

Revenue Information Bulletin 23-020

August 3, 2023

Sales and Use Tax

**Partial State and Local Sales Exemption for Agricultural Fencing Material Purchased
by Commercial Farmers**

Act 425 of the 2023 Regular Session of the Louisiana Legislature (“Act 425”) creates a partial state and local sales tax exemption for the purchase of agricultural fencing materials by commercial farmers effective August 1, 2023 through June 30, 2029 (the “Effective Period”).

New Exemption

Specifically, Act 425 establishes a sales and use tax exemption for the state impositions under La. R.S. 47:321 (1%), 47:321.1 (.45%), 47:331 (.97%) and 51:1286 (.03%) and all local tax for purchases of agricultural fencing materials by commercial farmers during the Effective Period. These purchases will still be subject to the 2% imposition under La. R.S. 47:302 for the Effective Period.

For purposes of the exemption, agricultural fencing materials means gates, hog wire fencing, barbed wire fencing, lumber or steel used as posts or rails, nails, screws, hinges, and concrete consisting of premixed dry mortar used for the purpose of fencing agricultural livestock. The term also includes electric fence wire, insulated posts, power sources, grounding systems, warning signs, and other components of electric agricultural fencing.

The exemption is available to commercial farmers as defined by La. R.S. 47:301(30). Commercial Farmers should present their R-1091, *Commercial Farmer Certification* card and R-1007, *Farm-Related Products* exemption certificate at the time of the purchase of the agricultural fencing materials. Sellers should retain copies of these documents for their records.

Rebate Repeal

Act 425 also repeals the existing state sales tax rebate set forth in La R.S. 47:305.77 for purchases by commercial farmers of agricultural fencing materials used to replace or repair enclosures in federally declared disaster areas that were damaged or destroyed by hurricanes in 2020 or 2021.

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