

SENATE BILL REPORT

SB 5092

As of January 13, 2025

Title: An act relating to a sales and use tax exemption for qualifying farm machinery and equipment.

Brief Description: Providing a sales and use tax exemption for qualifying farm machinery and equipment.

Sponsors: Senator Boehnke.

Brief History:

Committee Activity: Agriculture & Natural Resources: 1/16/25.

Brief Summary of Bill

- Exempts certain small farmers from sales and use tax on qualifying farm machinery and equipment.

SENATE COMMITTEE ON AGRICULTURE & NATURAL RESOURCES

Staff: Jeff Olsen (786-7428)

Background: Sales and Use Tax. Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services—including construction. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use taxes apply to the value of property, digital product, or service when used in this state. The state, most cities, and all counties levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent, local sales and use tax rates vary from 0.5 percent to 4.1 percent, depending on the location.

Summary of Bill: A farmer with annual gross sales or harvest values less than \$2 million is exempt from sales and use tax on the purchase of qualifying farm equipment. The

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exemption is available only when the buyer provides the seller with an exemption certificate as prescribed by the Department of Revenue. An eligible farmer may not claim the exemption more than once each calendar year.

To qualify for the exemption, the farm equipment must have been acquired by the eligible farmer at a sales price of \$10,000 or more. Farm equipment includes tractors, trailers, combines, tillage implements, balers, and other equipment, including attachments and accessories that are used in the planting, cultivating, irrigation, harvesting, and marketing of agricultural, horticultural, or livestock products.

Appropriation: None.

Fiscal Note: Requested on January 6, 2025.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill takes effect on October 1, 2025.