

**Title 12—DEPARTMENT OF REVENUE
Division 10—Director of Revenue
Chapter 110—Sales/Use Tax—Exemptions**

PROPOSED AMENDMENT

12 CSR 10-110.910 Animals, Livestock, Captive Wildlife, and Poultry

PURPOSE: The director proposes to change the title, purpose, and sections (1) through (4) due to changes in section 144.030.2(7) RSMo, which broaden the exemption to include captive wildlife.

PURPOSE: Sections 144.030.2(1), 144.030.2(7), 144.030.2(22), 144.030.2(29) and 144.030.2(32), RSMo, exempt from taxation [certain livestock,]captive wildlife, animals feed and feed additives, medicines and vaccines, and pesticides and herbicides. This rule explains the requirements that must be met to qualify for these exemptions.

(1) In general, [the sale]sales of livestock[,] are exempt from tax. Sales of animals,[or,] which includes livestock and poultry used for breeding or feeding purposes, feed for livestock or poultry, feed additives, and medications or vaccines administered to livestock or poultry in the production of food or fiber, and sales of pesticides and herbicides used in the production of aquaculture, livestock, or poultry are exempt from tax.

(2) Definition of [Term]Terms.

(A) Aquaculture—The controlled propagation, growth and harvest of aquatic organisms as defined in section 277.024, RSMo.

(B) Captive Wildlife – includes but is not limited to exotic partridges, gray partridge, northern bobwhite quail, ring-necked pheasant, captive waterfowl, captive white-tailed deer, captive elk, and captive furbearers held under permit issued by the Missouri department of conservation for hunting purposes.

(C)[B] Commercial breeder—A person, other than a hobby or show breeder, engaged in the business of breeding animals for sale or exchange in return for consideration and who harbors more than three (3) intact females for the primary purpose of breeding animals for sale.

(D)[C] Feed—Food essential for growth, fattening or nourishment of livestock or poultry.

(E)[D] Feed additives—Tangible personal property, including medicine or medical additives added to feed.

(F) Harvested Animal - captive wildlife that is killed in the act of hunting, trapping, snaring, or netting.

(G)[E] Livestock—Cattle, calves, sheep, swine, ratite birds, including but not limited to, ostrich and emu, aquatic products [a]as defined in section 277.024, RSMo, llamas, alpaca, buffalo, elk documented as obtained from a legal source and not from the wild, goats, horses, other equine, or rabbits raised in confinement for human consumption.

(H)[F] Poultry—Any domesticated bird, such as adult or baby chickens, turkeys, ducks, guinea fowl or geese.

(3) Basic Application of Exemptions.

(A) Pursuant to section 144.030.2(1), RSMo, sales of feed for livestock or poultry are not subject to tax.

(B) Pursuant to section 144.030.2(22), RSMo, sales of feed additives, medications or vaccines administered to livestock or poultry in the production of food or fiber, and sales of pesticides used in the production of livestock or poultry for food or fiber are not subject to tax. Examples include hormones, digestive aids, antibiotics, hog wormers, tonics, medical preparations.

(C) Pursuant to section 144.030.2(7), RSMo, sales of animals and poultry used for breeding or feeding purposes are exempt. Unlike the exemptions for feed and feed additives, which are limited to livestock or poultry, this exemption applies to all animals.

(D) Pursuant to section 144.030.2(7), RSMo, sales of captive wildlife are exempt, except for sales of harvested animals.

(E)[D] Pursuant to section 144.030.2(22), RSMo, sales of bedding used in the production of livestock or poultry for food or fiber are exempt. Examples of bedding may include, but are not limited to, wood shavings, straw and shredded paper.

(E)[E] Pursuant to section 144.030.2(29), RSMo, livestock sales are exempt when the seller is engaged either in the growing, producing or feeding of such livestock, or in the business of buying and selling, bartering or leasing of such livestock.

(G)[F] Pursuant to section 144.030.2(32), RSMo, sales of pesticides or herbicides used in the production of aquaculture, livestock or poultry are exempt.

(H)[G] Pursuant to section 144.030.2(35), RSMo, sales of feed which are developed for and used in the feeding of pets owned by a commercial breeder when such sales are made to a commercial breeder, licensed pursuant to sections 273.325 to 273.357, RSMo are exempt.

(I)[H] Sales of poultry to persons to produce eggs for the sole purpose of [the]that person's consumption are subject to tax.

(J)[I] Sellers of poultry are not subject to tax when—

1. The poultry is sold for breeding purposes; or
2. The poultry is sold to persons who raise the poultry for subsequent sale in dressed or processed form; or
3. The poultry is used to produce eggs to be ultimately sold in processed form or otherwise at retail; or
4. The poultry [are]is purchased for resale.

(K)[J] Sales of animals, other than livestock, for the purchaser's personal enjoyment or use only, are subject to tax. [Sales of animals for breeding or feeding purposes as part of a business enterprise are not subject to tax.]

(4) Examples.

(A) An individual purchases feed, nonprescription vaccines, and bedding for show horses. The purchase of the feed is not subject to tax, however the purchase of the vaccines and the bedding is subject to tax.

(B) A farmer purchases feed, vaccines and bedding for use in his swine operation. The purchases of the feed, vaccines and bedding are exempt.

(C) A rancher breeds and sells horses. The sales of the horses are not subject to tax.

(D) A rabbit farmer raises rabbits, which are sold for processing as food for human consumption. Feed for the rabbits is not subject to tax because rabbits raised in confinement for human consumption are livestock.

(E) A person sells feed to a pet shop which raises and sells rabbits to the general public as pets. The sale of the feed is subject to tax.

(F) A fish farmer purchases fish for use in his [aquacultural]agricultural operation. The purchase of the fish is exempt from tax.

(G) [An individual decides to construct and stock a lake on his farm for recreational fishing by his family, neighbors and friends. The purchase of the fish is subject to tax.

(H)] A breeder of parakeets purchases feed for breeding stock. The bird feed is subject to tax, because a parakeet breeder does not fit the definition of a commercial breeder.

*AUTHORITY: section 144.270, RSMo 1994. * Original rule filed Jan. 3, 2000, effective July 30, 2000.*

**Original authority: 144.270, RSMo 1939, amended 1941, 1943, 1945, 1947, 1955, 1961.*

PUBLIC COST: This proposed rule will cost state agencies or political subdivisions zero dollars (\$0) in the aggregate.

PRIVATE COST: This proposed rule will cost private entities zero dollars (\$0) in the aggregate.

NOTICE TO SUBMIT COMMENTS: Anyone may file a statement in support of or in opposition to the proposed rule with the Missouri Department of Revenue, Legal Services Division, Governmental Affairs Bureau, PO Box 475, Jefferson City, MO 65105-0475. To be considered, comments must be received within thirty (30) days after publication of this notice in the Missouri Register. No public hearing scheduled.