment be used 96 percent
5	of the time for farming purposes in order to be exempt. It is the intention of
6	the General Assembly to clarify that certain agricultural items are exempt from
7	Vermont's sales and use tax, including items that are used less than 96 percent
8	of the time for farming.
9	Sec. 3. EFFECTIVE DATE
10	This act shall take effect on July 1, 2016.