

New Sales Tax Exemption Registration for Agriculture and Timber Operators

Well over a year ago, [Comptroller Susan Combs](#) sat down with the agriculture industry to discuss a way to remove some of the fraud that takes place when people claim agriculture sales tax exemption when they are not entitled. Retail stores have to pay the State of Texas the sales tax dollars that are lost due to people who are cheating. After a couple of meetings last year, there was no common ground that the agriculture community could find, so the issue was dropped.

TNLA and a few other agriculture representatives met with the Retail industry to revive the issue. The bottom line is our agriculture sales tax exemption could have been in jeopardy with the budget problems the State had and may continue to have. Some believe agriculture sales tax exemption should go away, but we strongly oppose that. Our efforts to clean up the fraud in the system shows and will continue to show good-will to the legislature.

Starting January 2012, people who currently use the agriculture sales tax exemption when purchasing items will now be required to contact the Comptroller's office and submit an affidavit stating you are eligible. **No fee or social security number will be required in the process.** You will receive a personal identification number from the Comptroller, and when purchasing items used in the husbandry of agriculture, you will present that number to the store.

This will help guarantee that you receive the sales tax exemption you are suppose to have and will hopefully avoid future confusion with the person at the check-out counter. For questions, please feel free to contact the Comptroller's office or [Jim Reaves](#), Director of Legislative and Regulatory Affairs.

Here's what the Comptroller says:

You can get a registration number through either a mail-in application or [an online application](#) that begins Oct. 3.

The new registration process takes the burden off retailers to verify whether a purchaser is eligible for exemption. And it narrows the pool of purchasers claiming the sales tax exemption to those actually involved in production of agriculture and timber products for sale.

The new legislation requires a registration number to claim tax exemptions when buying items such as machinery and equipment; fertilizers; insecticides; irrigation equipment; and off-road motor vehicles used for farming and timber production.

Those entitled to make tax-free purchases of taxable qualifying products include groups such as:

- farmers and ranchers who raise agricultural products to sell to others;
- fish farmers and bee keepers who sell the products they raise;
- custom harvesters;
- crop dusters;
- commercial nurseries engaged in fostering growth of plants for sale; and
- timber producers, including contract lumberjacks.

Products such as feed for livestock and wildlife, seeds and annual plants are always tax-exempt and would not require a registration number.

The primary owner or operator of a farm, ranch or timber operation may obtain one registration number that can be used by anyone authorized by the registrant – including family members or employees – to make tax exempt purchases of qualifying products for the business.

The application for a registration number should take less than 10 minutes to complete. Online registration begins Oct. 3 at www.GetReadyTexas.org. Online applicants will receive a registration number immediately. If you prefer, you may download a paper application form from the website or call 1-800-252-5555 to receive a form by mail.