

ADMINISTRATIVE RULE REVIEW

	Rule No. 150-317-1160	
New Rule	Page Page 1 of 2	Last Revised Date May 15, 2020
Permanent Rule	NOTICE OF INTENDED ACTION	
	Bulletin Dated June 2020	Hearing Scheduled June 23, 2020
PURPOSE: Provides guidance to taxpayers regarding the exclusion for a farmer’s sales to agricultural cooperatives under ORS 317A.100(1)(b)(TT).		

1 **150-317-1160**

2 **Farmer’s Sales to Agricultural Cooperatives**

3 (1) For purposes of the exclusion provided under ORS 317A.100(1)(b)(TT), “farmer’s sales” means a
4 taxpayer’s receipts from the sale of agricultural commodities, livestock, poultry, dairy products, and
5 similar products or by-products produced through agricultural activity, to an agricultural cooperative in
6 Oregon, provided it is a cooperative organization described in section 1381(a)(1) of the Internal Revenue
7 Code.

8 (2) “Farmer’s sales” does not include

9 (a) receipts of a taxpayer who is not in the trade or business of growing or raising agricultural
10 commodities, livestock, poultry, dairy products, and similar products or by-products produced through
11 agricultural activity; or

12 (b) receipts from the sale of any items that were not produced through activities described in section (1)
13 of this rule

14 (3) *Examples.*

15 **Example 1:** Bravo Farms is in the business of growing and harvesting blackberries, blueberries, and
16 strawberries. Bravo sells 300 bushels of blackberries to PNW Cooperative in Oregon. PNW is an
17 agricultural cooperative organization described in section 1381(a)(1) of the Internal Revenue Code.
18 Bravo Farms will exclude receipts from the sale of blackberries to PNW Cooperative from Bravo’s
19 commercial activity.

20 **Example 2:** Tony Lawncare LLC is a multi-national business that sells a variety of consumer lawncare
21 products. Tony Lawncare packages and sells products such as pesticide, fertilizer and grass seed for
22 home lawns, but is not involved in growing or harvesting the grass seed or other products that it sells.
23 Tony Lawncare sells four hundred 12-lb bags of Bermuda grass seed to Cal-Or Supply Cooperative in
24 Oregon. Cal-Or Supply is an agricultural cooperative organization described in section 1381(a)(1) of the
25 Internal Revenue Code. However, as Tony Lawncare is not in the trade or business of growing or raising



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- 1 agricultural commodities, Tony Lawncare's receipts from the sale of grass seed to Cal-Or Supply
- 2 Cooperative are not excludable under ORS 317A.100(1)(b)(TT). Tony Lawncare must include receipts
- 3 from the sale of grass seed in their commercial activity.
- 4 **Stat. Auth.:** ORS 305.100, 317A.143
- 5 **Stats. Implemented:** ORS 317A.100(1)(b)(TT)