



Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

Change to the Sales Tax Exemption for Livestock Nutrient Management

Businesses that qualify for a sales and use tax exemption on equipment and facilities used in livestock nutrient management no longer need to apply for an exemption certificate. Effective June 12, 2014, Chapter 97, Laws of 2014, Senate Bill 6333.

Background

Retail sales and use tax exemptions for qualifying livestock nutrient management equipment and facilities were provided by RCW 82.08.890 and RCW 82.12.890.

Those laws required businesses to apply to the Department and receive a *Retail Sales Tax Exemption Certificate for Livestock Nutrient Management Equipment and Facilities* before claiming the exemption.

Effect of change

The *Retail Sales Tax Exemption Certificates for Livestock Nutrient Management Equipment and Facilities* will no longer be valid effective June 12, 2014.

Instead, qualifying businesses must provide their vendors with a completed [Farmers' Certificate for Wholesale Purchases and Sales Tax Exemptions](#) to get the exemption on qualifying purchases. This certificate is available on our website at dor.wa.gov or by calling 360-705-6705.

To qualify for the exemptions

To qualify for the exemptions a person must be one of the following:

- A licensed dairy whose dairy nutrient management plan has been certified as required under RCW 90.64
- An animal feeding operation (AFO) that holds a state waste disposal permit issued under RCW 90.48
- An AFO that:
 - Holds a nutrient management plan approved by a conservation district as meeting the standards of the natural resource conservation service field office technical guide; and
 - Qualifies for the exemption from sales tax on purchases of replacement parts for qualifying farm machinery and equipment (RCW82.08.855).

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For tax assistance or to request this document in an alternate format, visit dor.wa.gov or call 360-705-6705. Teletype (TTY) users may use the Washington Relay Service by calling 711.

Examples of purchases that are exempt

The livestock nutrient management sales and use tax exemptions apply to:

- Qualifying livestock nutrient management equipment. (See section below.)
- Labor and services provided to repair, install, clean, alter and/or improve qualifying equipment or facilities.
- Tangible personal property that becomes an ingredient or component of qualifying livestock nutrient management facilities as a result of repairing, cleaning, altering, or improving it.

Examples of purchases that are NOT exempt

The livestock nutrient management sales and use tax exemptions do not apply to:

- Purchases made before a person meets the eligibility requirements outlined above.
- Equipment that is not “qualifying livestock nutrient management equipment” even if it is used to handle and treat livestock manure.
- The construction of any livestock nutrient management facility.
- The replacement of existing qualifying livestock nutrient management facilities.
- Building materials and other tangible personal property that become an ingredient or component of new or replacement qualifying livestock nutrient management facilities during the course of constructing the facilities.

Qualifying livestock nutrient management equipment

Only the following items, when used exclusively in the handling and treatment of livestock manure, qualify as livestock nutrient management equipment:

- Aerators
- Agitators
- Augers
- Conveyors
- Gutter cleaners
- Hard-hose reel traveler irrigation systems
- Lagoon and pond liners and floating covers
- Loaders
- Manure composting devices
- Manure spreaders
- Manure tank wagons
- Manure vacuum trucks
- Pipes
- Pitchforks
- Poultry house cleaners
- Poultry house flame sterilizers
- Poultry house washers
- Poultry liter saver machines
- Pumps
- Scrapers
- Separators
- Shovels
- Slurry injectors & hoses
- Wheelbarrows

Item that are not on this list do not qualify as livestock nutrient management equipment even if they are used to handle and treat livestock manure.

Qualifying livestock nutrient management facilities

Only the following structures and facilities, when used exclusively in the handling and treatment of livestock manure, qualify as livestock management facilities:

- Flush Systems
- Lagoons
- Liquid livestock manure storage structures, such as concrete tanks or glass-lined steel tanks
- Structures used solely for dry storage of manure, such as roofed stacking facilities

A structure or facility that is not on this list does not qualify as a livestock nutrient management facility even if it is used in the handling and treatment of livestock manure.

Definition of “handling and treatment of livestock manure”

The law defines the “handling and treatment of livestock manure” to mean any of the following:

- Collecting, storing, moving, or transporting livestock manure.
- Separating livestock manure solids from liquids.
- Applying livestock manure to the agricultural lands of an “eligible person” other than through the use of pivot or linear type traveling irrigation systems.

Applying livestock manure to the agricultural lands of a person who is not eligible for the livestock nutrient management exemptions does not qualify for these exemptions.

Sales or use tax is due if a person eligible for the livestock nutrient management exemptions purchases a manure spreader and allows it to be used to spread manure over the fields of a neighboring landowner who is not eligible for these exemptions.

To get the exemption

To get the exemption, qualifying businesses must provide their vendors with a completed [Farmers' Certificate for Wholesale Purchases and Sales Tax Exemptions](#). This form is available on our website at dor.wa.gov.

Record keeping requirements for buyers

A person claiming a livestock nutrient management exemption must keep records necessary for the Department of Revenue to verify eligibility. This places the burden on the buyer to maintain records documenting that the qualifying livestock nutrient management equipment or facilities to which the exemption relates is used exclusively to handle and treat livestock manure.

The Department will look at purchase invoices, depreciation schedules, farming practices, logs and other records to verify eligibility. The records must be available for audit by the Department. Unlawful use of the exemption certificate will result in an assessment of tax and additional interest, and may subject the person to penalties.

Record keeping requirements for sellers

A seller who makes exempt sales must get a copy of the buyer's *Farmers' Certificate for Wholesale Purchases and Sales Tax Exemptions*. Instead of an exemption certificate, a seller may write down the information required on the exemption certificate. The seller must keep a copy of the exemption certificate or the written information for five years after the date of the exempt sale.

Exempt sales are reported on the seller's *Excise Tax Return* under the retail sales tax classification and must be identified on the deduction detail page, under the retail sales tax heading, as "Retail Sales Tax Exempt Purchases by Farmers." As there is no comparable business and occupation (B&O) exemption, the gross proceeds of sales that qualify for the livestock nutrient management sales tax exemption are subject to B&O tax.

For more information

If you have additional questions, please call the Department of Revenue at 360-705-6705.

For more information about livestock nutrient management plans for dairies certified under chapter 90.64 RCW and nutrient management plans approved by a conservation district, contact the local conservation district in your area. Contact information is available from the Washington State Conservation Commission at www.scc.wa.gov or the Washington Association of Conservation districts at www.wacd.org.

For information about animal feeding operations and permits issued under chapter 90.48, contact Jon Jennings with the Department of Ecology at (360) 407-6283.