

## RÉSUMÉ DIGEST

ACT 427 (HB 502)

2023 Regular Session

McFarland

Prior law, for purposes of sales taxes, defined "commercial farmer" as those persons occupationally engaged in producing food or agricultural commodities for sale. New law revises the 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.

Prior law further provided that a "commercial farmer" was limited to 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.

New law repeals prior law.

Prior law specified that a "commercial farmer" may also include a landowner who is a party of a joint venture and who leases land to a commercial farmer. New law includes within the definition of a "commercial farmer" a lessor landowner who leases an immovable for agricultural use to a person who regularly and occupationally engages in the commercial production of food, agricultural commodities, or agricultural products for sale and maintains a joint venture contractual relationship with the farmer.

Prior law provided 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 the Dept. of Revenue so the secretary could determine if the taxpayer was a commercial farmer.

New law repeals prior law.

New 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 existing federal law.

Effective August 1, 2023.

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