



General Assembly

February Session, 2008

Raised Bill No. 5931

LCO No. 3281

03281_____FIN

Referred to Committee on Finance, Revenue and Bonding

Introduced by:
(FIN)

***AN ACT CONCERNING AN EXTENSION OF THE SALES TAX
EXEMPTION FOR FARMERS FOR CERTAIN SERVICES AND LABOR.***

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 2008 supplement
2 to the general statutes is repealed and the following is substituted in
3 lieu thereof (*Effective July 1, 2008, and applicable to sales on and after said*
4 *date*):

5 (A) Sales of and the storage, use, rental, lease or other consumption,
6 including repair services rendered to agricultural equipment, of
7 tangible personal property exclusively for use in agricultural
8 production, as defined in this subsection, by a farmer engaged in
9 agricultural production as a trade or business and to whom the
10 Department of Revenue Services has issued a farmer tax exemption
11 permit, provided such farmer's gross income from such agricultural
12 production, as reported for federal income tax purposes, shall have
13 been (i) not less than two thousand five hundred dollars for the
14 immediately preceding taxable year, or (ii) on average, not less than
15 two thousand five hundred dollars for the two immediately preceding
16 taxable years.

17 (B) The Commissioner of Revenue Services shall adopt regulations
18 in accordance with chapter 54 requiring periodic registration for
19 purposes of the issuance of farmer tax exemption permits, including (i)
20 a procedure related to the application for such permit, such application
21 to include a declaration, prescribed as to form by the Commissioner of
22 Revenue Services and bearing notice to the effect that false statements
23 made in such declaration are punishable, to be signed by the applicant,
24 and (ii) a form of notice concerning the penalty for misuse of such
25 permit.

26 (C) As used in this subsection, (i) "agricultural production" means
27 engaging, as a trade or business, in (I) the raising and harvesting of
28 any agricultural or horticultural commodity, (II) dairy farming, (III)
29 forestry, (IV) the raising, feeding, caring for, shearing, training or
30 management of livestock, including horses, bees, poultry, fur-bearing
31 animals or wildlife or (V) the raising and harvesting of fish, oysters,
32 clams, mussels or other molluscan shellfish; and (ii) "farmer" means
33 any person engaged in agricultural production as a trade or business.

34 (D) The Department of Revenue Services may issue a farmer tax
35 exemption permit to a farmer, notwithstanding the fact that, in the
36 farmer's immediately preceding taxable year, such farmer's gross
37 income from agricultural production engaged in as a trade or business
38 may have been less than two thousand five hundred dollars, provided
39 (i) such farmer purchased, during such farmer's current or
40 immediately preceding taxable year, an agricultural trade or business
41 from a seller who was issued a farmer tax exemption permit by such
42 department at the time of such purchase and (ii) such agricultural
43 production shall be carried on as a trade or business by such purchaser
44 during the period commencing upon the purchase and ending two
45 years after the date of purchase. Such purchaser shall be liable for the
46 tax otherwise imposed, during the period commencing upon such
47 purchase and ending two years after the date of purchase, if such
48 agricultural production is not carried on as a trade or business by such
49 purchaser during the period commencing upon such purchase and

50 ending two years after the date of purchase.

51 (E) (i) The Department of Revenue Services, under such regulations
52 as the Commissioner of Revenue Services may adopt in accordance
53 with the provisions of chapter 54, may issue a farmer tax exemption
54 permit to an applicant, provided such applicant has satisfied the
55 commissioner that the applicant intends to carry on agricultural
56 production as a trade or business for at least two years,
57 notwithstanding the fact that the applicant was not engaged in
58 agricultural production as a trade or business in the immediately
59 preceding taxable year or, if the applicant was engaged in agricultural
60 production as a trade or business in the immediately preceding taxable
61 year, notwithstanding the fact that the applicant's gross income from
62 such agricultural production, as reported for federal income tax
63 purposes, was less than two thousand five hundred dollars for the
64 immediately preceding taxable year or, on average, less than two
65 thousand five hundred dollars for the two immediately preceding
66 taxable years.

67 (ii) Such applicant shall be liable for the tax imposed under this
68 chapter during the period commencing upon the issuance of the
69 permit and ending two years after the date of issuance of the permit if
70 agricultural production is not carried on as a trade or business by such
71 applicant during such entire period.

72 (iii) Such applicant shall also be liable for the tax otherwise
73 imposed, during the period commencing upon the issuance of the
74 permit and ending two years after the date of issuance of the permit, if
75 (I) such applicant's gross income from such agricultural production, as
76 reported for federal income tax purposes, is less than two thousand
77 five hundred dollars for the immediately preceding taxable year or, on
78 average, less than two thousand five hundred dollars for the two
79 immediately preceding taxable years, and (II) such applicant's
80 expenses from such agricultural production, as reported for federal
81 income tax purposes, are less than two thousand five hundred dollars

82 for the immediately preceding taxable year or, on average, less than
83 two thousand five hundred dollars for the two immediately preceding
84 taxable years.

85 (iv) Any applicant liable for tax under clause (ii) or (iii) of this
86 subparagraph shall not be eligible to be issued another permit under
87 clause (i) of this subparagraph.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2008, and applicable to sales on and after said date</i>	12-412(63)

Statement of Purpose:

To extend the sales tax exemption for farmers to cover for-hire custom agricultural services and labor associated with the repair of agricultural equipment.

[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.]