

Technical corrections were made to this notice on December 2, 2002 by Revenue Notice # 02-20.

Minnesota revenue notice number 99-14

Sales and Use Tax—Farm Machinery

This Revenue Notice confirms and updates Revenue Notice # 92-02 by providing additional clarification and reflecting changes in agricultural practices and resulting changes in what is included in the definition of farm machinery. This Revenue Notice also revokes Revenue Notice # 94-16.

Farm machinery qualifies for the reduced rate in Minnesota Statutes, § 297A.02, subdivision 2, or the exemption in Minnesota Statutes, § 297A.25, subdivision 59, only when the item is used directly and principally for the purposes set out in Minnesota Statutes, § 297A.01, subdivision 15.

Currently, sales of used farm machinery are exempt from sales or use tax. New farm machinery is subject to a 1 percent sales and use tax rate for sales made after June 30, 1999 and before July 1, 2000. Sales of new farm machinery made after June 30, 2000 are exempt.

"Used farm machinery" means any farm machinery as defined in Minnesota Statutes, § 297A.01, subdivision 15, that has been subject to a prior retail sale, lease, or rental, to a different person or entity. Farm machinery that has been used only for demonstration purposes is not "used" machinery. If farm machinery was used when initially leased, lease payments are exempt from sales or use tax. If farm machinery was new when initially leased, lease payments due before July 1, 2000 continue to be subject to sales or use tax on a lease renewal if the lessee is the same person.

The definition of farm machinery includes logging equipment.

The following are new positions of what is considered farm machinery. They are different than what is set out in Revenue Notice # 92-02.

Farrowing houses are not farm machinery because they are buildings. They do not qualify for the farm machinery reduced rate or exemption.

Animal handling equipment is equipment used for birthing or to hold or restrain an animal while medication or treatment is administered to the animal. Animal handling equipment, such as squeeze chutes and portable farrowing crates are farm machinery. They qualify for the farm machinery reduced rate or exemption.

Automatic feeding systems include self-feeding equipment that rely on gravity to dispense food or water to livestock. These qualify for the farm machinery reduced rate or exemption.

Effective date: The above provisions are effective the day following the date of this notice.

[Revenue Notice # 94-16](#) is hereby revoked.

Jennifer L. Engh
Assistant Commissioner for Tax Policy

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