



# Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

AUGUST 18, 2011

## Replacement Parts for Irrigation Systems and Water Wells

### Background

The purpose of this Special Notice is to explain the Department's position on the sales/use tax exemption for replacement parts for qualifying farm machinery and equipment.

RCW 82.08.855 and RCW 82.12.855 provide sales and use tax exemptions for replacement parts for qualifying farm machinery and equipment (referred to as "equipment" for purposes of this document), and services to install eligible replacement parts.

### Replacement parts defined

"Replacement parts" is defined to be "those parts that replace an existing part, or which are essential to maintain the working condition, of a piece of qualifying farm machinery or equipment."

### Undefined terms

In general, machinery and equipment are mechanical units that include devices, implements, appliances, and similar tangible personal property. It does not include, for example, buildings or structures.

### Applying the exemption to Irrigation systems

In order to identify replacement parts in an irrigation system, one must first identify the individual pieces of machinery and equipment.

Irrigation systems consist of a number of separate pieces of equipment generally grouped as follows:

- Pumping Station/Pumping Plant – The pumping station draws water from its source and directs it through the system. The pumping station includes, but is not limited to, the following equipment:
  - a. A pump (turbine and centrifugal),
  - b. A power meter, and
  - c. A control panel.
- Center Pivot Unit – The center pivot unit applies the water to the irrigated area and includes, but is not limited to, the following equipment:
  - a. Pivot point (or pivot structure),
  - b. Spans (including overhangs and corner arms), and
  - c. Towers (or drive units).

Purchasing or replacing any of this equipment is subject to the retail sales tax. Only **replacement parts** for this equipment are eligible for the exemption.

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**Eligible replacement parts in an irrigation system**

While replacing the motor of the pump, for example, qualifies for the exemption, replacing the entire pump, would not qualify.

Eligible replacement parts in an irrigation system include, but are not limited to:

- Bowls, impellers, cases, shafting, columns, oil tubes, motors (and parts of the motor), etc. for a pump;
- Pipes, valves, filters, etc. for a pumping station;
- Parts of the power meter (e.g., switches, gauges, wiring, etc.);
- Parts of the control panel (e.g., switches, gauges, wiring, etc.);
- Pipes, valves, metal braces, control panel, gauges, etc. of the pivot point;
- Tires, braces, gearbox, motors, electric tower boxes, and other parts of the towers;
- Truss rods, end guns, pipes, cables, sprinkler heads, and supports for the spans, overhangs, and corner arms.

**Applying the exemption to water wells**

Water wells, underground water lines, and underground power supply lines are structures that do not qualify as “qualifying farm machinery and equipment”. Therefore, the drilling, replacement, and repair of wells or water lines are not eligible for the exemption.

**Q & A**

**Question 1** – Does the replacement of the pump qualify for the sales tax exemption as a qualifying replacement part?

**Answer 1** –The pump is equipment used in the irrigation system. It is composed of a motor, a bowl, and other component parts. Replacement of the pump does not qualify for the sales tax exemption as a replacement part. However replacement of an individual part (e.g., the motor or the bowl) does qualify for the sales tax exemption for replacement parts.

**Question 2** – Does the replacement of a span qualify for the sales tax exemption as a qualifying replacement part?

**Answer 2** – No. The replacement of a span does not qualify for the sales tax exemption. The purchase of a span that replaces an existing span does not qualify, because the span is itself a piece of equipment. The purchase of a sprinkler head, pressure regulator, wheel bearing, or wheel gearbox that replaces the same on an existing span qualifies.

**Question 3** – Does the replacement of the mainline pipe qualify for the sales tax exemption as a qualifying replacement part?

**Answer 3** –The mainline is composed of a metal or plastic pipe that carries water underground from the pumping station to the pivot point. Since the mainline is considered a structure, its replacement does not qualify for the sales tax exemption as a replacement part.

**Question 4** – Does the expansion or extension of the irrigation system qualify for the sales tax exemption?

**Answer 4** – No. Replacement part is defined to be a part that replaces an existing part of a piece of qualifying farm machinery or equipment. For example, a span to be added to extend the reach of an existing irrigation system does not qualify.

**Question 5** – Does upgrading the irrigation system qualify for the sales tax exemption?

**Answer 5** – Parts that replace existing parts of a piece of equipment qualify for the exemption, even if those parts are upgrades. On the other hand, parts added to the irrigation system do not qualify.

**Question 6** – Can I replace a span by purchasing the parts and creating a span?

**Answer 6** – Replacement parts purchased to create a span to replace an existing span do not qualify for the exemption. Whether you are purchasing a piece of equipment or purchasing the parts to make a piece of equipment they do not qualify for the exemption.

**For more  
information**

If you have questions, refer to our online agriculture guide ([dor.wa.gov](http://dor.wa.gov)) or call our Telephone Information Center at 360-705-6705.