

State of Rhode Island - Division of Taxation

Sales and Use Tax

Regulation SU 01-36

Farm Equipment and Farm Structure Construction Materials

The exemption provided in Section 44-18-30(33) applies to the sale (including lease or rental) and to the storage, use or other consumption in this state of machinery and equipment which is used primarily and directly for commercial farming and agricultural production, including but not limited to tractors, plows, harrows, spreaders, seeders, milking machines, silage conveyors, balers, bulk milk storage tanks, trucks with farm plates, mowers, combines, irrigation equipment, greenhouses and greenhouse coverings, graders and packaging machines, tools and supplies and other farming equipment, including replacement parts, appurtenant to or used in connection with commercial farming, as well as tools and supplies used in the repair of such farm machinery and equipment.

The exemption applies if the farm equipment or machinery is used for ancillary uses or is temporarily used for non-farming or a non-agricultural purpose. However, in order to maintain the exemption, ancillary use or temporary non-farming or non-agricultural use of any farm equipment and machinery must be less than 50% of the use of the equipment or machinery.

"Machinery and equipment used directly" shall mean only that machinery and equipment (including replacement parts thereof) which is used during the agricultural process and not used solely prior to the start of this agricultural process nor solely after it has ended.

Also exempt is lumber, hardware and other materials used in the new construction of farm structures, including production facilities such as, but not limited to, farrowing sheds, free stall and stantion barns, milking parlors, silos, poultry barns, laying houses, fruit and vegetable storages, rooting cellars, propagation rooms, greenhouses, packing rooms, machinery storage, seasonal farm worker housing, certified farm markets, bunker and trench silos, feed storage sheds, and any other structures used in connection with commercial farming.

"Commercial farming" means the keeping or boarding of five (5) or more horses or the production within this state of agricultural products, including but not limited to field or orchard crops, livestock, dairy, poultry or products thereof, where the keeping, boarding or production provides at least (\$2,500.00) in annual gross sales.

Application for this exemption must be made to the Tax Administrator on the following prescribed form which is approved by the Division of Taxation and may be reproduced.

R. GARY CLARK
TAX ADMINISTRATOR

EFFECTIVE: JANUARY 1, 2001

THIS REGULATION AMENDS AND SUPERCEDES REGULATION SU 90-36
PROMULGATED DECEMBER 31, 1990.