

2019 Regular Session

HOUSE BILL NO. 596

BY REPRESENTATIVES STEFANSKI, ADAMS, BAGNERIS, BOURRIAQUE, TERRY BROWN, DAVIS, DEVILLIER, DWIGHT, EMERSON, GISCLAIR, GUINN, LANCE HARRIS, HORTON, MIKE JOHNSON, ROBERT JOHNSON, LACOMBE, MCFARLAND, JIM MORRIS, PIERRE, AND PYLANT

TAX/SALES-USE-EXEMPT: Defines a commercial farmer for purposes of certain sales and use tax exemptions

1 AN ACT

2 To amend and reenact R.S. 47:301(30), relative to sales and use tax; to define commercial  
3 farmer; to require the submission of certain information; to require the Department  
4 of Revenue to make certain determinations; to provide for an effective date; and to  
5 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 ~~The~~  
14 term "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 11. The Department of Revenue, in consultation with the  
2 Department of Agriculture, shall develop and promulgate rules to determine who  
3 meets this definition no later than January 1, 2019. Notwithstanding any contrary  
4 provision of this Paragraph, the Department of Revenue shall honor existing farmer  
5 exemption certificates issued by the department until July 1, 2019.

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

15 Section 2. This Act shall become effective on July 1, 2019.

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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 596 Reengrossed

2019 Regular Session

Stefanski

**Abstract:** Expands the definition of commercial farmer to include a landowner who is a party to a joint venture and leases land to a commercial farmer.

Present law provides for sales and use exemptions and exclusions for certain agricultural inputs for commercial farmers who produce food or commodities at a profit and file their farm income and expenses on federal tax forms.

Proposed law retains present law and expands the definition of commercial farmer to include a landowner who is determined by the Dept. of Revenue to be a party to a joint venture and who leases land to a commercial farmer, as defined by present law.

Proposed law requires the Dept. of Revenue to make a determination of whether a landowner qualifies as a commercial farmer. Requires the landowner to submit documentation of the joint venture or the report of farm income and expenses, including proof of lease income, from the joint venture on a federal tax form to the secretary of the Dept. of Revenue.

Effective July 1, 2019

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

Summary of Amendments Adopted by House

The House Floor Amendments to the engrossed bill:

1. Change the documentation a landowner must submit to the Dept. of Revenue from submission of documentation of the joint venture arrangement *and* a report of farm income and expenses to submission of documentation of the joint venture *or* a report of farm income and expenses.
2. Clarify that the form income and expense report include proof of lease income.