

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 97** SLS 17RS 419
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 28, 2017	10:18 AM	Author: FANNIN
Dept./Agy.: REVENUE		Analyst: Benjamin Vincent
Subject: Sales & Use Tax Exemption: Feed, Seed, Fertilizer		

TAX EXEMPTIONS OR SEE FISC NOTE Page 1 of 1
 Specifies that the sales and use tax exemption for feed, seed, fertilizers, and pesticides apply to commercial farmers only, and specifies that the commercial farmers definition excludes persons engaging in production for pleasure or as a hobby.

Current law exempts sales of certain agricultural inputs for anyone preparing, finishing, manufacturing, or producing crops or animals for market from sales and use tax.

Proposed law defines "commercial farmers" as persons who produce such food or commodities at a profit or for consumption, and not as a hobby, and limits the application of current exemptions to commercial farmers.

Effective July 1, 2017.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

Current law exempts sales or use of certain agricultural inputs to be used by anyone for preparing, finishing, manufacturing, or producing crops or animals for market. Proposed law defines "commercial farmer" and limits the exemption to purchases made by commercial farmers. It specifies that persons engaging in such activity for pleasure or as a hobby are excluded from the definition.

LA Dept. of Revenue (LDR) notes that the bill contains potentially conflicting language on the definition of commercial farmer, and appears to include persons who engage in these activities strictly for their own consumption of the food or commodity.

To the extent that such purchases are made by persons who do not intend to consume the agricultural product or sell it at a profit, the revenue impact of proposed law should be an increase for both the general fund and local funds. LDR has no readily available data on the amount of purchases under these conditions, so an estimate of the revenue impact is not feasible. However, it seems likely that transactions falling outside of this definition of commercial farmer are relatively small, and that the revenue increase will be small, as well.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Gregory V. Albrecht
Chief Economist