

**PROPOSED REGULATION OF THE  
NEVADA TAX COMMISSION**

**LCB File No. R089-02**

June 27, 2002

EXPLANATION – Matter in *italics* is new; matter in brackets ~~omitted material~~ is material to be omitted.

AUTHORITY: §§1, 2 and 3, NRS 360.090, 374.286 and 374.725.

**Section 1.** Chapter 374 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 and 3 of this regulation.

**Sec. 2.** *As used in NRS 374.286, the department shall interpret the term:*

*1. “Machinery or equipment only incidentally employed for the agricultural use of real property” to mean any item the direct and primary function of which is a use other than the agricultural use of real property.*

*2. “Implement of husbandry” not to include tools, shop equipment, communication equipment, material for the construction of stationary fencing, building material and supplies used in the construction of farm buildings or household equipment used for residential purposes, including, without limitation, lawn mowers and snowblowers.*

*3. “Part used in the repair or maintenance of farm machinery and equipment” not to include an item that is consumed through the regular use of such machinery and equipment, including, without limitation, fuel, oil, cleaning agents and solutions.*

**Sec. 3.** *1. If a retailer does not collect the taxes imposed by chapter 374 of NRS on a sale of farm machinery and equipment, he shall obtain from the purchaser of the farm machinery and equipment an affidavit, on a form prescribed by the department, stating that*

*the farm machinery and equipment will be employed for the agricultural use of real property pursuant to NRS 374.286. One affidavit obtained by the retailer from the purchaser may apply to all purchases of farm machinery and equipment employed in the agricultural use of real property made:*

- (a) By the purchaser from the retailer; and*
- (b) Not later than one year after the date of the affidavit.*

*2. The retailer shall file the affidavit required to be obtained pursuant to subsection 1 with his records and make the affidavit available to the department for inspection upon request.*

*3. If the retailer has knowledge of facts which give rise to a reasonable inference that a purchaser of farm equipment and machinery will not employ that equipment and machinery in the agricultural use of real property as required pursuant to NRS 374.286, the retailer must collect the tax imposed pursuant to chapter 374 of NRS on the sale of that equipment and machinery.*