



2003 ASSEMBLY BILL 283

April 23, 2003 – Introduced by Representatives OTT, GRONEMUS, AINSWORTH, BALOW, FREESE, HAHN, HEBL, HINES, HUBLER, HUNDERTMARK, KRAWCZYK, F. LASEE, LASSA, LEMAHIEU, LOEFFELHOLZ, MCCORMICK, MUSSER, OLSEN, OWENS, PETROWSKI, STEINBRINK, TOWNS, TURNER, VAN ROY, VRUWINK, M. WILLIAMS and J. WOOD, cosponsored by Senators SCHULTZ, DECKER, S. FITZGERALD, HANSEN, HARSDDORF, KANAVAS, A. LASEE, ROESSLER, STEPP and WELCH. Referred to Committee on Agriculture.

1 **AN ACT to amend** 71.05 (6) (a) 15., 71.08 (1) (intro.), 71.21 (4), 71.26 (2) (a), 71.34
2 (1) (g), 71.45 (2) (a) 10. and 77.92 (4); and **to create** 71.07 (3n), 71.10 (4) (gbm),
3 71.28 (3n), 71.30 (3) (bm), 71.47 (3n) and 71.49 (1) (bm) of the statutes; **relating**
4 **to:** an income and franchise tax credit for expenses related to operating a dairy
5 farm.

Analysis by the Legislative Reference Bureau

This bill creates an income tax and franchise tax credit for taxpayers who pay certain expenses related to operating a dairy farm. The credit is equal to 10% of the amount the taxpayer paid in the taxable year for dairy farm modernization or expansion. “Dairy farm modernization or expansion” means, generally, the construction, the improvement, or the acquisition of buildings or facilities, or the acquisition of equipment, for dairy animal housing, confinement, animal feeding, milk production, and waste management. The credit applies to taxable years that begin after December 31, 2003, and end before January 1, 2010. The aggregate amount of credits that a taxpayer may claim is \$50,000. If the amount of the credit claimed by the taxpayer exceeds the taxpayer’s tax liability, the taxpayer will not receive a refund but, instead, may carry forward the amount of the unused credit to subsequent taxable years.

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For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 71.05 (6) (a) 15. of the statutes is amended to read:

2 71.05 **(6)** (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
3 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3n), and (3s) and not passed
4 through by a partnership, limited liability company, or tax-option corporation that
5 has added that amount to the partnership's, company's, or tax-option corporation's
6 income under s. 71.21 (4) or 71.34 (1) (g).

7 **SECTION 2.** 71.07 (3n) of the statutes is created to read:

8 71.07 **(3n)** DAIRY INVESTMENT CREDIT. (a) In this subsection:

9 1. "Claimant" means a person who files a claim under this subsection.

10 2. "Dairy farm modernization or expansion" means the construction, the
11 improvement, or the acquisition of buildings or facilities, or the acquisition of
12 equipment, for dairy animal housing, confinement, animal feeding, milk production,
13 and waste management, including the following, if related to dairy animals:

14 a. Freestall barns.

15 b. Fences.

16 c. Watering facilities.

17 d. Feed storage and handling equipment.

18 e. Milking parlors.

19 f. Robotic equipment.

20 g. Scales.

21 h. Milk storage and cooling facilities.

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1 i. Bulk tanks.

2 j. Manure pumping and storage facilities.

3 k. Digesters.

4 L. Equipment used to produce energy.

5 (b) Subject to the limitations provided in this subsection, for taxable years that
6 begin after December 31, 2003, and end before January 1, 2010, a claimant may
7 claim as a credit against the tax imposed under s. 71.02 an amount equal to 10% of
8 the amount the claimant paid in the taxable year for dairy farm modernization or
9 expansion related to the operation of the claimant's dairy farm.

10 (c) No credit may be allowed under this subsection for any amount that the
11 claimant paid for expenses described under par. (b) that the claimant also claimed
12 as a deduction under section 162 of the Internal Revenue Code.

13 (d) The aggregate amount of credits that a claimant may claim under this
14 subsection is \$50,000.

15 (e) Partnerships, limited liability companies, and tax-option corporations may
16 not claim the credit under this subsection, but the eligibility for, and the amount of,
17 the credit are based on their payment of expenses under par. (b). A partnership,
18 limited liability company, or tax-option corporation shall compute the amount of
19 credit that each of its partners, members, or shareholders may claim and shall
20 provide that information to each of them. Partners, members of limited liability
21 companies, and shareholders of tax-option corporations may claim the credit in
22 proportion to their ownership interest.

23 (f) Section 71.28 (4) (e), (f), (g), and (h), as it applies to the credit under s. 71.28
24 (4), applies to the credit under this subsection.

25 **SECTION 3.** 71.08 (1) (intro.) of the statutes is amended to read:

ASSEMBLY BILL 283**SECTION 3**

1 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
2 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
3 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3n), (3s),
4 (6), (6s) and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and,
5 (3), and (3n), and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and,
6 (3), and (3n), and subchs. VIII and IX and payments to other states under s. 71.07
7 (7), is less than the tax under this section, there is imposed on that natural person,
8 married couple filing jointly, trust, or estate, instead of the tax under s. 71.02, an
9 alternative minimum tax computed as follows:

10 **SECTION 4.** 71.10 (4) (gbm) of the statutes is created to read:

11 71.10 (4) (gbm) Dairy investment credit under s. 71.07 (3n).

12 **SECTION 5.** 71.21 (4) of the statutes is amended to read:

13 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
14 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3n), and (3s) and passed through to partners
15 shall be added to the partnership's income.

16 **SECTION 6.** 71.26 (2) (a) of the statutes is amended to read:

17 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means
18 the gross income as computed under the Internal Revenue Code as modified under
19 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
20 computed under s. 71.28 (1), (3), (4), and (5), plus the amount of the credit computed
21 under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), and (3g), and (3n)
22 and not passed through by a partnership, limited liability company, or tax-option
23 corporation that has added that amount to the partnership's, limited liability
24 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) plus
25 the amount of losses from the sale or other disposition of assets the gain from which

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1 would be wholly exempt income, as defined in sub. (3) (L), if the assets were sold or
2 otherwise disposed of at a gain and minus deductions, as computed under the
3 Internal Revenue Code as modified under sub. (3), plus or minus, as appropriate, an
4 amount equal to the difference between the federal basis and Wisconsin basis of any
5 asset sold, exchanged, abandoned, or otherwise disposed of in a taxable transaction
6 during the taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

7 **SECTION 7.** 71.28 (3n) of the statutes is created to read:

8 71.28 (3n) DAIRY INVESTMENT CREDIT. (a) In this subsection:

9 1. "Claimant" means a person who files a claim under this subsection.

10 2. "Dairy farm modernization or expansion" means the construction, the
11 improvement, or the acquisition of buildings or facilities, or acquiring equipment, for
12 dairy animal housing, confinement, animal feeding, milk production, and waste
13 management, including the following, if related to dairy animals:

14 a. Freestall barns.

15 b. Fences.

16 c. Watering facilities.

17 d. Feed storage and handling equipment.

18 e. Milking parlors.

19 f. Robotic equipment.

20 g. Scales.

21 h. Milk storage and cooling facilities.

22 i. Bulk tanks.

23 j. Manure pumping and storage facilities.

24 k. Digesters.

25 L. Equipment used to produce energy.

ASSEMBLY BILL 283**SECTION 7**

1 (b) Subject to the limitations provided in this subsection, for taxable years that
2 begin after December 31, 2003, and end before January 1, 2010, a claimant may
3 claim as a credit against the tax imposed under s. 71.23 an amount equal to 10% of
4 the amount the claimant paid in the taxable year for dairy farm modernization or
5 expansion related to the operation of the claimant's dairy farm.

6 (c) No credit may be allowed under this subsection for any amount that the
7 claimant paid for expenses described under par. (b) that the claimant also claimed
8 as a deduction under section 162 of the Internal Revenue Code.

9 (d) The aggregate amount of credits that a claimant may claim under this
10 subsection is \$50,000.

11 (e) Partnerships, limited liability companies, and tax-option corporations may
12 not claim the credit under this subsection, but the eligibility for, and the amount of,
13 the credit are based on their payment of expenses under par. (b). A partnership,
14 limited liability company, or tax-option corporation shall compute the amount of
15 credit that each of its partners, members, or shareholders may claim and shall
16 provide that information to each of them. Partners, members of limited liability
17 companies, and shareholders of tax-option corporations may claim the credit in
18 proportion to their ownership interest.

19 (f) Subsection (4) (e), (f), (g), and (h), as it applies to the credit under sub. (4),
20 applies to the credit under this subsection.

21 **SECTION 8.** 71.30 (3) (bm) of the statutes is created to read:

22 71.30 (3) (bm) Dairy investment credit under s. 71.28 (3n).

23 **SECTION 9.** 71.34 (1) (g) of the statutes is amended to read:

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1 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
2 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), and
3 (3g), and (3n) and passed through to shareholders.

4 **SECTION 10.** 71.45 (2) (a) 10. of the statutes is amended to read:

5 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
6 computed under s. 71.47 (1dd) to (1dx) and (3n) and not passed through by a
7 partnership, limited liability company, or tax-option corporation that has added that
8 amount to the partnership's, limited liability company's, or tax-option corporation's
9 income under s. 71.21 (4) or 71.34 (1) (g) and the amount of credit computed under
10 s. 71.47 (1), (3), (4), and (5).

11 **SECTION 11.** 71.47 (3n) of the statutes is created to read:

12 71.47 (3n) DAIRY INVESTMENT CREDIT. (a) In this subsection:

13 1. "Claimant" means a person who files a claim under this subsection.

14 2. "Dairy farm modernization or expansion" means the construction, the
15 improvement, or the acquisition of buildings or facilities, or the acquisition of
16 equipment, for dairy animal housing, confinement, animal feeding, milk production,
17 and waste management, including the following, if related to dairy animals:

18 a. Freestall barns.

19 b. Fences.

20 c. Watering facilities.

21 d. Feed storage and handling equipment.

22 e. Milking parlors.

23 f. Robotic equipment.

24 g. Scales.

25 h. Milk storage and cooling facilities.

ASSEMBLY BILL 283**SECTION 11**

1 i. Bulk tanks.

2 j. Manure pumping and storage facilities.

3 k. Digesters.

4 L. Equipment used to produce energy.

5 (b) Subject to the limitations provided in this subsection, for taxable years that
6 begin after December 31, 2003, and end before January 1, 2010, a claimant may
7 claim as a credit against the tax imposed under s. 71.43 an amount equal to 10% of
8 the amount the claimant paid in the taxable year for dairy farm modernization or
9 expansion related to the operation of the claimant's dairy farm.

10 (c) No credit may be allowed under this subsection for any amount that the
11 claimant paid for expenses described under par. (b) that the claimant also claimed
12 as a deduction under section 162 of the Internal Revenue Code.

13 (d) The aggregate amount of credits that a claimant may claim under this
14 subsection is \$50,000.

15 (e) Partnerships, limited liability companies, and tax-option corporations may
16 not claim the credit under this subsection, but the eligibility for, and the amount of,
17 the credit are based on their payment of expenses under par. (b). A partnership,
18 limited liability company, or tax-option corporation shall compute the amount of
19 credit that each of its partners, members, or shareholders may claim and shall
20 provide that information to each of them. Partners, members of limited liability
21 companies, and shareholders of tax-option corporations may claim the credit in
22 proportion to their ownership interest.

23 (f) Section 71.28 (4) (e), (f), (g), and (h), as it applies to the credit under s. 71.28
24 (4), applies to the credit under this subsection.

25 **SECTION 12.** 71.49 (1) (bm) of the statutes is created to read:

