

HOUSE BILL NO. 1429

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Finance

on January 30, 2024)

(Patrons Prior to Substitute--Delegates Laufer and Ware [HB 384])

A BILL to amend and reenact § 58.1-3505 of the Code of Virginia, relating to tangible personal property tax; indoor agriculture equipment and machinery.

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-3505 of the Code of Virginia is amended and reenacted as follows:

§ 58.1-3505. Classification of farm animals, certain grains, agricultural products, farm machinery, farm implements and equipment; governing body may exempt.

A. Farm animals, grains and other feeds used for the nurture of farm animals, agricultural products as defined in § 3.2-6400, farm machinery and farm implements are hereby defined as separate items of taxation and classified as follows:

- 1. Horses, mules and other kindred animals.
- 2. Cattle.
- 3. Sheep and goats.
- 4. Hogs.
- 5. Poultry.
- 6. Grains and other feeds used for the nurture of farm animals.
- 7. Grain; tobacco; wine produced by farm wineries as defined in § 4.1-100 and other agricultural products in the hands of a producer.

8. a. Farm machinery and farm implements other than the farm machinery and farm implements described in subdivision 10, which shall include (i) equipment and machinery used by farm wineries as defined in § 4.1-100 in the production of wine; (ii) equipment and machinery used by a nursery for the production of horticultural products; (iii) any farm tractor as defined in § 46.2-100, regardless of whether

27 such farm tractor is used exclusively for agricultural purposes; (iv) motor vehicles that are used primarily
28 for agricultural purposes, for which the owner is not required to obtain a registration certificate, license
29 plate, and decal or pay a registration fee pursuant to § 46.2-665, 46.2-666, or 46.2-670; and (v) privately
30 owned trailers as defined in § 46.2-100 that are primarily used by farmers in their farming operations for
31 the transportation of farm animals or other farm products as enumerated in subdivisions 1 through 7. For
32 purposes of this section, "nursery" means any premises where nursery stock is propagated, grown,
33 fumigated, treated, packed, stored, or otherwise prepared for sale or distribution, and "nursery stock"
34 means all trees, shrubs, woody vines (including ornamentals), bush fruits, grapevines, fruit trees, and nut
35 trees offered for sale and distribution; all buds, grafts, scions, and cuttings from such plants; and any
36 container, soil, and other packing material with such plants or plant products. "Nursery stock" also means
37 herbaceous plants and any florist or greenhouse plants.

38 b. Farm machinery, farm equipment, and farm implements, other than farm machinery and farm
39 implements described in subdivision 10, used by an indoor, closed, controlled-environment commercial
40 agricultural facility, including property described in subdivisions 8 a and b of § 58.1-609.2, for the
41 production of agricultural products. For purposes of this subdivision, "indoor, closed, controlled-
42 environment commercial agricultural facility" shall include indoor vertical farming or a greenhouse.

43 9. Equipment used by farmers or farm cooperatives qualifying under § 521 of the Internal Revenue
44 Code to manufacture industrial ethanol, provided that the materials from which the ethanol is derived
45 consist primarily of farm products.

46 10. Farm machinery designed solely for the planting, production or harvesting of a single product
47 or commodity.

48 11. Unless exempted by subdivision 8, privately owned trailers as defined in § 46.2-100 that are
49 primarily used by farmers in their farming operations for the transportation of farm animals or other farm
50 products as enumerated in subdivisions 1 through 7.

51 12. Unless exempted by subdivision 8, motor vehicles that are used primarily for agricultural
52 purposes, for which the owner is not required to obtain a registration certificate, license plate, and decal
53 or pay a registration fee pursuant to § 46.2-665, 46.2-666, or 46.2-670, or pickup or panel trucks or sport

54 utility vehicles for which the owner is required to obtain a permanent farm use placard pursuant to § 46.2-
55 684.2.

56 13. Trucks or tractor trucks as defined in § 46.2-100, that are primarily used by farmers in their
57 farming operations for the transportation of farm animals or other farm products as enumerated in
58 subdivisions 1 through 7 or for the transport of farm-related machinery.

59 14. Farm machinery and farm implements, other than the farm machinery and farm implements
60 described in subdivisions 8 and 10, which shall include equipment and machinery used for forest
61 harvesting and silvicultural activities.

62 15. Farm machinery and farm implements, other than the farm machinery and farm implements
63 described in subdivisions 8, 10, and 14, which shall include season-extending vegetable hoop houses used
64 for in-field production of produce.

65 B. The governing body of any county, city or town may, by ordinance duly adopted, exempt in
66 whole or in part from taxation, or provide a different rate of tax upon, all or any of the above classes of
67 farm animals, grains and feeds used for the nurture of farm animals, farm vehicles, and farm machinery,
68 implements or equipment set forth in subsection A.

69 C. Grain; tobacco; wine produced by farm wineries as defined in § 4.1-100; and other agricultural
70 products, as defined in § 3.2-6400, shall be exempt from taxation under this chapter while in the hands of
71 a producer.

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