

**139.481 Agriculture exemption license number required for exemption -- Eligibility for application -- Documentation to seller for receipt of exemption -- Administrative regulations -- Expiration and renewal of exemption number -- Searchable database of agriculture exemption numbers. (Effective until July 15, 2026)**

- (1) On and after January 1, 2023, every person claiming an exemption provided under KRS 139.480(4) to (9), (11), (13) to (15), (23) to (30), and (33) shall provide to the seller or retailer a valid agriculture exemption license number issued by the department.
- (2) A person is eligible to apply for an agriculture exemption license number if the person is:
  - (a) Regularly engaged in the occupation of tilling and cultivating the soil for the production of crops as a business;
  - (b) Regularly engaged in the occupation of raising and feeding livestock of a kind the products of which ordinarily constitute food for human consumption;
  - (c) Raising and feeding poultry;
  - (d) Producing milk for sale; or
  - (e) Regularly engaged in raising ratite birds, llamas, alpacas, buffalos, cervids, or aquatic organisms as an agricultural pursuit.
- (3)
  - (a) On and after January 1, 2023, persons that receive an agriculture exemption license number and choose to claim the exemptions outlined in subsection (1) of this section shall, at least one (1) time, provide the seller or retailer from whom they purchase exempt tangible personal property with one (1) of the following:
    1. The agriculture exemption license number issued by the department; or
    2. A fully completed Streamlined Sales Tax Certificate of Exemption which shall include the agriculture exemption license number.
  - (b) A purchaser that has met the requirements of paragraph (a) of this subsection may issue the agriculture exemption license number to the seller or retailer for subsequent purchases as evidence of an exempt purchase for as long as the agriculture exemption license number is valid.
  - (c) Persons that meet the requirements of subsection (2) of this section but have not yet received an agriculture exemption license number from the department prior to January 1, 2023, may issue a fully completed exemption certificate or a fully completed Streamlined Sales Tax Certificate of Exemption without the agriculture exemption license number prior to January 1, 2023.
- (4)
  - (a) The department, by administrative regulation, shall develop an application form for the agriculture exemption license number and procedures by which the application form may also be submitted either electronically or by paper filing.
  - (b) The application shall include:
    1. The person's name and mailing address;
    2. The farm address, if different from the person's mailing address;

3. An affirmation that the person meets at least one (1) of the criteria outlined in subsection (2) of this section;
  4. The person's driver's license number; and
  5. One (1) of the following forms of documentation:
    - a. IRS Schedule F, Profit or Loss from Farming;
    - b. IRS Form 4835, Farm Rental Income and Expenses;
    - c. The farm service agency number or numbers assigned by the United States Department of Agriculture pertaining to the parcels of land on which agriculture activity will take place; or
    - d. Any other type of information that may establish to the satisfaction of the Commissioner that the applicant qualifies for the agriculture exemption license number.
- (5) (a) The agriculture exemption license number shall expire on December 31, 2026, and every four (4) years thereafter, or when the person ceases to engage in the agriculture activity for which the agriculture exemption license number was granted, whichever comes first.
- (b) When a person ceases to engage in the agriculture activity for which the license number was granted, the person shall notify the department within sixty (60) days.
- (c) The person may apply for a renewal of the agriculture exemption license number prior to the expiration date if the person continues to meet the requirements of subsection (2) of this section and provides documentation required by subsection (4)(b)5. of this section. The department shall, by administrative regulation, prescribe the electronic process for renewing an agriculture exemption license number.
- (6) (a) On or before January 1, 2023, the department shall develop and provide an online searchable database on the department's website that the seller or retailer may use to confirm the agriculture exemption license number if the purchaser cannot produce documentation of the agriculture exemption license number at the time of sale.
- (b) To search the database, the seller or retailer shall provide the name of the person assigned the agriculture exemption license number and one (1) of the following:
  1. The agriculture exemption license number;
  2. The agriculture exemption license number expiration date;
  3. The person's driver's license number;
  4. The farm service agency parcel number; or
  5. Any other unique identifier that may be accepted by the department.
- (c) The seller or retailer shall be relieved of the liability for collecting and remitting the sales and use tax if the seller or retailer meets the requirements of KRS 139.260 and 139.270.

**Effective:** March 24, 2023

**History:** Amended 2023 Ky. Acts ch. 92, sec. 14, effective March 24, 2023. --

Amended 2022 Ky. Acts ch. 58, sec. 1, effective March 30, 2022. -- Created 2020 Ky. Acts ch. 38, sec. 1, effective July 15, 2020.

**Legislative Research Commission Note** (3/24/2023). 2023 Ky. Acts ch. 92, sec. 57, provides that the amendments to this statute in that Act apply retroactively to January 1, 2023, and notwithstanding KRS 131.183, interest shall not be allowed or paid on a refund related to those amendments.