

**First Regular Session
Seventy-second General Assembly
STATE OF COLORADO**

REVISED

*This Version Includes All Amendments Adopted
on Second Reading in the Second House*

LLS NO. 19-0803.01 Jason Gelender x4330

HOUSE BILL 19-1162

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A BILL FOR AN ACT

101 **CONCERNING THE EXTENSION OF THE STATE SALES AND USE TAX**
102 **EXEMPTION FOR FARM EQUIPMENT TO EAR TAGS AND EAR TAG**
103 **SCANNERS USED BY A FARM OPERATION TO IDENTIFY OR TRACK**
104 **FOOD ANIMALS.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

Current law exempts cow identification systems and transponders used by a farm dairy to identify and track dairy cows from the state sales and use tax but does not otherwise exempt any equipment or systems used

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

SENATE
2nd Reading Unamended
May 2, 2019

HOUSE
3rd Reading Unamended
May 2, 2019

HOUSE
Amended 2nd Reading
May 1, 2019

by a farm operation to identify or track food animals. By amending the statutory definition of "farm equipment", the bill extends the existing state sales and use tax exemption to include equipment and systems used by a farm operation to identify or track food animals, including animals used for food or in the production of food. As per current law, the extension of the exemption only applies to a county or municipal sales tax if the county or municipality has already included the exemption for farm equipment in its sales tax ordinance or amends the ordinance to do so in the future.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 29-2-105, **amend**
3 (1)(d)(I)(F) as follows:

4 **29-2-105. Contents of sales tax ordinances and proposals -**
5 **repeal.** (1) The sales tax ordinance or proposal of any incorporated town,
6 city, or county adopted pursuant to this article 2 shall be imposed on the
7 sale of tangible personal property at retail or the furnishing of services,
8 as provided in subsection (1)(d) of this section. Any countywide or
9 incorporated town or city sales tax ordinance or proposal shall include the
10 following provisions:

11 (d) (I) A provision that the sale of tangible personal property and
12 services taxable pursuant to this article 2 shall be the same as the sale of
13 tangible personal property and services taxable pursuant to section
14 39-26-104, except as otherwise provided in this subsection (1)(d). The
15 sale of tangible personal property and services taxable pursuant to this
16 article 2 shall be subject to the same sales tax exemptions as those
17 specified in part 7 of article 26 of title 39; except that the sale of the
18 following may be exempted from a town, city, or county sales tax only by
19 the express inclusion of the exemption either at the time of adoption of
20 the initial sales tax ordinance or resolution or by amendment thereto:

21 (F) The exemption for sales of farm equipment and farm

1 equipment under lease or contract specified in section 39-26-716 (2)(b)
2 and (2)(c). ~~C.R.S.~~; THE EXPRESS INCLUSION OF THE EXEMPTION BY A
3 TOWN, CITY, OR COUNTY BEFORE THE EFFECTIVE DATE OF THIS
4 SUBSECTION (1)(d)(I)(F), AS AMENDED, DOES NOT EXEMPT FROM THE
5 TOWN, CITY, OR COUNTY SALES TAX ANY VISUAL, ELECTRONIC
6 IDENTIFICATION, OR MATCHED PAIR EAR TAGS AND ELECTRONIC
7 IDENTIFICATION READERS USED TO SCAN EAR TAGS THAT ARE USED BY A
8 FARM OPERATOR TO IDENTIFY OR TRACK FOOD ANIMALS, INCLUDING
9 ANIMALS USED FOR FOOD OR IN THE PRODUCTION OF FOOD, THAT WERE
10 ADDED TO THE DEFINITION OF "FARM EQUIPMENT" SET FORTH IN SECTION
11 39-26-716 (1)(d) BY HOUSE BILL 19-1162, ENACTED IN 2019, AND
12 THEREBY EXEMPTED FROM STATE SALES AND USE TAXES BUT SUCH A
13 TOWN, CITY, OR COUNTY MAY EXPRESSLY EXEMPT SUCH ITEMS BY A
14 SUBSEQUENT AMENDMENT TO ITS SALES TAX ORDINANCE OR RESOLUTION.

15 **SECTION 2.** In Colorado Revised Statutes, 39-26-716, **amend**
16 (1)(d) introductory portion as follows:

17 **39-26-716. Agriculture and livestock - special fuels -**
18 **definitions.** (1) For purposes of this section, unless the context otherwise
19 requires:

20 (d) "Farm equipment" means any farm tractor, as defined in
21 section 42-1-102 (33), ~~C.R.S.~~; any implement of husbandry, as defined in
22 section 42-1-102 (44), ~~C.R.S.~~; and irrigation equipment having a per unit
23 purchase price of at least one thousand dollars. "Farm equipment" also
24 includes, regardless of purchase price, attachments and bailing wire,
25 binders twine, and surface wrap used primarily and directly in any farm
26 operation. On and after July 1, 2000, "farm equipment" also includes,
27 regardless of purchase price, parts that are used in the repair or

1 maintenance of the farm equipment described in this paragraph (d)
2 SUBSECTION (1)(d), all shipping pallets, crates, or aids paid for by a farm
3 operation, and aircraft designed or adapted to undertake agricultural
4 applications. On and after July 1, 2001, "farm equipment" also includes,
5 regardless of purchase price, dairy equipment. ON AND AFTER SEPTEMBER
6 1, 2019, "FARM EQUIPMENT" ALSO INCLUDES, REGARDLESS OF PURCHASE
7 PRICE, ANY VISUAL, ELECTRONIC IDENTIFICATION, OR MATCHED PAIR EAR
8 TAGS AND ELECTRONIC IDENTIFICATION READERS USED TO SCAN EAR TAGS
9 THAT ARE USED BY A FARM OPERATION TO IDENTIFY OR TRACK FOOD
10 ANIMALS, INCLUDING ANIMALS USED FOR FOOD OR IN THE PRODUCTION OF
11 FOOD. Except for shipping pallets, crates, or aids used in the transfer or
12 shipping of agricultural products, "farm equipment" does not include:

13 **SECTION 3. Act subject to petition - effective date.** This act
14 takes effect at 12:01 a.m. on the day following the expiration of the
15 ninety-day period after final adjournment of the general assembly (August
16 2, 2019, if adjournment sine die is on May 3, 2019); except that, if a
17 referendum petition is filed pursuant to section 1 (3) of article V of the
18 state constitution against this act or an item, section, or part of this act
19 within such period, then the act, item, section, or part will not take effect
20 unless approved by the people at the general election to be held in
21 November 2020 and, in such case, will take effect on the date of the
22 official declaration of the vote thereon by the governor.