



Motorcycle Dealers Association of Indiana

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August 6, 2009

TO: All MDAI Dealer Members
FROM: Tom Hartman, MDAI Chairman
SUBJECT: **ATV TITLING AND FARM EXEMPTIONS**

Issue: MDAI was contacted today regarding farm sales tax exemptions for ATV purchases. Seems this dealer, as most of us, had allowed their ATV customers for several years to sign a ST-108E sales tax form using exemption #4 (for agriculture) and was able to title the vehicle using that exemption. Recently the same dealer was informed by their local BMV license branch they would not accept the ST-108E farm exemption any longer for ATVs. They were told the customer could request a refund using the Department of Revenue (IDOR) AGQ-100. The dealer tried contacting the BMV and IDOR for clarification and direction but had trouble getting either a response or clear answer; so, therefore, contacted MDAI.

Facts:

IDOR (Dept. of Revenue): Technically, IDOR does not consider ATV's as farm vehicles or 'trucks, not to be licensed for highway use, and to be directly used in the direct production ofharvesting of agricultural commodities' as stated in the ST108-E exemption #4. They consider them to be "wheelbarrows with engines". MDAI's contact stated that is how he would respond if he received an AGQ-100 for an ATV when rejecting the justification. He further stated the AGQ-100 is used simply as an explanation by the purchaser as to why the vehicle should be exempt from sales tax for agricultural reasons. If the customer wants to request a refund of sales tax, he would need to also send a GA-110L form. IDOR is aware of the KY & OH exemptions for ATVs.

BMV: BMV is taking a hard line with the ATV purchases now that all ATVs (5 model years or younger) are supposed to be titled. Again, IDOR states it never has considered ATVs as farm vehicles; but, since most were never titled, tax was never collected. BMV usually takes its direction on sales tax issues from IDOR as it is IDOR's 'collection agent' and branches may be looking closer at ATV transactions at the request of IDOR.

Suggested Solution: Now, since dealers are required to get ATV titles for their customers and IDOR doesn't consider ATVs as farm vehicles, the tax should be collected up front by the dealer. If your customer wants to contact IDOR and request a review of his ATV "farm" use & tax collected, he should file the AGQ-100 and the GA-110L together.

If you have any more questions on this matter, do not hesitate to contact MDAI.