

FISCAL NOTE

May 12, 2020

Bill No:	SB 1041	Printer's No:	1546	Sponsor:	Ward (R)
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COST / (SAVINGS)

Fund (s)	2019-20	2020-21
General Fund	See "FISCAL IMPACT"	See "FISCAL IMPACT"

SUMMARY: SB 1041 amends the Tax Reform Code (TRC) to expand the Sales and Use Tax (SUT) exemption for multipurpose agricultural vehicles.

ANALYSIS: SB 1041 amends TRC to add a provision granting farmers a wider definition of "farming" as it relates to the SUT exemption for the purchase of multipurpose agricultural vehicles used for farming purposes.

SB 1041 takes effect 60 days after passage.

FISCAL IMPACT: According to the Department of Revenue, almost no farmers currently pay SUT on the purchase of multipurpose agricultural vehicles. However, the Department estimates the SUT liability from these transactions in the current fiscal year to be \$0.7 million. The following table shows the Department's estimate of the SUT liability from the purchase of multipurpose agricultural vehicles over the next five years:

Year	Multipurpose agricultural vehicle SUT Liability
2020-2021	\$0.7 million
2021-2022	\$0.9 million
2022-2023	\$0.9 million
2023-2024	\$0.9 million
2024-2025	\$0.9 million
2025-2026	\$1.0 million

In recent years, the Department has taken a general approach to interpreting "farming" as it relates to this SUT exemption, so these estimates do not represent an actual revenue loss to the commonwealth.