

Electricity Used for Agricultural Purposes

Electricity used for the production or processing of farm products on a farm is exempt from sales tax. Previously, the exemption was limited to electricity used “directly and exclusively” for the production or processing of agricultural farm products on a farm.

The exemption was expanded and now applies to electricity used for indirect purposes in the production or processing of farm products on a farm. Indirect use includes electricity used to: supply power to facilities located on a farm used to repair farm equipment, supply power to administrative offices located on the farm, and supply power for restroom facilities located on a farm. Each of the examples listed must have some connection with producing and processing farm products on a farm.

Examples of qualifying production equipment include irrigation pumps, milking machines, potting equipment, feeding systems, aerators, and computerized monitoring equipment. Examples of processing equipment include conveyors, chillers, freezers, packaging equipment, and computerized processing equipment.

The exemption only applies if the electricity is separately metered from any electricity used for non-production or non-processing purposes such as in a retail facility or other non-exempt use. If the electricity is centrally metered and the electricity is used for both tax-exempt and taxable purposes, the purchase of the electricity is taxable.

For purposes of this exemption, the following terms are defined:

Farmer means a person who is directly engaged in the business of producing crops, livestock, or other agricultural commodities. The term includes, but is not limited to, horse breeders, nurserymen, dairy farmers, poultry farmers, cattle ranchers, apiarists, and persons raising fish. (Section 212.02(28), Florida Statutes)

Agricultural production means the production of plants and animals useful to humans, including the preparation, planting, cultivating, or harvesting of these products or any other practices necessary to accomplish production through the harvest phase, and includes aquaculture, horticulture, floriculture, viticulture, forestry, dairy, livestock, poultry, bees, and any and all forms of farm products and farm production. (Section 212.02(32), Florida Statutes)

Processing means the act of changing or converting the nature of a product after it has been harvested. (Rule 12A-1.087(2)(g), Florida Administrative Code)

Electricity that is separately metered and used to supply power to greenhouses, poultry houses, dairy barns, horse stables, and processing facilities located on a farm is also tax exempt.

To qualify for the exemption, the purchaser must furnish the utility provider with an exemption certificate stating that the electricity will be used for the production or processing of agricultural farm products on a farm. In instances where the utility provider accepts an exemption certificate in good faith, the Department will look to the purchaser for any applicable tax, penalty, or interest due. A suggested format of an exemption certificate is attached.

References: Section 1, Ch. 2007-56, L.O.F.

**SUGGESTED PURCHASER'S EXEMPTION CERTIFICATE
ELECTRICITY USED DIRECTLY OR INDIRECTLY IN
PRODUCTION OR PROCESSING OF AGRICULTURAL PRODUCTS ON A FARM**

I certify that the electricity used on or after (DATE) from (UTILITY COMPANY) consumed through the following meter(s) will be used directly or indirectly in the production or processing of agricultural farm products on a farm and is exempt from sales tax pursuant to Section 212.08(5)(e)2., Florida Statutes.

I understand that if the electricity purchased does not qualify for exemption under Section 212.08(5)(e)2., Florida Statutes, then I must pay the tax on the purchase directly to the Department of Revenue.

I understand that if I fraudulently issue this certificate to evade the payment of sales tax I will be liable for payment of the sales tax, plus a mandatory penalty of 200% of the tax and will be liable for fine and punishment provided by law for conviction of a felony of the third degree, as provided in s. 775.082, s. 775.083, or s. 775.084, F.S.

Under penalties of perjury, I declare that I have read the foregoing document and that the facts stated in it are true.

Purchaser's Name and Title
(Print or Type)

Purchaser's Address

Signature

Date

FOR MORE INFORMATION

This document is intended to alert you to the requirements contained in Florida laws and administrative rules. It does not by its own effect create rights or require compliance.

For forms and other information, visit our Internet site at www.myflorida.com/dor. Or call Taxpayer Services, 8:00 a.m., to 7:00 p.m., ET, Monday through Friday, excluding holidays, at 800-352-3671 or 850-488-6800.

Persons with hearing or speech impairments may call our TDD at 800-367-8331 or 850-922-1115.

For a detailed written response to your questions, write the Florida Department of Revenue, Taxpayer Services, 1379 Blountstown Highway, Tallahassee, FL 32304-2716.