

Second Regular Session
Seventy-third General Assembly
STATE OF COLORADO

DRAFT
9.30.21

BILL 10

LLS NO. 22-0170.01 Ed DeCecco x4216

INTERIM COMMITTEE BILL

Legislative Oversight Committee Concerning Tax Policy

BILL TOPIC: "Farm Close-out Exemption Exclude Motor Vehicles"

A BILL FOR AN ACT

101 CONCERNING THE EXCLUSION OF MOTOR VEHICLES SUBJECT TO
102 REGISTRATION REQUIREMENTS FROM THE FARM CLOSE-OUT
103 SALE AND USE TAX EXEMPTION.

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/>.)

Legislative Oversight Committee Concerning Tax Policy. A farm close-out sale, which is a farmer's or rancher's sale by auction or private treaty of all tangible personal property used in carrying on the farming or ranching operations, is exempt from the sales and use tax. The bill excludes motor vehicles that are subject to registration requirements

*Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

from a farm close-out sale.

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

2 **SECTION 1. Legislative declaration.** The general assembly
3 hereby finds and declares that a vehicle subject to registration
4 requirements is excluded from the state sales and use tax exemption that
5 applies to farm equipment, but it may be included in the exemption for
6 farm close-out sales. The primary purpose of the act is to treat these
7 vehicles the same for purposes of these similar exemptions, and this
8 change will only have a de minimis revenue increase.

9 **SECTION 2.** In Colorado Revised Statutes, 39-26-102, **amend**
10 (4) as follows:

11 **39-26-102. Definitions.** As used in this article 26, unless the
12 context otherwise requires:

13 (4) "Farm close-out sale" means a sale by auction or private treaty
14 of all tangible personal property, EXCLUDING VEHICLES SUBJECT TO THE
15 REGISTRATION REQUIREMENTS OF SECTION 42-3-103, of a farmer or
16 rancher previously used by him OR HER in carrying on his OR HER farming
17 or ranching operations. Unless ~~said~~ THE farmer or rancher is making or
18 attempting to make full and final disposition of all property used in his OR
19 HER farming or ranching operations and is abandoning the ~~said~~ operations
20 on the premises whereon they were previously conducted, ~~such~~ THE sale
21 ~~shall not be~~ IS NOT deemed a "farm close-out sale" within the meaning of
22 this ~~article~~ ARTICLE 26.

23 **SECTION 3. Act subject to petition - effective date -**
24 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
25 the expiration of the ninety-day period after final adjournment of the

1 general assembly; except that, if a referendum petition is filed pursuant
2 to section 1 (3) of article V of the state constitution against this act or an
3 item, section, or part of this act within such period, then the act, item,
4 section, or part will not take effect unless approved by the people at the
5 general election to be held in November 2022 and, in such case, will take
6 effect on the date of the official declaration of the vote thereon by the
7 governor.

8 (2) This act applies to farm close-out sales that occur on or after
9 the applicable effective date of this act.