

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 provide for the definition of commercial farmer; to remove
4 certain reporting requirements applicable to those persons and entities seeking to
5 qualify as commercial farmers for tax purposes; to authorize the promulgation of
6 rules; to provide for certain limitations; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

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

9 §301. Definitions

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

13 * * *

14 (30)(a) ~~Except as provided in Subparagraph (b) of this Paragraph, the~~ The
15 term "commercial farmer" ~~shall mean only those persons~~ means:

16 (i) A person regularly and occupationally engaged in producing the
17 commercial production of food or, agricultural commodities, or agricultural products
18 for sale; ~~or These terms are limited to those persons, partnerships, or corporations~~
19 ~~regularly engaged in the commercial production for sale of vegetables, fruits, crops,~~
20 ~~livestock, poultry, and other food or agricultural products that report farm income~~

1 and expenses on a federal Schedule F or similar federal tax form, including but not
2 limited to 1065, 1120, and 1120S filed by a person assigned a North American
3 Industry Classification System (NAICS) Code beginning with 11.

4 (ii) A lessor landowner who leases an immovable for agricultural use to a
5 person described in Item (i) of this Subparagraph and maintains a joint venture
6 contractual relationship with the person.

7 (b) The secretary of the Department of Revenue, in consultation with the
8 Department of Agriculture and Forestry, shall develop and promulgate rules in
9 accordance with the Administrative Procedure Act as are necessary for the
10 administration of exemptions available to commercial farmers and the registration
11 of commercial farmers to determine who meets this definition no later than January
12 1, 2019. Notwithstanding any contrary provision of this Paragraph, the Department
13 of Revenue shall honor existing farmer exemption certificates issued by the
14 department until July 1, 2019.

15 (b) Notwithstanding the provisions of Subparagraph (a) of this Paragraph,
16 the term "commercial farmer" may include a landowner who is a party of a joint
17 venture and who leases land to a commercial farmer as defined in Subparagraph (a)
18 of this Paragraph. In order to qualify as a commercial farmer, the lessee landowner
19 shall submit documentation of the joint venture arrangement or a report of farm
20 income and expenses, including proof of lease income, from the joint venture on a
21 federal Schedule F form or similar federal tax form to the Department of Revenue
22 in order for the secretary of the department to make a determination that the taxpayer
23 is a commercial farmer.

24 (c) No state sales and use tax exemption available to a commercial farmer
25 shall be allowed or claimed for or related to an "activity not engaged in for profit"
26 as that term is defined by 26 U.S.C 183, as amended.

27 * * *

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

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)]

HB 502 Engrossed

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 Dept. of Revenue (DOR).

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.

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 DOR so the secretary can determine if the taxpayer is a commercial farmer.

Proposed law revises the present law definition of "commercial farmer" to mean a person regularly and occupationally engaged in the commercial production of food, agricultural commodities, or agricultural products for sale or a lessor landowner who leases an immovable for agricultural use to a commercial farmer and maintains a joint venture contractual relationship with the farmer.

Proposed law removes references to a commercial farmer reporting farm income and expenses on a federal Schedule F or similar federal tax forms and requirement that lessee landowners submit documentation of the joint venture arrangement or report farm income and expenses from the joint venture on a federal Schedule F form or similar federal tax form to DOR so the secretary can determine if the taxpayer is a commercial farmer.

Proposed law prohibits state sales and use tax exemptions available to commercial farmers from being allowed or claimed for or related to an "activity not engaged in for profit" as that term is defined in present federal law.

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

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Revise the definition of commercial farmer for purposes of state sales and use tax exemptions.
2. Remove requirement that lessee landowners submit documentation of the joint venture arrangement or report farm income and expenses from the joint venture on a federal Schedule F form or similar federal tax form.

3. Add prohibition for state sales and use tax exemptions available to commercial farmers from being allowed or claimed for or related to an "activity not engaged in for profit" as that term is defined in present federal law.