

HOUSE RESEARCH

Bill Summary

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Authors: Urdahl and others

Subject: Expanding the sales tax exemption for livestock production

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Overview

Expands the definition of exempt farm machinery, the sales tax exemption for fuel used for heating and lighting, and the sales tax exemptions to several items used in the production of livestock and adds tires to the definition of tax-exempt repair and replacement parts for farm machinery. "Livestock" includes cattle, sheep, swine, horses intended for slaughter, mules, farmed cervidae (deer, elk, and moose), llamas (llamas and alpacas) and ratitae (ostriches, rheas, and emus), but not poultry.

Section

- 1 Farm Machinery.** Expands the definition of exempt farm machinery to include grain drying systems, grain and other feed and forage bins, and other buildings and equipment used for grain and silage storage. The exemption would also include these items when purchased and installed by a contractor as an improvement to realty.

Exempts machinery used to maintain land in a state and federal agricultural program such as CRP. Currently the exemption only applies to machinery used for producing agricultural products to be ultimately sold at retail.

Effective for purchases retroactive to January 1, 2007.

- 2 Materials consumed in agricultural production.** Extends this sales tax exemption to fuel used to light and heat farm buildings and to the following materials used for livestock:

- interior crates and partitions,
- calf hutches,
- cow mats and mattresses,
- syringes and needles used on livestock, and
- building materials used to construct buildings and interior and exterior housing and containment facilities.

Effective for sales retroactive to January 1, 2007.

- 3** **Repair and replacement parts.** Expands the exemption for repair and replacement parts for farm machinery to include tires. Effective retroactive to January 1, 2007.
- 4** **Machinery, equipment, and fencing.** Expands the current sales tax exemption for fencing of farmed cervidae (deer, elk, and moose), to include fencing for all livestock. Effective for sales after January 1, 2007.