

soil or plants, including but not limited to harvesters, combines, binders, forage blowers, milking equipment, egg collecting equipment, pickers and feed handling equipment;

5. Replacement parts used to replace worn parts upon exempt machinery and equipment including but not limited to motors, belts, screws, bolts, cutting edges, tractor batteries, tractor tires, and air filters or gears;
6. Machinery and equipment used to convert animal waste or other farm byproducts into energy when that energy is used for agricultural purposes, except for isolated or occasional uses not to exceed four percent of total usage. Note, however, that machinery and equipment used to convert animal waste or other farm byproducts into energy for sale at retail may be exempt under the manufacturing exemption. *See* 32 V.S.A. § 9741(14); Reg. § 1.9741(14).

Reg. § 1.9741(25)-5 Machinery and Equipment Not Directly and Exclusively Used

Machinery and equipment in the following categories are not directly and exclusively used in an agricultural operation, and the purchase or use of such property is subject to tax:

1. Machinery and equipment used in some manner prior to the actual commencement of production or in some manner after production has terminated, including, but not limited to machinery and equipment used to collect, convey, or transport property prior to its use in the actual agricultural operation, and storage facilities or devices used to store property such as sheds, barns, or silos;
2. Machinery and equipment purchased or used by one engaged in agriculture for use in the construction, reconstruction, alteration, remodeling, servicing, repairing, maintenance, or improvement to real estate, even though the structure may house or otherwise contain equipment or other facilities used directly and exclusively in agriculture;
3. Machinery and equipment purchased or used for land reclamation, land clearing, landscaping, and similar activities that are intended to improve or preserve real estate;
4. Machinery and equipment predominately used in maintaining facilities, including, but not limited to equipment used in general cleaning and maintenance of agricultural property, chain hoists, welding equipment, sprayers, and oilers;
5. Property used in managerial, marketing and sales or other non-operational activities including, but not limited to office furniture, supplies and equipment, textbooks and other educational materials, books and records, and all other property used in agricultural administration and management, and machinery and equipment used in advertising agricultural products for sale;
6. Property used in the exhibition of agricultural products or agricultural operations including, but not limited to blankets, halters, prods, leads, harnesses, dressings, ribbons, clippers and similar show or grooming and display equipment;
7. Property used to prevent or fight fires and equipment and supplies used for safety, accident prevention or first aid programs, even though such equipment or property is required by law;
8. Property used for the personal comfort or convenience of a person engaged in agriculture, or his or

her family, employees, or business associates, such as beds, mattresses, blankets, tableware, stoves, refrigerators, and other equipment used in conjunction with the operation of a migrant labor camp, or facilities for agricultural employees;

9. Machinery and equipment used in making butter, sausage, canned goods, jellies, flour, juices, cheeses, ice cream and other like items. Note, however, that such machinery and equipment may be exempt under the manufacturing exemption. *See* 32 V.S.A. § 9741(14); Reg. § 1.9741(14);
10. Machinery and equipment used solely to control odor or to remove pollutants, even if its use may be required by law, when such equipment is not used in the immediate area of agricultural production to maintain sanitary or health conditions. *See* Reg. § 1.9741(25)-4(1).

Reg. § 1.9741(25)-6 Nurseries

Machinery and equipment purchased by a person engaged in commercial nursery operations for use directly and exclusively in the production of tangible personal property for sale is exempt. Included is machinery and equipment used in the production process of growing ornamental trees, shrubbery, flowers, Christmas trees and fruit trees.

Reg. § 1.9741(25)-7 Agricultural Exemption Certificate

- A. A person engaged in the production for sale of agricultural products shall provide a completed agricultural exemption certificate to his or her supplier to cover purchases of exempt agricultural machinery and equipment.
- B. Sales that are not supported by a properly executed exemption certificate shall be deemed taxable retail sales.
- C. A blanket agricultural exemption certificate may be furnished to the seller to cover additional purchases of the same general type of agricultural machinery and equipment.
- D. Each sales slip or purchase invoice based on a blanket exemption certificate must show the name, address and federal identification number of the purchaser.

Reg. § 1.9741(26)-1 Residential Fuel Exemption

Sales of fuel used in a residence for domestic use are exempt. "Fuels" shall include electricity, oil, kerosene, natural gas, propane, wood, coal, and any similar product.

Reg. § 1.9741(26)-2 Definition of Residence

"Residence" shall mean any dwelling, apartment, mobile home or other place that is normally used as a living place and may be either a primary or secondary residence. "Residence" shall not include motels, hotels, inns, time shares, vacation clubs, nursing homes as defined in 33 V.S.A. § 7102, tourist homes, or similar housing arrangements.