

January 31, 2013

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1236

Page 2, after line 9 insert:

"1."

Page 2, after line 16, insert:

- "2. Tangible personal property owned or leased and in possession of a farmer may be used as a trade-in to reduce the taxable purchase price of farm machinery or irrigation equipment used exclusively for agricultural purposes if:
- a. The retailer selling farm machinery or irrigation equipment to a lessor, for the purpose of leasing to a farmer, also purchases the machinery or equipment owned or leased and in possession of the farmer. The purchase price paid by the retailer for the equipment owned or leased and in the possession of a farmer is the trade-in value for purposes of this section;
 - b. The retailer's sale of farm machinery or irrigation equipment to a lessor for the purpose of leasing to a farmer and the retailer's purchase of equipment owned or leased and in the possession of a farmer are documented by an invoice or other documents prepared by the retailer to substantiate the trade-in relationship;
 - c. The lessor purchasing the farm machinery or irrigation equipment for the purpose of leasing to a farmer pays the taxes imposed under this chapter on the purchase price of the equipment less the trade-in value in subdivision a; and
 - d. The retailer and the lessor maintain records documenting compliance with the requirements in subdivisions a, b, and c.
3. For purposes of this section, "farmer" means any person that leases farm machinery as defined in this chapter or irrigation equipment to be used exclusively for agricultural purposes."

Page 3, line 8, remove "either"

Page 3, line 8, remove "collect and remit to the tax"

Page 3, replace lines 9 through 14 with:

":

- 1. Pay the taxes imposed under this chapter on the purchase price of the equipment that was purchased for the purpose of leasing;
- 2. On a lease with a term of three or more years, collect and remit to the commissioner the full amount of tax due under this chapter based on the cumulative value of three years of lease payments or collect the tax due on each lease payment under the agreement for three years and remit those

amounts to the tax commissioner as those amounts are collected. If a lease agreement with a term of three years or more is terminated before tax on three years of lease payments has been remitted, the lessor shall collect and remit to the tax commissioner any remaining uncollected taxes on the three-year period; or

3. On a lease with a term of less than three years, collect and remit to the commissioner the full amount of tax due under this chapter on the cumulative value of the lease payments or collect the tax due on each lease payment under the agreement for the term of the lease and remit those amounts to the tax commissioner as those amounts are collected. If a lease agreement with a term of less than three years is terminated before the end of the lease, the lessor shall collect and remit to the tax commissioner any remaining uncollected taxes on the full term of the lease."

Renumber accordingly