

87-0578 - 08/07/1987 FARM MACHINERY AND EQUIPMENT

Tile used to irrigate a field can qualify for the farm machinery and equipment exemption while drainage tile can not.

August 7, 1987

Attention:

Dear

This is to acknowledge receipt of your letter dated July 20, 1987 in which you ask whether drainage plastic tile for farm use (irrigation and drainage) can qualify for the farm machinery and equipment exemption.

For your benefit, I have enclosed 86 Ill. Adm. Code 130.305. This is our regulation pertaining to the farm machinery and equipment exemption. As indicated in (f) of the regulation, irrigating constitutes "production agricultural". Consequently, plastic tiles used for irrigating the land can qualify for the farm machinery and equipment and exemption. However, the exemption does not cover drainage facilities. Thus, drainage tiles are subject to the full rate of sales tax.

The law requires that an item be used primarily in production agricultural. By "primarily," we mean more than 50%. If the plastic tile which you sell can be used for both irrigating and draining, the tile would have to be used primarily for irrigating the land before the exemption would be available.

If you have any additional questions, please feel free to contact me.

Very truly yours,

Randall P. Bower
Staff Attorney