



1 and Fisherman Income Tax Credit Act" to promote beginning farmers,  
2 livestock producers, and fishermen to enter the farming and fishing industries.

3 B. Declaration of Purpose. The Legislature of Louisiana hereby finds  
4 and declares that farming and commercial fishing are crucial to Louisiana's  
5 economy and way of life. These industries must be sustained and promoted.  
6 Therefore, it is declared to be the purpose of this Section to promote the  
7 creation and retention of new jobs in the farming and fishing industries and to  
8 encourage young people to seek careers in these industries by providing  
9 incentives to established Louisiana farmers and fishermen who assist  
10 Louisiana's qualified beginning farmers and fishermen and owners who sell or  
11 lease their capital agricultural assets and commercial fishermen who sell or  
12 lease their vessels to the qualified beginning farmers and fishermen.

13 C. Definitions. For the purposes of this Section, the following terms shall  
14 have the meaning hereinafter ascribed to them, unless the context clearly  
15 indicates otherwise:

16 (1) "Qualified beginning farmer" means an individual who resides in this  
17 state, who has been engaged in farming or livestock production as a career for  
18 less than five years, and who farm or raise crops or livestock on land located in  
19 this state.

20 (2) "Qualified beginning fisherman" means an individual who resides in  
21 this state, who has been engaged in commercial fishing as a career for less than  
22 five years, who has a net income of less than thirty thousand dollars, including  
23 any holdings by a spouse or dependent, based on fair market value, and who  
24 fishes in state coastal waters as defined in R.S. 49:214.23(4) for their product,  
25 including but not limited to fish, shrimp, crabs, alligators, frogs, and oysters.

26 (3) "Owner of fishing assets" means an individual who owns a vessel  
27 registered in this state, which is to be used for commercial fishing for products  
28 derived from state coastal waters as defined in R.S. 49:214.23(4), including but  
29 not limited to fish, shrimp, crabs, alligators, frogs, and oysters.

1           **(4) "Owner of agricultural assets" means an individual or trustee who**  
2           **is a resident of this state and who derives at least fifty percent of his gross**  
3           **annual income from farming or livestock production, and who has engaged in**  
4           **a majority of the day-to-day physical labor and management of a farm for at**  
5           **least ten years.**

6           **(5) "Agricultural assets" means agricultural land, livestock, farming, or**  
7           **livestock production facilities or buildings and machinery used for farming or**  
8           **livestock production located in this state.**

9           **(6) "Farm" means any tract of land in excess of ten acres in areas used**  
10           **for or devoted to the commercial production of farm products.**

11           **(7) "Farm product" means plants and animals useful to man, including**  
12           **but not limited to, forages and sod crops, grains and feed crops, dairy and dairy**  
13           **products, poultry and poultry products, livestock, including breeding and**  
14           **grazing livestock, fruits and vegetables.**

15           **(8) "Farming or livestock production" means the active use,**  
16           **management, and operation of real and personal property for the production**  
17           **of a farm product.**

18           **D. Tax credit. (1) An income tax credit equal to five percent of the**  
19           **purchase price under a cash sale agreement and ten percent of the value of the**  
20           **share of the seller or the purchaser under a share agreement, not to exceed five**  
21           **thousand dollars annually, shall be available to fishermen and farmers who sell,**  
22           **purchase or lease fishing or farming assets to a qualified beginning fisherman**  
23           **or qualified beginning farmer.**

24           **(2) The amount of the income tax credits issued by the Department of**  
25           **Revenue shall not exceed two million dollars annually and shall be claimed on**  
26           **a first-come basis.**

27           **(3) The tax credit authorized under this Section shall be non-refundable**  
28           **and any credit in excess of the income tax liability for a single year may be**  
29           **credited towards the taxpayer's income tax liability for up to five years or until**

1           the amount of the credit is depleted, whichever is first.

2           G. Administration. (1) The Department of Revenue shall adopt and  
3           promulgate rules and regulations, consistent with the policy objectives of this  
4           Section to implement the income tax credit program and shall issue tax credits  
5           annually for any eligible sale or lease prior to January first of the following  
6           year.

7           (2) If the Department of Revenue determines there is a violation of the  
8           requirements of this Section, the income tax credit shall not be issued for  
9           subsequent years and the violation shall be referred to the Department of  
10          Agriculture and Forestry if the individual is a farmer or livestock producer or  
11          to the Department of Wildlife and Fisheries if the individual is a fisherman for  
12          administrative review. If either department determines that a violation has  
13          occurred, the amount of the wrongly claimed prior tax credits shall be  
14          immediately due and payable to the Department of Revenue.

15          (3) The Department of Wildlife and Fisheries shall certify to the  
16          Department of Revenue that the beginning fisherman is qualified to participate  
17          in the program and is substantially participating in the day-to-day physical  
18          labor and management of the business, using a qualified vessel, and has  
19          adequate experience and demonstrates knowledge in the field for which he seeks  
20          assistance. The Department of Wildlife and Fisheries shall also determine if the  
21          sale price is not higher or lower than market rate for similar assets within the  
22          same community.

23          (4) The Department of Agriculture and Forestry shall certify to the  
24          Department of Revenue that the beginning farmer is substantially participating  
25          in the day-to-day physical labor and management of the business, is  
26          participating in using the assets subject to the lease/charter, and has adequate  
27          experience or demonstrates knowledge in the field for which he seeks assistance.  
28          The Department of Agriculture and Forestry shall also determine if the sale  
29          price is not higher or lower than market rate for similar assets within the same

1 community.

2 E. Eligibility of qualified beginning fisherman. (1) A beginning  
3 fisherman shall be a resident of this state, and the fishing vessel used for the  
4 operation of his business shall be registered in this state and he shall have a net  
5 worth of less than thirty-thousand dollars, including any holdings by a spouse  
6 or dependent, based on fair market value.

7 (2) A beginning fisherman must assume the financial risk associated with  
8 operating his vessel, and submit a copy of Internal Revenue Service Schedule  
9 C of declared profits or losses from his fishing business, or similar data  
10 revealing income from his operations to the Department of Revenue.

11 (3) A beginning fisherman shall certify and provide sufficient  
12 documentation of participation in the day-to-day physical labor and  
13 management of his business and the vessels used to operate the business. This  
14 certification shall be subject to review and confirmation by the Department of  
15 Wildlife and Fisheries.

16 (4) A beginning fisherman may be a relative of the seller of the fishing  
17 assets, but a background check shall be included with the application that  
18 specifically details the involvement of the related party and identifies sources  
19 which can independently confirm the legitimacy of the transaction.

20 (5) The sale price shall not be substantially higher or lower than fair  
21 market value for similar assets within the same community as determined by  
22 Department of Wildlife and Fisheries.

23 F. Eligibility of beginning farmer or livestock producer. (1) A beginning  
24 farmer or livestock producer shall be a resident of this state and his business  
25 shall be located in this state and he shall have a net worth of less than four  
26 hundred thousand dollars, including any holdings by a spouse or dependent,  
27 based on fair market value.

28 (2) A beginning farmer or livestock producer shall provide sufficient  
29 documentation of participation in the day-to-day physical labor and

1        management of his business and in farming the assets subject to the sale or  
2        lease, as well as the adequate experience or knowledge in the field for which he  
3        seeks assistance. This certification shall be subject to review and confirmation  
4        by the Department of Agriculture and Forestry.

5                (3) The beginning farmer or livestock producer may be a relative of the  
6        seller or lessor of assets, but a background check and documentation shall be  
7        included with the application specifically detailing the involvement of the  
8        related party and identifies sources which can independently confirm the  
9        legitimacy of the transaction.

10               (4) The sale or lease price of an eligible transaction shall not be  
11        substantially higher or lower than fair market value for similar assets within the  
12        same community as determined by the Department of Agriculture and Forestry.

13               (5) The Department of Agriculture and Forestry shall certify to the  
14        Department of Revenue that the beginning farmer is substantially participating  
15        in the day-to-day physical labor and management of the business, is  
16        participating in using the assets subject to the lease or charter, and has  
17        adequate experience or demonstrated knowledge in the field for which he seeks  
18        assistance. The Department of Agriculture and Forestry shall determine if the  
19        sale price is not higher or lower than fair market value for similar assets within  
20        the same community.

21               H. Termination of tax credit program. The tax credit program  
22        authorized under this Section shall terminate on December 31, 2018. No tax  
23        credit authorized pursuant to the provisions of this Section shall be issued after  
24        December 31, 2018.

25        Section 2. This Act shall become effective upon signature by the governor or, if not  
26        signed by the governor, upon expiration of the time for bills to become law without signature  
27        by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
28        vetoed by the governor and subsequently approved by the legislature, this Act shall become  
29        effective on the day following such approval.

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

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#### DIGEST

Proposed law creates the Beginning Farmer and Fisherman Income Tax Credit Program to assist beginning farmers, livestock producers, and fishermen to enter the farming and fishing industry in the state, and provides incentives to established state farmers and fishermen who assist qualified beginning farmers and fishermen and owners who sell or lease their capital agricultural assets and commercial fishermen who sell or lease their vessels 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 fishermen and the Department of Agriculture and Forestry for farmers 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 years, and who farms or raises crops or livestock 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 for less than five 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) "Owner of fishing assets" means an individual who owns a vessel registered in the state to be used for commercial fishing in state coastal waters, including but not limited to fish, shrimp, crabs, alligators, frogs, and oysters.
- (4) "Owner of agricultural assets" 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.
- (5) "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.
- (6) "Farm" means any tract of land over ten acres in areas used for or devoted to the commercial production of farm products.
- (7) "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.
- (8) "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 equal to 5% of the purchase price under a cash sale agreement and ten percent of the value of the share of the seller or the purchaser under a share agreement, not to exceed \$5,000 annually, available for fishermen and farmers who sell, purchase or lease fishing or farming assets to a qualified beginning fisherman or a

qualified beginning farmer.

Proposed law limits the amount of the income tax credits issued by the Department of Revenue not to exceed \$2,000,000 annually and that it be claimed on a first-come basis. Further provides the tax credit is non-refundable and any credit in excess of tax liability within a year may be credited for income tax liability for up to five years or until depleted, whichever is first.

Proposed law requires the Department of Revenue to promulgate rules and regulations to implement the income tax credit program and to issue the tax credits on an annual basis prior to Jan. 1 of the following year the application is submitted.

Proposed law requires the Department of Wildlife and Fisheries (DWF) to certify that the beginning fisherman is qualified to participate in the program and is substantially participating in the day-to-day physical labor and management of the business, using a qualified vessel, and has adequate experience and demonstrates knowledge in the field for which he seeks assistance. Requires DWF 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 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 by a fisherman and refer the violations to the Department of Wildlife and Fisheries for administrative review. Further requires the individual to immediately pay back the wrongly claimed tax credits to the Department of Revenue.

Proposed law requires the Department of Revenue to determine any violations of the tax credit program by a farmer or livestock producer and refer the violations to the Department of Agriculture and Forestry for administrative review. Further requires the individual to immediately pay back the wrongly claimed tax credits to the Department of Revenue.

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

(Adds R.S. 47:6039)