

# Legislative Update for Farmers: Sales Tax Exempt Agriculture Materials

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Beginning in January 2024, farmers will be able to more-easily purchase exempt agricultural materials. Currently, Florida farmers and ranchers that are engaged in bona fide agricultural production are exempt from paying sales and use tax on the purchase of many items. To effectuate the exemption, the farmer must sign a certification under penalties of perjury that the items will be used for an exempt purpose. There are currently 25 different agricultural sales tax exemptions, and a separate certificate is required for each exemption. Further, a separate certification must be provided to each vendor. This current process can be administratively burdensome for both the farmer and vendor. An example of a suggested certificate is provided in Florida Department of Revenue rule 12A-1.087, Fla. Admin. Code.

The 2023 Legislature sought to ease this administrative burden on farmers and vendors by creating a new Florida tax exempt agriculture materials (TEAM) card which will be a physical card issued to farmers whose properties have been classified as agricultural for property tax purposes (Greenbelt) pursuant to section 193.461, Fla. Stat., or farmers who have implemented approved agricultural best management practices pursuant to section 403.067(7)(c)2, Fla. Stat. See Section 1, Chapter 2023-154, Laws of Fla.

The TEAM Card is designed to take the place of carrying and providing other items proving entitlement to a statutory tax exemption for agricultural materials and equipment, such as certificates, affidavits, and DOR Tax Information Publications. As a result, farmers can simply present the TEAM Card in lieu of any of the materials otherwise required by chapter 212, Fla. Stat., to obtain their lawful tax exemptions.

Once a farmer receives a TEAM card, the farmer will present the card to its vendor in order to certify the exempt purchase. The creation of the TEAM Card did not create any new tax exemptions, nor alter or expand any current sales tax exemption. The TEAM Card simply provides farmers with a streamlined manner to obtain the numerous exemptions they are entitled to by law. The provision of a TEAM Card by a customer also relieves vendors of their responsibility to collect

sales tax on the sale of eligible tax-exempt items. The Department will look to the purchaser of the items for the recovery of tax if it is determined that the purchase was not entitled to an exemption.

To receive the TEAM card, farmers can apply to the Florida Department of Revenue beginning on January 1, 2024. The Department of Revenue will be able to internally verify that an applicant's property is classified as agricultural using the county property tax rolls. If the applicant farmer has implemented agricultural best management practices, the Department of Revenue will rely on the Department of Agriculture and Consumer Services to verify the farmer is qualified to receive a TEAM card. Each TEAM card is valid for five consecutive years, at which time the review and reissuance procedures apply.

## About the Authors:



**French Brown** is a Florida state and local tax attorney. Recognized as the only Florida expert in this area that lobbies the Legislature, he has been involved with all major Florida tax legislation. French provides legal advice on all Florida taxes, including: sales tax, corporate income tax, motor fuels tax, communication services tax, property tax, and documentary stamp tax. He received his J.D. from Florida Coastal School of Law and his B.S. from Florida State University.



**Daniel McGinn's** legal practice focuses on navigating regulatory frameworks with a focus on achieving each client's desired outcomes. Devising creating solutions for his client's concerns, his practice specializes in modernizing operations and policies of Florida's Division of Alcoholic Beverages and Tobacco. Daniel received his J.D. from Florida State University College of Law and his B.D. from the University of Central Florida.

