



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-1280/Pl
MES&RCT&JK:bjk:rs

RMNR

DOA:.....Miner, BB0315 - Individual income and corporate income and franchise tax credit for landowners and beginning farmers

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

O-NOTE

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1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

This bill creates a refundable individual income tax credit for a beginning farmer who enters into at least a three year lease of an established farmer's agricultural assets, other than land, and uses the assets for farming, and a refundable individual and corporate income and franchise tax credit for the established farmer whose assets are leased. Because the credit is refundable, if the amount of credit due a claimant exceeds the claimant's tax liability, the excess amount of the credit is refunded to the claimant by check. The credit first applies to taxable years beginning on January 1, 2011.

A beginning farmer may claim a credit of up to \$500 on a one-time basis for the cost to enroll in a course in farm financial management that is offered by an educational institution, such as the University of Wisconsin-Madison, the University of Wisconsin-Extension, or the Wisconsin Technical College System. An established farmer may claim a credit of 15 percent of the amount of payments that the established farmer receives each year from the beginning farmer for the lease of the farm assets, except that the credit may only be claimed by the established farmer for the first three years of the lease.

To be a beginning farmer, an individual must have a net worth of less than \$200,000 and have farmed for fewer than ten years out of the preceding 15 years. To be an established farmer, person must have engaged in farming for at least ten years. A beginning farmer and an established farmer must apply to DATCP and obtain a certificate of eligibility in order to receive the tax credit. A beginning farmer must submit a business plan as part of the application. DATCP may not issue a certificate of eligibility unless the application shows that the beginning farmer has the resources and education, training, or experience for the type of farming in which the beginning farmer uses the experienced farmer's assets.

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

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

1 SECTION 1. 20.835 (2) (en) of the statutes is created to read:

2 20.835 (2) (en) *Beginning farmer and farm asset owner tax credit.* A sum
3 sufficient to pay the claims approved under ss. 71.07 (8r), 71.28 (8r), and 71.47 (8r).

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

5 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
6 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g)^(2dy), (3h), (3n), (3p), (3s)^(3r), (3t), (3w), (5e),
7 (5f), (5h), (5i), (5j), and (5k), and (8r) and not passed through by a partnership, limited
8 liability company, or tax-option corporation that has added that amount to the
9 partnership's, company's, or tax-option corporation's income under s. 71.21 (4) or
10 71.34 (1k) (g).

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11 SECTION 3. 71.07 (8r) of the statutes is created to read:

12 71.07 (8r) BEGINNING FARMER AND FARM ASSET OWNER TAX CREDIT. (a) *Definitions.*

13 In this subsection:

14 1. "Agricultural assets" means machinery, equipment, facilities, or livestock
15 that is used in farming.

1 2. "Beginning farmer" means a person who meets the conditions specified in s.
2 93.53 (2).

3 3. "Claimant" means a beginning farmer who files a claim under this subsection
4 or an established farmer who files a claim under this subsection.

5 4. "Educational institution" means the Wisconsin Technical College System,
6 the University of Wisconsin-Extension, the University of Wisconsin-Madison, or
7 any other institution that is approved by the department of agriculture, trade and
8 consumer protection under s. 93.53 (6) (a).

9 5. "Established farmer" means a person who meets the conditions specified in
10 s. 93.53 (3).

11 6. "Farming" has the meaning given in section 464 (e) (1) of the Internal
12 Revenue Code.

13 7. "Financial management program" means a course in farm financial
14 management that is offered by an educational institution.

15 8. "Lease amount" is the amount of the cash payment paid by a beginning
16 farmer to an established farmer each year for leasing the established farmer's
17 agricultural assets.

18 (b) *Filing claims.* 1. For taxable years beginning after December 31, 2010, and
19 subject to the limitations provided in this subsection, a beginning farmer may claim
20 as a credit against the tax imposed under s. 71.02 or 71.08, on a one-time basis, the
21 amount paid by the beginning farmer to enroll in a financial management program
22 in the year to which the claim relates. If the allowable amount of the claim exceeds
23 the income taxes otherwise due on the beginning farmer's income, the amount of the
24 claim not used as an offset against those taxes shall be certified by the department

1 of revenue to the department of administration for payment to the claimant by check,
2 share draft, or other draft from the appropriation under s. 20.835 (2) (en).

3 2. For taxable years beginning after December 31, 2010, and subject to the
4 limitations provided in this subsection, an established farmer may claim as a credit
5 against the tax imposed under s. 71.02 or 71.08 15 percent of the lease amount
6 received by the established farmer in the year to which the claim relates. If the
7 allowable amount of the claim exceeds the income taxes otherwise due on the
8 established farmer's income, the amount of the claim not used as an offset against
9 those taxes shall be certified by the department of revenue to the department of
10 administration for payment to the claimant by check, share draft, or other draft from
11 the appropriation under s. 20.835 (2) (en).

12 (c) *Limitations.* 1. An established farmer may only claim the credit under this
13 subsection for the first 3 years of any lease of the established farmer's agricultural
14 assets to a beginning farmer.

15 2. No credit may be allowed under this subsection unless it is claimed within
16 the time period under s. 71.75 (2).

17 3. Along with a claimant's income tax return, a claimant shall submit to the
18 department certificate of eligibility provided under s. 93.53 (5) (b) or (c).

19 4. No credit may be claimed under this subsection by a part-year resident or
20 a nonresident of this state.

21 5. The right to file a claim under this subsection is personal to the claimant and
22 does not survive the claimant's death. When a claimant dies after having filed a
23 timely claim the amount thereof shall be disbursed under s. 71.75 (10). The right to
24 file a claim under this subsection may be exercised on behalf of a living claimant by
25 the claimant's legal guardian or attorney-in-fact.

1 6. The maximum credit that a beginning farmer may claim under this
2 subsection is \$500.

3 7. Partnerships, limited liability companies, and tax-option corporations may
4 not claim the credit under this subsection, but the eligibility for, and the amount of,
5 the credit are based on the amounts received by the entities under par. (b) 2. A
6 partnership, limited liability company, or tax-option corporation shall compute the
7 amount of credit that each of its partners, members, or shareholders may claim and
8 shall provide that information to each of them. Partners, members of limited liability
9 companies, and shareholders of tax-option corporations may claim the credit in
10 proportion to their ownership interests.

11 (d) *Administration*. Subsection (9e) (d), to the extent that it applies to the credit
12 under that subsection, applies to the credit under this subsection.

13 **SECTION 4.** 71.08 (1) (intro.) of the statutes is amended to read:

14 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
15 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
16 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), ^(2dy)(3m), (3n), (3p), ^(3r)
17 (3s), (3t), (3w), (5b), (5d), (5e), (5f), ⁽⁵ⁱ⁾(6), ^(5j)(6e), ^(8r)(8r), and (9e), 71.28 (1dd), (1de), (1di),
18 (1dj), (1dL), (1ds), (1dx), ^(1dy)(1fd), ^(2m)(2m), (3), (3n), (3t), and (3w), ~~and~~ 71.47 (1dd), (1de),
19 (1di), (1dj), (1dL), (1ds), (1dx), ⁽⁵⁾(5) 71.57 to 71.6 and 71.613 and subchs. VIII
20 ~~and IX~~ and payments to other states under s. 71.07 (7), is less than the tax under this
21 section, there is imposed on that natural person, married couple filing jointly, trust
22 or estate, instead of the tax under s. 71.02, an alternative minimum tax computed
23 as follows:

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

pp. 71.57 to 71.64 Farmland preservation credit 2010 and beyond under 8076613

1 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
2 preservation credit under subch. IX, homestead credit under subch. VIII, farmland
3 tax relief credit under s. 71.07 (3m), ~~farmers' drought property tax credit under s.~~
4 ~~71.07 (2fd)~~, dairy manufacturing facility investment credit under s. 71.07 (3p), film
5 production services credit under s. 71.07 (5f) (b) 2., veterans and surviving spouses
6 property tax credit under s. 71.07 (6e), enterprise zone jobs credit under s. 71.07 (3w),
7 beginning farmer and farm asset owner tax credit under s. 71.07 (8r), earned income
8 tax credit under s. 71.07 (9e), estimated tax payments under s. 71.09, and taxes
9 withheld under subch. X. *meat processing facility investment credit under 71.007(3r)*

SECTION 6. 71.21 (4) of the statutes is amended to read:

11 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
12 (2dj), (2dL), (2dm), (2ds), (2dx), ^(2dy)(3g), (3h), (3n), (3p), ^(3r)(3s), (3t), (3w), (5e), (5f), (5g),
13 (5h), (5i), (5j), ~~and (5k)~~, and (8r) and passed through to partners shall be added to the
14 partnership's income.

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

16 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),
17 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), ^(1dy)(3g), (3h), (3n), (3p), ^(3r)(3t), (3w), (5e), (5f),
18 (5g), (5h), (5i), (5j), ~~and (5k)~~, and (8r) and not passed through by a partnership,
19 limited liability company, or tax-option corporation that has added that amount to
20 the partnership's, limited liability company's, or tax-option corporation's income
21 under s. 71.21 (4) or 71.34 (1k) (g).

SECTION 8. 71.28 (8r) of the statutes is created to read:

23 71.28 (8r) BEGINNING FARMER AND FARM ASSET OWNER TAX CREDIT. (a) *Definitions.*

24 In this subsection:

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1 1. "Agricultural assets" means machinery, equipment, facilities, or livestock
2 that is used in farming.

3 2. "Beginning farmer" means a person who meets the conditions specified in s.
4 93.53 (2).

5 3. "Claimant" means an established farmer who files a claim under this
6 subsection.

7 4. "Established farmer" means a person who meets the conditions specified in
8 s. 93.53 (3).

9 5. "Farming" has the meaning given in section 464 (e) (1) of the Internal
10 Revenue Code.

11 6. "Lease amount" is the amount of the cash payment paid by a beginning
12 farmer to an established farmer each year for leasing the established farmer's
13 agricultural assets.

14 (b) *Filing claims.* For taxable years beginning after December 31, 2010, and
15 subject to the limitations provided in this subsection, a claimant may claim as a
16 credit against the tax imposed under s. 71.23 an amount equal to 15 percent of the
17 lease amount received by the claimant in the taxable year. If the allowable amount
18 of the claim exceeds the taxes otherwise due on the claimant's income, the amount
19 of the claim not used as an offset against those taxes shall be certified by the
20 department of revenue to the department of administration for payment to the
21 claimant by check, share draft, or other draft from the appropriation under s. 20.835
22 (2) (en).

23 (c) *Limitations.* 1. A claimant may only claim the credit under this subsection
24 for the first 3 years of any lease of the claimant's agricultural assets to a beginning
25 farmer.

meat processing facility investment credit SECTION 8
under 71.28 (3r)

1 2. Along with a claimant's income tax return, a claimant shall submit to the
2 department a certificate of eligibility provided under s. 93.53 (5) (c).

3 3. Partnerships, limited liability companies, and tax-option corporations may
4 not claim the credit under this subsection, but the eligibility for, and the amount of,
5 the credit are based on the amounts received by the entities under par. (b). A
6 partnership, limited liability company, or tax-option corporation shall compute the
7 amount of credit that each of its partners, members, or shareholders may claim and
8 shall provide that information to each of them. Partners, members of limited liability
9 companies, and shareholders of tax-option corporations may claim the credit in
10 proportion to their ownership interests.

11 (d) *Administration.* Subsection (4) (e), (g), and (h), as it applies to the credit
12 under that sub. (4), applies to the credit under this subsection.

13 SECTION 9. 71.30 (3) (f) of the statutes is amended to read:

14 71.30 (3) (f) ~~The total of farmers' drought property tax credit under s. 71.28~~
15 ~~(1fd), farmland preservation credit under subch. IX, farmland tax relief credit under~~
16 ~~s. 71.28 (2m), dairy manufacturing facility investment credit under s. 71.28 (3p),~~
17 ~~enterprise zone jobs credit under s. 71.28 (3w), film production services credit under~~
18 ~~s. 71.28 (5f) (b) 2., beginning farmer and farm asset owner tax credit under s. 71.28~~
19 ~~(8r), and estimated tax payments under s. 71.29.~~

20 SECTION 10. 71.34 (1k) (g) of the statutes is amended to read:

21 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
22 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), ~~(3), (3g),~~
23 ~~(3h), (3n), (3p),~~ ^(3r) ~~(3t), (3w),~~ (5e), (5f), (5g), (5h), (5i), (5j), ~~and (5k), and (8r)~~ and passed
24 through to shareholders.

25 SECTION 11. 71.45 (2) (a) 10. of the statutes is amended to read:

1 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
 2 computed under s. 71.47 (1dd) to ^{(1d), (3g)}~~(1dx)~~, (3h), (3n), (3p), (3w), (5e), (5f), (5g), (5h), (5i),
 3 (5j), and (5k), and (8r) and not passed through by a partnership, limited liability
 4 company, or tax-option corporation that has added that amount to the partnership's,
 5 limited liability company's, or tax-option corporation's income under s. 71.21 (4) or
 6 71.34 (1k) (g) and the amount of credit computed under s. 71.47 (1), (3), (3t), (4), and
 7 (5). (4m)

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

9 71.47 (8r) BEGINNING FARMER AND FARM ASSET OWNER TAX CREDIT. (a) *Definitions.*

10 In this subsection:

11 1. "Agricultural assets" means machinery, equipment, facilities, or livestock
 12 that is used in farming.

13 2. "Beginning farmer" means a person who meets the conditions specified in s.
 14 93.53 (2).

15 3. "Claimant" means an established farmer who files a claim under this
 16 subsection.

17 4. "Established farmer" means a person who meets the conditions specified in
 18 s. 93.53 (3).

19 5. "Farming" has the meaning given in section 464 (e) (1) of the Internal
 20 Revenue Code.

21 6. "Lease amount" is the amount of the cash payment paid by a beginning
 22 farmer to an established farmer each year for leasing the established farmer's
 23 agricultural assets.

24 (b) *Filing claims.* For taxable years beginning after December 31, 2010, and
 25 subject to the limitations provided in this subsection, a claimant may claim as a

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1 credit against the tax imposed under s. 71.43 an amount equal to 15 percent of the
2 lease amount received by the claimant in the taxable year. If the allowable amount
3 of the claim exceeds the taxes otherwise due on the claimant's income, the amount
4 of the claim not used as an offset against those taxes shall be certified by the
5 department of revenue to the department of administration for payment to the
6 claimant by check, share draft, or other draft from the appropriation under s. 20.835
7 (2) (en).

8 (c) *Limitations.* 1. A claimant may only claim the credit under this subsection
9 for the first 3 years of any lease of the claimant's agricultural assets to a beginning
10 farmer.

11 2. Along with a claimant's income tax return, a claimant shall submit to the
12 department a certificate of eligibility provided under s. 93.53 (5) (c).

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

21 (d) *Administration.* Subsection (4) (e), (g), and (h), as it applies to the credit
22 under that sub. (4), applies to the credit under this subsection.

23 **SECTION 13.** 71.49 (1) (f) of the statutes is amended to read:

24 71.49 (1) (f) The total of ~~farmers' drought property tax credit under s. 71.47~~

25 ~~(1fd)~~, farmland preservation credit under subch. IX, farmland tax relief credit under

*meat processing facility investment credit
under 71.47 (3r)*

1 s. 71.47 (2m), dairy manufacturing facility investment credit under s. 71.47 (3p),
2 enterprise zone jobs credit under s. 71.47 (3w), film production services credit under
3 s. 71.47 (5f) (b) 2., beginning farmer and farm asset owner tax credit under s. 71.47
4 (8r), and estimated tax payments under s. 71.48.

5 **SECTION 14.** 77.92 (4) of the statutes is amended to read:

6 77.92 (4) "Net business income," with respect to a partnership, means taxable
7 income as calculated under section 703 of the Internal Revenue Code; plus the items
8 of income and gain under section 702 of the Internal Revenue Code, including taxable
9 state and municipal bond interest and excluding nontaxable interest income or
10 dividend income from federal government obligations; minus the items of loss and
11 deduction under section 702 of the Internal Revenue Code, except items that are not
12 deductible under s. 71.21; plus guaranteed payments to partners under section 707
13 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
14 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), ^(2dy) (3g), (3h), ~~(3s)~~, (3n), (3p), ^(3r) (3t), ^(3s) (3w), (5e),
15 (5f), (5g), (5h), (5i), (5j), ~~and~~ (5k), and (8r); and plus or minus, as appropriate,
16 transitional adjustments, depreciation differences, and basis differences under s.
17 71.05 (13), (15), (16), (17), and (19); but excluding income, gain, loss, and deductions
18 from farming. "Net business income," with respect to a natural person, estate, or
19 trust, means profit from a trade or business for federal income tax purposes and
20 includes net income derived as an employee as defined in section 3121 (d) (3) of the
21 Internal Revenue Code.

22 **SECTION 15.** 93.53 of the statutes is created to read:

23 **93.53 Beginning farmer and farm asset owner tax credit eligibility. (1)**

24 **DEFINITIONS.** In this section:

1 (a) "Agricultural asset" means machinery, equipment, facilities, or livestock
2 that is used in farming.

3 (b) "Beginning farmer" means an individual who meets the conditions specified
4 in sub. (2).

5 (c) "Educational institution" means the Wisconsin Technical College System,
6 the University of Wisconsin-Extension, the University of Wisconsin-Madison, or
7 any other institution that is approved by the department under sub. (6) (a).

8 (d) "Established farmer" means a person who meets the conditions specified in
9 sub. (3).

10 (e) "Farming" has the meaning given in section 464 (e) (1) of the Internal
11 Revenue Code.

12 (f) "Financial management program" means a course in farm financial
13 management that is offered by an educational institution.

14 **(2) BEGINNING FARMER.** An individual is a beginning farmer for the purposes of
15 s. 71.07 (8r), 71.28 (8r), or 71.47 (8r) if, at the time that the individual submits an
16 application under sub. (4), all of the following apply:

17 (a) The individual has a net worth of less than \$200,000.

18 (b) The individual has farmed for fewer than 10 years out of the preceding 15
19 years.

20 (c) The individual has entered into a lease for a term of at least 3 years with
21 an established farmer for the use of the established farmer's agricultural assets by
22 the beginning farmer.

23 (d) The individual uses the leased agricultural assets for farming.

1 **(3) ESTABLISHED FARMER.** A person is an established farmer for the purposes of
2 s. 71.07 (8r), 71.28 (8r), or 71.47 (8r) if, at the time that the person submits an
3 application under sub. (4), all of the following apply:

4 (a) The person has engaged in farming for a total of at least 10 years.

5 (b) The person owns agricultural assets.

6 (c) The person has entered into a lease for a term of at least 3 years with a
7 beginning farmer for the use of the person's agricultural assets by the beginning
8 farmer.

9 **(4) APPLICATIONS.** (a) In order for an experienced farmer to claim the farm asset
10 owner tax credit under s. 71.07 (8r) (b) 2., 71.28 (8r), or 71.47 (8r), the experienced
11 farmer and the beginning farmer who is leasing agricultural assets from the
12 experienced farmer shall each submit an application to the department.

13 (b) An established farmer shall include in the application under this subsection
14 the established farmer's name and address, information showing that the
15 established farmer satisfies the conditions in specified in sub. (3), a description of the
16 leased agricultural assets and their location, a copy of the lease, and any other
17 information required by the department.

18 (c) A beginning farmer shall include all of the following in an application under
19 this subsection:

20 1. The beginning farmer's name and address.

21 2. Information showing that the beginning farmer satisfies the conditions in
22 sub. (2).

23 3. A business plan that includes a current balance sheet and projected balance
24 sheets for 3 years, cash flow statements, and income statements along with a

1 detailed description of all significant accounting assumptions used in developing the
2 financial projections.

3 4. A description of the beginning farmer's education, training, and experience
4 in the type of farming in which the beginning farmer uses the leased agricultural
5 assets.

6 5. A copy of the beginning farmer's completed federal profit or loss from farming
7 form, schedule F, or other documentation approved by the department under sub. (6).

8 6. Any other information required by the department.

9 (d) If a beginning farmer wishes to claim the beginning farmer educational
10 credit under s. 71.07 (8r) (b) 1., the beginning farmer shall also include in the
11 application under this subsection a description of the financial management
12 program completed by the beginning farmer and a statement of the amount that the
13 beginning farmer paid the educational institution to enroll in the financial
14 management program.

15 (5) EVALUATION AND CERTIFICATION. (a) The department shall review
16 applications submitted under sub. (4) (a).

17 (b) The department shall provide an established farmer with a certificate of
18 eligibility for the farm asset owner tax credit under s. 71.07 (8r) (b) 2., 71.28 (8r), or
19 71.47 (8r) if all of the following apply:

20 1. The established farmer's application complies with sub. (4) (b).

21 2. The beginning farmer's application complies with sub. (4) (c).

22 3. The department determines that the business plan submitted under sub. (4)

23 (c) 3. and the education, training, or experience described under sub. (4) (c) 4. show
24 that the beginning farmer has sufficient resources and education, training, or

1 experience for the type of farming in which the beginning farmer uses the leased
2 agricultural assets.

3 (c) The department shall provide a beginning farmer with a certificate of
4 eligibility for the beginning farmer educational credit under s. 71.07 (8r) (b) 1. if the
5 department has issued a certificate of eligibility under par. (b) for the experienced
6 farmer from whom the beginning farmer leases farm assets and the information
7 provided under sub. (4) (d) shows that the beginning farmer has completed a
8 financial management program.

9 (6) DEPARTMENT AUTHORITY. (a) The department may approve providers of
10 courses in farm financial management for the purposes of the beginning farmer
11 educational credit under s. 71.07 (8r) (b) 1.

12 (b) The department may approve alternative documentation for the purposes
13 of sub. (4) (c) 5.

14 (c) The department may assist beginning farmers to develop business plans for
15 the purposes of sub. (4) (c) 3. and may assist in the negotiation of leases of farm assets
16 that may enable persons to qualify for tax credits under s. 71.07 (8r), 71.28 (8r), or
17 71.47 (8r).

18

(END)



DOA:.....Lillethun, BB0099 - Claiming the electronic medical records and ethanol and biodiesel fuel credits against AMT

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

INS ANCL-1

1 AN ACT ... relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, a health care provider may claim an income and franchise tax credit for an amount equal to 50 percent of the amount the provider paid in the taxable year for information technology hardware or software that is used to maintain medical records in electronic form. This bill allows a taxpayer to claim the credit against the alternative minimum tax.

Under current law, a person may claim an income and franchise tax credit for an amount equal to 25 percent of the amount the person paid in the taxable year to install or retrofit pumps that dispense motor vehicle fuel consisting of at least 85 percent ethanol or at least 20 percent biodiesel fuel. Under the bill, a taxpayer may claim the credit against the alternative minimum tax.

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:

- 2 -
FNS 2-10

1 **SECTION 1.** 71.07 (5i) (b) of the statutes is amended to read:

2 71.07 (5i) (b) *Filing claims.* Subject to the limitations provided in this
3 subsection, for taxable years beginning after December 31, 2009, ²⁰¹¹ a claimant may
4 claim as a credit against the taxes imposed under s. ss. 71.02 and 71.08, up to the
5 amount of those taxes, an amount equal to 50 percent of the amount the claimant
6 paid in the taxable year for information technology hardware or software that is used
7 to maintain medical records in electronic form, if the claimant is a health care
8 provider, as defined in s. 146.81 (1).

9 **SECTION 2.** 71.07 (5j) (b) of the statutes is amended to read:

10 71.07 (5j) (b) *Filing claims.* Subject to the limitations provided in this
11 subsection, for taxable years beginning after December 31, 2007, and before January
12 1, 2018, a claimant may claim as a credit against the taxes imposed under s. ss. 71.02
13 and 71.08, up to the amount of the taxes, an amount that is equal to 25 percent of the
14 amount that the claimant paid in the taxable year to install or retrofit pumps located
15 in this state that dispense motor vehicle fuel consisting of at least 85 percent ethanol
16 or at least 20 percent biodiesel fuel.

END of ins 2-10

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

18 ~~71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
19 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
20 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3n), (3p),
21 (3s), (3t), (3w), (5b), (5d), (5e), (5f), (5i), (5j), (6), (6e), and (9e), 71.28 (1dd), (1de), (1di),
22 (1dj), (1dL), (1ds), (1dx), (1fd), (2m), (3), (3n), (3t), and (3w), and 71.47 (1dd), (1de),
23 (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m), (3), (3n), (3t), and (3w), and subchs. VIII
24 and IX and payments to other states under s. 71.07 (7), is less than the tax under this
25 section, there is imposed on that natural person, married couple filing jointly, trust~~

1 or estate, instead of the tax under s. 71.02, an alternative minimum tax computed
2 as follows.

3 **SECTION 9343. Initial applicability; Revenue.**

4 (1) ETHANOL AND BIODIESEL FUEL PUMP CREDIT. The treatment of sections 71.07
5 (5j) (b) and 71.08 (1) (intro.) (as it relates to section 71.07 (5j)) of the statutes first
6 applies retroactively to taxable years beginning after December 31, 2007.

7 (2) ELECTRONIC MEDICAL RECORDS CREDIT. The treatment of sections 71.07 (5i)
8 (b) and 71.08 (1) (intro.) (as it relates to section 71.07 (5i)) of the statutes first applies
9 to taxable years beginning after December 31, 2009.

10 (END)



DOA:.....Palchik, BB0522 – Electronic medical records tax credit

FOR 2009-11 BUDGET — NOT READY FOR INTRODUCTION

INS ANL-2

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, after December 31, 2009, individuals and certain entities, including fiduciaries, corporations, and insurance companies, that are health care providers may receive a credit on income taxes based on purchases of hardware and software made for making and keeping electronic medical records. This bill delays the effective date of the tax credit until after December 31, 2011.

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

2 SECTION 1. 71.07 (5i) (b) of the statutes is amended to read:

3 71.07 (5i) (b) *Filing claims.* Subject to the limitations provided in this
4 subsection, for taxable years beginning after December 31, 2009 2011, a claimant
5 may claim as a credit against the taxes imposed under s. 71.02, up to the amount of

SECTION 1

1 those taxes, an amount equal to 50 percent of the amount the claimant paid in the
 2 taxable year for information technology hardware or software that is used to
 3 maintain medical records in electronic form, if the claimant is a health care provider,
 4 as defined in s. 146.81 (1).

5 **SECTION 2.** 71.28 (5i) (b) of the statutes is amended to read:

6 71.28 (5i) (b) *Filing claims.* Subject to the limitations provided in this
 7 subsection, for taxable years beginning after December 31, 2009 2011, a claimant
 8 may claim as a credit against the taxes imposed under s. 71.23, up to the amount of
 9 those taxes, an amount equal to 50 percent of the amount the claimant paid in the
 10 taxable year for information technology hardware or software that is used to
 11 maintain medical records in electronic form, if the claimant is a health care provider,
 12 as defined in s. 146.81 (1).

13 **SECTION 3.** 71.47 (5i) (b) of the statutes is amended to read:

14 71.47 (5i) (b) *Filing claims.* Subject to the limitations provided in this
 15 subsection, for taxable years beginning after December 31, 2009 2011, a claimant
 16 may claim as a credit against the taxes imposed under s. 71.43, up to the amount of
 17 those taxes, an amount equal to 50 percent of the amount the claimant paid in the
 18 taxable year for information technology hardware or software that is used to
 19 maintain medical records in electronic form, if the claimant is a health care provider,
 20 as defined in s. 146.81 (1).

21 (END)

FNS
6-26

FNS
9-7

DOA:.....Lillethun, BB0100 – Including the technology zones credit amount in an insurer's income

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

FNS ANL-3

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Under current law, a business located in a technology zone may claim an income and franchise tax credit, in an amount certified by the Department of Commerce, based on the amount of real and personal property taxes, capital investments, and wages the business paid in the taxable year. Under current law, all entities, except insurance companies, must include the amount of the credit in their income calculation, for income and franchise tax purposes. This bill requires insurance companies to include their technology zone credit amounts in their income calculations.

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:

2 SECTION 1. 71.45 (2) (a) 10. of the statutes is amended to read:

1 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
 2 computed under s. 71.47 (1dd) to (1dx), ~~(3g), (3h), (3n), (3p), (3w), (5e), (5f), (5g), (5h),~~
 3 ~~(5i), (5j), and (5k) and not passed through by a partnership, limited liability company,~~
 4 ~~or tax-option corporation that has added that amount to the partnership's, limited~~
 5 ~~liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k)~~
 6 ~~(g) and the amount of credit computed under s. 71.47 (1), (3), (3t), (4), and (5).~~

SECTION 9343. Initial applicability; Revenue.

8 ~~(#)~~ (1) TECHNOLOGY ZONES CREDIT. The treatment of section 71.45 (2) (a) 10. of the
 9 statutes *to the extent that it applies to the technology zones credit,* first applies retroactively to taxable years beginning on or after January 1,
 10 2002.

SECTION 9443. Effective dates; Revenue.

12 (1) TECHNOLOGY ZONES CREDIT. The treatment of section 71.45 (2) (a) 10. of the
 13 statutes takes effect retroactively on January 1, 2002.

(END)

STATE OF WISCONSIN - LEGISLATIVE REFERENCE BUREAU

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

LRB

D-NOTE

-1280/1

This bill makes technical changes for reconciliation purposes. It affects drafts

with the following LRB numbers:

^{LRB-1280/1}
^{NO} LRB-0203 ^{LRB-0284} ^{LRB-0362} ^{LRB-0363}
^{LRB-1116} ^{LRB-1778/10} and

These drafts have been ^{added} completely ~~added~~ to LRB-1280 and should no longer be in the compile.

^{LRB-0363} and LRB-0362 ^{LRB-1778}

MES

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1280/1dn
MES:bjk:rs

January 31, 2009

This bill makes technical changes for reconciliation purposes. It affects drafts with the following LRB numbers: LRB-1280/1, LRB-0203/1, LRB-0284/P2, LRB-0362/P1, LRB-0363/P1, LRB-1116/P2, and LRB-1778/1.

These drafts have been added completely to LRB-1280 and should no longer be in the compile: LRB-0362, LRB-0363, and LRB-1778.

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State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-1280/1
MES:RCT&JK:bjk:rs
1-9-9
stay
RMV

DOA:.....Miner, BB0315 - Individual income and corporate income and franchise tax credit for landowners and beginning farmers

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

5A-

in 2-2-09

D-N

do not gen.

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

This bill creates a refundable individual income tax credit for a beginning farmer who enters into at least a three year lease of an established farmer's agricultural assets, other than land, and uses the assets for farming, and a refundable individual and corporate income and franchise tax credit for the established farmer whose assets are leased. Because the credit is refundable, if the amount of credit due a claimant exceeds the claimant's tax liability, the excess amount of the credit is refunded to the claimant by check. The credit first applies to taxable years beginning on January 1, 2011.

A beginning farmer may claim a credit of up to \$500 on a one-time basis for the cost to enroll in a course in farm financial management that is offered by an educational institution, such as the University of Wisconsin-Madison, the University of Wisconsin-Extension, or the Wisconsin Technical College System. An established farmer may claim a credit of 15 percent of the amount of payments that the established farmer receives each year from the beginning farmer for the lease of the farm assets, except that the credit may only be claimed by the established farmer for the first three years of the lease.

To be a beginning farmer, an individual must have a net worth of less than \$200,000 and have farmed for fewer than ten years out of the preceding 15 years. To be an established farmer, person must have engaged in farming for at least ten years. A beginning farmer and an established farmer must apply to DATCP and obtain a certificate of eligibility in order to receive the tax credit. A beginning farmer must submit a business plan as part of the application. DATCP may not issue a certificate of eligibility unless the application shows that the beginning farmer has the resources and education, training, or experience for the type of farming in which the beginning farmer uses the experienced farmer's assets.

Under current law, a health care provider may claim an income and franchise tax credit for an amount equal to 50 percent of the amount the provider paid in the taxable year for information technology hardware or software that is used to maintain medical records in electronic form. This bill allows a taxpayer to claim the credit against the alternative minimum tax.

Under current law, a person may claim an income and franchise tax credit for an amount equal to 25 percent of the amount the person paid in the taxable year to install or retrofit pumps that dispense motor vehicle fuel consisting of at least 85 percent ethanol or at least 20 percent biodiesel fuel. Under the bill, a taxpayer may claim the credit against the alternative minimum tax.

Under current law, after December 31, 2009, individuals and certain entities, including fiduciaries, corporations, and insurance companies, that are health care providers may receive a credit on income taxes based on purchases of hardware and software made for making and keeping electronic medical records. This bill delays the effective date of the tax credit until after December 31, 2011.

Under current law, a business located in a technology zone may claim an income and franchise tax credit, in an amount certified by the Department of Commerce, based on the amount of real and personal property taxes, capital investments, and wages the business paid in the taxable year. Under current law, all entities, except insurance companies, must include the amount of the credit in their income calculation, for income and franchise tax purposes. This bill requires insurance companies to include their technology zone credit amounts in their income calculations.

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) (en) of the statutes is created to read:
- 2 20.835 (2) (en) *Beginning farmer and farm asset owner tax credit.* A sum
- 3 sufficient to pay the claims approved under ss. 71.07 (8r), 71.28 (8r), and 71.47 (8r).
- 4 **SECTION 2.** 71.05 (6) (a) 15. of the statutes is amended to read:

1 71.05 **(6)** (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
2 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3r), (3s), (3t),
3 (3w), (5e), (5f), (5h), (5i), (5j), ~~and (5k)~~, and (8r) and not passed through by a
4 partnership, limited liability company, or tax-option corporation that has added that
5 amount to the partnership's, company's, or tax-option corporation's income under s.
6 71.21 (4) or 71.34 (1k) (g).

7 **SECTION 3.** 71.07 (5i) (b) of the statutes is amended to read:

8 71.07 **(5i)** (b) *Filing claims.* Subject to the limitations provided in this
9 subsection, for taxable years beginning after December 31, ~~2009~~ 2011, a claimant
10 may claim as a credit against the taxes imposed under ~~s. ss. 71.02 and 71.08~~, up to
11 the amount of those taxes, an amount equal to 50 percent of the amount the claimant
12 paid in the taxable year for information technology hardware or software that is used
13 to maintain medical records in electronic form, if the claimant is a health care
14 provider, as defined in s. 146.81 (1).

15 **SECTION 4.** 71.07 (5j) (b) of the statutes is amended to read:

16 71.07 **(5j)** (b) *Filing claims.* Subject to the limitations provided in this
17 subsection, for taxable years beginning after December 31, 2007, and before January
18 1, 2018, a claimant may claim as a credit against the taxes imposed under ~~s. ss. 71.02~~
19 and 71.08, up to the amount of the taxes, an amount that is equal to 25 percent of the
20 amount that the claimant paid in the taxable year to install or retrofit pumps located
21 in this state that dispense motor vehicle fuel consisting of at least 85 percent ethanol
22 or at least 20 percent biodiesel fuel.

23 **SECTION 5.** 71.07 (8r) of the statutes is created to read:

24 71.07 **(8r)** BEGINNING FARMER AND FARM ASSET OWNER TAX CREDIT. (a) *Definitions.*
25 In this subsection:

1 1. "Agricultural assets" means machinery, equipment, facilities, or livestock
2 that is used in farming.

3 2. "Beginning farmer" means a person who meets the conditions specified in s.
4 93.53 (2).

5 3. "Claimant" means a beginning farmer who files a claim under this subsection
6 or an established farmer who files a claim under this subsection.

7 4. "Educational institution" means the Wisconsin Technical College System,
8 the University of Wisconsin-Extension, the University of Wisconsin-Madison, or
9 any other institution that is approved by the department of agriculture, trade and
10 consumer protection under s. 93.53 (6) (a).

11 5. "Established farmer" means a person who meets the conditions specified in
12 s. 93.53 (3).

13 6. "Farming" has the meaning given in section 464 (e) (1) of the Internal
14 Revenue Code.

15 7. "Financial management program" means a course in farm financial
16 management that is offered by an educational institution.

17 8. "Lease amount" is the amount of the cash payment paid by a beginning
18 farmer to an established farmer each year for leasing the established farmer's
19 agricultural assets.

20 (b) *Filing claims.* 1. For taxable years beginning after December 31, 2010, and
21 subject to the limitations provided in this subsection, a beginning farmer may claim
22 as a credit against the tax imposed under s. 71.02 or 71.08, on a one-time basis, the
23 amount paid by the beginning farmer to enroll in a financial management program
24 in the year to which the claim relates. If the allowable amount of the claim exceeds
25 the income taxes otherwise due on the beginning farmer's income, the amount of the

1 claim not used as an offset against those taxes shall be certified by the department
2 of revenue to the department of administration for payment to the claimant by check,
3 share draft, or other draft from the appropriation under s. 20.835 (2) (en).

4 2. For taxable years beginning after December 31, 2010, and subject to the
5 limitations provided in this subsection, an established farmer may claim as a credit
6 against the tax imposed under s. 71.02 or 71.08 15 percent of the lease amount
7 received by the established farmer in the year to which the claim relates. If the
8 allowable amount of the claim exceeds the income taxes otherwise due on the
9 established farmer's income, the amount of the claim not used as an offset against
10 those taxes shall be certified by the department of revenue to the department of
11 administration for payment to the claimant by check, share draft, or other draft from
12 the appropriation under s. 20.835 (2) (en).

13 (c) *Limitations.* 1. An established farmer may only claim the credit under this
14 subsection for the first 3 years of any lease of the established farmer's agricultural
15 assets to a beginning farmer.

16 2. No credit may be allowed under this subsection unless it is claimed within
17 the time period under s. 71.75 (2).

18 3. Along with a claimant's income tax return, a claimant shall submit to the
19 department certificate of eligibility provided under s. 93.53 (5) (b) or (c).

20 4. No credit may be claimed under this subsection by a part-year resident or
21 a nonresident of this state.

22 5. The right to file a claim under this subsection is personal to the claimant and
23 does not survive the claimant's death. When a claimant dies after having filed a
24 timely claim the amount thereof shall be disbursed under s. 71.75 (10). The right to

1 file a claim under this subsection may be exercised on behalf of a living claimant by
2 the claimant's legal guardian or attorney-in-fact.

3 6. The maximum credit that a beginning farmer may claim under this
4 subsection is \$500.

5 7. Partnerships, limited liability companies, and tax-option corporations may
6 not claim the credit under this subsection, but the eligibility for, and the amount of,
7 the credit are based on the amounts received by the entities under par. (b) 2. A
8 partnership, limited liability company, or tax-option corporation shall compute the
9 amount of credit that each of its partners, members, or shareholders may claim and
10 shall provide that information to each of them. Partners, members of limited liability
11 companies, and shareholders of tax-option corporations may claim the credit in
12 proportion to their ownership interests.

13 (d) *Administration.* Subsection (9e) (d), to the extent that it applies to the credit
14 under that subsection, applies to the credit under this subsection.

15 **SECTION 6.** 71.08 (1) (intro.) of the statutes is amended to read:

16 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
17 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
18 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), ~~(2fd)~~, (2dy), (3m), (3n),
19 (3p), ~~(3r)~~, (3s), (3t), (3w), (5b), (5d), (5e), (5f), ~~(5i)~~, (5j), (6), (6e), ~~(8r)~~, and (9e), 71.28
20 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), ~~(1fd)~~, (1dy), (2m), (3), (3n), (3t), and (3w),
21 ~~and~~ 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), ~~(1fd)~~, (1dy), (2m), (3), (3n), (3t),
22 ~~and~~ ~~subchs.~~ 71.57 to 71.61, and 71.613 and subch. VIII and IX and
23 payments to other states under s. 71.07 (7), is less than the tax under this section,
24 there is imposed on that natural person, married couple filing jointly, trust or estate,
25 instead of the tax under s. 71.02, an alternative minimum tax computed as follows:

1 **SECTION 7.** 71.10 (4) (i) of the statutes is amended to read:

2 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
3 preservation credit under subch. IX ss. 71.57 to 71.61, farmland preservation credit,
4 2010 and beyond under s. 71.613, homestead credit under subch. VIII, farmland tax
5 relief credit under s. 71.07 (3m), ~~farmers' drought property tax credit under s. 71.07~~
6 ~~(2fd),~~ dairy manufacturing facility investment credit under s. 71.07 (3p), meat
7 processing facility investment credit under s. 71.07 (3r), film production services
8 credit under s. 71.07 (5f) (b) 2., veterans and surviving spouses property tax credit
9 under s. 71.07 (6e), enterprise zone jobs credit under s. 71.07 (3w), beginning farmer
10 and farm asset owner tax credit under s. 71.07 (8r), earned income tax credit under
11 s. 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld under
12 subch. X.

13 **SECTION 8.** 71.21 (4) of the statutes is amended to read:

14 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
15 (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3r), (3s), (3t), (3w), (5e),
16 (5f), (5g), (5h), (5i), (5j), ~~and (5k), and (8r)~~ and passed through to partners shall be
17 added to the partnership's income.

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

19 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),
20 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3r), (3t), (3w),
21 (5e), (5f), (5g), (5h), (5i), (5j), ~~and (5k), and (8r)~~ and not passed through by a
22 partnership, limited liability company, or tax-option corporation that has added that
23 amount to the partnership's, limited liability company's, or tax-option corporation's
24 income under s. 71.21 (4) or 71.34 (1k) (g).

25 **SECTION 10.** 71.28 (5i) (b) of the statutes is amended to read:

1 71.28 (5i) (b) *Filing claims.* Subject to the limitations provided in this
2 subsection, for taxable years beginning after December 31, ~~2009~~ 2011, a claimant
3 may claim as a credit against the taxes imposed under s. 71.23, up to the amount of
4 those taxes, an amount equal to 50 percent of the amount the claimant paid in the
5 taxable year for information technology hardware or software that is used to
6 maintain medical records in electronic form, if the claimant is a health care provider,
7 as defined in s. 146.81 (1).

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

9 71.28 (8r) BEGINNING FARMER AND FARM ASSET OWNER TAX CREDIT. (a) *Definitions.*

10 In this subsection:

11 1. "Agricultural assets" means machinery, equipment, facilities, or livestock
12 that is used in farming.

13 2. "Beginning farmer" means a person who meets the conditions specified in s.
14 93.53 (2).

15 3. "Claimant" means an established farmer who files a claim under this
16 subsection.

17 4. "Established farmer" means a person who meets the conditions specified in
18 s. 93.53 (3).

19 5. "Farming" has the meaning given in section 464 (e) (1) of the Internal
20 Revenue Code.

21 6. "Lease amount" is the amount of the cash payment paid by a beginning
22 farmer to an established farmer each year for leasing the established farmer's
23 agricultural assets.

24 (b) *Filing claims.* For taxable years beginning after December 31, 2010, and
25 subject to the limitations provided in this subsection, a claimant may claim as a

1 credit against the tax imposed under s. 71.23 an amount equal to 15 percent of the
2 lease amount received by the claimant in the taxable year. If the allowable amount
3 of the claim exceeds the taxes otherwise due on the claimant's income, the amount
4 of the claim not used as an offset against those taxes shall be certified by the
5 department of revenue to the department of administration for payment to the
6 claimant by check, share draft, or other draft from the appropriation under s. 20.835
7 (2) (en).

8 (c) *Limitations.* 1. A claimant may only claim the credit under this subsection
9 for the first 3 years of any lease of the claimant's agricultural assets to a beginning
10 farmer.

11 2. Along with a claimant's income tax return, a claimant shall submit to the
12 department a certificate of eligibility provided under s. 93.53 (5) (c).

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

21 (d) *Administration.* Subsection (4) (e), (g), and (h), as it applies to the credit
22 under that sub. (4), applies to the credit under this subsection.

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

24 71.30 (3) (f) The total of farmers' drought property tax credit under s. 71.28
25 (~~1fd~~), farmland preservation credit under subch. IX, farmland tax relief credit under

1 maintain medical records in electronic form, if the claimant is a health care provider,
2 as defined in s. 146.81 (1).

3 **SECTION 16.** 71.47 (8r) of the statutes is created to read:

4 **71.47 (8r) BEGINNING FARMER AND FARM ASSET OWNER TAX CREDIT.** (a) *Definitions.*

5 In this subsection:

6 1. "Agricultural assets" means machinery, equipment, facilities, or livestock
7 that is used in farming.

8 2. "Beginning farmer" means a person who meets the conditions specified in s.
9 93.53 (2).

10 3. "Claimant" means an established farmer who files a claim under this
11 subsection.

12 4. "Established farmer" means a person who meets the conditions specified in
13 s. 93.53 (3).

14 5. "Farming" has the meaning given in section 464 (e) (1) of the Internal
15 Revenue Code.

16 6. "Lease amount" is the amount of the cash payment paid by a beginning
17 farmer to an established farmer each year for leasing the established farmer's
18 agricultural assets.

19 (b) *Filing claims.* For taxable years beginning after December 31, 2010, and
20 subject to the limitations provided in this subsection, a claimant may claim as a
21 credit against the tax imposed under s. 71.43 an amount equal to 15 percent of the
22 lease amount received by the claimant in the taxable year. If the allowable amount
23 of the claim exceeds the taxes otherwise due on the claimant's income, the amount
24 of the claim not used as an offset against those taxes shall be certified by the
25 department of revenue to the department of administration for payment to the

1 claimant by check, share draft, or other draft from the appropriation under s. 20.835
2 (2) (en).

3 (c) *Limitations.* 1. A claimant may only claim the credit under this subsection
4 for the first 3 years of any lease of the claimant's agricultural assets to a beginning
5 farmer.

6 2. Along with a claimant's income tax return, a claimant shall submit to the
7 department a certificate of eligibility provided under s. 93.53 (5) (c).

8 3. Partnerships, limited liability companies, and tax-option corporations may
9 not claim the credit under this subsection, but the eligibility for, and the amount of,
10 the credit are based on the amounts received by the entities under par. (b). A
11 partnership, limited liability company, or tax-option corporation shall compute the
12 amount of credit that each of its partners, members, or shareholders may claim and
13 shall provide that information to each of them. Partners, members of limited liability
14 companies, and shareholders of tax-option corporations may claim the credit in
15 proportion to their ownership interests.

16 (d) *Administration.* Subsection (4) (e), (g), and (h), as it applies to the credit
17 under that sub. (4), applies to the credit under this subsection.

18 **SECTION 17.** 71.49 (1) (f) of the statutes is amended to read:

19 71.49 (1) (f) ~~The total of farmers' drought property tax credit under s. 71.47~~
20 ~~(1fd), farmland preservation credit under subch. IX, farmland tax relief credit under~~
21 ~~s. 71.47 (2m), dairy manufacturing facility investment credit under s. 71.47 (3p),~~
22 ~~meat processing facility investment credit under s. 71.47 (3r), enterprise zone jobs~~
23 ~~credit under s. 71.47 (3w), film production services credit under s. 71.47 (5f) (b) 2.,~~
24 ~~beginning farmer and farm asset owner tax credit under s. 71.47 (8r), and estimated~~
25 ~~tax payments under s. 71.48.~~

1 **SECTION 18.** 77.92 (4) of the statutes is amended to read:

2 77.92 (4) "Net business income," with respect to a partnership, means taxable
3 income as calculated under section 703 of the Internal Revenue Code; plus the items
4 of income and gain under section 702 of the Internal Revenue Code, including taxable
5 state and municipal bond interest and excluding nontaxable interest income or
6 dividend income from federal government obligations; minus the items of loss and
7 deduction under section 702 of the Internal Revenue Code, except items that are not
8 deductible under s. 71.21; plus guaranteed payments to partners under section 707
9 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
10 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), ~~(3s)~~, (3n), (3p), (3r), ~~(3s)~~,
11 (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), ~~and (5k)~~, and (8r); and plus or minus, as
12 appropriate, transitional adjustments, depreciation differences, and basis
13 differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding income, gain,
14 loss, and deductions from farming. "Net business income," with respect to a natural
15 person, estate, or trust, means profit from a trade or business for federal income tax
16 purposes and includes net income derived as an employee as defined in section 3121
17 (d) (3) of the Internal Revenue Code.

18 **SECTION 19.** 93.53 of the statutes is created to read:

19 **93.53 Beginning farmer and farm asset owner tax credit eligibility. (1)**

20 DEFINITIONS. In this section:

21 (a) "Agricultural asset" means machinery, equipment, facilities, or livestock
22 that is used in farming.

23 (b) "Beginning farmer" means an individual who meets the conditions specified
24 in sub. (2).

1 (c) "Educational institution" means the Wisconsin Technical College System,
2 the University of Wisconsin-Extension, the University of Wisconsin-Madison, or
3 any other institution that is approved by the department under sub. (6) (a).

4 (d) "Established farmer" means a person who meets the conditions specified in
5 sub. (3).

6 (e) "Farming" has the meaning given in section 464 (e) (1) of the Internal
7 Revenue Code.

8 (f) "Financial management program" means a course in farm financial
9 management that is offered by an educational institution.

10 **(2) BEGINNING FARMER.** An individual is a beginning farmer for the purposes of
11 s. 71.07 (8r), 71.28 (8r), or 71.47 (8r) if, at the time that the individual submits an
12 application under sub. (4), all of the following apply:

13 (a) The individual has a net worth of less than \$200,000.

14 (b) The individual has farmed for fewer than 10 years out of the preceding 15
15 years.

16 (c) The individual has entered into a lease for a term of at least 3 years with
17 an established farmer for the use of the established farmer's agricultural assets by
18 the beginning farmer.

19 (d) The individual uses the leased agricultural assets for farming.

20 **(3) ESTABLISHED FARMER.** A person is an established farmer for the purposes of
21 s. 71.07 (8r), 71.28 (8r), or 71.47 (8r) if, at the time that the person submits an
22 application under sub. (4), all of the following apply:

23 (a) The person has engaged in farming for a total of at least 10 years.

24 (b) The person owns agricultural assets.

1 (c) The person has entered into a lease for a term of at least 3 years with a
2 beginning farmer for the use of the person's agricultural assets by the beginning
3 farmer.

4 (4) APPLICATIONS. (a) In order for an experienced farmer to claim the farm asset
5 owner tax credit under s. 71.07 (8r) (b) 2., 71.28 (8r), or 71.47 (8r), the experienced
6 farmer and the beginning farmer who is leasing agricultural assets from the
7 experienced farmer shall each submit an application to the department.

8 (b) An established farmer shall include in the application under this subsection
9 the established farmer's name and address, information showing that the
10 established farmer satisfies the conditions in specified in sub. (3), a description of the
11 leased agricultural assets and their location, a copy of the lease, and any other
12 information required by the department.

13 (c) A beginning farmer shall include all of the following in an application under
14 this subsection:

15 1. The beginning farmer's name and address.

16 2. Information showing that the beginning farmer satisfies the conditions in
17 sub. (2).

18 3. A business plan that includes a current balance sheet and projected balance
19 sheets for 3 years, cash flow statements, and income statements along with a
20 detailed description of all significant accounting assumptions used in developing the
21 financial projections.

22 4. A description of the beginning farmer's education, training, and experience
23 in the type of farming in which the beginning farmer uses the leased agricultural
24 assets.

SECTION 19

1 5. A copy of the beginning farmer's completed federal profit or loss from farming
2 form, schedule F, or other documentation approved by the department under sub. (6).

3 6. Any other information required by the department.

4 (d) If a beginning farmer wishes to claim the beginning farmer educational
5 credit under s. 71.07 (8r) (b) 1., the beginning farmer shall also include in the
6 application under this subsection a description of the financial management
7 program completed by the beginning farmer and a statement of the amount that the
8 beginning farmer paid the educational institution to enroll in the financial
9 management program.

10 **(5) EVALUATION AND CERTIFICATION.** (a) The department shall review
11 applications submitted under sub. (4) (a).

12 (b) The department shall provide an established farmer with a certificate of
13 eligibility for the farm asset owner tax credit under s. 71.07 (8r) (b) 2., 71.28 (8r), or
14 71.47 (8r) if all of the following apply:

15 1. The established farmer's application complies with sub. (4) (b).

16 2. The beginning farmer's application complies with sub. (4) (c).

17 3. The department determines that the business plan submitted under sub. (4)
18 (c) 3. and the education, training, or experience described under sub. (4) (c) 4. show
19 that the beginning farmer has sufficient resources and education, training, or
20 experience for the type of farming in which the beginning farmer uses the leased
21 agricultural assets.

22 (c) The department shall provide a beginning farmer with a certificate of
23 eligibility for the beginning farmer educational credit under s. 71.07 (8r) (b) 1. if the
24 department has issued a certificate of eligibility under par. (b) for the experienced
25 farmer from whom the beginning farmer leases farm assets and the information

1 provided under sub. (4) (d) shows that the beginning farmer has completed a
2 financial management program.

3 (6) DEPARTMENT AUTHORITY. (a) The department may approve providers of
4 courses in farm financial management for the purposes of the beginning farmer
5 educational credit under s. 71.07 (8r) (b) 1.

6 (b) The department may approve alternative documentation for the purposes
7 of sub. (4) (c) 5.

8 (c) The department may assist beginning farmers to develop business plans for
9 the purposes of sub. (4) (c) 3. and may assist in the negotiation of leases of farm assets
10 that may enable persons to qualify for tax credits under s. 71.07 (8r), 71.28 (8r), or
11 71.47 (8r).

12 **SECTION 9343. Initial applicability; Revenue.**

13 (1) ETHANOL AND BIODIESEL FUEL PUMP CREDIT. The treatment of sections 71.07
14 (5j) (b) and 71.08 (1) (intro.) (as it relates to section 71.07 (5j)) of the statutes first
15 applies retroactively to taxable years beginning after December 31, 2007.

16 (2) ELECTRONIC MEDICAL RECORDS CREDIT. The treatment of sections 71.07 (5i)
17 (b) and 71.08 (1) (intro.) (as it relates to section 71.07 (5i)) of the statutes first applies
18 to taxable years beginning after December 31, 2009.

19 (3) TECHNOLOGY ZONES CREDIT. The treatment of section 71.45 (2) (a) 10. of the
20 statutes, to the extent that it applies to the technology zones credit, first applies
21 retroactively to taxable years beginning on or after January 1, 2002.

22 **SECTION 9443. Effective dates; Revenue.**

23 (1) TECHNOLOGY ZONES CREDIT. The treatment of section 71.45 (2) (a) 10. of the
24 statutes takes effect retroactively on January 1, 2002.

25 (END)

(as it relates to section 7647(3g))

D-note

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1280/2dn

MES&RCT&JK:bjk:rs

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Date

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This draft reconciles LRB-0284/P4, LRB-0363/P1, LRB-1116/P8, LRB-1280/1, and LRB-1509/1. All of these drafts, except LRB-0363, should continue to appear in the compiled bill.

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DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1280/2dn
JK:bjk:ph

February 2, 2009

This draft reconciles LRB-0284/P2, LRB-0363/P1, LRB-1116/P2, LRB-1280/1, and LRB-1509/2. All of these drafts, except LRB-0363, should continue to appear in the compiled bill.

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