



# News Release

## George Runner, Member

### 2<sup>nd</sup> District – Lancaster

**For Immediate Release**  
**December 18, 2014**

NR 168-14-R  
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## **BOE Hears Tax Exemption Clarification for Hydroponic Farmers**

**Sacramento** – The California State Board of Equalization (BOE) conducted a public hearing and moved forward with regulation amendments clarifying that hydroponic farmers qualify for the sales and use tax exemptions for fertilizer.

The simple regulatory changes add carbon dioxide (CO2) to the definition of fertilizer and emphasize that fertilizer does not need to be applied to land to qualify for the exemption. This means those who buy carbon dioxide for use as a fertilizer in hydroponic farming do not have to pay sales or use tax on the carbon dioxide.

“Since farmers brought this issue to my attention earlier this year, I have been working to help them find a solution,” said Runner. “I’m pleased that my colleagues have joined me in seeking to clarify that tax exemptions available to farmers are also available to hydroponic farmers.”

John Gamper, director of taxation and land use for the California Farm Bureau, stated that this amendment will result in co-benefits for the overall ecosystem because captured carbon dioxide from an industrial process is being utilized in a closed greenhouse environment to produce high quality vegetables while sequestering the carbon dioxide.

“In one operation, the non-food by-products, the dead plants, are then utilized in a co-generation plant to produce electricity and the carbon dioxide from that process is also captured for subsequent sequestration by the next crop in essentially a closed-system,” Gamper said. “It is truly a win-win-win situation especially when you consider how water-efficient these highly productive operations are.”

The regulation amendments will now be submitted to the Office of Administrative Law. If approved, they will become effective April 1, 2015. This exemption will apply retroactively.

\* \* \* \* \*

Elected in November 2010, George Runner represents the State Board of Equalization's Second District. He is a leading advocate for California taxpayers. Runner has worked to improve California’s tax policies and practices and to create and retain more private sector jobs in our state. Prior to his election to the Board, Runner served twelve years in the State Legislature, authoring the well-known California Amber Alert and California's Blue Alert. As a thoughtful conservative, his legislative priorities included improving the economy, business growth, education excellence, and public safety for all Californians. As a member of the Senate Revenue and Taxation Committee, Runner consistently led the fight against tax increases and supported tax relief for families and businesses.

The five-member California State Board of Equalization (BOE) is a publicly elected tax board. The BOE collects \$56 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes. For more information on other taxes and fees in California, visit [www.taxes.ca.gov](http://www.taxes.ca.gov).

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