



Indiana State Department of Agriculture
Governor Mitchell E. Daniels, Jr.
Lt. Governor Rebecca S. Skillman, Secretary of Agriculture and Rural Development
Joseph M. Kelsay, Indiana Agriculture Director

State Agencies Work Together to Update Sales Tax Bulletin Impacting Agriculture

INDIANAPOLIS (May 1, 2012) - The Indiana State Department of Agriculture (ISDA) has concluded a two-year project with the Indiana Department of Revenue (DOR) to update Sales Tax Information Bulletin #9. This Bulletin gives guidance to the agriculture community regarding what buildings, equipment, and machinery are considered to be directly used in the production, extraction, harvesting, or processing of agricultural commodities and are therefore sales tax exempt.

This joint initiative stemmed from commodity meetings held regularly at the State Fair between the ISDA and agriculture groups. Several participating groups noted that the bulletin did not address emerging technologies and specific scenarios within the industry. ISDA discussed these concerns with the DOR, and an industry workgroup was formed to provide recommendations for revisions to the bulletin.

The revised bulletin clarifies/contains:

- the types of activities for which fencing is exempt
- new examples related to equipment used for crop protection products
- new examples related to use of ATVs and front-end loaders on farm operations

(The above examples provide guidance with regard to which activities are tax exempt versus those considered to be general farm maintenance subject to tax.)

- new examples that address technological devices and agritourism operations

The revised bulletin also makes several changes related to livestock operations:

- new examples that address when the actual feeding process begins, which triggers a tax exempt status for equipment
- a new example clarifying that backup generators and materials to maintain air quality, such as curtains, are items to control the animals' growth environment and are not subject to tax

"The workgroup greatly appreciates the time that DOR officials spent with us discussing our concerns. This project exemplifies the Daniels-Skillman Administration's commitment to having open lines of communication with the regulated community and working with industry groups on regulatory concerns," stated Joe Kelsay, ISDA Director. "This workgroup has formed relationships that will facilitate future meetings between DOR and ag groups and opportunities to take part in educational tours to share and discuss the latest ag technologies and practices."

The following organizations comprised this workgroup: Agribusiness Council of Indiana, Indiana Beef Cattle Association, Indiana Corn Growers Association, Indiana Farm Bureau, Indiana Pork Producers

Association, Indiana Professional Dairy Producers, Indiana Mint Market Research Development Council, and the Indiana Soybean Alliance. All worked collaboratively to develop a series of recommendations for DOR.

To access the revised bulletin, please visit the Indiana Department of Revenue website at <http://www.in.gov/dor/3650.htm>

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