

January 25, 2005

PROPOSED AMENDMENTS TO SENATE BILL NO. 2177

Page 1, line 1, after "57-39.2-04.5" insert "and a new section to chapter 57-39.5"

Page 2, after line 22, insert:

"SECTION 2. A new section to chapter 57-39.5 of the North Dakota Century Code is created and enacted as follows:

Gross receipts tax exemption - Farm machinery and equipment for dairy farm.

1. Gross receipts from the sale of farm machinery and equipment used directly and exclusively in the milking operation of a dairy farm are exempt from taxes under this chapter.
2. For purposes of this section:
 - a. "Equipment" means any tangible personal property, other than machinery, used directly and exclusively in milk collection, handling, and storage; heating or cooling of the structure in which the milking operation is conducted; or tangible personal property, other than machinery, used directly and exclusively for waste handling and disposal directly related to the milking operation, and which tangible personal property is not commonly usable in other agricultural operations.
 - b. "Machinery" means mechanical devices used directly and exclusively in milk collection, handling, and storage; heating or cooling of the structure in which the milking operation is conducted; or mechanical devices used directly and exclusively for waste handling and disposal directly related to the milking operation. The term includes electrical, mechanical, and electronic components that are part of machinery and necessary for a machine to produce its effect or result and environmental control equipment required to maintain certain levels of humidity or temperature. The term includes computer equipment that controls or monitors the functions of machinery used directly in the milking operation.
 - c. "Machinery" and "equipment" do not include handtools or transportation equipment commonly usable in other agricultural operations or machines and equipment used primarily in administrative, accounting, sales, or other segments for the dairy farm operation besides milk production, handling, and storage."

Page 2, line 23, replace "This" with "Section 1 of this"

Page 2, line 24, after "2005" insert ", and section 2 of this Act is effective for taxable events occurring after December 31, 2005"

Renumber accordingly