
By: **Senators Hooper, Bromwell, Colburn, Ferguson, Hafer, Jacobs, and Sfikas**

Introduced and read first time: February 2, 2001

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Use Tax - Farmers - Exemption Certificate**

3 FOR the purpose of requiring farmers who are eligible for a certain exemption from
4 the sales and use tax to file an application with the Comptroller for an
5 exemption certificate; and generally relating to an exemption under the sales
6 and use tax for the sale of certain items if bought by a farmer.

7 BY repealing and reenacting, with amendments,
8 Article - Tax - General
9 Section 11-201
10 Annotated Code of Maryland
11 (1997 Replacement Volume and 2000 Supplement)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
13 MARYLAND, That the Laws of Maryland read as follows:

14 **Article - Tax - General**

15 11-201.

16 (a) The sales and use tax does not apply to a sale of the following items for an
17 agricultural purpose:

- 18 (1) livestock;
- 19 (2) feed or bedding for livestock;
- 20 (3) seed, fertilizer, fungicide, herbicide, or insecticide;
- 21 (4) baler twine or wire;
- 22 (5) fuel for use in farm equipment or a farm tractor, as defined in §§
23 11-120 and 11-121 of the Transportation Article; and
- 24 (6) if bought by a farmer:

- 1 (i) a container to transport farm products that the farmer raises to
2 market;
- 3 (ii) a farm vehicle, as defined in § 13-911(d) of the Transportation
4 Article, when used in farming;
- 5 (iii) a milking machine, when used in farming;
- 6 (iv) fabrication, processing, or service, by a sawmill, of wood
7 products for farm use in which the farmer retains title; and
- 8 (v) farm equipment when used to:
- 9 1. raise livestock;
- 10 2. prepare, irrigate, or tend the soil; or
- 11 3. plant, service, harvest, store, clean, dry, or transport seeds
12 or crops.

13 (b) Except for flowers, sod, decorative trees and shrubs, and any other product
14 that usually is sold by a nursery or horticulturist, the sales and use tax does not apply
15 to a sale of an agricultural product by a farmer.

16 (C) A FARMER WHO IS ELIGIBLE FOR AN EXEMPTION UNDER SUBSECTION
17 (A)(6) OF THIS SECTION SHALL FILE AN APPLICATION FOR AN EXEMPTION
18 CERTIFICATE WITH THE COMPTROLLER.

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 July 1, 2001.