

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



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

<b>Date:</b> May 9, 2017	4:58 PM	<b>Author:</b> FANNIN
<b>Dept./Agy.:</b> REVENUE		<b>Analyst:</b> Benjamin Vincent
<b>Subject:</b> Sales & Use Tax Exemption: Feed, Seed, Fertilizer		

TAX EXEMPTIONS RE SEE FISC NOTE See 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, partnerships, or corporations 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 (including but not limited to, 1065, 1120, 1120S, filed by a person assigned a NAICS Code beginning with "11"). The Dept. of Revenue will honor existing exemption certificates issued until July 1, 2019.

Effective July 1, 2017.

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

  

<b>REVENUES</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>5 -YEAR TOTAL</b>
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<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**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 farm income and expenses must be reported on one of a group of certain federal forms to qualify.

To the extent that such purchases are made by entities who will not meet the definition of commercial farmers, 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*  
**Gregory V. Albrecht**  
**Chief Economist**