



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2005 Wisconsin Act 366
[2005 Assembly Bill 646]

**Sales Tax Exemption: Purchases
for Farming**

2005 Wisconsin Act 366 expands the exemptions from sales and use taxes that are provided under statutes for the purchase of certain property used in the business of farming.

The prior statutes exempted all of the following from sales and use taxes, when used exclusively and directly in the business of farming:

- Tractors and machines, including accessories, attachments, and parts but excluding vehicles for highway use and certain other personal property.
- Various listed agricultural supplies, such as plants, livestock, feed, fertilizer, and pesticides.
- Electricity and fuel.

For purposes of these exemptions, current law specifies that “the business of farming” includes dairy farming, agriculture, horticulture, and floriculture. For purposes of the exemptions for tractors and machines and for agricultural supplies, the term also includes custom farming services.

Act 366 expands the exemption for tractors and machines. It retains the exempt items listed above and also does the following:

- Expands the exemption to include lubricants, nonpower equipment, and other tangible personal property, in addition to accessories, attachments, and parts.
- Provides that items that are consumed or lose their identities in the business of farming, in addition to those that are used in the business of farming, receive the exemption.
- Adds silviculture to the activities included under “the business of farming” for purposes of this exemption. The Act also adds silviculture to the activities included under “the business of farming” for purposes of the exemptions for agricultural supplies and for electricity and fuel.

Effective Date: July 1, 2007.

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This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature’s Web site at: <http://www.legis.state.wi.us/>.