

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



Fiscal Note On: **SB 293** SLS 22RS 499

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 17, 2022	9:19 AM	<b>Author:</b> ALLAIN
<b>Dept./Agy.:</b> Revenue		<b>Analyst:</b> Deborah Vivien
<b>Subject:</b> State sales tax rebate for fencing materials for farmers		

TAX/SALES

EN DECREASE GF RV See Note

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Creates a state sales tax rebate for the purchase of certain agricultural fencing materials by commercial farmers. (gov sig)

Current law provides a state sales tax exemption for commercial farmers for a multitude of purchases, the broadest of which are input related and do not include immovable property.

Proposed law provides a temporary state sales tax rebate on purchases by commercial farmers (registered by 1/1/22) of fencing materials used to replace or repair enclosures that were substantially damaged or destroyed by the 2020 and 2021 hurricanes. The fences must be located in a federally declared disaster area. The rebate will not be allowed for purchases paid with insurance proceeds or state or federal funds, unless the funds are reported as taxable income or structured as a repayable loan. The Department of Revenue will process the rebates and may promulgate rules to implement the program. Fencing material expenses must be incurred by December 31, 2022, and rebates applied for by December 31, 2023.

<b>EXPENDITURES</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</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><u>\$0</u></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>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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><u>\$0</u></b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure. Though implementation of this bill alone can be absorbed in the agency budget, an assessment will be made by the Department of Revenue for the cumulative effect of all new legislation to determine if additional resources are needed at the end of the Regular Session.

**REVENUE EXPLANATION**

This bill will decrease state general fund revenue to the extent that storm-damaged fencing materials are purchased by commercial farmers who apply for the rebate, potentially in the \$millions depending on utilization. There are currently about 9,000 commercial farmers certified with the Department of Revenue throughout the state. The magnitude of damage to fences in federally declared disaster areas as well as reimbursable expenses cannot be determined with any degree of certainty in calculating a point estimate.

In attempting to gauge magnitude, assume that fencing 10 acres would require about 3,734 feet of fence. If fencing materials cost \$1.67 per foot, the materials purchased would total \$6,236 generating state sales tax of \$277, which would be the amount of the rebate to fence 10 acres. If half the currently certified commercial farmers applied for a rebate for fencing for 10 acres, state general fund would be reduced by an estimated \$1.3M (4,500 \* \$277) during the eligibility period.

The cost of fencing materials has increased substantially with recent supply chain issues and other inflationary influences, which could make the impact to the state general fund larger than would typically be expected. The bill does not have a cost cap.

Senate  
 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}

  
**Alan M. Boxberger**  
**Interim Legislative Fiscal Officer**