
DIGEST

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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.