**Opinion Letter**

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| **Letter Number:** | **O-2009-007** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Is the acquisition by purchase or lease of equipment that removes phosphorus from feedlot wastes exempt from Kansas retailers' sales tax if purchased by a farmer or rancher?** |
| **Keywords:** |  |
| **Approval Date:** | **05/12/2009** |

**Body:**

Office of Policy & Research

May 12, 2009

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The purpose of this letter is to respond to your letter dated April 9, 2009. In it, you ask if the acquisition by purchase or lease of equipment that removes phosphorus from feedlot wastes is exempt from Kansas retailers’ sales tax if purchased by a farmer or rancher.

In your letter you stated:

We request a review of a sales tax question regarding the purchase or lease of equipment that handles manure, urine and runoff water at livestock facilities.

Feedlots are required to capture and handle all manure, urine and water generated at the operation. Environmental Protection Agency regulations mandate feedlots have the necessary farm equipment available to handle this part of the production process. The farm equipment must be able to pump, prepare and apply the material to crop land in an agronomical safe manner.

There is a specific piece of equipment (Phred) that removes phosphorus from the manure & urine runoff at the feedlot. Feedlots purchase or lease this equipment and it is used exclusively at the feedlot.

We believe this equipment qualifies for the farm machinery and equipment sales tax exemption.

It is the opinion of the Kansas Department of Revenue that the equipment referred to as Phred does qualify as exempt farm and ranch equipment pursuant to K.S.A. 79-3606(t).

Sincerely,

Mark D. Ciardullo
Tax Specialist

MDC

**Date Composed: 05/13/2009 Date Modified: 05/13/2009**