

# IMPORTANT TAX SAVINGS DOCUMENTS FROM:



**ATTENTION AGRICULTURAL OPERATORS:** YOU MAY BE ELIGIBLE FOR EXEMPTIONS FROM STATE TAXES ON QUALIFIED PURCHASES OF EQUIPMENT, DIESEL, PROPANE AND EQUINE BREEDING STOCK.

California's farmers and ranchers and residential propane users can qualify for full or partial exemptions from sales tax as a result of the passage of the Ag Tax Equity Package in August 2001.

This significant tax reduction package is the result of the combined tax relief efforts of Farm Bureau and many other agricultural organizations over the last decade.

As a courtesy to agricultural operators and rural propane users, the California Farm Bureau Federation provides the Certificate of Exemption forms enclosed. The State Board of Equalization has reviewed and approved CFBF's distribution of these Certificate of Exemption forms.

**CFBF Certificates of Exemption from Taxation** — forms enclosed

**Certificate for Exemption** — Form One

Full Exemption — use with purchases of Liquefied Petroleum Gas

**Certificate for Partial Exemption** — Form Two

Partial Exemption — use with purchases of:

- Farm Equipment and Machinery
- Commercial Timber Harvesting Equipment and Machinery
- Diesel Fuel for Farming Activities and Food Processing
- Racehorse Breeding Stock

**FOLLOW THESE STEPS, USING THE ENCLOSED FORMS TO CERTIFY TO RETAIL VENDORS THAT YOU ARE FULLY OR PARTIALLY EXEMPT FROM STATE SALES TAX:**

- 1) Copy a supply of these two certificate forms to use with your vendors. Keep originals of two forms on file as your masters for future copies.
- 2) Provide your vendor with appropriate completed Certificate upon purchase.
- 3) For vendors used repeatedly, ask them to keep your Exemption Certificate on file for future qualified purchases.
- 4) CFBF recommends that you keep a file copy of each completed certificate you provide to your vendors.

For further information, contact the Board of Equalization at 916-445-1441, or visit their website at [www.boe.ca.gov/sutax/sutexempt.htm](http://www.boe.ca.gov/sutax/sutexempt.htm)

**NOTE TO SELLERS:** To be a valid, **it is imperative that all parts of the Certificate are filled out and it is signed.** Although there is no expiration date of the Certificate, BOE recommends that sellers verify the accuracy of the information contained in the certificate at regular intervals. A certificate is no longer valid if the information contained in the certificate is no longer accurate.



# Certificate for Exemption

## Qualified Sales and Purchases of Liquefied Petroleum Gas

SELLER'S NAME
SELLER'S ADDRESS (street, city, state, zip code)

The undersigned purchaser hereby certifies that the LPG will be used by a qualified person, as applicable, and in the manner as specified below (*check applicable box and complete as necessary*):

- LPG used in a Household Activity\*** – In accordance with Revenue & Taxation Code Section 6353(b), \_\_\_\_\_% of the LPG purchased will be delivered by the seller into a tank with a storage capacity equal to or greater than 30 gallons for use in a household activity at the primary residence, which is not serviced by gas mains and pipes, of: 1) the purchaser; 2) a person described in Codes 0711 to 0783 of the Standard Industrial Classification (SIC) Manual, that assists a person engaged in an agricultural business described in Codes 0111 to 0291 of the SIC Manual (“qualified person”), or an employee of a qualified person where the LPG is purchased by such qualified person on behalf of the person that assists a qualified person in producing and harvesting agricultural products, or on behalf of the employee of that qualified person in producing and harvesting agricultural products; or 3) a renter or tenant where the LPG is purchased by a landlord or management company on behalf of the renter or tenant.
  
- LPG used in an Agricultural Activity\*** – In accordance with Revenue & Taxation Code Section 6353(b), \_\_\_\_\_% of LPG purchased will be delivered into a tank with a storage capacity equal to or greater than 30 gallons and used in producing and harvesting agricultural products, and will be purchased by: 1) a person engaged in an agricultural business described in Codes 0111 to 0291 of the Standard Industrial Classification (SIC) Manual (“qualified person”); or 2) a person described in Codes 0711 to 0783 of the SIC Manual, that assists a qualified person; or 3) an employee of the qualified person.

\* This certificate will be considered a blanket certificate for future purchases, unless otherwise specified. If this is a specific exemption certificate, provide the purchase order or sales invoice number in the following space:

**I understand that if the LPG is not used in the manner qualifying for the exemption, or if I am not a qualified person, as applicable, that I am required by the Sales and Use Tax Law to report and pay the state tax measured by the sales price of the LPG to me. I also understand that this exemption certificate is in effect as of the date shown below and will remain in effect until revoked in writing.**

PURCHASER'S NAME OR COMPANY NAME (If applicable)		DATE
SIGNATURE (signature of the purchaser, purchaser's employee, or authorized representative of the purchaser)		PERMIT NUMBER (If applicable)
TITLE		TELEPHONE NUMBER
ADDRESS	CITY	STATE, ZIP

*\*In California, you are required to hold a seller's permit if you are engaged in the business of selling tangible personal property that is subject to tax when sold at retail. If you are not required to hold a seller's permit because you make no sales or leases of this type of property in California, please enter "not applicable" and the reason why you are not required to hold a permit.*



# Certificate for Partial Exemption

QUALIFIED SALES AND PURCHASES OF

Farm Equipment and Machinery • Commercial Timber Harvesting Equipment and Machinery  
Diesel Fuel for Farming Activities and Food Processing • Racehorse Breeding Stock

**Please Note:** This is an exemption only from the state general fund portion of the sales and use tax rate (currently 5.25%). You are not relieved from your obligations for the local and district taxes on this transaction. This partial exemption also does not apply to any tax levied pursuant to Section 6051.2 and 6201.2 of the Revenue and Taxation Code, or pursuant to Section 35 of article XIII of the California Constitution. This partial exemption also applies to lease payments made on or after September 1, 2001, for tangible personal property even if the lease agreement was entered into prior to September 1, 2001.

**I hereby certify that I purchased or leased from:**

SELLER'S NAME

SELLER'S ADDRESS (street, city, state, zip code)

**the following tangible personal property that qualifies for the partial tax exemption checked below:**

Description of tangible personal property purchased\*

\*If you also want this certificate to be used as a blanket certificate for future purchases, describe generally the type of property you will be purchasing and ask your vendor to keep this certificate on file. If this is a specific partial exemption certificate, provide the purchase order or sales invoice number and a precise description of the property being purchased.

**Please check applicable exemption box below:**

- Farm Equipment and Machinery (and the parts thereof) — I hereby certify that I am engaged in an agricultural business in an industry described in Codes 0111 to 0291 of the Standard Industrial Classification Manual or I perform an agricultural service described in Codes 0711-0783 of the SIC Manual to assist such classified persons. I further certify that the property purchased or leased will be used primarily in producing and harvesting agricultural products in accordance with Revenue & Taxation Code Section 6356.5.
- Commercial Timber Harvesting Equipment and Machinery (and the parts thereof) — I hereby certify that I am engaged in commercial timber harvesting, that the property purchased is primarily designed for off-road commercial timber harvesting, and that the property will be primarily used in timber harvesting in accordance with Revenue & Taxation Code 6356.6.
- Diesel Fuel Used in Farming Activities and Food Processing — I hereby certify that the diesel fuel will be used in qualified farming activities or food processing in accordance with Revenue & Taxation Code Section 6357.1.
- Racehorse Breeding Stock — I hereby certify that it is my intent to use the racehorse solely for breeding purposes in accordance with Revenue & Taxation Code Section 6358.5. I further certify that I have confirmed the racehorse is capable of reproduction.

**I understand that if such property is not used in the manner qualifying for the partial exemption, or if I am not a qualified person, that I am required by the Sales and Use Tax Law to report and pay the state tax measured by the sales price/rentals payable of the property to/by me.**

PRINT NAME		TITLE
SIGNATURE		DATE
TELEPHONE NUMBER	COMPANY NAME	PERMIT NUMBER (if applicable)*
ADDRESS	CITY	STATE, ZIP

\*In California, you are required to hold a seller's permit if you are engaged in the business of selling tangible personal property that is subject to tax when sold at retail. If you are not required to hold a seller's permit because you make no sales or leases of this type of property in California, please enter "not applicable" and the reason why you are not required to hold a permit.

# AG TAXES HAVE GONE DOWN

## How did that happen? Ask Farm Bureau . . .

During the Senate and Assembly's intense State Budget debate in late July 2001, Farm Bureau worked closely with other groups to obtain the most significant tax reform for agriculture in California history.

It took strong support from our grassroots network of county Farm Bureau leaders as well as a vigorous effort by Farm Bureau's advocates at the Capitol. The Ag Tax Equity Package includes:

- Exemption from all state and local sales taxes on propane for residential or agricultural use
- Exemption from 5.25% state sales tax on farming and timber equipment, machinery and parts
- Exemption from 5.25% state sales tax on diesel used in farming, food processing and food delivery

When people like you join Farm Bureau, it makes our voice at the Capitol stronger.

## WHAT PEOPLE ARE SAYING ABOUT THE AG TAX EQUITY PACKAGE:

*"Thanks to Farm Bureau's tireless work on these tax reductions, I estimate our family alfalfa and hay operation will get over \$7,500 in tax savings. That money goes right back into improvements, equipment and the local economy. The way I look at it, this savings pays my Farm Bureau dues for the rest of my life."*

**Bill Eiler, Board Member - Siskiyou County Farm Bureau**

*"Adoption of this tax-equity package reflects what can be done when agriculture pulls together, when county Farm Bureau leaders and members make contact with their local legislators. Grassroots efforts work. It's not just the effort of a few, but the result of an education process carried out by many, one that has been going on for years with lawmakers, their key staff members and agency officials."*

**George Gomes, Former Administrator - California Farm Bureau Federation**

*"This legislation helps level the playing field for California farmers . . . and provides long-overdue incentives for an extremely vital segment of our economy."*

**Dean Andal, Former Board Member — State Board of Equalization**



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TO PROTECT FAMILY FARMING AND RANCHING TOMORROW  
1-800-698-FARM (3276) • [www.cfbf.com](http://www.cfbf.com)