



General Assembly

February Session, 2000

Raised Bill No. 440

LCO No. 1886

Referred to Committee on Environment

Introduced by:
(ENV)

An Act Concerning The Farmer Tax Exemption Permit.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (63) of section 12-412 of the general statutes is
2 repealed and the following is substituted in lieu thereof:

3 (63) Sales of and the storage, use or other consumption of tangible
4 personal property exclusively for use in agricultural production, as
5 defined in this subsection, by a farmer engaged in agricultural
6 production as a trade or business and to whom the Department of
7 Revenue Services has issued a farmer tax exemption permit, provided
8 in the farmer's immediately preceding taxable year for federal income
9 tax purposes, such farmer's gross income from such agricultural
10 production shall have been not less than two thousand five hundred
11 dollars, as reported for federal income tax purposes on Schedule C or
12 Schedule F attached to Internal Revenue Service Form 1040, 1041 or
13 1065 where the business is conducted by an individual, estate, trust or
14 partnership or would be reportable on Schedule C or Schedule F but
15 for the fact that the business is conducted by a corporation. The
16 Commissioner of Revenue Services shall adopt regulations in
17 accordance with chapter 54 requiring periodic registration for

18 purposes of the issuance of farmer tax exemption permits, including
19 (1) a procedure related to the application for such permit, (2) a form of
20 notice concerning the penalty for misuse of such permit and (3)
21 required notarization of the application of such permit. As used in this
22 subsection, "agricultural production" means engaging, as a trade or
23 business, in (A) the raising and harvesting of any agricultural or
24 horticultural commodity, (B) dairy farming, (C) forestry, (D) the
25 raising, feeding, caring for, shearing, training or management of
26 livestock, including horses, bees, poultry, fur-bearing animals or
27 wildlife or (E) the raising and harvesting of fish, oysters, clams,
28 mussels or other molluscan shellfish; "farmer" means any person
29 engaged in agricultural production as a trade or business. The
30 Department of Revenue Services may issue a farmer tax exemption
31 permit to a farmer, notwithstanding the fact that, in the farmer's
32 immediately preceding taxable year, such farmer's gross income from
33 agricultural production engaged in as a trade or business may have
34 been less than two thousand five hundred dollars, provided (i) such
35 farmer purchased or inherited, during such farmer's current or
36 immediately preceding taxable year, an agricultural trade or business
37 from a seller who was issued a farmer tax exemption permit by such
38 department at the time of such purchase and (ii) such agricultural
39 production trade or business shall be carried on by such purchaser
40 during the period commencing upon the purchase and ending five
41 years after the date of purchase. Such purchaser shall be liable for the
42 tax otherwise imposed, during the period commencing upon such
43 purchase and ending five years after the date of purchase, if such
44 agricultural production trade or business is not carried on by such
45 purchaser during the period commencing upon such purchase and
46 ending five years after the date of purchase.

47 Sec. 2. This act shall take effect July 1, 2000, and shall be applicable
48 to sales occurring on and after said date.

Statement of Purpose:

To make it clear that the provisions of the sales tax exemption permit for farmers that apply when a farmer purchases a farm also apply when a farmer inherits a farm.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]