



2019 SENATE BILL 818

February 12, 2020 - Introduced by Senators MARKLEIN, BERNIER and TESTIN, cosponsored by Representatives TRANEL, NOVAK, PETRYK, PRONSCHINSKE, TAUCHEN, MAGNAFICI, SUMMERFIELD, KITCHENS, OLDENBURG, PLUMER, BALLWEG, SCHRAA, KRUG, SKOWRONSKI and TUSLER. Referred to Committee on Agriculture, Revenue and Financial Institutions.

1 **AN ACT to amend** 71.05 (6) (a) 15., 71.10 (4) (i), 71.21 (4) (a), 71.26 (2) (a) 4., 71.30
2 (3) (f), 71.34 (1k) (g), 71.45 (2) (a) 10. and 71.49 (1) (f); **to repeal and recreate**
3 71.05 (6) (a) 15., 71.10 (4) (i), 71.21 (4) (a), 71.26 (2) (a) 4., 71.30 (3) (f), 71.34 (1k)
4 (g), 71.45 (2) (a) 10. and 71.49 (1) (f); and **to create** 20.835 (2) (bh), 71.07 (8s),
5 71.28 (8s) and 71.47 (8s) of the statutes; **relating to:** an income tax credit for
6 the property taxes paid on agricultural buildings and improvements and
7 making an appropriation.

Analysis by the Legislative Reference Bureau

This bill creates an income and franchise tax credit equal to approximately 66 percent of the taxes levied on buildings and other improvements, not including residential property, that are located in this state and used exclusively for farming. The credit is limited to \$7,500 for an individual, entity, or married couple filing jointly. In addition, in order to claim the credit, the claimant must have at least \$35,000 in annual gross income from farming. The person will receive a refund if the amount of the credit exceeds the person's tax liability.

The bill also allows a taxpayer to claim the credit for 2020 online in the manner determined by DOR rather than file a tax return to claim the credit. Claiming the credit online for 2020 does not relieve the taxpayer of the taxpayer's obligation to otherwise file a return for that year.

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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.** 20.835 (2) (bh) of the statutes is created to read:

2 20.835 (2) (bh) *Farm buildings credit.* A sum sufficient to make the payments
3 under ss. 71.07 (8s), 71.28 (8s), and 71.47 (8s).

4 **SECTION 2.** 71.05 (6) (a) 15. of the statutes is amended to read:

5 71.05 (6) (a) 15. Except as provided under s. 71.07 (3p) (c) 5., the amount of the
6 credits computed under s. 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r),
7 (3rm), (3rn), (3s), (3t), (3w), (3wm), (3y), (4k), (4n), (5e), (5f), (5h), (5i), (5j), (5k), (5r),
8 (5rm), (6n), (8r), ~~(8s)~~, and (10) and not passed through by a partnership, limited
9 liability company, or tax-option corporation that has added that amount to the
10 partnership's, company's, or tax-option corporation's income under s. 71.21 (4) or
11 71.34 (1k) (g).

12 **SECTION 3.** 71.05 (6) (a) 15. of the statutes, as affected by 2019 Wisconsin Act
13 54 and 2019 Wisconsin Act (this act), is repealed and recreated to read:

14 71.05 (6) (a) 15. Except as provided under s. 71.07 (3p) (c) 5., the amount of the
15 credits computed under s. 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3q), (3s), (3t),
16 (3w), (3wm), (3y), (4k), (4n), (5e), (5i), (5j), (5k), (5r), (5rm), (6n), (8s), and (10) and not
17 passed through by a partnership, limited liability company, or tax-option
18 corporation that has added that amount to the partnership's, company's, or
19 tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

20 **SECTION 4.** 71.07 (8s) of the statutes is created to read:

21 71.07 (8s) FARM BUILDINGS CREDIT. (a) *Definitions.* In this subsection:

SENATE BILL 818**SECTION 4**

1 1. “Agricultural land” means land that is assessed as agricultural land under
2 s. 70.32 (2) (a) 4.

3 2. “Claimant” means a person who files a claim under this subsection.

4 3. “Residential property” means property that is assessed as residential
5 property under s. 70.32 (2) (a) 1. or a residence that is assessed as other under s. 70.32
6 (2) (a) 7.

7 4. “Used exclusively” means used to the exclusion of all other uses except for
8 use not exceeding 5 percent of total use.

9 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
10 taxable years beginning after December 31, 2019, and before January 1, 2023, a
11 claimant may claim as a credit against the taxes imposed under s. 71.02 an amount
12 equal to the most recent assessed value of the claimant’s buildings and
13 improvements assessed as other under s. 70.32 (2) (a) 7., not including residential
14 property, that are used exclusively for farming, multiplied by 0.01187.

15 (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option
16 corporations may not claim the credit under this subsection, but the eligibility for,
17 and the amount of, the credit are based on the determination described under par.
18 (b). A partnership, limited liability company, or tax-option corporation shall
19 compute the amount of credit that each of its partners, members, or shareholders
20 may claim and shall provide that information to each of them. Partners, members
21 of limited liability companies, and shareholders of tax-option corporations may
22 claim the credit in proportion to their ownership interests.

23 2. No credit may be allowed under this subsection if the claimant or the
24 claimant’s spouse files a claim under sub. (6e) or (9) or subch. VIII or IX that relates
25 to the same taxable year for which a claim is made under this subsection.

SENATE BILL 818**SECTION 4**

1 3. The maximum amount of the credit that a claimant may claim under this
2 subsection in a taxable year is \$7,500 for an individual or a married couple filing
3 jointly.

4 4. No claimant may claim a credit under this subsection unless the claimant
5 is a farmer and files a schedule F for the taxable year for which the claimant claims
6 the credit or is an entity actively engaged in farming under 7 CFR 1400.201 for that
7 taxable year. No claimant may claim a credit under this subsection unless the
8 claimant's annual gross income from farming for the year in which the claim relates
9 is not less than \$35,000. For purposes of this subdivision, "gross income" has the
10 meaning given in s. 71.03 (1).

11 (d) *Administration.* 1. Section 71.28 (4) (g) and (h), as it applies to the credit
12 under s. 71.28 (4), applies to the credit under this subsection.

13 2. If the allowable amount of the claim under this subsection exceeds the taxes
14 otherwise due on the claimant's income under s. 71.02, the amount of the claim that
15 is not used to offset those taxes shall be certified by the department of revenue to the
16 department of administration for payment from the appropriation under s. 20.835
17 (2) (bh).

18 **SECTION 5.** 71.10 (4) (i) of the statutes is amended to read:

19 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
20 preservation credit under ss. 71.57 to 71.61, farmland preservation credit, 2010 and
21 beyond under s. 71.613, homestead credit under subch. VIII, farmland tax relief
22 credit under s. 71.07 (3m), dairy manufacturing facility investment credit under s.
23 71.07 (3p), jobs tax credit under s. 71.07 (3q), meat processing facility investment
24 credit under s. 71.07 (3r), woody biomass harvesting and processing credit under s.
25 71.07 (3rm), food processing plant and food warehouse investment credit under s.

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1 71.07 (3rn), business development credit under s. 71.07 (3y), research credit under
2 s. 71.07 (4k) (e) 2. a., film production services credit under s. 71.07 (5f), film
3 production company investment credit under s. 71.07 (5h), veterans and surviving
4 spouses property tax credit under s. 71.07 (6e), enterprise zone jobs credit under s.
5 71.07 (3w), electronics and information technology manufacturing zone credit under
6 s. 71.07 (3wm), beginning farmer and farm asset owner tax credit under s. 71.07 (8r),
7 farm buildings credit under s. 71.07 (8s), earned income tax credit under s. 71.07 (9e),
8 estimated tax payments under s. 71.09, and taxes withheld under subch. X.

9 **SECTION 6.** 71.10 (4) (i) of the statutes, as affected by 2019 Wisconsin Act 54 and
10 2019 Wisconsin Act (this act), is repealed and recreated to read:

11 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
12 preservation credit under ss. 71.57 to 71.61, farmland preservation credit, 2010 and
13 beyond under s. 71.613, homestead credit under subch. VIII, farmland tax relief
14 credit under s. 71.07 (3m), jobs tax credit under s. 71.07 (3q), business development
15 credit under s. 71.07 (3y), research credit under s. 71.07 (4k) (e) 2. a., veterans and
16 surviving spouses property tax credit under s. 71.07 (6e), enterprise zone jobs credit
17 under s. 71.07 (3w), electronics and information technology manufacturing zone
18 credit under s. 71.07 (3wm), farm buildings credit under s. 71.07 (8s), earned income
19 tax credit under s. 71.07 (9e), estimated tax payments under s. 71.09, and taxes
20 withheld under subch. X.

21 **SECTION 7.** 71.21 (4) (a) of the statutes is amended to read:

22 71.21 (4) (a) The amount of the credits computed by a partnership under s.
23 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w),
24 (3wm), (3y), (4k), (4n), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8r), (8s),
25 and (10) and passed through to partners shall be added to the partnership's income.

SENATE BILL 818**SECTION 8**

1 **SECTION 8.** 71.21 (4) (a) of the statutes, as affected by 2019 Wisconsin Act 54
2 and 2019 Wisconsin Act (this act), is repealed and recreated to read:

3 71.21 (4) (a) The amount of the credits computed by a partnership under s.
4 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3q), (3s), (3t), (3w), (3wm), (3y), (4k), (4n),
5 (5e), (5g), (5i), (5j), (5k), (5r), (5rm), (6n), (8s), and (10) and passed through to partners
6 shall be added to the partnership's income.

7 **SECTION 9.** 71.26 (2) (a) 4. of the statutes is amended to read:

8 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dm),
9 (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (3wm), (3y), (5e),
10 (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8r), ~~(8s)~~, (9s), and (10) and not passed
11 through by a partnership, limited liability company, or tax-option corporation that
12 has added that amount to the partnership's, limited liability company's, or
13 tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

14 **SECTION 10.** 71.26 (2) (a) 4. of the statutes, as affected by 2019 Wisconsin Act
15 54 and 2019 Wisconsin Act (this act), is repealed and recreated to read:

16 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dm),
17 (1dx), (1dy), (3g), (3h), (3n), (3q), (3t), (3w), (3wm), (3y), (5e), (5g), (5i), (5j), (5k), (5r),
18 (5rm), (6n), (8s), (9s), and (10) and not passed through by a partnership, limited
19 liability company, or tax-option corporation that has added that amount to the
20 partnership's, limited liability company's, or tax-option corporation's income under
21 s. 71.21 (4) or 71.34 (1k) (g).

22 **SECTION 11.** 71.28 (8s) of the statutes is created to read:

23 71.28 (8s) FARM BUILDINGS CREDIT. (a) *Definitions.* In this subsection:

24 1. "Agricultural land" means land that is assessed as agricultural land under
25 s. 70.32 (2) (a) 4.

SENATE BILL 818**SECTION 11**

1 2. “Claimant” means a person who files a claim under this subsection.

2 3. “Residential property” means property that is assessed as residential
3 property under s. 70.32 (2) (a) 1. or a residence that is assessed as other under s. 70.32
4 (2) (a) 7.

5 4. “Used exclusively” means used to the exclusion of all other uses except for
6 use not exceeding 5 percent of total use.

7 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
8 taxable years beginning after December 31, 2019, and before January 1, 2023, a
9 claimant may claim as a credit against the taxes imposed under s. 71.23 an amount
10 equal to the most recent assessed value of the claimant’s buildings and
11 improvements assessed as other under s. 70.32 (2) (a) 7., not including residential
12 property, that are used exclusively for farming, multiplied by 0.01187.

13 (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option
14 corporations may not claim the credit under this subsection, but the eligibility for,
15 and the amount of, the credit are based on the determination described under par.

16 (b). A partnership, limited liability company, or tax-option corporation shall
17 compute the amount of credit that each of its partners, members, or shareholders
18 may claim and shall provide that information to each of them. Partners, members
19 of limited liability companies, and shareholders of tax-option corporations may
20 claim the credit in proportion to their ownership interests.

21 2. The maximum amount of the credit that a claimant may claim under this
22 subsection in a taxable year is \$7,500.

23 3. No claimant may claim a credit under this subsection unless the claimant
24 is a farmer and files a schedule F for the taxable year for which the claimant claims
25 the credit or is an entity actively engaged in farming under 7 CFR 1400.201 for that

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1 taxable year. No claimant may claim a credit under this subsection unless the
2 claimant's annual gross income from farming for the year in which the claim relates
3 is not less than \$35,000. For purposes of this subdivision, "gross income" has the
4 meaning given in s. 71.03 (1).

5 (d) *Administration.* 1. Subsection (4) (g) and (h), as it applies to the credit
6 under sub. (4), applies to the credit under this subsection.

7 2. If the allowable amount of the claim under this subsection exceeds the taxes
8 otherwise due on the claimant's income under s. 71.23, the amount of the claim that
9 is not used to offset those taxes shall be certified by the department of revenue to the
10 department of administration for payment from the appropriation under s. 20.835
11 (2) (bh).

12 **SECTION 12.** 71.30 (3) (f) of the statutes is amended to read:

13 71.30 (3) (f) The total of farmland preservation credit under subch. IX,
14 farmland tax relief credit under s. 71.28 (2m), dairy manufacturing facility
15 investment credit under s. 71.28 (3p), jobs credit under s. 71.28 (3q), meat processing
16 facility investment credit under s. 71.28 (3r), woody biomass harvesting and
17 processing credit under s. 71.28 (3rm), food processing plant and food warehouse
18 investment credit under s. 71.28 (3rn), enterprise zone jobs credit under s. 71.28
19 (3w), electronics and information technology manufacturing zone credit under s.
20 71.28 (3wm), business development credit under s. 71.28 (3y), research credit under
21 s. 71.28 (4) (k) 1., film production services credit under s. 71.28 (5f), film production
22 company investment credit under s. 71.28 (5h), beginning farmer and farm asset
23 owner tax credit under s. 71.28 (8r), farm buildings credit under s. 71.28 (8s), and
24 estimated tax payments under s. 71.29.

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1 **SECTION 13.** 71.30 (3) (f) of the statutes, as affected by 2019 Wisconsin Act 54
2 and 2019 Wisconsin Act (this act), is repealed and recreated to read:

3 71.30 **(3)** (f) The total of farmland preservation credit under subch. IX,
4 farmland tax relief credit under s. 71.28 (2m), jobs credit under s. 71.28 (3q),
5 enterprise zone jobs credit under s. 71.28 (3w), electronics and information
6 technology manufacturing zone credit under s. 71.28 (3wm), business development
7 credit under s. 71.28 (3y), research credit under s. 71.28 (4) (k) 1., farm buildings
8 credit under s. 71.28 (8s), and estimated tax payments under s. 71.29.

9 **SECTION 14.** 71.34 (1k) (g) of the statutes is amended to read:

10 71.34 **(1k)** (g) An addition shall be made for credits computed by a tax-option
11 corporation under s. 71.28 (1dm), (1dx), (1dy), (3), (3g), (3h), (3n), (3p), (3q), (3r),
12 (3rm), (3rn), (3t), (3w), (3wm), (3y), (4), (5), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r),
13 (5rm), (6n), (8r), ~~(8s)~~, and (10) and passed through to shareholders.

14 **SECTION 15.** 71.34 (1k) (g) of the statutes, as affected by 2019 Wisconsin Act 54
15 and 2019 Wisconsin Act (this act), is repealed and recreated to read:

16 71.34 **(1k)** (g) An addition shall be made for credits computed by a tax-option
17 corporation under s. 71.28 (1dm), (1dx), (1dy), (3), (3g), (3h), (3n), (3q), (3t), (3w),
18 (3wm), (3y), (4), (5), (5e), (5g), (5i), (5j), (5k), (5r), (5rm), (6n), (8s), and (10) and passed
19 through to shareholders.

20 **SECTION 16.** 71.45 (2) (a) 10. of the statutes is amended to read:

21 71.45 **(2)** (a) 10. By adding to federal taxable income the amount of credit
22 computed under s. 71.47 (1dm) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn),
23 (3w), (3y), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8r), ~~(8s)~~, (9s), and (10)
24 and not passed through by a partnership, limited liability company, or tax-option
25 corporation that has added that amount to the partnership's, limited liability

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1 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and
2 the amount of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

3 **SECTION 17.** 71.45 (2) (a) 10. of the statutes, as affected by 2019 Wisconsin Act
4 54 and 2019 Wisconsin Act ... (this act), is repealed and recreated to read:

5 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
6 computed under s. 71.47 (1dm) to (1dy), (3g), (3h), (3n), (3q), (3w), (3y), (5e), (5g), (5i),
7 (5j), (5k), (5r), (5rm), (6n), (8s), (9s), and (10) and not passed through by a
8 partnership, limited liability company, or tax-option corporation that has added that
9 amount to the partnership's, limited liability company's, or tax-option corporation's
10 income under s. 71.21 (4) or 71.34 (1k) (g) and the amount of credit computed under
11 s. 71.47 (1), (3), (3t), (4), (4m), and (5).

12 **SECTION 18.** 71.47 (8s) of the statutes is created to read:

13 71.47 (8s) FARM BUILDINGS CREDIT. (a) *Definitions.* In this subsection:

14 1. "Agricultural land" means land that is assessed as agricultural land under
15 s. 70.32 (2) (a) 4.

16 2. "Claimant" means a person who files a claim under this subsection.

17 3. "Residential property" means property that is assessed as residential
18 property under s. 70.32 (2) (a) 1. or a residence that is assessed as other under s. 70.32
19 (2) (a) 7.

20 4. "Used exclusively" means used to the exclusion of all other uses except for
21 use not exceeding 5 percent of total use.

22 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
23 taxable years beginning after December 31, 2019, and before January 1, 2023, a
24 claimant may claim as a credit against the taxes imposed under s. 71.43 an amount
25 equal to the most recent assessed value of the claimant's buildings and

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1 improvements assessed as other under s. 70.32 (2) (a) 7., not including residential
2 property, that are used exclusively for farming, multiplied by 0.01187.

3 (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option
4 corporations may not claim the credit under this subsection, but the eligibility for,
5 and the amount of, the credit are based on the determination described under par.

6 (b). A partnership, limited liability company, or tax-option corporation shall
7 compute the amount of credit that each of its partners, members, or shareholders
8 may claim and shall provide that information to each of them. Partners, members
9 of limited liability companies, and shareholders of tax-option corporations may
10 claim the credit in proportion to their ownership interests.

11 2. The maximum amount of the credit that a claimant may claim under this
12 subsection in a taxable year is \$7,500.

13 3. No claimant may claim a credit under this subsection unless the claimant
14 is a farmer and files a schedule F for the taxable year for which the claimant claims
15 the credit or is an entity actively engaged in farming under 7 CFR 1400.201 for that
16 taxable year. No claimant may claim a credit under this subsection unless the
17 claimant's annual gross income from farming for the year in which the claim relates
18 is not less than \$35,000. For purposes of this subdivision, "gross income" has the
19 meaning given in s. 71.03 (1).

20 (d) *Administration.* 1. Section 71.28 (4) (g) and (h), as it applies to the credit
21 under s. 71.28 (4), applies to the credit under this subsection.

22 2. If the allowable amount of the claim under this subsection exceeds the taxes
23 otherwise due on the claimant's income under s. 71.43, the amount of the claim that
24 is not used to offset those taxes shall be certified by the department of revenue to the

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1 department of administration for payment from the appropriation under s. 20.835
2 (2) (bh).

3 **SECTION 19.** 71.49 (1) (f) of the statutes is amended to read:

4 71.49 (1) (f) The total of farmland preservation credit under subch. IX,
5 farmland tax relief credit under s. 71.47 (2m), dairy manufacturing facility
6 investment credit under s. 71.47 (3p), jobs credit under s. 71.47 (3q), meat processing
7 facility investment credit under s. 71.47 (3r), woody biomass harvesting and
8 processing credit under s. 71.47 (3rm), food processing plant and food warehouse
9 investment credit under s. 71.47 (3rn), enterprise zone jobs credit under s. 71.47
10 (3w), business development credit under s. 71.47 (3y), research credit under s. 71.47
11 (4) (k) 1., film production services credit under s. 71.47 (5f), film production company
12 investment credit under s. 71.47 (5h), beginning farmer and farm asset owner tax
13 credit under s. 71.47 (8r), farm buildings credit under s. 71.47 (8s), and estimated tax
14 payments under s. 71.48.

15 **SECTION 20.** 71.49 (1) (f) of the statutes, as affected by 2019 Wisconsin Act 54
16 and 2019 Wisconsin Act (this act), is repealed and recreated to read:

17 71.49 (1) (f) The total of farmland preservation credit under subch. IX,
18 farmland tax relief credit under s. 71.47 (2m), jobs credit under s. 71.47 (3q),
19 enterprise zone jobs credit under s. 71.47 (3w), business development credit under
20 s. 71.47 (3y), research credit under s. 71.47 (4) (k) 1., farm buildings credit under s.
21 71.47 (8s), and estimated tax payments under s. 71.48.

22 **SECTION 21. Nonstatutory provisions.**

23 (1) FARM BUILDINGS CREDIT. A person who is eligible to claim the farm buildings
24 credit under s. 71.07 (8s), 71.28 (8s), or 71.47 (8s) for taxable years beginning after
25 December 31, 2019, and before January 1, 2021, may claim the credit by filing a claim

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1 online, as prescribed by the department of revenue, rather than filing a return in
2 order to claim and receive the credit. This subsection does not relieve the claimant's
3 obligation to otherwise file a return for that taxable year. The department shall
4 process claims submitted under this subsection as expeditiously as possible and
5 certify the claims for payment as provided under ss. 71.07 (8s) (d) 2., 71.28 (8s) (d)
6 2., and 71.47 (8s) (d) 2.

7 **SECTION 22. Effective dates.** This act takes effect on the day after publication,
8 except as follows:

9 (1) The repeal and recreation of ss. 71.05 (6) (a) 15., 71.10 (4) (i), 71.21 (4) (a),
10 71.26 (2) (a) 4., 71.30 (3) (f), 71.34 (1k) (g), 71.45 (2) (a) 10., and 71.49 (1) (f) takes effect
11 on July 1, 2020.

12

(END)