



26 merchandise intended for sale or lease to customers in the  
27 ordinary course of business. Partially finished products which  
28 when completed will be held for sale or lease to customers in  
29 the ordinary course of business shall be deemed items of  
30 inventory. All livestock shall be considered inventory. Items of  
31 inventory held for lease to customers in the ordinary course of  
32 business, rather than for sale, shall be deemed inventory only  
33 prior to the initial lease of such items. For the purposes of  
34 this section, fuels used in the production of electricity shall  
35 be considered inventory.

36 2. "Inventory" also means construction and agricultural  
37 equipment weighing 1,000 pounds or more that is returned to a  
38 dealership under a rent-to-purchase option and held for sale to  
39 customers in the ordinary course of business. This subparagraph  
40 may not be considered in determining whether property that is  
41 not construction and agricultural equipment weighing 1,000  
42 pounds or more that is returned under a rent-to-purchase option  
43 is inventory under subparagraph 1.

44 3. Notwithstanding any provision in this section to the  
45 contrary, the term "inventory," for all levies other than school  
46 district levies, also means construction equipment owned by a  
47 heavy equipment rental dealer that is for sale or short-term  
48 rental in the normal course of business on the annual assessment  
49 date. For the purposes of this chapter and chapter 196, the term  
50 "heavy equipment rental dealer" means a person or entity

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51 principally engaged in the business of short-term rentals and  
52 sales of equipment described under 532412 of the North American  
53 Industry Classification System including attachments for the  
54 equipment or other ancillary equipment. As used in this  
55 subparagraph, the term "short-term rental" means the rental of a  
56 heavy equipment dealer's rental property for fewer than 365 days  
57 under an open-ended contract or under a contract with unlimited  
58 terms. The prior short-term rental of any construction equipment  
59 does not disqualify such property from qualifying as inventory  
60 under this paragraph following the term of that prior short-term  
61 rental. The term "inventory" does not include heavy equipment  
62 rented with an operator.

63 Section 2. This act shall take effect July 1, 2022.