

AGRICULTURAL PRODUCERS

Certain items of tangible personal property used for agricultural purposes are exempt from Arvada sales and use taxes as provided by the *Arvada Municipal Code*.

Farm equipment

Qualifying farm machinery and machinery parts are exempt from Arvada sales and use taxes. The exemption for qualifying farm equipment applies. Qualifying Farm Equipment includes:

- farm tractors and implements of husbandry;
- irrigation equipment;
- baling materials;
- shipping materials purchased by a farm operation; and
- dairy equipment

In general, the exemption for farm equipment applies only to qualifying equipment used primarily and directly in a farm operation that produces any of the following products for profit, including a business that hires out to produce or harvest such products:

- livestock;
- milk;
- honey;
- poultry and eggs; and
- agricultural, viticultural, fruit, and vegetable products.

Non-qualifying equipment

Trucks of one ton manufactured rated capacity or less and lawn and garden tillers, mowers and renovators are not to be considered as farm machinery.

Required documentation

The lessor or seller of exempt farm equipment must obtain and retain a complete signed form DR 0511, Affidavit for Colorado Sales Tax Exemption for Farm Equipment, in which the lessee, renter, or purchaser affirms that the equipment will be stored, used, or consumed primarily and directly in a farm operation.

Livestock and related exemptions

Livestock are exempt from Arvada sales and use taxes, as are certain items related to such animals.

Livestock

For Arvada sales and use tax purposes, livestock include the following animals, regardless of use:

- cattle
- sheep
- ostrich
- horses
- lambs
- llama
- mules
- poultry
- alpaca
- burros
- swine
- goats

Tax-exempt livestock also includes:

- domesticated elk or fallow deer raised on a farm or ranch licensed as an alternative livestock farm by the Board of Stock Inspection Commissioners (Brand Board);and
- any other animal which is raised primarily for food, fiber, or hide production.

Any other animal that is sold, transferred, or retained for the purpose of being kept as a household pet is not considered livestock for sales and use tax purposes.

Other exemptions related to livestock

The following items are also exempt from Arvada sales and use taxes:

- feed for livestock;

Agricultural compounds

Agricultural compounds consumed by, administered to, or otherwise used in caring for livestock are exempt from Arvada sales and use taxes.

The exemption applies specifically to:

- insecticides;
- fungicides;
- growth-regulating chemicals;
- enhancing compounds;
- vaccines;
- hormones;
- prescription or nonprescription drugs used to prevent or treat disease or injury in livestock; and
- animal pharmaceuticals that have been approved by the Food and Drug Administration

Fertilizer and spray adjuvants

Fertilizer and spray adjuvants are exempt from sales and use taxes if they are used in the production of agricultural commodities. Eligible agricultural production activities do not include storing, preserving, processing, packaging, or moving plants or animals after they are ready for market; or any activities relating to plant or animal products after they are harvested.

The exemptions are allowed with respect to the production of any agricultural, horticultural, floricultural, viticultural, and vegetable products, livestock and livestock products, either in their natural state or as processed, including, but not limited to:

- wheat,
- hay,
- corn,
- millet,
- oats,
- hops,
- rice,
- milo,
- bees and honey,
- poultry and poultry products,
- milk and milk products,
- timber and timber products,
- sugar beets,
- barley,
- malting barley, and
- any other feed grain.

The exemptions are not allowed for fertilizer and spray adjuvants used in the production of marijuana or marijuana products.

Fertilizer

Fertilizers that are eligible for exemption are any substances or products that contain the chemical or organic form of one or more of the following essential available plant nutrients that are absorbed by crops:

- nitrogen (N),
- phosphorus (P₂O₅),
- potassium (K₂O),
- calcium (Ca),
- magnesium (Mg),
- sulfur (S),
- boron (B),
- copper (Cu),
- iron (Fe),
- manganese (Mn),
- molybdenum (Mo),
- zinc (Zn), or
- other secondary and micronutrients.

The sales tax exemption for fertilizer does not apply to:

- any specialty fertilizer distributed primarily for nonfarm use, such as home gardens, lawns, shrubbery, flowers, golf courses, parks, and cemeteries; or
- soil conditioners, plant amendments, or any other product that is not labeled as a fertilizer pursuant to requirements established by the Colorado Commissioner of Agriculture.

For more information about fertilizer product classifications, visit the Colorado Department of Agriculture website at Ag.Colorado.gov/ics/fertilizer.

Spray adjuvants

Spray adjuvants that are eligible for exemption are products used to increase the effectiveness of a pesticide and that are used in caring for livestock or in the production of any agricultural commodities.

Pesticides are not exempt from Arvada sales / use tax.

ARVADA MUNICIPAL CODE – Chapter 98 – Taxation

Sec. 98-61. - Definitions.

Farm closeout sale means full and final disposition of all tangible personal property previously used by a farmer or rancher in farming or ranching operations which are being abandoned.

Sec. 98-70. - Exempt sales.

There shall be exempt from taxation under the provisions of this article the items of sales and services including, but not limited to the following:

(9) c. All sales of farm machinery, machinery parts, livestock, poultry, and livestock and poultry feeds and drugs, seeds and fertilizers to purchasers for use outside the city even though sale and/or delivery is made within the city, except that trucks of one ton manufactured rated capacity or less and lawn and garden tillers, mowers and renovators are not to be considered as farm machinery.

THE ABOVE INFORMATION IS A SUMMARY IN LAYMAN'S TERMS OF THE RELEVANT ARVADA TAX LAW FOR THIS SUBJECT, INDUSTRY OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE ARVADA MUNICIPAL CODE. HOWEVER, THE TAX GUIDE SHALL BE USED IN CONJUNCTION WITH THE ARVADA MUNICIPAL CODE (CHAPTER 98) IN DETERMINING TAX LIABILITY.