

KANSAS DEPARTMENT OF REVENUE

AGRICULTURAL EXEMPTION CERTIFICATE

The undersigned purchaser certifies that the tangible personal property or service purchased from:

Seller: Stratton Equity Coop
Address: 321 W Jackson, Saint Francis, KS 67756

is exempt from Kansas sales and compensating use tax for the following reason:

- Ingredient or component part
Consumed in production
Propane for agricultural use
The property purchased is farm or aquaculture machinery or equipment...
Seeds and tree seedlings; fertilizers, insecticides, herbicides, germicides, pesticides, fungicides; and services...

Description of tangible personal property or services purchased: Animal Feed/Supplies, Farm Supplies, Fertilizer, Chemical, Seed

The undersigned understands and agrees that if the tangible personal property or services are used other than as stated above or for any other purpose that is not exempt from sales or compensating tax, the undersigned purchaser becomes liable for the tax.

Purchaser:
Address:
Business Name
Street, RR, or P. O. Box
City
State
ZIP + 4

Authorized Signature:
Date:

THIS CERTIFICATE MUST BE COMPLETED IN ITS ENTIRETY.

WHO MAY USE THIS CERTIFICATE? Farmers, ranchers, feedlots, fisheries, grass farms, nurseries, Christmas tree farms, custom cutters, crop dusters, and others engaged in farming, ranching, aquaculture, or farm and ranch work for hire are entitled to this exemption.

WHAT PURCHASES ARE EXEMPT? This certificate contains five separate exemptions. Examples of items or uses that are exempt, and those that are taxable are given for each exemption. In addition to meeting the definition for an "ingredient or component part" or the "consumed in production" exemption, items purchased with this certificate must be used exclusively in agriculture or aquaculture to produce a product for resale — food, fiber, fur, or offspring for such purposes.

RETAINING THIS CERTIFICATE: Sellers should retain a completed copy of this certificate in their records for at least three years from the date of sale. A seller is relieved of liability for the tax if it obtains a completed exemption certificate from a purchaser with which the seller has a recurring business relationship.

INGREDIENT OR COMPONENT PART: EXEMPT: Wheat, corn, milo, soybean, and sunflower seed used to produce these crops; feed for beef or dairy cattle, sheep and hogs, ground grain for chickens in a poultry or egg-laying operation; food for aquatic plants and animals (fish); baler twine, baler wire and bale wrap used on hay that will be resold or used in the farmer or rancher's own livestock production operation. TAXABLE: Bedding plants and seeds for a home garden; or food for pets and pleasure animals.

CONSUMED IN PRODUCTION: EXEMPT: Insecticides, herbicides, fungicides, fumigants, germicides, pesticides, and other such chemicals used on growing agricultural crops for resale or used in the processing or storage of fruit, vegetables, feeds, seeds, and grains; antibiotics, biologicals, pharmaceuticals, vitamins, minerals, and like products which are fed, injected, or otherwise applied to livestock for resale; off-road diesel fuel, oil, and oil additives consumed by farm tractors and combines; LP gas for agricultural use. TAXABLE: Insecticides and the like purchased for use in a home garden; antibiotics, vitamins, etc. purchased for pets or pleasure animals; fuels, oils, for cars, trucks, and ATVs.

PROPANE FOR AGRICULTURAL USE: EXEMPT: Propane used to operate farm machinery. TAXABLE: Propane for non-agricultural use, including for barbecue grills, campers, RV equipment and vehicles licensed to operate on public highways.

FARM OR AQUACULTURE MACHINERY AND EQUIPMENT: To qualify, the machinery or equipment must be used ONLY in farming, ranching, the operation of the feedlot or nursery, farm or ranch work for hire, or aquaculture. The exemption applies to the rental or purchase of farm or aquaculture machinery and equipment, as well as the parts and labor purchased to repair or maintain the farm or aquaculture machinery and equipment. EXEMPT: Combines, discs, farm tractors, harrows, hay balers, irrigation and milking equipment, planters, plows, tillers, and work-site utility vehicles (see NOTICE 06-02). TAXABLE: Air compressors and tanks, all terrain vehicles (ATVs), automobiles and trucks, barn ventilators, building and electrical materials, bulldozers, fencing materials and tools, garden hoses, grain bins, hand tools, lawnmowers, silos, water and gas wells, welding equipment, and any equipment that becomes a part of a building, facility, or land improvement.

SEEDS AND TREE SEEDLINGS: All components of a shelter belt or wind break planted on agricultural land are exempt from sales tax. This includes the trees, fertilizers, pest control chemicals, moisture/weed barrier and staples, and above ground irrigation equipment. Furthermore, all services related to the planting or caring of the trees planted on agricultural land are exempt from sales tax.

Note: See Publication KS-1550, Kansas Sales & Use Tax for the Agricultural Industry, at www.ksrevenue.org for additional information.



FYI Sales 75 Farm Equipment Exemption

GENERAL INFORMATION

Effective July 1, 1999, and as modified effective July 1, 2000, and again on July 1, 2001 a sales tax exemption is provided for certain qualifying farm, dairy and ranch equipment and shipping aids. [§39-26-716, C.R.S.] **This exemption applies to state sales and use tax only.**

Colorado sales tax exempts many non-registered farm vehicles, towed equipment, trailers, and the attachments to these vehicles, irrigation equipment, dairy equipment, aircraft used in crop dusting, and repair and maintenance parts for these exempt items. The statute also exempts farm use of bailing wire, binders twine, surface wrap, pallets and crates.

Shipping pallets, aids and crates are exempt when used in the transfer or shipping of agricultural products.

FARM EQUIPMENT

While the broad term "farm equipment" is used in the exemption statute, **only non-registered vehicles, trailers and towables are included as exempt.** The exemption law defines farm equipment to be farm tractors and implements of husbandry as defined in motor vehicle statutes. **If the farm vehicle is registered with the county motor vehicle office, then it does not qualify for the exemption.**

"Farm tractor" means every **motor vehicle** which is designed and used as a farm implement. "Implement of husbandry" means every **vehicle** that is designed, adapted or used for agricultural purposes. [§42-1-102(33) and 42-1-102(44) C.R.S.] **Thus, other than irrigation equipment, no fixed equipment is exempt, regardless of how movable or how often it is moved. Where plants, crops or livestock are brought to the equipment, the equipment remains taxable.**

Vehicles taken into fields, corrals, etc., and moved about on the land to perform work with plants, crops or livestock are the items considered for exemption, with the other restrictions as noted below. Any vehicle licensed for highway use is disqualified.

The purchased or leased property must be used directly and primarily on a farm, ranch or at a "livestock production facility." **It cannot be used incidentally for agricultural use, nor can it be used for janitorial, building maintenance, office, sales, distribution (even of farm products), research or transportation use.**

A "livestock production facility" means any structure used predominantly for the housing, containing, sheltering, or feeding of livestock, including, without limitation, barns, corrals, feedlots, and swine houses. [§39-26-102(5.7) C.R.S.]

NOTE: Materials to construct barns, corrals, feedlots, etc., are not themselves exempt from taxation.

The activities qualifying for exemption are agricultural, viticultural, fruit, vegetable, milk, honey, poultry, egg and livestock production. Livestock means cattle, horses, mules, burros, sheep, lambs, poultry, swine, ostrich, llama, alpaca and goats or other animals raised for food, fiber or hide production, and alternative livestock under §35-41.5-102, C.R.S. but not pet animals as defined in §35-80-102(10) C.R.S.

An "agricultural commodity" means any agricultural commodity as defined in §35-28-104(1) C.R.S. except that, for purposes of this sales tax exemption, "agricultural commodity" shall also include sugar beets, timber, and timber products, oats, malting barley, barley, hops, rice milo, and other feed grain.

For farm equipment to be exempt, there must be primary use with plants or livestock produced for profit. It does not include, for example, home gardens with incidental sales, weed mowing, petting zoos, stables for pleasure riding, trail riding or pack use of horses, mules, llamas, polo horses, etc.

The purchase must be qualifying "farm equipment":

- Irrigation equipment having a per unit purchase price of at least \$1,000,
- Vehicles that qualify as implements of husbandry are those vehicles that are exempt from registration and are designed, adapted or used for agricultural purposes. An example would be a feed truck. Trailers designed to carry this equipment are also implements of husbandry,
- Attachments to exempt farm tractors or implements of husbandry that are machinery and equipment that aid or enhance the performance of the tractor or implement,
- Baling wire, binder twine, surface wrap, pallets and from July 1, 2001, crates.
- Aircraft designed or adapted to undertake agricultural applications, but the agricultural application use must be the primary use and not merely incidental to a farm operation (from July 1, 2000),
- Parts for maintenance and repair of the farm equipment that qualifies for exemption (from July 1, 2000).

Exempt equipment also includes hay balers, hay stacking equipment, combines, tillage and harvesting equipment, and other heavy movable farm equipment primarily used on farms and not on highways. Trailers specially designed to move such equipment on highways are considered component parts of such implements of husbandry. [§42-1-102(44), C.R.S.]

The purchase is not exempt if it is subject to registration as a vehicle under §42-3-103, C.R.S., or if its use is incidental to farm, ranch or livestock production facility operation.

Leased farm equipment that otherwise qualifies under the above restrictions must have a fair market value of at least \$1,000 in order to qualify for the exemption.

DAIRY EQUIPMENT

The exemption includes any item that is used at a farm dairy in connection with the production of raw milk, such as: milking claws, shells, inflators, pulsators, meters, cow identification systems, transponders, automatic takeoffs, piping, receiver jars, pumps, filter assemblies, milk containment tanks, cooling compressors, wash vats, clean in place assemblies, wash lines, wash control units, pulsator controls, milking system controls, programmable logical control systems, vacuum pumps, vacuum distribution tanks, backflush and related valves, rubber and similar hoses, rubber and similar gaskets, and any other similar or related item used in any dairy facility or farm dairy operation or in the production of raw milk, regardless of whether or not the item has become a fixture. It does NOT include equipment used at a commercial dairy in connection with the production of pasteurized, separated milk products for retail sale.

AFFIDAVIT INFORMATION

Buyers must sign and complete the entire Affidavit for Colorado Sales Tax Exemption for Farm Equipment (DR 0511), testifying to their qualification for exemption. Vendors must retain the affidavit for three years from the date they file that month's sales tax return. The department may request copies of such affidavits at any time during that three year period. Buyers remain liable for tax, interest and any applicable penalties if the purchase is used in a manner that does not qualify for the exemption.

LOCAL JURISDICTIONS

Cities and counties have the option of taxing farm or dairy equipment. To find out whether a governmental entity allows an exemption from local tax on farm equipment, refer to Colorado Sales/Use Tax Rates (DR 1002), published by the Department of Revenue. This publication, updated every January and July, lists tax rate information for Colorado cities and counties and also indicates which counties and statutory cities have a sales tax exemption for farm or dairy equipment. The publication may be obtained on the Department of Revenue Web site at www.TaxColorado.com

You must contact home-rule cities directly to find out if they exempt farm or dairy equipment from sales tax.

FARM EQUIPMENT EXEMPTION STATUTORY REFERENCES

§39-26-716, C.R.S.

FYIs provide general information concerning a variety of Colorado tax topics in simple and straightforward language. Although the FYIs represent a good faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter, or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having the authority to bind the Department, has not formally reviewed and/or approved these FYIs.



Affidavit for Colorado Sales Tax Exemption for Farm Equipment

- I affirm that I have reviewed the written standards on this affidavit and that the primary use of this purchase or lease will qualify for the Colorado sales tax exemption for farm equipment used directly and primarily in my for-profit farm, ranch or livestock production facility operation, or used at my dairy farm for the production of raw milk.
- I accept that I remain directly liable for the sales or use tax assessment, and any applicable penalty or interest, if my purchase is found to not qualify for the exemption, or if my purchase or lease is converted to a non-qualifying use.
- I understand that the dealer may request this affidavit for every purchase or lease, or less frequently, but a minimum of every two years.

Please Print or Type

Customer Last Name	First Name	Middle Initial	Colorado Driver License Number
Company Name (if applicable)		TIN or Colorado Tax Number (if applicable)	
Address		City	State Zip
Signature			Date (MM/DD/YY) ?
Seller Business Name		Colorado Sales Tax Account Number	
Date of Sale* (MM/DD/YY) ?	Amount of Sale*	Invoice Number*	

Dealer: Where any dealer has a reasonable doubt about either the primary use of the item they are selling to a commercial farm or ranch, or whether the item qualifies as a farm tractor, implement of husbandry, irrigation equipment, or aircraft used in crop dusting, the dealer cannot rely on this affidavit and must collect the sales tax. [§39-26-703 C.R.S.]. Any customer who must pay the sales tax may claim a refund from the Department of Revenue on form DR 0137, providing such proof of his farming operation expenses and income and the use of the item as is appropriate. Illegible or incomplete affidavits cannot be accepted. Dealers who accept them risk liability for tax on the products.

This affidavit must be retained for three years from the date the vendor files his or her sales tax return reporting the sale. The department may request a copy of this affidavit at any time during that three year period.

*Sellers must either (1) show the details of the sale here on the affidavit blocks or (2) be able to tie this affidavit back to every purchase the customer made that was tax exempted under this affidavit.