



**This Bill Analysis
reflects the contents
of the bill as it was
presented in
committee.**

HOUSE BILL 227: Broaden Sales Tax Exemption for Farmers

2015-2016 General Assembly

Committee:	House Agriculture, if favorable, Finance	Date:	April 21, 2015
Introduced by:	Reps. Holloway, Whitmire, Riddell, Zachary	Prepared by:	Chris Saunders
Analysis of:	PCS to First Edition H227-CSTQ-11		Committee Counsel

SUMMARY: *The Proposed Committee Substitute (PCS) for House Bill 227 would lower, from \$10,000 to \$5,000, the amount of income from farming required for a farmer to qualify for the sales tax exemption for farmers.*

The PCS makes a technical change to the applicability provision in the effective date.

CURRENT LAW: A "qualifying farmer" is a person who has an annual gross income for the preceding income tax year of \$10,000 or more from farming operations, or who has an average annual gross income for the three preceding income tax years of \$10,000 or more from farming operations. Several enumerated types of tangible personal property, digital property, and services are exempt from sales and use tax when purchased by a qualifying farmer for use in farming operations. An item is used for farming operations if it is used for the planting, cultivating, harvesting, or curing of farm crops or in the production of dairy products, eggs, or animals.

BACKGROUND: The sales tax exemption for qualified farmers was first enacted by S.L. 2013-316.

BILL ANALYSIS: The PCS would lower the income requirement from \$10,000 to \$5,000 in order for a farmer to qualify for the sales tax exemption.

EFFECTIVE DATE: This act would become effective July 1, 2015, and would apply to exemption certificates issued on or after that date.

O. Walker Reagan
Director



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