

# Farm Machinery Repair and Replacement Parts

JLARC Staff 2015 Tax Preference Performance Evaluation

2006

Legislature enacts preference amid concerns about rising fuel costs, stagnant crop prices, and falling farm profits.

2013

Fuel and other input costs are higher in 2013 than in 2006, but crop prices and farm profits also have risen.

## Preference and Recommendation

Eligible farmers do not pay **sales or use taxes on purchases of replacement parts** for farm machinery and equipment **or on labor and services** for installation or repair.

It is unclear whether the combined circumstance of rising input costs and stagnant crop prices still applies, and what changes in prices and costs would be appropriate for continuing the preference relative to farm profits. **The Legislature should review and clarify this preference.**

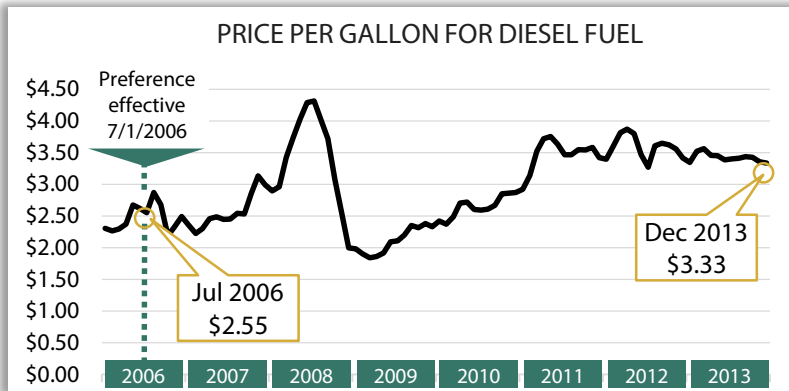
The [complete report](#) is on the JLARC web site.

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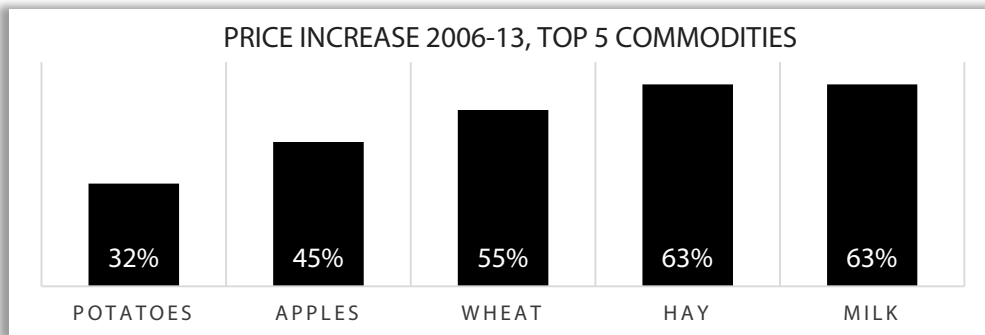
## DIESEL FUEL PRICES ARE HIGHER in 2013 than in 2006

Overall farm input costs, including fuel, increased 38%. Other inputs include fertilizer, seed, animal feed, and labor.



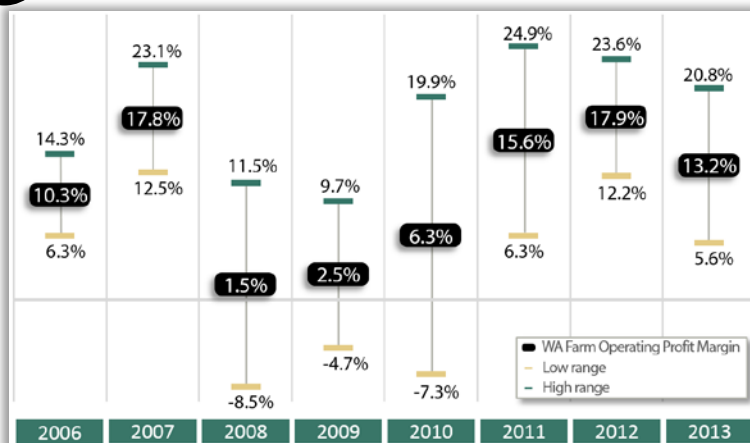
Source: WSDOT Historical Diesel Prices, updated 1/6/15. Dollars not adjusted for

## CROP PRICES ARE HIGHER in 2013 than in 2006



Source: USDA National Agricultural Statistics Service; USDA NASS commodities pricing data for

## OPERATING PROFIT MARGIN IS HIGHER in 2013 than in 2006



Forecasts from USDA indicate a decrease in profits nationally in 2015.

Source: USDA Economic Research Service data on Farm Finances for All Farms: Washington, Operating Profit Margins, 12/02/14.