
The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Danielle Doiron.

DIGEST

Long (SB 211)

Proposed law creates the Beginning Farmer and Fisherman Income Tax Credit Program to promote beginning farmers, livestock producers, and fishermen to enter the farming and fishing industries in the state, and provides incentives to established Louisiana farmers and commercial fishermen who mentor qualified beginning farmers and fishermen and who sell or lease their capital agricultural assets or their fishing assets to qualified beginning farmers and fishermen.

Proposed law authorizes the Department of Revenue to administer the tax credit program with supervision by the Department of Wildlife and Fisheries for qualified beginning fishermen and established Louisiana commercial fishermen, and by the Department of Agriculture and Forestry for qualified beginning farmers that are eligible for the program.

Proposed law provides for definitions of terms to describe eligibility of farmers and fishermen:

- (1) "Qualified beginning farmer" means an individual who resides in this state, who has been engaged in farming or livestock production for not more than five cumulative years, and who farm or raises crops or livestock on a farm on land located in this state.
- (2) "Qualified beginning fisherman" means an individual who resides in this state, who has engaged in commercial fishing as a career and holds a resident commercial fishing license for less than five cumulative years, and who has a net income of less than \$30,000, including any holdings by a spouse or dependent, based on fair market value, and who fishes in state coastal waters for their product, including but not limited to fish, shrimp, crabs, alligators, frogs, and oysters.
- (3) "Established Louisiana commercial fisherman" means an individual who is a resident of this state, who holds a resident commercial fishing license for a minimum of ten years, who derives at least 50% of his gross annual income from commercial fishing, and who owns fishing assets.
- (4) "Fishing assets" means vessels registered in the state to be used for commercial fishing for products from state coastal waters, including but not limited to fish, shrimp, crabs, alligators, frogs, and oysters.
- (5) "Established Louisiana farmer" means an individual or trustee who is a resident of this state and who derives at least 50% of his gross annual income from farming or livestock production, and provides the majority of the day-to-day physical labor and management of a farm for at least ten years.

- (6) "Agricultural assets" means agricultural land, livestock, farming, or livestock production facilities or buildings and machinery used for farming or livestock production located in this state.
- (7) "Farm" means any tract of land over ten acres in areas used for or devoted to the commercial production of farm products.
- (8) "Farm product" means plants and animals useful to man, including but not limited to forages and sod crops, grains and feed crops, dairy and dairy products, poultry and poultry products, livestock, including breeding and grazing livestock, fruits and vegetables.
- (9) "Farming or livestock production" means the active use, management, and operation of real and personal property for the production of a farm product.

Proposed law provides an income tax credit, of up to 5% of the purchase price, to an established La. farmer who sells agricultural assets to a qualified beginning farmer or to an established La. commercial fisherman who sells fishing assets to a qualified beginning fisherman. Limits the credit to \$10,000 and only one beginning farmer or fisherman during their lifetime. Provides that the credit be earned in the tax year in which the qualified farmer or fisherman first uses the assets in their farming or fishing business. Requires submission of a joint application to the Department of Revenue by the established La. farmer or commercial fisherman and the qualified beginning farmer or fisherman.

Proposed law provides that an income tax credit of up to 10% of the annual lease price or value of the share agreement be available to the established La. farmer who enters into a lease or share agreement for the use of agricultural assets with a qualified beginning farmer and an established La. commercial fisherman who enters into a lease or share agreement for the use of fishing assets with a qualified beginning fisherman. Limits the credit to \$1,000 per tax year for a maximum of five tax years.

Provides that only one tax credit available under proposed law is available to a taxpayer.

Proposed law limits the amount of the income tax credits issued by the Department of Revenue not to exceed \$400,000 annually and that it be claimed on a first-come basis. Further provides the tax credit is nonrefundable and any credit in excess of tax liability for the tax year the credit is earned may carry forward the credit for up to five years.

Proposed law requires the Department of Revenue, in consultation with the Department of Agriculture and Forestry and with the Department of Wildlife and Fisheries, to promulgate rules and regulations to implement the income tax credit program.

Proposed law provides the Department of Revenue, Department of Agriculture and Forestry, and the Department of Wildlife and Fisheries to enter into agreements, to share necessary information

among the agencies, while maintaining confidentiality, to provide for the administration of the program.

Proposed law provides for reporting violations of the tax credit program and recapture of credits awarded.

Proposed law requires the Department of Wildlife and Fisheries (LDWF) to certify to the Department of Revenue that the qualified beginning fisherman and the established Louisiana commercial fisherman have a qualified vessel and commercial licenses and landings sufficient to qualify for the tax credit. Requires an independent appraiser to determine if the sale price is not higher or lower than market rate for similar assets within the same community.

Proposed law requires the qualified beginning fisherman to provide documentation to the Department of Revenue of his trip ticket submissions obtained from the Department of Wildlife and Fisheries and the vessels used to operate his business and demonstrate evidence of participation in the operation and management of his business.

Proposed law requires the Department of Agriculture and Forestry to certify that the beginning farmer is substantially participating in the day-to-day physical labor and management of the business, is participating in using the assets subject to the lease/charter, and has adequate experience or demonstrates knowledge in the field for which he seeks assistance. Requires the Department of Agriculture and Forestry to determine if the sale price is not higher or lower than market rate for similar assets within the same community.

Proposed law requires the Department of Revenue to determine any violations of the tax credit program and to recapture those tax credits.

Proposed law provides for the termination of the Beginning Farmer and Fisherman Income Tax Credit Program on December 31, 2018.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Adds R.S. 47:6039)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Changes "Owner of fishing assets" to "Established Louisiana commercial fisherman" and "Owner of agricultural assets" to "Established Louisiana farmer" and adds requirements to definition.
2. Adds "Fishing assets" definition and requirements.

3. Adds eligibility requirements.
4. Adds a \$10,000 credit limit to established Louisiana farmers or commercial fishermen and to qualified beginning farmers or fishermen for purchases of fishing or agricultural assets.
5. Adds a \$1,000 credit limit per tax year up to 5 tax years, and a lifetime cap of \$5,000 to established Louisiana farmers or commercial fishermen and to qualified beginning farmers or fishermen for leases and share agreements of fishing or agricultural assets.
6. Adds a lifetime cap of one tax credit per established Louisiana farmer or commercial fisherman and per qualified beginning farmer or fisherman for purchases of eligible fishing or farming assets.
7. Changes the program cap from "\$2,000,000 annually" to "\$400,000 annually".
8. Requires a joint application of both spouses from the Louisiana farmer or commercial fisherman and from the qualified beginning farmer or fisherman to the Department of Revenue.
9. Deletes the January 1 deadline for the Department of Revenue to issue tax credits.
10. Requires the Department of Revenue to consult with the Department of Agriculture and Forestry and the Department of Wildlife and Fisheries to promulgate rules and regulations to implement the program.
11. Requires the Department of Revenue, Department of Agriculture and Forestry, and the Department of Wildlife and Fisheries to enter into agreements, to share necessary information among the agencies, while maintaining confidentiality, to provide for the administration of the program.
12. Provides for the Department of Revenue to recapture any credit in which there is a violation and deletes other requirements to Department of Agriculture and Forestry and the Department of Wildlife and Fisheries.
13. Adds certification requirements from the Department of Wildlife and Fisheries for established Louisiana commercial fishermen and qualified beginning fishermen.
14. Adds qualifications for eligibility of qualified beginning fishermen and established Louisiana commercial fishermen.
15. Removes the Department of Wildlife and Fisheries from determining fair market value of sales of fishing assets and provides for determination by an independent appraiser.