



Farm Utility Exemption Notice

Act 1441 of 2013 provides an exemption from state and local sales taxes for electricity, natural gas, and liquefied petroleum gas used by qualifying agricultural structures and qualifying aquaculture and horticulture equipment beginning January 1, 2014.

The eligible utility must be separately metered and used only for the purpose of the exemption. If a utility is sold for any other purpose, it will not be eligible for the exemption. Before the exemption is allowed, the farmer seeking the exemption must obtain a certificate from DFA to provide to the utility supplier.

Qualifying agricultural structures are defined as

- A. A poultry or livestock facility used for commercial production, including without limitation a broiler or turkey grow-out house, laying house, hatching unit, nursery unit, breeding house, farrowing unit, and feed-out house;
- B. A cattle or dairy facility, including without limitation a milking parlor, milk collection unit, and refrigeration unit and
- C. A greenhouse used for commercial production.

Horticulture means the initial production and cultivation of fruits, vegetables, tree nuts, trees, shrubs, vines, and florists unless the cultivation of these items are at a retail or wholesale facility from which the items are sold.

Aquaculture is defined as the active cultivation of domesticated fish that are spawned, grown, managed, harvested, and marketed on an annual, semiannual, biennial, or short term basis in waters that are confined within a pond, tank, or lake that is situated entirely on the premises of a single owner and that, except under abnormal flood conditions, are in no way connected by water or with any other flowing stream or body of water; or body of water not situated on the premises of the owner.

Qualifying aquaculture or horticulture equipment includes:

- A. A cooling unit, collection unit, or irrigation equipment used in a commercial horticulture operation;
- B. Equipment used to pump and aerate a pond used in a commercial aquaculture operation; and
- C. A holding and sorting tank used in a commercial aquaculture operation.

The forms to obtain the necessary certificate to provide to the utility suppliers are available by contacting our office at 501-682-7105, Sales and Use Tax Section, P O Box 3566, Little Rock, AR 72203-3566 or are located in the Forms section on the Sales and Use Tax page of the DFA website www.dfa.arkansas.gov .