



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-4250/1
EKL:kjf

2019 SENATE BILL 707

January 24, 2020 - Introduced by Senator MARKLEIN, cosponsored by Representative KURTZ. Referred to Committee on Agriculture, Revenue and Financial Institutions.

1 **AN ACT to create** 71.26 (2) (a) 13. and 71.34 (1k) (p) of the statutes; **relating to:**
2 creating an income and franchise tax deduction for interest on a loan secured
3 by agricultural real estate.

Analysis by the Legislative Reference Bureau

This bill creates an income and franchise tax deduction for the interest received by a federally insured depository institution on a loan secured by agricultural real estate or by a leasehold mortgage, with the status as a lien, on agricultural real estate. The bill defines “agricultural real estate” to mean any of the following:

1. Real property located in Wisconsin that is substantially used for the production of agricultural products.
2. A single family residence that is the principal residence of its occupant, is purchased or improved with the loan’s proceeds, and is located in an area in Wisconsin that is outside a federal metropolitan statistical area and has a population of no more than 2,500.

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:

4 **SECTION 1.** 71.26 (2) (a) 13. of the statutes is created to read:

SENATE BILL 707**SECTION 1**

1 71.26 **(2)** (a) 13. Minus the interest received by an insured depository
2 institution, as defined in 12 USC 1813 (c) (2), on a loan secured by agricultural real
3 estate or by a leasehold mortgage, with the status as a lien, on agricultural real
4 estate. The determination of whether property securing a loan is agricultural real
5 estate shall be made at the time the interest is accrued. In this subdivision,
6 “agricultural real estate” means any of the following:

7 a. Real property located in this state that is substantially used for the
8 production of one or more agricultural products, as defined in s. 421.301 (4).

9 b. A single family residence that is the principal residence of its occupant, is
10 purchased or improved with the proceeds of the loan, and is located in an area in this
11 state that is outside a federal metropolitan statistical area and has a population that
12 does not exceed 2,500.

13 **SECTION 2.** 71.34 (1k) (p) of the statutes is created to read:

14 71.34 **(1k)** (p) A subtraction shall be made by an insured depository institution,
15 as defined in 12 USC 1813 (c) (2), for the interest received on a loan secured by
16 agricultural real estate or by a leasehold mortgage, with the status as a lien, on
17 agricultural real estate. The determination of whether property securing a loan is
18 agricultural real estate shall be made at the time the interest is accrued. In this
19 paragraph, “agricultural real estate” means any of the following:

20 1. Real property located in this state that is substantially used for the
21 production of one or more agricultural products, as defined in s. 421.301 (4).

22 2. A single family residence that is the principal residence of its occupant, is
23 purchased or improved with the proceeds of the loan, and is located in an area in this
24 state that is outside a federal metropolitan statistical area and has a population that
25 does not exceed 2,500.

