

**LEGISLATIVE FISCAL OFFICE  
Fiscal Note**



Fiscal Note On: **SB 225** SLS 19RS 495  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> May 5, 2019	1:14 PM	<b>Author:</b> FANNIN
<b>Dept./Agy.:</b> Revenue		<b>Analyst:</b> Benjamin Vincent
<b>Subject:</b> Sales Tax Exemptions: Student Farmers		

TAX EXEMPTIONS OR DECREASE GF RV See Note Page 1 of 1  
 Exempts certain purchases by student farmers from state sales and use tax. (8/1/19)

Present law exempts purchases of feed, seed, and fertilizer by commercial farmers for certain agricultural purposes from state sales and use tax.

Proposed law exempts purchases of feed, seed, and fertilizer by student farmers for certain agricultural purposes from state sales and use tax. Proposed law provides definitions for "student farmer", including individuals under the age of 23 who are members of the Future Farmers of America (FFA), 4-H, or clubs of a similar nature that are under the guidance of an agricultural educator, advisor, or club leader.

Effective January 1, 2020.

<b>EXPENDITURES</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</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>\$0</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>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</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>\$0</b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

**REVENUE EXPLANATION**

Proposed law would extend the exemption from state sales and use tax available to commercial farmers to the purchases by defined student farmers.

The Dept of Revenue notes that 4-H reports approximately 182,000 members, and FFA reports approximately 10,800 members. It is likely that there is some overlap among purchases by commercial farmers, already eligible for the exemption, and student farmers being extended the exemption by this bill. Reliable data on purchases by members of these student organizations or similar qualifying organizations is unavailable. To the extent that students that are members of these organizations who do not already meet the definition of "commercial farmers" make qualifying agricultural purchases, state sales tax revenue will decrease under the proposed law. It would take over \$11 million of newly exempted purchases to meet the \$500,000 of state tax loss. The actual extent of revenue loss is speculative.

Senate Dual Referral Rules  
 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}

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