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

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)