

2023 Regular Session

HOUSE BILL NO. 502

BY REPRESENTATIVES MCFARLAND AND SEABAUGH

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

TAX/SALES & USE: Modifies the definition of the term commercial farmer by removing certain reporting requirements

1 AN ACT

2 To amend and reenact R.S. 47:301(30), relative to reporting requirements applicable to  
3 commercial farmers; to remove certain reporting requirements applicable to those  
4 persons and entities seeking to qualify as commercial farmers for tax purposes; and  
5 to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:301(30) is hereby amended and reenacted to read as follows:

8 §301. Definitions

9 As used in this Chapter, the following words, terms, and phrases have the  
10 meanings ascribed to them in this Section, unless the context clearly indicates a  
11 different meaning:

12 \* \* \*

13 (30)(a) Except as provided in Subparagraph (b) of this Paragraph, the term  
14 "commercial farmer" shall mean only those persons occupationally engaged in  
15 producing food or agricultural commodities for sale. These terms are limited to  
16 those persons, partnerships, or corporations regularly engaged in the commercial  
17 production for sale of vegetables, fruits, crops, livestock, poultry, and other food or  
18 agricultural products that report farm income and expenses ~~on a federal Schedule F~~  
19 ~~or similar federal tax form, including but not limited to 1065, 1120, and 1120S filed~~  
20 ~~by a person assigned a North American Industry Classification System (NAICS)~~

1 ~~Code beginning with H~~ to the Department of Revenue. The Department of  
 2 Revenue, in consultation with the Department of Agriculture and Forestry, shall  
 3 develop and promulgate rules to determine who meets this definition.  
 4 Notwithstanding any contrary provision of this Paragraph, the Department of  
 5 Revenue shall honor existing farmer exemption certificates issued by the department  
 6 until July 1, 2019.

7 (b) Notwithstanding the provisions of Subparagraph (a) of this Paragraph,  
 8 the term "commercial farmer" may include a landowner who is a party of a joint  
 9 venture and who leases land to a commercial farmer as defined in Subparagraph (a)  
 10 of this Paragraph. In order to qualify as a commercial farmer, the lessee landowner  
 11 shall submit documentation of the joint venture arrangement or a report of farm  
 12 income and expenses, including proof of lease income, from the joint venture ~~on a~~  
 13 ~~federal Schedule F form or similar federal tax form~~ to the Department of Revenue  
 14 in order for the secretary of the department to make a determination that the taxpayer  
 15 is a commercial farmer.

16 \* \* \*

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DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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HB 502 Original

2023 Regular Session

McFarland

**Abstract:** Removes the requirement that persons and entities seeking to qualify as commercial farmers report income and expenses on a federal Schedule F form or other federal tax form to the Department of Revenue.

Present law defines "commercial farmer" as those persons occupationally engaged in producing food or agricultural commodities for sale. Further provides that these terms are limited to those persons and entities regularly engaged in the commercial production for sale of vegetables, fruits, crops, livestock, poultry, and other food or agricultural products that report farm income and expenses on a federal Schedule F or similar federal tax form.

Proposed law modifies present law by removing the reference to reporting farm income and expenses on a federal Schedule F or similar federal tax forms. Clarifies that individual and corporate entities income and expenses are still to be reported to the Dept. of Revenue (DOR).

Present law specifies that the term "commercial farmer" may include a landowner who is a party of a joint venture and who leases land to a commercial farmer. However, specifies that

to qualify as a commercial farmer, the lessee landowner must submit documentation of the joint venture arrangement or a report of farm income and expenses from the joint venture on a federal Schedule F form or similar federal tax form to the DOR so the secretary can determine if the taxpayer is a commercial farmer.

Proposed law modifies present law by removing the requirement that the lessee landowner submit documentation of the joint venture to the DOR on a federal Schedule F form or similar federal tax form.

(Amends R.S. 47:301(30))