



# Mark Meyer

State Senator • 32nd Senate District

March 29, 2001

Dear Assembly Agriculture Committee:

As a senate co-author of this bill, I would like to stress the importance of passing AB 121 in order to provide tax relief to Wisconsin farmers.

The State of Wisconsin is a perennial agricultural leader. Following California, Wisconsin is our nation's second largest dairy state, producing roughly 23.5 BILLION pounds of milk annually. This milk is processed into a variety of dairy products including cheese, butter and nonfat dry milk. Approximately 85% of our state's milk is manufactured into cheese. Wisconsin manufactures roughly one-fourth of the nation's cheese.

Wisconsin dairy farms are some of the most efficient, benefiting from quality genetics, good feed, a knowledgeable workforce, and a strong dairy agri-industry. In addition to dairy, our state is a leader in vegetable crops (cabbage, potatoes, snap beans), cranberries, dark red kidney beans and timber. Wisconsin also has a strong beef and hog industry.

However, even with these attributes, the following numbers show that some farmers in Wisconsin, while continually being among the best in the nation, are still struggling to make ends meet. The total number of farms in Wisconsin has declined from 93,000 to 78,000 between 1980 and 1999. The number of dairy farms have dropped by more than 50% in this same time period—from 45,000 in 1980 to 21,800 in 1999. Wisconsin farmland has dropped 12% in 20 years, from 18.6 million acres to 16.3 million acres.


There are a variety of reasons for the decline in farm numbers. One of those reasons is the accessibility of better paying "off the farm" jobs. Declining profit margins in the business of farming is another reason and is the reason this bill helps address. By providing tax relief that exempts tangible personal property that is used in farming, we help alleviate some of the financial tax burdens that farmers face.



As with any other business, it is important that our state provide economic incentives to our agriculture producers. By providing tax relief to farmers, who besides their economic impact provide an important social component to our state, we acknowledge that in Wisconsin, dairy farming is more than an industry, it is a way of life, it is our state's heritage, and it is a cultural and social symbol.

Thank you for taking the time to consider my letter in support of AB 121.

Sincerely,

A handwritten signature in cursive script that reads "Mark Meyer".

Mark Meyer  
State Senator  
32<sup>nd</sup> Senate District



## Agri-Business Coalition

FROM: WAYNE COREY  
*Executive Director*



### **AB 121 SALES TAX EXEMPTIONS: FAIRNESS FOR FARMERS**

**PREPARED FOR: THE ASSEMBLY COMMITTEE ON AGRICULTURE**

**DATE** : March 29, 2001

Wisconsin's farmers deserve fairness and clarity from the state's tax system. Our farmers deserve laws that provide the same type of economic opportunities available for large corporations. And our farmers need and deserve support for their industry and livelihood from everyone in Wisconsin. Wisconsin's farmers deserve legislative support for Assembly Bill 121 to provide a sales tax exemption for tangible personal property used exclusively for farming.

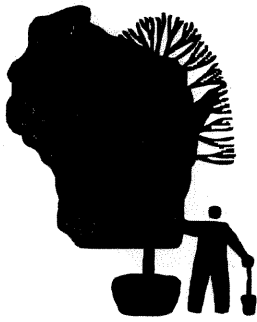
The legislature often uses the state tax code to provide economic opportunity, benefit and incentive for privately-held corporations. Such tax breaks are deemed reasonable efforts to help maintain the well-being of significant corporate contributors to the state's economy. For generations, no segment of our population has made a more significant and continuous contribution to our economy than our farmers. As Wisconsin moves into this new century, it is time to update the fairness of our sales tax code. AB 121 provides a sales tax exemption for tangible personal property essential to operating a farm, a horticulture, floriculture or aquaculture business. Wisconsin Independent Businesses strongly supports this legislation.

This proposed change in the sales tax code is fair for farmers. It will remove tax code confusion for retailers and farmers, alike. And there is plenty of confusion! Farmer phone calls to WIB's toll-free member HOTLINE regularly demonstrate that current sales tax laws for farmers are enforced haphazardly and understood erratically. AB 121 will change that. Because of a lack of understanding of the laws as they apply to agriculture necessities, retailers and farmers alike are often confused. Different retailers may apply the sales tax to different items. In past years we've found that some retailers believe the language of AB 121 to already be state law. AB 121 can curb the confusion.

Wisconsin's farmers deserve the support of Wisconsin's legislature. AB 121 is fair, is sound fiscal policy and is timely. On behalf of 52,000+ people served by WIB -- people with ownership interest in 16,000 businesses and 9,000 farms -- we strongly urge support for AB 121.

**Wisconsin Independent Businesses, Inc.**

9910 WEST LAYTON AVENUE  
GREENFIELD, WISCONSIN 53228  
PHONE (414) 529-4705  
FAX (414) 529-4722



## wisconsin landscape federation, inc.

### Memorandum

To: Members of the State Assembly Committee on Agriculture  
Chairman Ott, Reps. Petrowski, Hahn, Kestell, Wade, Suder, Ainsworth, Bies,  
Loeffelholz, Wade, Plouff, Gronemus, Reynolds, Steinbrink, Lassa and Hubler

Fr: Joe Phillips, Executive Director  
Wisconsin Landscape Federation

Re: A.B. 121

March 29, 2001

Were it not for the fact that the Spring planting season is upon us, I would expect that many owners and managers of the nearly 700 member firms of the Federation would be on hand this day to urge your support of Assembly Bill 121.

We support the extended sales and use tax exemption as provided for in A.B. 121 since it will financially help our friends and allies in the beleaguered Agricultural industry. Further, we believe that the sales and use tax is not appropriate nor fair when imposed on equipment and other items that go into producing commodity farm products or horticultural stock that is designed to beautify the landscape of our great State.

There is also a valid argument to be made in the interest of simplifying our business practices which are already unduly complicated by various governmental rules and regulations.

We applaud those lawmakers who have recognized the vitality and importance of agriculture, horticulture and floriculture to our state's economy and have accordingly sponsored this legislation. In response, the WLF Board of Directors has unanimously endorsed A.B. 121 and publicly supports its expedient enactment into law. Thank you for your consideration.

#### MEMBER ASSOCIATIONS

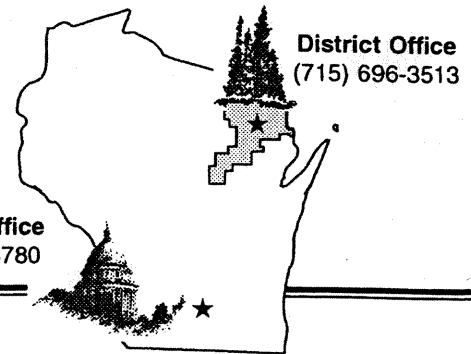
Commercial Flower Growers of Wisconsin • Gardens Beautiful Garden Centers • Grounds Management Association of Wisconsin  
Wisconsin Landscape Contractors Association • Wisconsin Nursery Association • Wisconsin Sod Producers Association

**LORRAINE M.  
SERATTI**

STATE REPRESENTATIVE  
36TH ASSEMBLY DISTRICT

P.O. Box 8953, State Capitol • Madison, Wisconsin 53708-8953  
Toll-Free: (888) 534-0036 • Fax: (608) 282-3636 • Rep.Seratti@legis.state.wi.us

Madison Office  
(608) 266-3780



**Testimony of Representative Lorraine M. Seratti  
Assembly Bill 121**

*March 29, 2001*

Chairman Ott, members of the committee, thank you for having me here today.

Assembly Bill 121 is a redraft of 1999 AB 515 which unanimously passed the Joint Survey Committee on Tax Exemptions last session.

The purpose of this bill is to create a blanket sales and use tax exemption for tangible personal property used exclusively in the business of farming. The exemptions this bill provides are very similar to the exemptions manufacturers currently have in Wisconsin. Moreover, all of the states adjoining Wisconsin have broader sales tax exemptions for agriculture than we do.

With dairy farms already hindered by the ridiculous Federal Milk Marketing Order System, it is imperative that we, as state legislators, do everything we can to help Wisconsin farmers compete.

Current statutory language exempts a number of specific items used in farming. Rather than adding items to the list – essentially just patching up the law – this bill creates a general categorical exemption similar to the exemption currently in place for manufacturing in Wisconsin. This language not only expands the number of currently existing items that are tax exempt, but will allow new products to be included as tax exempt as they come on the market without requiring the legislature to pass a new bill every session.

I've attached a chart to clarify the tax inequity Wisconsin farmers are burdened with on products they are taxed on that neighboring state's farmers are not.

While most of the state enjoyed a decade of growth in the 1990's, farms have been faced with increasing costs and declining profits. Last year milk prices dropped to the lowest levels seen since the 1970's. In the 21 year period between 1977 and 1998, personal income grew by 313% in Wisconsin. Personal income for farm proprietors has not been as favorable.

For Wisconsin farm proprietors, the five-year average per proprietor income between 1977 and 1981 was \$13,400, but only \$8,100 for the five-year average between 1994 and 1998. If one adjusts for the affects of inflation, the decline in per farm proprietor income

is even more pronounced. There was a \$500 million drop in income from raw milk sales from 1999 to 2000.

The erosion of farm profit margins is an outcome of the competitive forces that are at work in agriculture. Farmers attempting to survive in the industry are simultaneously paying higher prices for inputs and boosting production in an attempt to raise or maintain their incomes. This increase in farm production puts downward pressures on farm commodity prices, which ultimately translates into even narrower farm profit margins.

Since 1980 we have seen the number of dairy farms in the state cut in half and we continue to lose four to five farms per day.

Over the past few weeks I have received a number of resolutions from county boards declaring agriculture to be "in a state of crisis in Wisconsin." Concerns are widespread about the declining percentage farmers are receiving (less than 10%) of the consumers' dollar for farm products and about the movement of young people out of rural areas.

The Department of Revenue estimates this bill would allow Wisconsin's agricultural community to keep an additional five million dollars each year to help them stay competitive. While I am, as I'm sure all the members of the committee are, aware of our tight budget this session, I believe keeping the state's agricultural economy intact must be one of our highest priorities. To anyone who would say state government can't afford to pass this bill, I would say to them, we can't afford not to.

I hope you will support this bill and I would be happy to answer any questions at this time.

initial FE for AB 121 - to be followed with a difference one after bill is amended...

**FISCAL ESTIMATE FORM**

**2001 Session**

- ORIGINAL     UPDATED  
 CORRECTED     SUPPLEMENTAL

<b>LRB #</b> 01-1075/2
<b>INTRODUCTION #</b> AB-121
<b>Admin. Rule #</b>

**Subject**  
**Sales and Use Tax Exemption for Farm Inputs**

**Fiscal Effect**

- State:**  No State Fiscal Effect  
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation
- |                                                          |                                                                |                                                                                                                                                                           |
|----------------------------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> Increase Existing Appropriation | <input type="checkbox"/> Increase Existing Revenues            | <input checked="" type="checkbox"/> Increase Costs - May be Possible to Absorb Within Agency's Budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| <input type="checkbox"/> Decrease Existing Appropriation | <input checked="" type="checkbox"/> Decrease Existing Revenues |                                                                                                                                                                           |
| <input type="checkbox"/> Create New Appropriation        | <input type="checkbox"/> Decrease Costs                        |                                                                                                                                                                           |

**Local:**  No Local Government Costs

- |                                                                                                                      |                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. <input type="checkbox"/> Increase Costs<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenues<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                       | 5. Types of Local Governmental Units Affected:<br><input type="checkbox"/> Towns <input type="checkbox"/> Villages <input type="checkbox"/> Cities<br><input checked="" type="checkbox"/> Counties <input checked="" type="checkbox"/> Others <u>Baseball Park and Football Stadium Districts</u><br><input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |
| 2. <input type="checkbox"/> Decrease Costs<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 4. <input checked="" type="checkbox"/> Decrease Revenues<br><input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory |                                                                                                                                                                                                                                                                                                                                                                                        |

<b>Fund Sources Affected</b> <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S	<b>Affected Ch. 20 Appropriations</b> 20.566 (1)(a)
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**Assumptions Used in Arriving at Fiscal Estimate:**

Under current law, most of the inputs used exclusively in the business of farming are specifically exempt from sales and use tax. The bill expands the sales and use tax exemption to include sales of nonpowered equipment and other tangible personal property used exclusively and directly in the business of farming.

The bill also extends the exemption to the sale of these items used in the business of husbandry and aquaculture. To the extent that farming is currently defined to include the breeding of many types of farm animals and the commercial raising of fish for food, it is assumed that these changes will have no effect on current law.

The nonpowered equipment that is currently taxable that would be exempt under the bill includes items such as calf stalls, cattle chutes, cow mats, and non-powered waterers. Personal property that is currently taxable that would be exempt under the bill includes bovine growth hormones, hormone growth stimulants and vitamins.

According to the 1997 Census of Agriculture Wisconsin farmers spent \$523.8 million on miscellaneous farm expenses. Based on studies of production costs conducted by the Center for Dairy Profitability, College of Agricultural and Life Sciences and Cooperative Extension, University of Wisconsin-Madison, it is assumed that the amount spent on miscellaneous supplies has increased 20% since 1997. Thus, it is assumed that Wisconsin farmers spend \$628.6 million (\$523.8 million x 1.2) on miscellaneous supplies annually and that 15% of this amount, or \$94.3 million (\$628.6 million x 15%), are expenses that are currently taxable that would be exempt under the bill. Exempting these supplies would reduce sales tax revenue by an estimated \$4.7 million (\$94.3 million x 5%).

For FY02, county and stadium sales tax revenues are expected to be 7.064% of state sales tax. Thus, the revenue loss to local governments would be approximately \$333,000 (\$4.7 million x 7.064%).

The department would incur one-time costs of \$56,100 required for a special mailing to retailers to notify them of the new law, the costs of which could not be absorbed.

**Long-Range Fiscal Implications:**

<b>Agency/Prepared by: (Name &amp; Phone No.)</b> Wisconsin Department of Revenue Rebecca A Boldt, (608) 266-6785	<b>Authorized Signature/Telephone No.</b> Yeang-Eng Braun (608) 266-2700 <i>Yeang-Eng Braun</i>	<b>Date</b> 3/12/01
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**FISCAL ESTIMATE WORKSHEET**

ORIGINAL     UPDATED  
 CORRECTED     SUPPLEMENTAL

Detailed Estimate of Annual Fiscal Effect

**2001 Session**

LRB # 01-1075/2

Admin. Rule #

**INTRODUCTION #** AB-121

**Subject**  
 Sales and Use Tax Exemption for Farm Inputs

I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

\$56,100 GPR-Exp

II. Annualized Costs:

Annualized Fiscal impact on State funds from:

A. State Costs by Category	Increased Costs	Decreased Costs
State Operations - Salaries and Fringe (FTE Position Changes)	\$ ( FTE)	\$ - ( - FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
<b>TOTAL State Costs by Category</b>	\$	\$ -
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$	\$ -
FED		-
PRO/PRS		-
SEG/SEG-S		-
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes	\$	\$ - 4.7 million
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
<b>TOTAL State Revenues</b>	\$	\$ - 4.7 million

**NET ANNUALIZED FISCAL IMPACT**

STATE

LOCAL

NET CHANGE IN COSTS                      \$ \_\_\_\_\_                      \$ \_\_\_\_\_  
 NET CHANGE IN REVENUES                \$ -4.7 million                      \$ -333,000

Agency/Prepared by: (Name & Phone No.) Wisconsin Department of Revenue Rebecca A Boldt, (608) 266-6785	Authorized Signature/Telephone No. Yeang-Eng Braun (608) 266-2700 <i>Yeang Eng Braun</i>	Date 3/12/01
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48121

# DAIRY 2020 INITIATIVE SALES AND USE TAX COMPARISON OF KEY DAIRY STATES

	CALIFORNIA	IDAHO	ILLINIOS	IOWA	MICHIGAN	MINNESOTA	NEW YORK	PENNSYLVANIA	TEXAS	WASHINGTON	YES RESPONSES	WISCONSIN
Does your state provide sales and use tax exemptions to persons engaged in farming?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	100%	Yes
Do the farming exemptions require exclusive use in farming?	Yes	No	No	No	Yes	No	No	Yes	Yes	Yes	40%	Yes
Do the farming exemptions require direct use in farming?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	100%	Yes
Wisconsin law excludes from exemption machines that are attached to, fastened to, or built into real property. Does your state have a similar exclusion?	No	Yes	No	Yes	Yes	No	Yes	No	Yes	No	50%	Yes
Are sales of the following property sold to persons engaged in farming exempt from sales or use tax?												
Calf stalls (portable)	No	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	No	70%	No
Cow mats	No	Yes	No	Yes	Yes	No	Yes	Yes	Yes	No	60%	No
Nonpowered waterers	No	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	No	70%	No
Syringes and syringe needles	No	No	No	Yes-1	Yes	Yes-2	Yes	Yes	Yes	No	60%	No
Injectable vitamins	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	90%	No
Bovine growth hormone	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	90%	No
Hormone growth stimulant implants	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	90%	No
Lubricants and fluids for farm machines	No	Yes	No	No	Yes	Yes	Yes	Yes	Yes	No	60%	No
2000 - Percent of national milk production	19.22%	4.30%	1.25%	2.34%	3.40%	5.66%	7.10%	6.65%	3.42%	3.33%	56.67%	13.87%
2000 - National milk production ranking	1	6	17	12	8	5	3	4	7	9		2

1. Iowa allows exemption for syringes and needles if they are non-disposable.  
 2. Minnesota allows exemption for syringes and needles if they are disposable.

**Kalies, Beata**

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**From:** Freidig, Boots  
**Sent:** Tuesday, April 10, 2001 9:31 AM  
**To:** \*Legislative All Assembly; \*Legislative All Senate  
**Subject:** Co-sponsorship of LRB-2110/1

**State Representative Gary E. Sherman**  
**74th Assembly District**  
April 10, 2001

\*\*\*\*\*

I am drafting this bill at the request of tree farmers in my district. Under current law, tractors, machines, seeds, plants, pesticides, fungicides, fertilizers, electricity, and fuel used in farming are exempt from the sales tax and the use tax. For sales tax and use tax purposes, farming includes dairy farming, agriculture, horticulture, and custom farming services. Under this bill, for sales tax and use tax purposes, farming also includes tree farming.  
With the decline of agriculture in the north, tree farming is one of the few forms of farming that remains viable in the northern part of the state.

If you would like to co-sponsor this legislation, you may contact my office at 266-7690 before Friday, April 20, 2001.

# Vote Record

## Assembly - Committee on Agriculture

Date: 4/26/01  
 Moved by: Rep. Ott      Seconded by: Rep. Hahn  
 Clearinghouse Rule: \_\_\_\_\_  
 AB: 121      SB: \_\_\_\_\_      Appointment: \_\_\_\_\_  
 AJR: \_\_\_\_\_      SJR: \_\_\_\_\_      Other: \_\_\_\_\_  
 AR: \_\_\_\_\_      SR: \_\_\_\_\_

A/S Amdt: \_\_\_\_\_ to A/S Amdt: \_\_\_\_\_  
 A/S Sub Amdt: \_\_\_\_\_  
 A/S Amdt: (LRB 0460) 1 to A/S Sub Amdt: 1 (LRB 50078)  
 A/S Amdt: \_\_\_\_\_ to A/S Amdt: \_\_\_\_\_ to A/S Sub Amdt: \_\_\_\_\_

- Be recommended for:
- |                                                  |                                                  |
|--------------------------------------------------|--------------------------------------------------|
| <input type="checkbox"/> Passage                 | <input type="checkbox"/> Indefinite Postponement |
| <input checked="" type="checkbox"/> Introduction | <input type="checkbox"/> Tabling                 |
| <input type="checkbox"/> Adoption                | <input type="checkbox"/> Concurrence             |
| <input type="checkbox"/> Rejection               | <input type="checkbox"/> Nonconcurrence          |
|                                                  | <input type="checkbox"/> Confirmation            |

Committee Member	Aye	No	Absent	Not Voting
Rep. Alvin Ott, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Eugene Hahn	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. John Ainsworth	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Joan Wade	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Jerry Petrowski	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Scott Suder	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Steve Kestell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Gabe Loeffelholz	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Garey Bies	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Joe Plouff	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Marty Reynolds	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. John Steinbrink	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Barbara Gronemus	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Julie Lassa	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Marlin Schneider	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Mary Hubler	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Totals:	15		1	

Motion Carried

Motion Failed

# Vote Record

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 AR: \_\_\_\_\_      SR: \_\_\_\_\_

A/S Amdt: \_\_\_\_\_ to A/S Amdt: \_\_\_\_\_  
 A/S Sub Amdt: \_\_\_\_\_ to A/S Sub Amdt: 1  
 A/S Amdt: 1 to A/S Amdt: \_\_\_\_\_ to A/S Sub Amdt: \_\_\_\_\_  
 A/S Amdt: \_\_\_\_\_

- Be recommended for:
- Passage
  - Introduction
  - Adoption
  - Rejection
  - Indefinite Postponement
  - Tabling
  - Concurrence
  - Nonconcurrence
  - Confirmation

Committee Member	Aye	No	Absent	Not Voting
Rep. Alvin Ott, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Eugene Hahn	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. John Ainsworth	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Joan Wade	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Jerry Petrowski	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Scott Suder	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Steve Kestell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Gabe Loeffelholz	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Garey Bies	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Joe Plouff	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Marty Reynolds	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. John Steinbrink	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Barbara Gronemus	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Julie Lassa	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Marlin Schneider	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Mary Hubler	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Totals:</b>	<u>15</u>	_____	<u>1</u>	_____

# Vote Record

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A/S Amdt: \_\_\_\_\_ to A/S Amdt: \_\_\_\_\_  
 A/S Sub Amdt: 1 (LAB 50078) to A/S Sub Amdt: \_\_\_\_\_  
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 A/S Amdt: \_\_\_\_\_ to A/S Sub Amdt: \_\_\_\_\_

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  - Confirmation

Committee Member	Aye	No	Absent	Not Voting
Rep. Alvin Ott, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Eugene Hahn	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. John Ainsworth	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Joan Wade	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Jerry Petrowski	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Scott Suder	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Steve Kestell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Gabe Loeffelholz	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Garey Bies	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Joe Plouff	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Marty Reynolds	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. John Steinbrink	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Barbara Gronemus	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Julie Lassa	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Marlin Schneider	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Mary Hubler	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Totals:</b>	15		1	

# Vote Record

## Assembly - Committee on Agriculture

Date: 4/26/01  
 Moved by: Rep. Gronemus      Seconded by: Rep. Lassa  
 Clearinghouse Rule: \_\_\_\_\_  
 AB: 121      SB: \_\_\_\_\_      Appointment: \_\_\_\_\_  
 AJR: \_\_\_\_\_      SJR: \_\_\_\_\_      Other: \_\_\_\_\_  
 AR: \_\_\_\_\_      SR: \_\_\_\_\_

A/S Amdt: \_\_\_\_\_ to A/S Amdt: \_\_\_\_\_  
 A/S Sub Amdt: 1 to A/S Sub Amdt: \_\_\_\_\_  
 A/S Amdt: \_\_\_\_\_ to A/S Amdt: \_\_\_\_\_  
 A/S Amdt: \_\_\_\_\_ to A/S Amdt: \_\_\_\_\_ to A/S Sub Amdt: \_\_\_\_\_

- Be recommended for:
- Passage
  - Introduction
  - Adoption
  - Rejection
  - Indefinite Postponement
  - Tabling
  - Concurrence
  - Nonconcurrence
  - Confirmation

Committee Member	Aye	No	Absent	Not Voting
Rep. Alvin Ott, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Eugene Hahn	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. John Ainsworth	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Joan Wade	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Jerry Petrowski	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Scott Suder	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Steve Kestell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Gabe Loeffelholz	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Garey Bies	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Joe Plouff	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Marty Reynolds	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. John Steinbrink	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Barbara Gronemus	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Julie Lassa	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Marlin Schneider	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Mary Hubler	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Totals:</b>	<u>15</u>	_____	<u>1</u>	_____

# Vote Record

## Assembly - Committee on Agriculture

Date: 4/26/01

Bill Number: AB 121

Moved by: AINSWORTH

Seconded by: PETROWSKI

Motion: PASSAGE AS AMENDED

(WITH A/S SUB AMDT 1 + A/S AMDT 1 TO A/S SUB AMDT 1)

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Rep. Alvin Ott, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Eugene Hahn	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. John Ainsworth	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Joan Wade	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Jerry Petrowski	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Scott Suder	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Steve Kestell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Gabe Loeffelholz	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Garey Bies	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Joe Plouff	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Marty Reynolds	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. John Steinbrink	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Barbara Gronemus	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Julie Lassa	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Marlin Schneider	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Mary Hubler	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Totals:	<u>15</u>	<u>    </u>	<u>1</u>	<u>    </u>

Motion Carried

Motion Failed

State of Wisconsin  
Department of Revenue

# **FARM SUPPLIERS AND FARMERS**

## **How Do Wisconsin Sales and Use Taxes Affect Sales to Farmers?**

Publication 221 (4/97)





# Table of Contents

	Page		Page
<b>I. Introduction</b>		<b>H. Milk House Supplies</b> . . . . .	10
A. General . . . . .	1	<b>I. Farm Livestock Medicine</b> . . . . .	10
B. Nature of Sales and Use Taxes . . . . .	1	<b>J. Other Exempt Sales to Farmers</b> . . . . .	11
1. Sales Tax . . . . .	1	1. Animal bedding . . . . .	11
2. Use Tax . . . . .	1	2. Baling twine and baling wire . . . . .	11
C. Seller's Permit . . . . .	1	3. Electricity . . . . .	11
D. Filing Tax Returns and Payment of Tax . . . . .	1	4. Farm work stock . . . . .	11
<b>II. Definition of Farming</b> . . . . .	2	5. Mobile cement mixers . . . . .	11
<b>III. Taxable Sales of Tangible Personal Property to Farmers</b> . . . . .	2	6. Fuel . . . . .	11
A. Motor Vehicles . . . . .	3	7. Livestock and poultry . . . . .	11
B. Tools . . . . .	3	8. Semen for artificial insemination of livestock . . . . .	11
C. Building Materials . . . . .	3	<b>V. Taxable Services Sold to Farmers</b>	
D. Non-Powered Equipment . . . . .	3	A. Repair or Service to Tangible Personal Property . . . . .	11
E. Other . . . . .	4	B. Other Taxable Services . . . . .	11
<b>IV. Exempt Sales of Tangible Personal Property to Farmers</b>		<b>VI. Exempt Services Sold to Farmers</b>	
A. Introduction . . . . .	5	A. Repair or Service to Exempt Tractors and Machines . . . . .	11
B. Tractors and Machines . . . . .	5	B. Custom Farming Services . . . . .	12
1. General . . . . .	5	C. Other . . . . .	12
2. Requirements for exemption . . . . .	5	<b>VII. Recordkeeping</b>	
3. Examples . . . . .	7	A. General Records to Keep . . . . .	12
C. Seeds for Planting and Plants . . . . .	8	B. Records to Keep – Exemption Certificates . . . . .	12
D. Feed . . . . .	8	C. Records to Keep – Sales to Exempt Organizations . . . . .	12
1. Feed . . . . .	8	D. Records to Keep – Buyer Holds Direct Pay Permit . . . . .	13
2. Feed lots . . . . .	9	<b>VIII. If You Have Questions</b> . . . . .	13
E. Fertilizer and Soil Conditioners . . . . .	9	<b>Appendix – Form S-206, Farmer's Exemption Certificate</b> . . . . .	14
F. Sprays, Pesticides, and Fungicides . . . . .	9		
G. Containers for Fruits, Vegetables, Grain, and Animal Wastes . . . . .	10		

## Farm Suppliers and Farmers — How Do Wisconsin Sales and Use Taxes Affect Sales to Farmers?

### ■ I. INTRODUCTION

#### A. General

This publication explains how Wisconsin state sales and use taxes affect farmers, farm supply companies, farm implement dealers, and farm cooperatives.

Certain sales to farmers which are subject to the 5% state sales or use tax may also be subject to the (1) 0.5% county sales or use tax, (2) 0.1% stadium sales or use tax, and (3) local exposition taxes. Additional information about these taxes is contained in the following:

- (1) County tax: Publication 201, *Wisconsin State and County Sales and Use Tax Information*, pages 27-31.
- (2) Stadium tax: Publication 201, *Wisconsin State and County Sales and Use Tax Information*, pages 27-31. (Milwaukee, Ozaukee, Racine, Washington and Waukesha counties).
- (3) Local exposition taxes: Publication 410, *Local Exposition Taxes*. These taxes apply to sales and purchases of certain lodging, food and beverages, and car rentals in municipalities located wholly or partially within Milwaukee County.

Publications 201 and 410 are available from any Department of Revenue office. See Part VIII., on page 13 for a listing of department offices.

#### CAUTION

- The information in this publication reflects interpretations by the Wisconsin Department of Revenue of laws enacted by the Wisconsin Legislature as of April 1, 1997. Laws enacted after that date, new administrative rules, and court decisions may change the interpretations in this publication.
- The examples and lists of taxable and nontaxable sales are not all-inclusive. They merely set forth common examples.

#### B. Nature of Sales and Use Taxes

1. Sales tax is imposed on retailers who sell, lease, or rent tangible personal property or taxable services at retail in Wisconsin. The tax is based on the retailer's gross receipts from such sales.
2. Use tax is imposed on purchasers of tangible personal property or taxable services, if:
  - (a) the property or service is stored, used, or consumed in Wisconsin by the purchaser in a taxable manner, and
  - (b) no Wisconsin sales tax was paid by the purchaser to the seller of the property or service.

The use tax is based on the purchaser's purchase price of the property or service.

#### C. Seller's Permit

The seller's permit shows that a retailer is properly registered with the Department of Revenue, as required by law. Every person desiring to engage in the business of selling taxable tangible personal property or services at retail in Wisconsin must file an Application for Permit/Certificate (Form A-101) with the department. If a person has more than one business location where retail sales are made, a separate seller's permit is needed for each location.

Form A-101 may be obtained from any Department of Revenue office. This completed form should be mailed to the department at least three weeks before business operations begin.

#### D. Filing Tax Returns and Payment of Tax

Every person holding a seller's permit must file a sales and use tax return, Form ST-12, for each reporting period. A reporting period may be either monthly, quarterly, or annual, depending on that person's tax liability.

Persons with more than one business location file a consolidated return for all business locations.

## ■ II. DEFINITION OF FARMING

As used in this publication, "farming" means the business of producing food products or other useful crops by tilling and cultivating the soil or by raising cattle, sheep, llamas, poultry, domesticated rabbits, or other animals which produce a food product or which are themselves a food product.

"Farming" includes:

- the business of feeding and raising cattle and other milk producing animals
- raising pheasants, foxes, fitch, nutria, marten, fisher, mink, chinchilla, rabbit, caracul, and bees
- producing honey products by a beekeeper of 50 or more hives
- commercial raising of fish for food
- commercial breeding and raising of horses and llamas for sale
- raising ginseng, mushrooms, and sod
- holding livestock in a feed lot for 30 days or more
- floriculture, which is the business of producing flowers, Christmas trees, or other decorative trees, plants, or shrubs, including such operations as greenhouses
- horticulture, which is the business of producing vegetables, vegetable plants, fruits, and nursery stock, including the operation of commercial nurseries and orchards, but not businesses which hold products for purposes other than propagation or growth

### CAUTION

**"Farming" does not include:**

- home gardening and other similar noncommercial activities
- breeding or raising dogs, cats, and other pets or animals intended for use in laboratories
- raising earthworms
- operating sporting or recreational facilities, such as riding stables or shooting preserves
- operating stockyards or slaughterhouses
- lumbering, logging, and pulpwood and sawmill operations
- milling and grinding grain
- pasteurizing or homogenizing milk or making butter, cheese, or ice cream
- preparing sausage, canned goods, jellies, juices, or syrup
- raising trees as timber
- holding livestock in a feed lot for less than 30 days

## ■ III. TAXABLE SALES OF TANGIBLE PERSONAL PROPERTY TO FARMERS

Sales of tangible personal property to farmers are subject to sales tax, unless the sales meet one of the exemptions described in Part IV., on pages 5 through 11.

Listed on pages 3 and 4 are examples of tangible personal property which are taxable and which do not qualify for any of the exemptions in Part IV.

## Examples of Taxable Sales to Farmers:

### A. Motor vehicles licensed for highway use, including parts, supplies, and accessories for such motor vehicles. Taxable motor vehicles include, if licensed for highway use:

- All-terrain vehicles
- Automobiles
- Buses
- Motorcycles
- Station wagons
- Trucks

Parts, supplies, and repairs for vehicles licensed for highway use, including nurse tanks and trailers, are also taxable.

### B. Tools used in constructing buildings and fences, making repairs to real estate, tractors, or other farm machinery, or lumbering, pulping, or cutting firewood, such as:

- Battery chargers
- Block and tackle sets
- Chain hoists
- Chain saws for lumbering, pulping, or cutting firewood
- Chain tighteners
- Cutters
- Electric drills
- Hammers
- Hand tools
- Log splitters
- Planers
- Rivet tools
- Sanders
- Saws
- Sharpeners
- Silo caps
- Tool boxes
- Welders

### C. Building materials used in repairing or improving real estate, such as:

- Barn door tracks
- Cement
- Culvert pipe
- Dairy panels
- Drain tile
- Fence gates
- Fence handles for electric fence
- Fence post insulators for electric fence
- Fence posts
- Fencing
- Fill dirt, gravel, and topsoil (Taxable if seller dumps material in a pile, or if the seller provides a landscaping service in a farmer's lawn or garden. Nontaxable if seller spreads material in its final resting place in a driveway or farm field.)
- Light fixtures
- Lumber
- Nails
- Paint
- PVC pipe and fittings
- Silo chutes
- Sod
- Stanchions
- Threaded rod

### D. Non-powered equipment, including:

- Anchors (earth)
- Animal clippers, if non-powered
- Applicators for fertilizers, sprays, insecticides, and pesticides, if non-powered
- Balling guns
- Barn brooms
- Barn lime spreaders, unless a part for a farm machine
- Barn scrapers
- Basins
- Boots
- Buckets
- Bull rings
- Calf stalls — portable
- Castrators and castrator bands
- Cattle chutes
- Cattle markers
- Cattle tags — non-insecticide, unless sold by the Wisconsin Department of Agriculture, Trade and Consumer Protection
- Cow lifts
- Cow mats (rubber)
- Cow rings
- Cow shoes
- Cow trainers
- Cutters
- Dairy scales
- Dehorner — manual
- Dispensers
- Drinking cups
- Ear notchers
- Ear tags — non-insecticide, unless sold by the Wisconsin Department of Agriculture, Trade and Consumer Protection
- Farrowing crates
- Faucets

- Feed scoops
- Feeders — stationary salt and mineral
- Fire extinguishers
- Flood gates
- Forks — hay, silage, etc.
- Grain scales
- Grain scoops
- Gutter grates
- Halters
- Hoof trimmers — non-powered
- Incinerators
- Jack stands
- Jacks
- Jug and barrel pumps
- Kick stops
- Magnets
- Mastitis indicators
- Milk cans, unless used by farmer to transfer milk to farmer's customers
- Milk stools
- Mouse traps
- Neck chains and numbers
- Needles — hypodermic
- Nursing bottles and nipples
- Pails
- Paint sticks (animal markers)
- Pitch forks
- Rat traps
- Rope and cable
- Saddles and bridles
- Scales
- Self-treating stations ("oil-ers")
- Shovels
- Sinks
- Stationary salt and mineral feeders
- Storage tanks, unless used exclusively for holding and storing fruits, vegetables, grain, or animal wastes
- Strainers for milk cans or coolers
- Syringe needles
- Syringes
- Teat dip dispensers
- Thermometers
- Tie down rings
- Tie down straps
- Udder supports
- Veterinary instruments
- Washup hoses and nozzles
- Waterers — non-powered
- Weaners
- Wheelbarrows

**E. Other taxable sales of tangible personal property:**

- Antifreeze, even if used in exempt tractor or machine
- Automatic transmission fluid, even if used in exempt tractor or machine
- Bandages — medicated for work stock, pets, and riding horses
- Bandages — nonmedicated
- Bar and chain oil for chain saws
- Bovine growth hormone (BGH)
- Computers used for tracking prices or inventories, or for word processing
- Detergents, other than for milk house
- Dust bag kits
- Egg wash
- Electricity sold during the months of May through October
- Exam gloves
- Feed for riding horses (Note: Farmer's exemption for feed may be claimed if buyer is engaged in the commercial breeding and raising of horses for sale.)
- Feed for livestock held in feed lots for less than 30 days (see Part IV.D.2. on page 9 for more information)
- Fluids — hydraulic and transmission, even if used in exempt tractor or machine
- Fuel pumps, unless a part for an exempt tractor or machine
- Fuel tanks, unless a part for an exempt tractor or machine
- Gear oil, even if used in exempt tractor or machine
- Greases, even if used in exempt tractor or machine
- Grooming items
- Heat detectors
- Hormone growth stimulants (Note: Hormone growth stimulants do not qualify for exemption as a fertilizer. The difference between fertilizers and hormone growth stimulants is that fertilizers nourish plants whereas hormone growth stimulants act upon the cellular structure.)
- Lawn and garden tractors (Farm suppliers must charge tax; if buyer uses lawn and garden tractor exclusively and directly in the business of farming, buyer may file a claim for refund of tax directly with Department of Revenue.)
- Lubricants, even if used in exempt tractor or machine
- Medicines for work stock, pets, and riding horses
- Oil — hydraulic and motor, even if used in exempt tractor or machine
- Pet foods
- Plaster of paris used to set an animal's broken bone
- Rubber floor mats for barn
- Shampoos
- Snowmobiles registered for public use
- Tag marking ink
- Tattoo ink
- Tattoo kits
- Vitamins
- Welding rods, unless for exempt tractor or machine
- Windshield wash, even if used in exempt tractor or machine

**■ IV. EXEMPT SALES OF TANGIBLE PERSONAL PROPERTY TO FARMERS**

**A. Introduction**

Sales of the following items are exempt from sales and use taxes if they meet the requirements as explained in Sections B through J of Part IV.

Item	Section in Part IV	Page
Tractors and Machines	B	5
Seeds for Planting and Plants	C	8
Feed	D	8
Fertilizer and Soil Conditioners	E	9
Sprays, Pesticides, and Fungicides	F	9
Containers for Fruits, Vegetables, Grain, and Animal Wastes	G	10
Milk House Supplies	H	10
Farm Livestock Medicine	I	10
Animal Bedding, Baling Twine and Baling Wire, Electricity, Farm Work Stock, Mobile Cement Mixers, Fuel, Livestock and Poultry, and Semen for Artificial Insemination of Livestock	J	11

“Exclusively,” as used in Parts IV.C. through J., means that the items are used solely in farming to the exclusion of all other uses, except that the sales and use tax exemption for such items will not be invalidated by an infrequent and sporadic use other than in farming.

**B. Tractors and Machines**

**1. General**

Sales of tractors and machines, including accessories, attachments, and parts for such tractors and machines, are exempt from sales and use taxes, if all of the requirements in a, b, and c. of Part 2, below are met:

“Machine” means an assemblage of parts that transmit force, motion, and energy from one part to another in a predetermined manner.

“Accessories” and “attachments” include devices designed to be mounted on a tractor or machine or to be pushed or pulled by a tractor or machine.

“Part” means a durable unit of definite, fixed dimensions. Fluids and oils are not “parts.”

**2. Requirements for exemption**

To qualify for exemption from sales and use taxes, a tractor or machine, including accessories, attachments, and parts, must meet all three of the following tests:

- a. *Exclusive use* in farming
- b. *Direct use* in farming
- c. *Must not be* attached to, fastened to, connected to, or built into real property; or become an addition to, component of, or capital improvement of real property; when sold to the farmer.

(Note: There is an exception to this requirement in “c.” Under Wisconsin law, certain machines, and accessories, attachments, and parts for these machines, are considered tangible personal property and may qualify for the machine exemption regardless of the extent to which the machine is connected to or fastened to real estate. Those items which meet this exception are noted with an asterisk (\*) in the listing of machines that qualify for exemption in Part IV.B.3, on pages 7 and 8.)

Additional information about each of these three requirements is provided below.

a. *Exclusive use* in farming

The tractor or machine must be *used exclusively* in the business of farming. “Used exclusively” means that any use other than in farming does not exceed 5% of total use.

**Example 1:** Farmer A uses his tractor only in his farm fields, pulling cultivators, plows, farm wagons, spreaders, and other attachments to the tractor. Farmer A uses the tractor exclusively in farming.

**Example 2:** Farmer B uses an all-terrain vehicle (which is not licensed for highway

use) 75% of the time on his farm to check fields and livestock, and repair fencing. The all-terrain vehicle is used the other 25% of the time for recreational purposes. Because the recreational use exceeds 5% of total use, the all-terrain vehicle is not used exclusively in farming. Farmer B must pay sales or use tax on his purchase of the all-terrain vehicle.

**Example 3:** Farmer C purchases a water heater which will be used to heat water both for Farmer B's residence (10% of use) and milk house (90% of use). Farmer C installs the water heater. Because the residential use exceeds 5% of total use, the water heater is not used exclusively in farming. Farmer C must pay sales or use tax when purchasing the water heater.

b. *Direct use in farming*

The tractor or farm machine must be *used directly* in the business of farming.

Examples of items *used directly* in farming:

- Plows used in farming to plow corn fields
- Combines used in farming to harvest grain
- Milking machines used in farming to milk cows

Examples of items *not used directly* in farming:

- Tools used to repair exempt machines
- Lawn and garden tractors used for mowing lawns and tilling home gardens
- Computers used for tracking prices or inventories, or for word processing
- Log splitters used to split wood for heating farm buildings

- c. *Must not be attached to, fastened to, connected to, or built into real property; or become an addition to, component of, or capital improvement of real property; when sold to the farmer.* (See the note in Part IV.B.2.c., in the right-hand column on page 5, for an exception to this requirement.)

**Example 1:** Supplier C sells and installs a water heater in Farmer D's milk house, which is to heat water for use in farming. (The water heater does not heat water for use in Farmer D's residence.) A water heater used for this purpose is tangible personal property, even after it is installed by Supplier C.

The sale of the installed water heater from Supplier C to Farmer D does not meet the requirements for farm machines in Part IV.B.2.c., on page 5, because the water heater is attached to real property when sold to Farmer D.

Farmer D may not claim an exemption on its purchase of the installed water heater. Supplier C's charge to Farmer D is subject to sales tax.

**Example 2:** Retailer E sells a water heater, without installation, to Farmer F. Farmer F will use the water heater in his milk house, to serve the production area. Farmer F hires Contractor G to install the water heater.

The sale of the non-installed water heater from Retailer E to Farmer F meets the requirement in Part IV.B.2.c., on page 5 because when sold to Farmer F, the water heater is not attached to, fastened to, connected to, or built into real property; and is no an addition to, component of, or capital improvement of real property.

Retailer E may claim a resale exemption on its purchase of the water heater from its supplier. Farmer F may claim a farmer's exemption on his purchase of the water heater from Retailer E. Farmer F also may claim farmer's exemption on his purchase of installation services from Contractor G.

**Example 3:** Farmer H buys a milking machine, installed, from Supplier I. The milking machine is deemed by Wisconsin sales an use tax law to be tangible personal property. Therefore, Farmer H may claim a farmer's exemption when buying the milking machine from Supplier I. Supplier I may claim a resale exemption on its purchase of the milking machine, because it is reselling the milking machine as tangible personal property.

### 3. Examples

Listed below and on page 8 are examples of tractors and machines and accessories, attachments, and parts for such tractors and machines, which qualify for exemption from sales and use taxes if they meet the three tests in Part IV.B.2., on page 5.

“Farm machinery,” as used in this listing, means tractors and machines used exclusively and directly by the buyer in farming.

\* May qualify for exemption, even if attached to, fastened to, connected to, or built into real property; or becomes an addition to, component of, or capital improvement of real property; when sold to farmer.

- Aerators
- Air compressors for application of sprays, pesticides, etc.
- Air tubes\*
- All-terrain vehicles not licensed for highway use
- Animal clippers — electric
- Auxiliary power generators\*
- Bale loaders\*
- Baler belts
- Balers
- Barn cleaners\*
- Barn elevators\*
- Barn fans and blowers
- Batteries for farm machinery
- Battery cables for farm machinery
- Battery terminals for farm machinery
- Belts for farm machinery
- Bolts for farm machinery
- Cattle prods, shockers, motors/batteries, parts
- Chain — roller, flat, gathering; for farm machinery
- Chain saws for orchard use, but not for use in lumbering, pulping, or cutting firewood
- Chopper knives for farm machinery
- Choppers
- Combines
- Conveyors\*
- Corn moisture testers — electronic
- Corn pickers
- Covers for farm machinery
- Crop conditioners
- Crop thinners
- Cultivator shields
- Cultivators
- Dehorner — electric
- Discs
- Drags
- Drinking cups, if a part for a pressurized system
- End loaders
- Engines for farm machinery
- Electric dehorner
- Electric fence chargers (not fencing or insulators)
- Electric foggers
- Electronic grounding systems
- Feed augers\*
- Feed elevators\*
- Feeders, powered, excluding platforms and troughs constructed from ordinary building materials\*
- Fence batteries for electric fence
- Fence chargers for electric fence
- Foggers — electric
- Fork lifts
- Gates for feed and grain wagons
- Grain dryers\*
- Grain grinders\*
- Grain moisture testers — electronic
- Grain temperature probes — electronic
- Gravity boxes/extensions
- Harrows
- Harvesting combines
- Hay moisture testers — electronic
- Hay wagons
- Heat lamps/bulbs
- Heaters
- Hoof trimmers — electric
- Hydraulic couplers for farm machinery
- Hydraulic cylinders for farm machinery
- Hydraulic hoses for farm machinery
- Hydraulic oil filters for farm machinery
- Hydraulic pumps for farm machinery
- Hydraulic reservoirs for farm machinery
- Hydraulic valves for farm machinery
- Incubators
- Inflation and inflation plugs\*
- Irrigation implements\*
- Jacks to be bolted or welded onto farm machinery
- Knife heads
- Lumber for farm machinery
- Manure spreaders
- Milk coolers\*
- Milk strainer pads\*
- Milk transfer clear tubing\*



- Milker hoses\*
- Milker lid gaskets\*
- Milking machine parts\*
- Milking machines, including piping, pipeline washers and compressors\*
- Mowers
- Nuts for farm machinery
- Oil filters for farm machinery
- Oil pumps for farm machinery
- Paint for farm machinery
- Pest controllers – electric
- Pipes attached to irrigation pumps\*
- Piping and pipeline washers and compressors for milking machines\*
- Planters
- Plows
- Powered posthole diggers
- Pulleys for farm machinery
- Pulsator kits\*
- Pumps for farm machinery
- Pumps and associated piping for irrigation\*
- Radio or stereo for tractor cab
- Rock pickers
- Rotary hoes
- Silo unloaders – top and bottom\*
- Slow-moving vehicle signs for farm machinery
- Snowmobiles not registered for public use
- Space heaters
- Sprayer tanks
- Sprayers
- Spreader aprons
- Spreader chain links
- Spreader chains
- Stalk shredders
- Stock tank de-icers and heaters
- Stock tank float valves, if a part for a pressurized system
- Stock tanks, if a part for a pressurized system
- Stock waterers, if a part for a pressurized system
- Stray voltage meters – electronic
- Thermostats for farm machinery
- Threaded rod for farm machinery
- Tire chains for farm machinery
- Tires for farm machinery
- Top and bottom silo unloaders\*
- Tractor cabs
- Tractors
- Trailer couplers
- Trucks not licensed for highway use
- Tune-up kits for farm machinery
- Ultrasonic pest repellers
- Ventilating units
- Wagon running gear
- Wagons
- Water heaters for milk house
- Water pumps for milk house
- Water softener filters and parts for milk house
- Water softeners for milk house
- Waterers, if a part for pressurized system
- Windrowers

### C. Seeds for Planting and Plants

Seeds for planting and plants are exempt from sales and use taxes, if used exclusively in farming.

“Seeds for planting and plants” includes:

- Bulbs
- Hay and pasture grass mix
- Plant parts capable of propagation
- Seeds for alfalfa, blue grass, canning peas, clover, field corn, field peas, rye grass, sweet corn, timothy, and vegetable seeds
- Herbs, shrubs, or young trees, slips, or saplings planted or ready to plant

### D. Feed

Feed is exempt from sales and use taxes, if used exclusively in farming.

1. “Feed” includes:

- Medicated feed or drug carriers purchased use as an ingredient of medicated feed, primary purpose of which is the prevention of diseases in livestock or poultry.
- Milk replacers.
- Processed vegetable and animal products essential minerals required for the normal nutritional needs of livestock, poultry, domestic fur-bearing animals and other mammals which are required for the normal nutrition

al needs of animals in some domestic environments, such as vitamins A, B-complex, D and E.

Essential minerals include phosphorous, calcium, sodium, chlorine, iodine, iron, copper, sulfur, potassium, magnesium, and zinc. Common feed additives containing these substances include cod liver oil, salt in granular or block form, ground limestone, fish oil, fish meal, oyster shells, and bone meal.

- Silage preservative.

## 2. Feed for feed lots.

“Feed lot” means a restricted area containing pens or lots where livestock are held and fed.

The sales and use tax treatment of feed for feed lots depends on the length of time the livestock is held.

### *Livestock held for less than 30 days:*

A person who holds livestock in a feed lot for less than 30 days is not engaged in farming. Feed purchased for livestock held in a feed lot for less than 30 days is taxable.

### *Livestock held for 30 days or more:*

A person who holds livestock in a feed lot for 30 days or more is engaged in farming and the feed purchased for the livestock is exempt.

**Note:** If a person holds some livestock in a feed lot for less than 30 days and some livestock for 30 days or more and purchases feed for both types at the same time, an allocation of the feed costs may be made so that tax is paid on the feed consumed by livestock held for less than 30 days and is not paid on feed consumed by livestock held for 30 days or more.

## E. Fertilizer and Soil Conditioners

Fertilizer and soil conditioners are exempt from sales and use taxes, if used exclusively in farming.

“Fertilizer” means any substance containing nitrogen, phosphoric acid, potash, or any recognized plant food element or compound which is used primarily for its

plant food content to improve the soil’s agricultural qualities. “Fertilizer” and “soil conditioners” include:

- Agricultural minerals
- Carbon dioxide for application to land
- Compost
- Fertilizer and insecticide combinations
- Liquid spray mixtures of minerals and plant nutrients
- Lime
- Manure
- Peat moss
- Sewage sludge
- Soy bean straw
- Urea

## F. Sprays, Pesticides, and Fungicides

Sprays, pesticides, and fungicides are exempt from sales and use taxes, if used exclusively in farming.

“Sprays,” “pesticides,” and “fungicides” include:

- Chemicals used for crop disease and pest and weed control, including insecticides and rodenticides
- Dewormers
- Disinfectant sprays
- Fly bait
- Fly belts
- Fly control blocks
- Fly repellent
- Fly sprays
- Fly sticks
- Fly tape
- Insect strips
- Insecticide ear tags
- Mouse and rat repellents
- Poison (for rodents)
- Other preparations used to destroy insects, mites, nematodes, slugs, or other invertebrate animals injurious to plants and animals
- Products used to sanitize and clean dairy equipment are exempt, if they are: (1) registered with the U.S. Environmental Protection Agency (EPA) as pesticides, (2) advertised and sold as pesticides, and (3) each bottle, can, or other container containing the pesticide has an EPA pesticide registration number on it
- Screw worm aerosol

### G. Containers for Fruits, Vegetables, Grain, and Animal Wastes

Containers for fruits, vegetables, grain, and animal wastes are exempt from sales and use taxes, if used exclusively in farming.

1. "Containers for fruits, vegetables, grain, and animal wastes" includes any kind of personal property which is purchased exclusively for holding or storing fruit, vegetables, grain, or animal wastes. For purposes of this exemption, the word "grain" is considered to include hay and silage.

Examples of containers which qualify if used exclusively in farming include:

- Plastic bags, plastic sleeves, and plastic sheeting used to contain hay or silage
  - Bale feeders used to hold hay
2. Real property improvements.
    - *Installed by farmer.* A farmer may purchase a complete corn crib or grain bin "knocked-down" in-kit form, do any necessary installation work, and the corn crib or grain bin will qualify for exemption as a container.
    - *Installed by supplier.* A supplier who contracts with a farmer to both provide and install the corn crib or grain bin permanently into real estate, is the consumer of the corn crib or grain bin. Therefore, the supplier is liable for sales or use tax on its purchase of the corn crib or grain bin.
  3. Animal waste containers

Farmers may purchase animal waste containers, or the component parts of animal waste containers, exempt from tax.

**Note:** Silos are not included in the exemption for containers for fruits, vegetables, grain, or animal wastes. The person buying materials used in building a silo must pay sales or use tax on its purchase price of such materials.

### H. Milk House Supplies

Milk house supplies used exclusively in producing and handling milk on dairy farms are exempt from sales and use taxes. "Milk house supplies" includes:

- Acid cleaners
- Bleach
- Brooms
- Brushes
- Cloth udder towels
- Dairy utensil cleaner
- Detergents
- Disinfectants and sanitizers, such as iodine or chlorine
- Inflation cleaner
- Insect strips
- Manual cleaners
- Milk filters
- Milker pump oil
- Milkstone remover
- Paper towels
- Pipeline cleaners
- Soaps
- Teat dilators
- Teat dips
- Test kits to test milk for contaminants
- Udder creams and balms
- Udder sponges and cloth
- Udder washes
- Water softener salt
- Window cleaners
- Vacuum pump oil

### I. Farm Livestock Medicine

Medicine used on farm livestock (not including farm work stock) is exempt from sales and use taxes.

"Farm livestock medicine" means any substance preparation intended for use by external or internal application to farm livestock in the cure or treatment of disease and which is commonly recognized by veterinarians as a substance or preparation intended for that use.

“Farm livestock medicine” includes medicated bandages and the following in the form of boluses, capsules, feed additives, fluids, pills, powders, ointments, and salves:

- Antibiotics
- Dehorning pastes
- Drinking water solutions
- Drugs
- Foot rot and ring worm liquids
- Foot rot treatments
- Mastitis treatments
- Vaccines

#### J. Other Exempt Sales to Farmers

Other items which are exempt from sales and use taxes when sold to farmers for exclusive use in farming include:

##### 1. Animal bedding

“Animal bedding” means disposable loose materials, including straw, shavings, sawdust, leaves, sand, shredded paper, and wood chips used where an animal may lie, to promote cleanliness and absorb urine or liquid manure. (Note: “Animal bedding” does not include nonabsorbent items, including rubber floor mats.)

##### 2. Baling twine and baling wire.

##### 3. Electricity sold during the months of November, December, January, February, March, and April.

##### 4. Farm work stock, such as draft horses and mules.

“Farm work stock” means animals, such as draft horses and mules, which are used exclusively in farming.

“Farm work stock” does not include dogs, riding horses, racing horses, or laboratory animals.

##### 5. Mobile cement mixers (exempt from sales and use taxes even if not sold to a farmer for exclusive use in farming).

##### 6. Natural gas and other fuel sold for use in farming.

##### 7. Livestock and poultry, which includes:

- animals, the products of which are normally used as food for human consumption, and
- domestically raised fur bearing animals or animals which are a source of wool, such as llamas, including those purchased for breeding.

##### 8. Semen for artificial insemination of livestock.

### ■ V. TAXABLE SERVICES SOLD TO FARMERS

#### A. Repair or Service to Tangible Personal Property

If an item of tangible personal property is taxable, then the repair, service, alteration, fitting, cleaning, painting, coating, towing, inspection, and maintenance of such item is also taxable.

Examples of taxable services sold to farmers:

- Repairs to licensed motor vehicles
- Repair to furnace in home or barn
- Boarding, grooming, or horseshoeing riding horses
- Repairs to office machines
- Breeding or artificial insemination of animals other than farm livestock or farm work stock

#### B. Other Taxable Services

Other taxable services sold to farmers include:

- Telephone service
- Laundry
- Dry cleaning
- Photography

### ■ VI. EXEMPT SERVICES SOLD TO FARMERS

#### A. Repair or Service to Exempt Tractors and Machines

If a tractor or machine may be purchased by a farmer without tax, then the repair, service, alteration, fitting, cleaning, painting, coating, towing, inspection, and maintenance of such tractor or machine is also not subject to sales or use tax. (See Part IV.B., on

pages 5 to 8 for an explanation of which tractors or machines a farmer may purchase without tax.)

**Exception:** The repair, service, alteration, fitting, cleaning, painting, coating, towing, inspection, and maintenance of a farm machine is taxable if both of the following apply:

- (1) At the time of the repair, service, etc., the machine is attached to, fastened to, connected to or built into real property; or is an addition to, component of, or capital improvement of real property.
- (2) The machine is not noted with an asterisk (\*) in the listing of machines in Part IV.B.3, on pages 7 and 8.

Examples of services sold to farmers which are not subject to sales or use tax include:

- Repair to a tractor used exclusively and directly in farming
- Repair to a feed elevator used exclusively and directly in farming
- Repair to a milking machine used exclusively and directly in farming

**Note:** If fluids (such as hydraulic fluid or oil) are furnished with the servicing of a tractor or machine, a reasonable portion of the charge must be allocated for the fluids, and sales tax paid on this amount.

### B. Custom Farming Services

The sale of custom farming services to farmers is not subject to sales or use tax.

“Custom farming services” means the performance of an activity, defined as farming in Part II., on page 2, for a farmer for a fee. The fee may include a cash payment, a share of the harvest, or other valuable consideration.

Examples include:

- Spreading fertilizer on fields
- Harvesting hay, grain, or corn
- Spraying fields

### C. Other

Other services sold to farmers which are not subject to sales or use tax include:

- Artificial insemination of farm livestock or farm work stock
- Breeding farm livestock or farm work stock
- Medical and hospitalization services furnished by veterinarians

## ■ VII. RECORDKEEPING

### A. General Records to Keep

If you are required to file sales and use tax returns, you must keep adequate records of business transactions to enable you and the Department of Revenue to determine the correct tax due:

#### CAUTION

If the Department of Revenue conducts an audit and you do not have the required exemption or resale certificates or other required documents to prove that your sales are exempt, your sales will be presumed to be taxable and subject to the sales tax.

### B. Records to Keep – Exemption Certificates

You may receive farmer’s exemption certificates and other exemption certificates (e.g., resale certificates) from buyers. If you claim a deduction on your return for such sales, you must keep as part of your records the completed certificates to prove that the sales are exempt.

See Appendix 1 for a copy of Form S-206, Farmer’s Exemption Certificate.

### C. Records to Keep – Sales to Exempt Organizations

1. Exempt sales to federal and Wisconsin governments, municipalities, and public schools must be supported by either one of the following:
  - A purchase order received from such an organization, or
  - An exemption certificate received from such an organization.

2. Exempt sales to organizations holding a Certificate of Exempt Status (e.g., churches) must be supported by either one of the following:

- Listing the Certificate of Exempt Status number of such an organization on the seller's copy of the invoice, or
- An exemption certificate received from such an organization.

**D. Records to Keep — Buyer Holds Direct Pay Permit**

Exempt sales to buyers who hold a direct pay permit must be supported by either one of the following:

- A copy of the buyer's direct pay permit, or
- A statement that the buyer holds a direct pay permit, the permit number, and the date the permit was issued.

Contact any Department of Revenue office for more information on direct pay.

**■ VIII. IF YOU HAVE QUESTIONS**

If you have questions about sales or use taxes, visit or phone any Department of Revenue office for free assistance. The address and telephone number of each office is listed in the telephone directory of that city.

If you wish to write, address your letter to: Wisconsin Department of Revenue, Post Office Box 8902, Madison, Wisconsin 53708-8902.

*Location of Department of Revenue Offices:* Appleton, Baraboo, Beaver Dam, Eau Claire, Elkhorn, Fond du Lac, Grafton, Green Bay, Hayward, Hudson, Janesville, Kenosha, La Crosse, Lancaster, Madison, Manitowoc, Marinette, Marshfield, Milwaukee, Monroe, Oshkosh, Racine, Rhinelander, Rice Lake, Shawano, Sheboygan, Superior, Tomah, Watertown, Waukesha, Waupaca, Wausau, West Bend, and Wisconsin Rapids.

**FARMER'S SALES AND USE TAX EXEMPTION CERTIFICATE**

Instructions: This certificate should be completed by the purchaser and given to the seller for retention as part of the seller's records.

- Single Purchase**     **Continuous**

The undersigned hereby claims exemption from Wisconsin sales or use tax on the purchase, lease or rental of tangible personal property or taxable services from

(Name of Seller or Lessor)

based upon the purchaser's proposed exclusive use of the item(s) purchased in farming, including dairy farming, agriculture, horticulture, or floriculture when engaged in as a business enterprise.

- Tractors (except lawn and garden tractors) and farm machines\*, including accessories, attachments, and parts and repair service therefor.
- Fuel\*\*, including natural gas (does not include lubricants (oil) or antifreeze.)
- Feed, seeds for planting, plants, fertilizer, soil conditioners, sprays, pesticides and fungicides.
- Baling twine and baling wire.
- Breeding and other livestock, poultry, and farm work stock.
- Containers for fruits, vegetables, grains, hay and silage. Also containers actually used to transfer merchandise to customers of the undersigned.
- Animal waste containers or component parts thereof (may only use a "single purchase" certificate).
- Animal bedding.
- Medicine for farm livestock.
- Milk house supplies.
- All-Terrain Vehicles (ATV) used exclusively in farming, not licensed for public use.\*\*\*

If "continuous" exemption is checked above, this certificate shall continue in force until revoked and shall be considered as a part of each order given to the above named seller or lessor unless the order specifies otherwise. Use of this certificate does not exempt sales of items other than certified above.

**NOTES:**

\*No claim for exemption may be made by farmers for the purchase of motor vehicles or trailers for highway use, lawn and garden tractors, snowmobiles, or for items used for the personal comfort or convenience of the farmer.

\*\*This certificate cannot be used as an exemption for paying Wisconsin motor vehicle fuel tax. The certification of Fuel Tax Exemption, Form MF-209, must be used to claim valid motor vehicle fuel tax exemption.

\*\*\*When claiming an exemption for an ATV which is also registered for public use, a written description including the percentages of time for private and public use, must be submitted with the ATV Registration Application.

Each sale made under a continuous exemption claim must be supported by a sales record showing the name and address of the purchaser as noted above, the date of sale, and description of the property sold.

I am authorized to execute this certificate and claim this exemption. Misuse of this certificate by the seller or farmer may constitute a misdemeanor.

Purchaser's Name	Purchaser's Signature
Purchaser's Business Name (if different than above)	Date
Purchaser's Address	

Questions: If either the purchaser or the seller has any questions regarding the completion or use of this exemption certificate, please call (608) 266-2776 or write to the Wisconsin Department of Revenue, P.O. Box 8902, Madison, WI 53708-8902.

**This Form May Be Reproduced**