

SENATOR PETERSON: So what you are saying they would be?

SENATOR V. JOHNSON: They would not be. That would not be subject to sales tax, Senator Peterson.

SENATOR PETERSON: That would not be subject to a sales tax?

SENATOR V. JOHNSON: Right.

SENATOR PETERSON: What about the section on utility purchases, would greenhouses be exempt or taxed?

SENATOR V. JOHNSON: Greenhouses are taxed because that's a commercial disposition of floral goods. Now to the extent that a hothouse is used for the production of agricultural products, then utilities in connection with that production of agricultural products would not be taxed. But a greenhouse, you know, from greenhouses people sell their flowers. That's a commercial transaction, their utilities would be taxed.

SENATOR PETERSON: What about plants that would be used, might be purchased from that greenhouse to...like a lot of people would raise tomatoes, melons, that type of thing for selling, what about that? How are you going to define, separate the two?

SENATOR V. JOHNSON: Well again my concept is and of course I'm kind of doing it off the top of my cup, Senator Peterson, but my concept is that those hothouse plants, those sets that are prepared to the extent they are part of a retail operation, that would be a taxed transaction. Now again we're getting pretty close to line drawing. Obviously if a person produces 20 acres of sod, and that's his business, to produce sod, that will be agricultural production in my view and whatever his utilities are for that production is not a taxed transaction. If a person has a Christmas tree farm, again that is agricultural production and whatever his utilities are, that's not a taxed transaction. When you get down to plant sets, however, that are coming out of a greenhouse it's hard for me to draw the line, I'm not an expert in line drawing, but I'm inclined to include that the greenhouse transactions are essentially commercial transactions, not agricultural transactions and, therefore, the utilities that that greenhouse incurs are probably taxed transactions.