



Tax Law Amended to Expand the Highway Use Tax Exemption for Farm Vehicles

This memorandum explains that the highway use tax exemption for certain farm vehicles has been expanded to cover vehicles operated by the farmer and certain related parties.

Chapter 59 of the Laws of 2013 (Part X) amended the Tax Law to update the farm exemption in the highway use tax to reflect current industry practices. Prior to the amendments, a farmer was required to *own* and *operate* the vehicle in order to qualify for the exemption. The amended law allows the tax exemption for vehicles that are leased by the farmer or related entity and for vehicles operated by someone other than the farmer.

Effective June 1, 2013, the highway use tax exemption is allowed for any vehicle *operated* by a farmer or a related person or entity and used exclusively by the farmer or by the related person or entity to transport:

- the farmer's own agricultural commodities, products, pulpwood, or livestock (including packaged, processed, or manufactured products) that were originally grown or raised on the farmer's own farms or orchards;
- farm products from farms contiguous to the farmer's own farms; or
- supplies and equipment for use or consumption on the farmer's own farms.

A related person or entity includes:

- members of a family, including spouses, ancestors, lineal descendants, brothers and sisters (whether by the whole or half blood), and entities related, as described below, to such a family member;
- a shareholder and a corporation, when more than fifty percent of the value of the outstanding stock of the corporation is owned or controlled directly or indirectly by the shareholder;
- a partner and a partnership, when more than fifty percent of the capital or profits interest in the partnership is owned or controlled directly or indirectly by the partner;
- a beneficiary and a trust, when more than fifty percent of the beneficial interest in the trust is owned or controlled directly or indirectly by the beneficiary;
- two or more corporations, partnerships, associations, or trusts, or any combination thereof, that are owned or controlled, either directly or indirectly, by the same person, corporation, or other entity, or interests; and
- a grantor of a trust and such trust.

These amendments also apply for purposes of the New York State fuel use tax (IFTA).

NOTE: A TSB-M is an informational statement of existing department policies or of changes to the law, regulations, or department policies. It is accurate on the date issued. Subsequent changes in the law or regulations, judicial decisions, Tax Appeals Tribunal decisions, or changes in department policies could affect the validity of the information presented in a TSB-M.