

The farm machinery and equipment exemption applies to machinery and equipment used in "production agriculture," which is limited to activities necessary in tilling the soil, planting, and cultivating. It does not include activities such as the clearing of land, mowing of fence rows, creation of ponds or drainage facilities. Therefore, drainage equipment is not exempt from tax under the farm machinery and equipment exemption. (This is a GIL.)

February 26, 1996

Dear Mr. Xxxxx:

This General Information Letter, issued pursuant to 2 Ill. Adm. Code 1200 (see enclosed), is in response to your letter dated November 8, 1995. Department rules require that the Department issue only two types of ruling letters, Private Letter Rulings and General Information Letters. The nature of your request and the information that you provided require that we respond with a General Information Letter. General Information Letters are designed to provide only background information on specific topics, not specific responses to an inquiry, and are not binding on the Department. See Section 1200.120(b) and (c).

In your letter, you have stated and made inquiry as follows:

We are writing to request a copy of the legal ruling on drainage pipe and culvert.

It is my understanding that these products are not exempt from sales tax even when used on a farm. We use these items for irrigation and drainage of fields for which we grow crops on.

Please find enclosed a copy of 86 Ill. Adm. Code 130.305 regarding the farm machinery and equipment exemption. Under this exemption, machinery and equipment that is used primarily (over 50% of the time) in production agriculture or for use in State or Federal agricultural programs may be purchased free from tax. Production agriculture includes seed stock grown for the propagation of feed grains and the husbandry of animals. In this respect, it includes activities necessary in tilling the soil, planting, and cultivating. It does not include activities such as the clearing of land, mowing of fence rows, creation of ponds or drainage facilities. Therefore, drainage equipment is not exempt from tax under the farm machinery and equipment exemption.

I hope this information is helpful. If you have further questions, please feel free to contact the Department's Taxpayer Information Division at (217) 782-3336.

Very truly yours,

Gina Roccaforte
Associate Counsel

GR:msk
Enc.