



# HOUSE OF REPRESENTATIVES

HB 2326

agricultural feed; sales; tax exemption

Prime Sponsor: Representative Pratt, LD 8

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**DPA** Committee on Agriculture, Water and Lands

**DPA** Caucus and COW

**X** As Transmitted to Governor

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## OVERVIEW

HB 2326 extends transaction privilege, use and municipal tax exemptions to include sales of livestock and poultry feed and other items to anyone who feeds their own livestock or board livestock noncommercially.

## PROVISIONS

1. Includes animal feed grown or raised by a producer in the definition of *food product* and prohibits taxes, licenses and fees on purchases of food products from the producer.
  - Current law prohibits taxes, licenses and fees on producers of food products (A.R.S. §§ 3-561, 3-563).
2. Voids any municipal ordinance that imposes a tax, license or fee on a purchaser of food products from a producer.
  - Current law voids any municipal ordinance that imposes a tax, license or fee on a producer of a food product (A.R.S. 3-563(B)).
3. Removes the requirement for owners, proprietors or tenants of agricultural lands or farms that sell livestock or poultry feed grown on their lands to obtain a transaction privilege tax (TPT) exemption certificate (A.R.S. § 42-5009) or resale certificate (A.R.S. § 42-5022) when selling to anyone that:
  - a. Feeds their own livestock or poultry;
  - b. Produces livestock or poultry commercially; or
  - c. Feeds livestock or poultry commercially or board livestock noncommercially.
4. Extends TPT and use tax exemptions to include sales of livestock and poultry feed, salts, vitamins and other additives for livestock and poultry consumption to persons who:
  - a. Feed their own livestock or poultry; or
  - b. Board livestock noncommercially.
    - Current law (A.R.S. § 42-5061(A)(42)) exempts from TPT retail sales of these items to persons who engage in: 1) commercial production of livestock or poultry or livestock or poultry products; or 2) commercial feeding of livestock or poultry. Additionally, there is a similar use tax exemption in A.R.S. § 42-5159(A)(8).
5. Exempts farmers who grow, package and market their own agricultural products from the presumption that they are engaged in retail business and subject to TPT.
  - Current law includes a presumption that persons who package agricultural products for sale or commercial use are engaged in the retail business and subject to TPT (A.R.S. § 42-5061(H)).
6. Makes technical and conforming changes.