

NEWS COLUMN
RE: AG NEWS
FROM: SCOTT ANDERSON

July 15, 2012

SALES TAX EXEMPT ITEMS TO ENHANCE WATER AVAILABILITY

According to Texas Farm Bureau there are more items that qualify for sale tax exemptions. These items have to do with water conservation. According to the office of the Texas Comptroller of Public Accounts the exemptions aim to incentivize land owners to conserve water during dry conditions.

RAINWATER HARVESTING

Equipment, supplies and services used solely for capturing and storing rainwater for subsequent use are exempt from sales tax, including:

- Rainwater filtration equipment
- Purification equipment
- Rain Barrels
- Gutters used solely to route the water into rain barrels or rainwater collection systems
- Tanks and cisterns
- Roof washers used in harvesting systems
- Screens and filters for gutters, barrels, tanks, cisterns, and roof washers, and a collection surface area that is not used as a roof of a structure or storage area.

Piping, plumbing or sprinkler systems used to distribute water inside a house or other structure or throughout a yard other grounds are not considered part of rainwater harvesting equipment and are not exempt.

WATER RECYCLING AND REUSE

Equipment, services and supplies used solely to capture and recycle water qualify for exemption, including:

- Pipes
- Pumps
- Chemicals
- Tanks
- Cisterns
- Water recycling systems for washing machines

REDUCTION OR ELIMINATION OF WATER USE

Equipment, services and supplies used solely to reduce or eliminate water use qualify for exemption, including:

- Water dams for toilets
- Timers and rain sensors attached to sprinkler systems
- Water displacement devices for toilet tanks
- Faucet sensors that shut off water flow

Items such as low-flow showerheads, xeriscaping services, native and drought resistant

plants, rock gardens, and artificial turf do not qualify since they are not used solely to reduce water use.

DESALINATION

Desalination is the process of removing salts from undrinkable or brackish surface water or groundwater to obtain useable fresh water or high-quality drinking water.

Equipment services and supplies used solely for desalination qualify for exemption, including:

- Reverse osmosis systems
- Cleaning and pickling valves
- Filters
- Membranes
- Pre-filter pumps
- Product flow meters
- Salinity meters
- High-pressure control valves

BRUSH CONTROL DESIGNED TO INCREASE THE AVAILABILITY OF WATER

Brush control is the selective control, removal, or reduction from watershed rangelands of mesquite, prickly pear, salt cedar or other deep rooted woody plants to enhance the availability of water.

Equipment, services and supplies used solely for brush control are exempt from sales tax, including:

- Bulldozers
- Root Plows
- Crawler Tractors
- Hydro Axes
- Chains
- Roller Choppers
- Aerial Sprayers
- Sling Blades
- Oil
- Batteries
- Herbicides
- Repairs services performed on brush control equipment

PRECIPITATION ENHANCEMENT

Precipitation enhancement is an activity, such as cloud seeding, done to artificially induce rain clouds to produce rain.

Purchases of equipment, services and supplies used solely for precipitation enhancement are exempt from sales tax, including:

- End-burning cloud-base flares
- Acetone solution wing-tip generators
- Pressure transducers
- Spectrometer probes

- Calibration equipment

WATER OR WASTEWATER SYSTEMS

Equipment services and supplies used to construct or operate a water or wastewater system certified by the Texas Commission on Environmental Quality as a regional system and water or wastewater systems constructed or operated as a public private partnership qualify for exemption

The exemption also covers a water supply or wastewater system built or operated by a private entity if the system is certified by a political subdivision or by a non-profit water supply corporation created and operated under Chapter 67 of the Texas Water Code. See rule 3.318 regarding water-related exemptions and Water and Wastewater Systems.

Other items that do not meet the sole purpose test and are subject to tax include:

- Artificial Turf
- Lawnmowers
- Low-flush toilets
- Pumps for water displays
- Shredders
- Tools used for lawn care
- Water-efficient appliances
- Water hoses

END