

Second Regular Session  
Seventy-third General Assembly  
STATE OF COLORADO

DRAFT  
10.6.21

**BILL 7**

LLS NO. 22-0167.01 Ed DeCecco x4216

**INTERIM COMMITTEE BILL**

**Legislative Oversight Committee Concerning Tax Policy**

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**BILL TOPIC: "No C Corp Farm Equip Sales & Use Tax Exemption"**

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**A BILL FOR AN ACT**

101 **CONCERNING THE EXCLUSION OF C CORPORATIONS FROM THE SALES**  
102 **AND USE TAX EXEMPTION FOR FARM EQUIPMENT.**

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**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.** Beginning September 1, 2022, the bill excludes C corporations from receiving the sales and use tax exemption for the sale, purchase, lease, rental, storage, use, or consumption of farm equipment.

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

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly  
3 hereby finds and declares that:

4 (a) There is currently a discrepancy in the state's tax policy for  
5 similar items of tangible personal property, as farm equipment is exempt  
6 from the state sales and use tax, but construction equipment is subject to  
7 the tax;

8 (b) The farm equipment sales and use tax exemption was  
9 originally intended to help family farmers;

10 (c) By excluding C corporations from claiming the farm  
11 equipment sales and use tax exemption, the state will be imposing the tax  
12 more equitably while still accomplishing its original purpose;

13 (d) This is the primary purpose of this tax policy change; and

14 (e) This change will only cause a de minimis revenue gain.

15 **SECTION 2.** In Colorado Revised Statutes, 39-26-716, **amend**  
16 (4)(e) and (4)(f)(I); and **add** (1)(b.5) and (6) 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 (b.5) "C CORPORATION" HAS THE SAME MEANING AS SET FORTH IN  
21 SECTION 39-22-103 (2.5).

22 (4) The following are exempt from taxation under the provisions  
23 of parts 1 and 2 of this article 26:

24 (e) ~~All~~ EXCEPT AS SET FORTH IN SUBSECTION (6) OF THIS SECTION,  
25 sales and purchases of farm equipment and the storage, use, or  
26 consumption of farm equipment; and

27 (f) (I) ~~Any~~ EXCEPT AS SET FORTH IN SUBSECTION (6) OF THIS

1 SECTION, farm equipment under lease or contract, if the fair market value  
2 of the equipment is at least one thousand dollars and the equipment is  
3 rented or leased for use primarily and directly in any farm operation.

4 (6) BEGINNING SEPTEMBER 1, 2022, THE EXEMPTIONS SET FORTH  
5 IN SUBSECTIONS (4)(e) AND (4)(f)(I) DO NOT APPLY TO:

6 (a) THE SALE AND PURCHASE OF FARM EQUIPMENT BY A C  
7 CORPORATION;

8 (b) THE STORAGE, USE, OR CONSUMPTION OF FARM EQUIPMENT  
9 PURCHASED BY A C CORPORATION AFTER SEPTEMBER 1, 2022; OR

10 (c) FARMEQUIPMENT UNDER LEASE OR CONTRACT THAT IS RENTED  
11 OR LEASED BY A C CORPORATION.

12 **SECTION 3. Act subject to petition - effective date.** This act  
13 takes effect at 12:01 a.m. on the day following the expiration of the  
14 ninety-day period after final adjournment of the general assembly; except  
15 that, if a referendum petition is filed pursuant to section 1 (3) of article V  
16 of the state constitution against this act or an item, section, or part of this  
17 act within such period, then the act, item, section, or part will not take  
18 effect unless approved by the people at the general election to be held in  
19 November 2022 and, in such case, will take effect on the date of the  
20 official declaration of the vote thereon by the governor.