

# Overview of Sales Tax Exemptions for Agricultural Producers in the United States

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# Overview of Major Agricultural Sales Tax Exemptions

There are six major sales tax exemptions commonly given to agricultural producers in the United States (Table 1). These exemptions are for: machinery, parts & repairs, fuel, chemicals (fertilizer and pesticides), seed, animals and feed. Of the 45 states with a state sales tax, 32 states offer all six of the major exemptions (Map 1), six states offer five (5) exemptions and seven states offer four (4) or fewer exemptions. State sales tax rates range from a low of 0% (five states) to a high of 7.25% (California) in 2017, and the average sales tax rate was 5.1%.

Forty states exempt machinery, including parts and repairs, and two states (Alabama and South Dakota) subject farm machinery to a special tax rate (Map 2). Only three states do not exempt farm machinery.

In every state with a sales tax, motor vehicle fuel is exempt from the sales tax (but not the fuel excise tax) for all consumers (Map 3). An additional 17 states offer exemptions for other energy types (e.g. electricity and/or natural gas) when used in agriculture.

Thirty-seven states offer sales tax exemptions for agricultural chemicals, although in some cases these exemptions are restricted to fertilizer (Map 4). Agricultural chemicals are deductible in New Mexico and seven states offer no exemption.

Seed is also exempted from the sales tax by 37 states (Map 5). Of the eight states that do not offer an exemption, one (New Mexico) allows a deduction.

Twenty-one states exempt livestock and qualifying poultry from state sales tax liability and 17 states exempt livestock, poultry, reproductive materials and/or work stock (Map 6). Seven states offer no exemption for farm animals. Feed and medicine are exempt in 33 states and an additional five states exempt feed but not medicine (Map 7). New Mexico allows a deduction for feed and medicine while six states offer no exemption.

Table 1. Major Agricultural Sales Tax Exemptions

State	Tax Rate	Machinery	Fuel	Chemicals	Seed	Animals	Feed
Alabama	4.00	Special rate	Exempt	Exempt	Exempt	Exempt	Exempt
Alaska	0.00	--	--	--	--	--	--
Arizona	5.60	Exempt	Exempt	Not exempt	Exempt	Not exempt	Exempt
Arkansas	6.50	Exempt	Exempt	Exempt	Exempt	Exempt <sup>1,6</sup>	Exempt
California	7.25	Exempt	Exempt <sup>2</sup>	Exempt <sup>1</sup>	Exempt	Exempt	Exempt
Colorado	2.90	Exempt <sup>1</sup>	Exempt <sup>2</sup>	Not exempt	Exempt	Exempt	Exempt <sup>8</sup>
Connecticut	6.35	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt
Delaware	0.00	--	--	--	--	--	--
Florida	6.00	Exempt <sup>1</sup>	Exempt	Not exempt	Not exempt	Not exempt	Not exempt
Georgia	4.00	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt
Hawaii	4.00	Not exempt	Exempt	Not exempt	Not exempt	Not exempt	Not exempt
Idaho	6.00	Not exempt	Exempt	Exempt	Exempt	Exempt <sup>1</sup>	Exempt
Illinois	6.25	Exempt	Exempt	Not exempt	Not exempt	Not Exempt	Not exempt
Indiana	7.00	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt
Iowa	6.00	Exempt	Exempt <sup>2</sup>	Exempt	Exempt	Exempt <sup>5</sup>	Exempt
Kansas	6.50	Exempt	Exempt <sup>2</sup>	Exempt	Exempt	Exempt	Exempt <sup>1</sup>
Kentucky	6.00	Exempt	Exempt <sup>2</sup>	Exempt	Exempt	Exempt <sup>5,6</sup>	Exempt <sup>1</sup>
Louisiana	5.00	Exempt <sup>1</sup>	Exempt <sup>2</sup>	Exempt	Exempt	Exempt <sup>1,4</sup>	Exempt
Maine	5.50	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt
Maryland	6.00	Exempt	Exempt	Not exempt	Not exempt	Not exempt	Not exempt
Massachusetts	6.25	Exempt	Exempt <sup>2</sup>	Exempt	Not exempt	Not exempt	Not exempt
Michigan	6.00	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt
Minnesota	6.88	Exempt	Exempt <sup>2</sup>	Exempt	Exempt	Exempt <sup>6</sup>	Exempt
Mississippi	7.00	Not exempt	Exempt	Exempt	Exempt	Exempt	Exempt
Missouri	4.23	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt
Montana	0.00	--	--	--	--	--	--
Nebraska	5.50	Exempt	Exempt	Exempt	Exempt	Exempt <sup>6</sup>	Exempt
Nevada	6.85	Exempt	Exempt	Exempt <sup>1</sup>	Exempt	Exempt	Exempt <sup>8</sup>
New Hampshire	0.00	--	--	--	--	--	--
New Jersey	6.88	Exempt <sup>1</sup>	Exempt	Exempt	Exempt	Exempt	Exempt
New Mexico	5.13	Exempt <sup>1</sup>	Exempt	Deductible	Deductible	Exempt	Deductible
New York	4.00	Exempt	Exempt <sup>2</sup>	Not exempt	Not exempt	Not exempt	Not exempt
North Carolina	4.75	Exempt <sup>1</sup>	Exempt <sup>2</sup>	Exempt	Not exempt	Exempt <sup>3,6</sup>	Exempt
North Dakota	5.00	Exempt	Exempt <sup>2</sup>	Exempt	Exempt	Exempt	Exempt <sup>8</sup>
Ohio	5.75	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt
Oklahoma	4.50	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt
Oregon	0.00	--	--	--	--	--	--
Pennsylvania	6.00	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt
Rhode Island	7.00	Exempt <sup>1</sup>	Exempt	Exempt	Exempt	Exempt <sup>5</sup>	Exempt
South Carolina	6.00	Exempt	Exempt <sup>2</sup>	Exempt	Exempt	Exempt <sup>5</sup>	Exempt
South Dakota	4.50	Special rate	Exempt <sup>2</sup>	Exempt <sup>1</sup>	Exempt <sup>1</sup>	Exempt <sup>6</sup>	Exempt <sup>1</sup>
Tennessee	7.00	Exempt	Exempt <sup>2</sup>	Exempt	Exempt	Exempt <sup>7</sup>	Exempt
Texas	6.25	Exempt <sup>1</sup>	Exempt	Exempt	Exempt	Exempt <sup>5</sup>	Exempt <sup>8</sup>

<b>State</b>	<b>Tax Rate</b>	<b>Machinery</b>	<b>Fuel</b>	<b>Chemicals</b>	<b>Seed</b>	<b>Animals</b>	<b>Feed</b>
Utah	5.95	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt
Vermont	6.00	Exempt <sup>1</sup>	Exempt	Exempt	Exempt	Exempt <sup>6</sup>	Exempt
Virginia	5.30	Exempt	Exempt <sup>2</sup>	Exempt	Exempt	Exempt <sup>6</sup>	Exempt
Washington	6.50	Exempt <sup>1</sup>	Exempt <sup>2</sup>	Exempt <sup>1</sup>	Exempt <sup>1</sup>	Exempt <sup>1</sup>	Exempt <sup>1</sup>
West Virginia	6.00	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt
Wisconsin	5.00	Exempt	Exempt	Exempt	Exempt	Exempt <sup>5,6</sup>	Exempt
Wyoming	4.00	Exempt <sup>1</sup>	Exempt <sup>2</sup>	Exempt	Exempt	Exempt	Exempt <sup>8</sup>

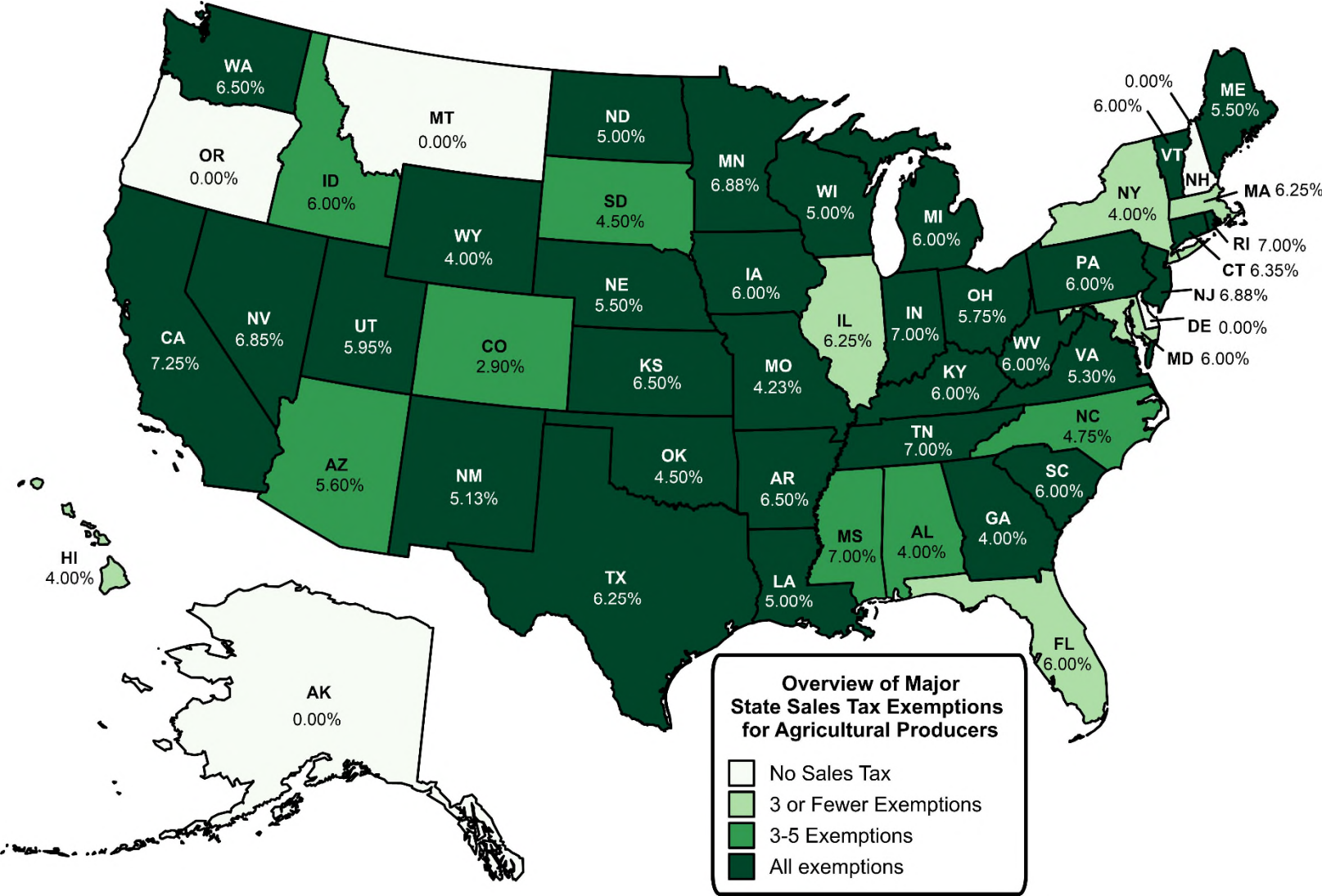
**Definitions:**

- Machinery* May also include parts and repairs for qualifying machinery.
- Fuel* Exemption includes motor vehicle fuel for every state listed as exempt. Exemption is only applicable to the state's sales tax, not to the fuel tax.
- Chemicals* Includes fertilizer, insecticides, herbicides, adjuvants, and surfactants.
- Animals* Refers to livestock and poultry purchased by farmers for resale only unless otherwise noted.
- Feed* Includes medicine unless otherwise noted.
- Indicates that there is no state sales tax

**Foot Notes:**

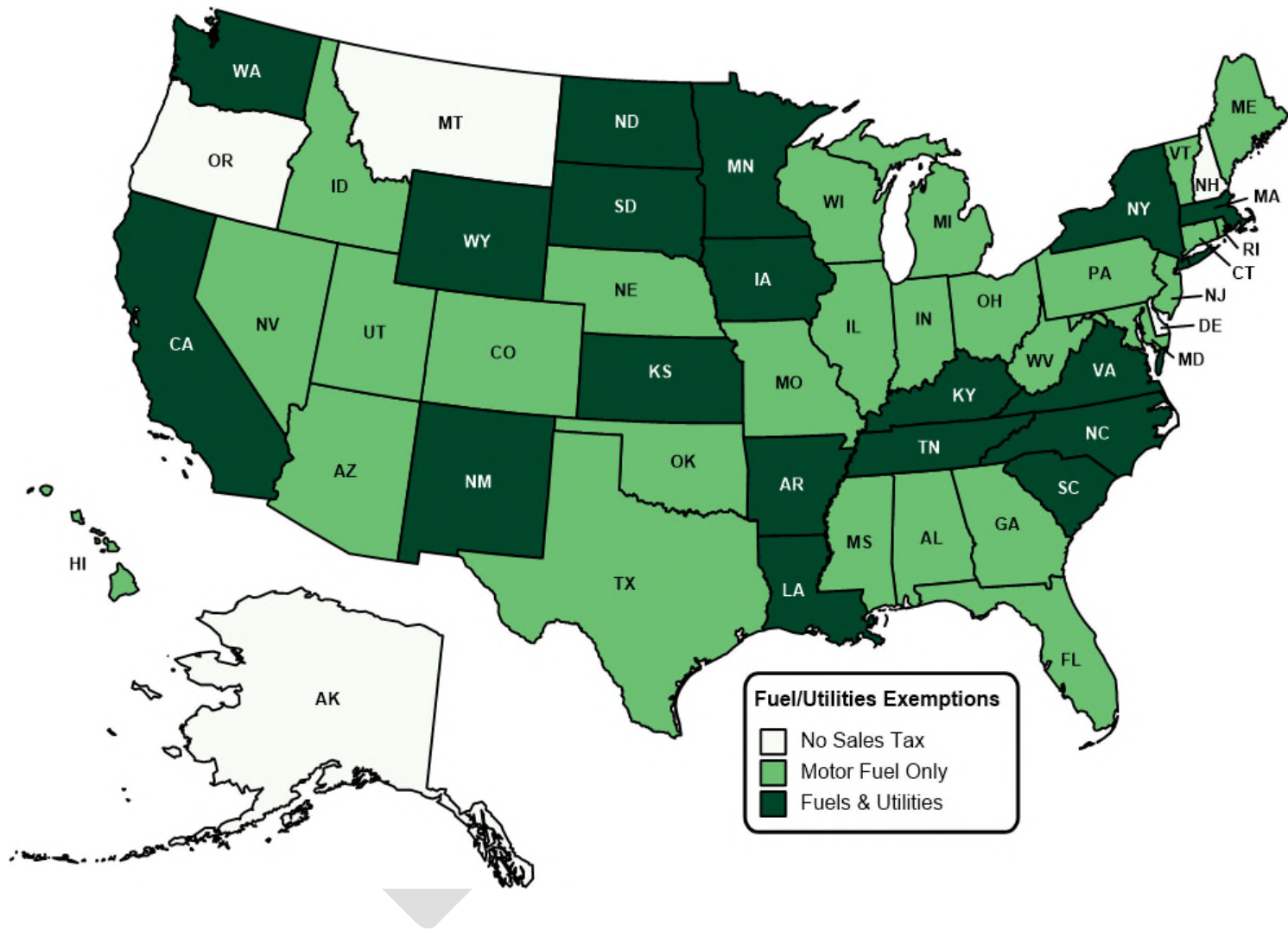
- 1 Item is exempt if it meets criteria specified by law.
- 2 State law explicitly exempts fuels in addition to motor vehicle fuel.
- 3 Poultry only
- 4 Livestock only
- 5 Including work stock
- 6 Including reproductive materials
- 7 Reproductive materials only
- 8 Feed only

Map 1. Major State Sales Tax Exemptions for Agricultural Producers and State Sales Tax Rates



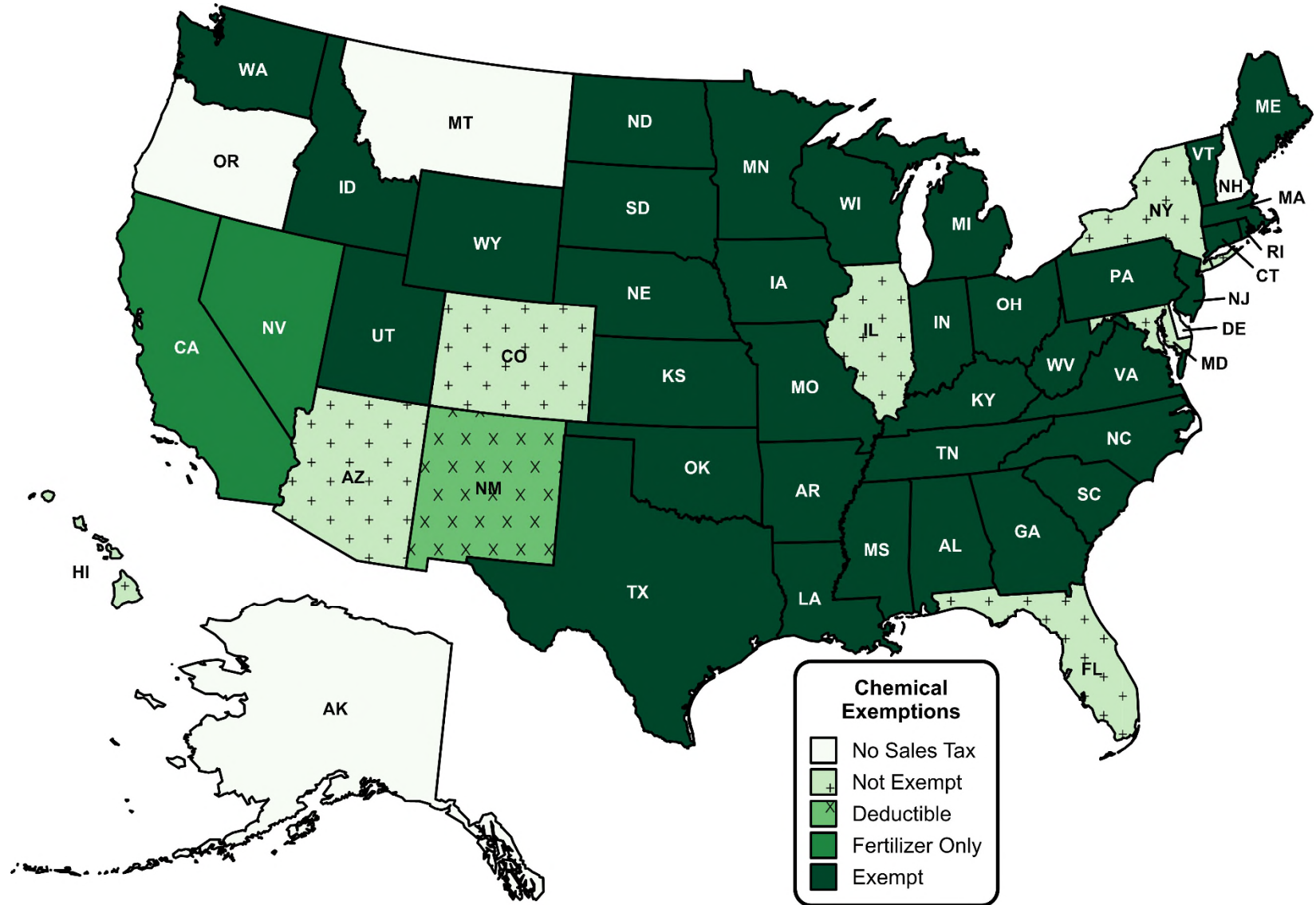


Map 3. Fuel & Utility Sales Tax Exemptions

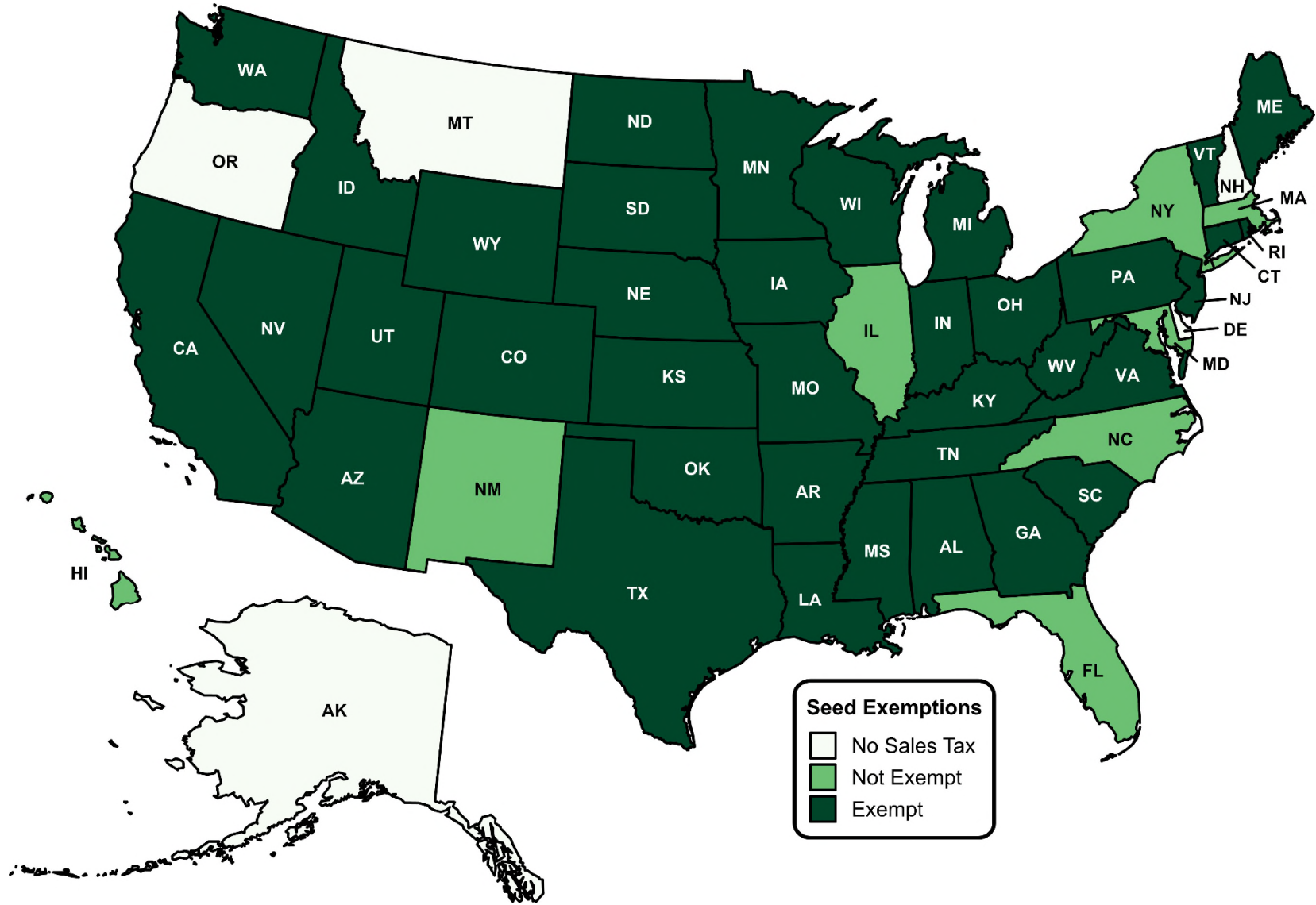




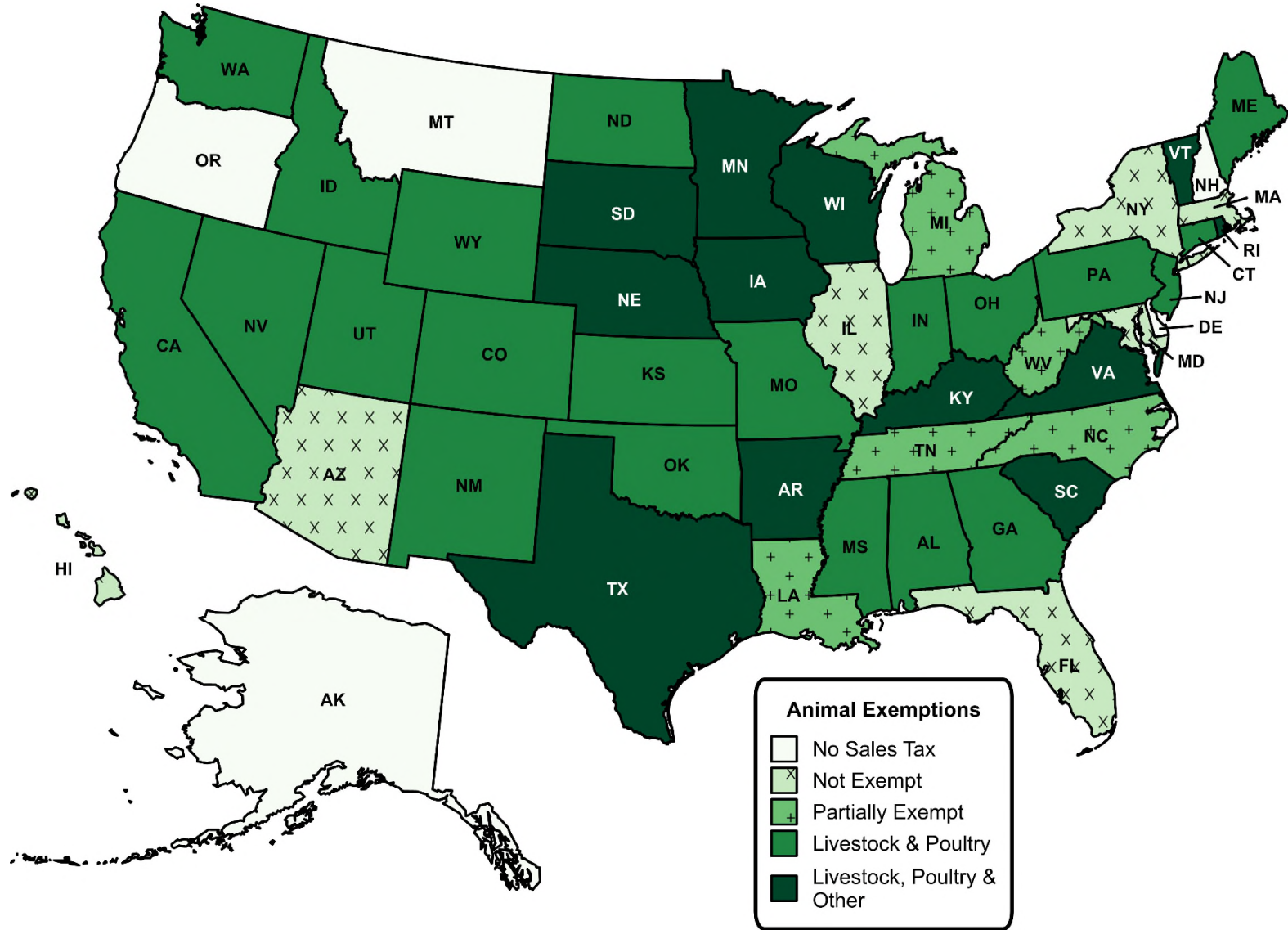
Map 4. Chemical & Fertilizer Sales Tax Exemptions



# Map 5. Seed Sales Tax Exemptions

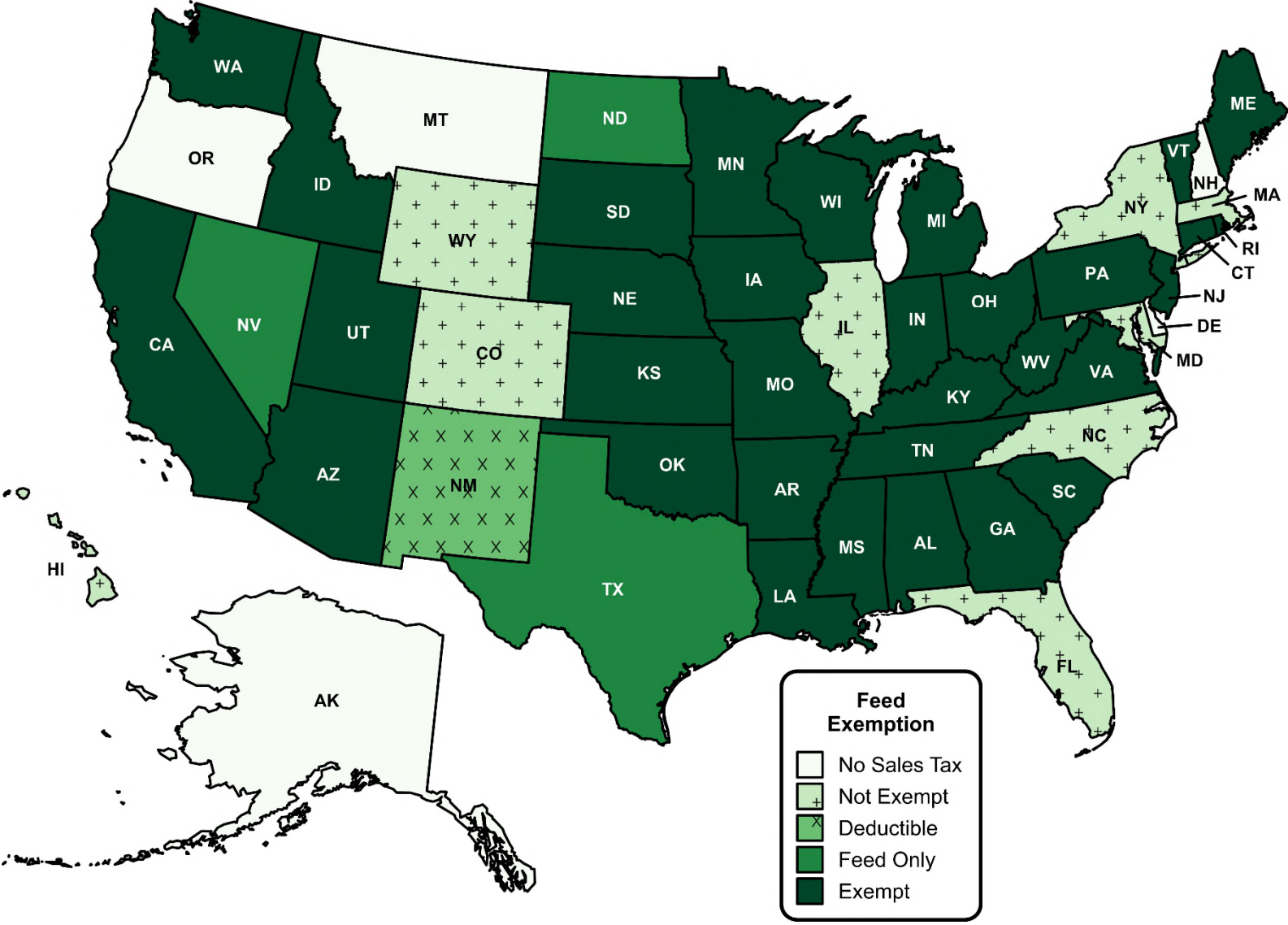


## Map 6. Animal Sales Tax Exemptions



**Note:** "Other" may refer to reproductive materials and/or work stock. See Table 1 for more information.

# Map 7. Feed Sales Tax Exemptions



**Note:** A feed exemption includes qualifying feed and medicines unless otherwise r noted.