



State of Wisconsin
1997 - 1998 LEGISLATURE

LRBs0638/1
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**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 1997 ASSEMBLY BILL 901**

March 17, 1998 - Offered by COMMITTEE ON AGRICULTURE.

1 **AN ACT to amend** 71.05 (6) (a) 15., 71.08 (1) (intro.), 71.21 (4), 71.26 (2) (a), 71.34
2 (1) (g), 71.45 (2) (a) 10. and 77.92 (4); and **to create** 71.07 (3e), 71.10 (4) (cm),
3 71.28 (2e), 71.30 (3) (cm), 71.47 (2e) and 71.49 (1) (cm) of the statutes; **relating**
4 **to:** creating a nonrefundable income and franchise tax credit for agricultural
5 education expenses.

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

6 **SECTION 1.** 71.05 (6) (a) 15. of the statutes, as affected by 1997 Wisconsin Act
7 27, is amended to read:

8 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
9 (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (3e) and (3s) and not passed through by a
10 partnership, limited liability company or tax-option corporation that has added that
11 amount to the partnership's, company's or tax-option corporation's income under s.
12 71.21 (4) or 71.34 (1) (g).

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

2 71.07 **(3e)** FARMLAND EDUCATION TAX CREDIT. (a) *Definitions.* In this subsection:

3 1. “Agricultural use” has the meaning given in s. 91.01 (1).

4 2. “Claimant” has the meaning given in sub. (3m) (a) 1.

5 3. “Department” means the department of revenue.

6 4. “Educational expenses” means amounts paid by the claimant for tuition and
7 textbooks that relate to the claimant’s attendance at an eligible institution.

8 5. “Eligible institution” means a center or institution within the University of
9 Wisconsin System, a technical college that is located in this state or any institution
10 of higher education located in this state that grants a bachelor’s or higher degree and
11 that is accredited by the North Central Association of Colleges and Schools, the
12 Independent Schools Association of the Central States or the Wisconsin Nonpublic
13 School Accrediting Association.

14 6. “Farming” means being actively engaged in a trade or business that involves
15 the agricultural use of farmland.

16 7. “Farmland” has the meaning given in sub. (3m) (a) 3.

17 8. “Livestock” means cattle, swine, sheep, goats and other species of animals
18 that may be used in the production of food for human consumption.

19 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
20 claimant may claim as a credit against the tax imposed under s. 71.02, up to the
21 amount of those taxes, an amount equal to 5% of the educational expenses incurred
22 by the claimant, in the year to which the claim relates, for the claimant to attend
23 courses in the fields of agriculture or farm management at an eligible institution.

24 (c) *Limitations.* No credit may be allowed under this subsection:

1 1. Unless a claim is filed with the department in conformity with the filing
2 requirements in s. 71.03 (6) and (7).

3 2. Unless it is claimed within the time period under s. 71.75 (2).

4 3. If the department determines that ownership of the farmland has been
5 transferred to the claimant for the purpose of maximizing benefits under this
6 subsection.

7 4. If the department determines that the claimant is not farming in the year
8 to which the claim relates.

9 (d) *Change of business, carry-over, administration, timeliness, nonclaimants.*
10 Section 71.28 (4) (e), (f), (g), (h) and (i), as it applies to the credit under s. 71.28 (4),
11 applies to the credit under this subsection.

12 **SECTION 3.** 71.08 (1) (intro.) of the statutes, as affected by 1997 Wisconsin Act
13 27, 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), ~~(3e)~~, (3m), (6) and
17 (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd) and (2m) and 71.47 (1dd),
18 (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd) and (2m) and subchs. VIII and IX and
19 payments to other states under s. 71.07 (7), is less than the tax under this section,
20 there is imposed on that natural person, married couple filing jointly, trust or estate,
21 instead of the tax under s. 71.02, an alternative minimum tax computed as follows:

22 **SECTION 4.** 71.10 (4) (cm) of the statutes is created to read:

23 71.10 (4) (cm) Farmland education tax credit under s. 71.07 (3e).

24 **SECTION 5.** 71.21 (4) of the statutes, as affected by 1997 Wisconsin Act 27, is
25 amended to read:

1 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
2 (2dj), (2dL), (2ds), (2dx), ~~(3e)~~ and (3s) and passed through to partners shall be added
3 to the partnership's income.

4 **SECTION 6.** 71.26 (2) (a) of the statutes, as affected by 1997 Wisconsin Act 27,
5 is amended to read:

6 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means
7 the gross income as computed under the internal revenue code as modified under
8 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
9 computed under s. 71.28 (1) and (3) to (5) plus the amount of the credit computed
10 under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds) ~~and~~, (1dx) and (2e) 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 tax-option
13 corporation's income under s. 71.21 (4) or 71.34 (1) (g) plus the amount of losses from
14 the sale or other disposition of assets the gain from which would be wholly exempt
15 income, as defined in sub. (3) (L), if the assets were sold or otherwise disposed of at
16 a gain and minus deductions, as computed under the internal revenue code as
17 modified under sub. (3), plus or minus, as appropriate, an amount equal to the
18 difference between the federal basis and Wisconsin basis of any asset sold,
19 exchanged, abandoned or otherwise disposed of in a taxable transaction during the
20 taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

21 **SECTION 7.** 71.28 (2e) of the statutes is created to read:

22 71.28 (2e) FARMLAND EDUCATION TAX CREDIT. (a) *Definitions.* In this subsection:

- 23 1. "Agricultural use" has the meaning given in s. 91.01 (1).
- 24 2. "Claimant" has the meaning given in sub. (2m) (a) 1.
- 25 3. "Department" means the department of revenue.

1 4. “Educational expenses” means amounts paid by the claimant for tuition and
2 textbooks that relate to the claimant’s employe’s attendance at an eligible
3 institution.

4 5. “Eligible institution” means a center or institution within the University of
5 Wisconsin System, a technical college that is located in this state or any institution
6 of higher education located in this state that grants a bachelor’s or higher degree and
7 that is accredited by the North Central Association of Colleges and Schools, the
8 Independent Schools Association of the Central States or the Wisconsin Nonpublic
9 School Accrediting Association.

10 6. “Farming” means being actively engaged in a trade or business that involves
11 the agricultural use of farmland.

12 7. “Farmland” has the meaning given in sub. (2m) (a) 3.

13 8. “Livestock” means cattle, swine, sheep, goats and other species of animals
14 that may be used in the production of food for human consumption.

15 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
16 claimant may claim as a credit against the tax imposed under s. 71.23, up to the
17 amount of those taxes, an amount equal to 5% of the educational expenses incurred
18 by the claimant, in the year to which the claim relates, for the claimant’s employes
19 to attend courses in the fields of agriculture or farm management at an eligible
20 institution.

21 (c) *Limitations.* No credit may be allowed under this subsection:

22 1. Unless a claim is filed with the department in conformity with the filing
23 requirements in s. 71.24 (1), (6) and (7).

1 2. If the department determines that ownership of the farmland has been
2 transferred to the claimant for the purpose of maximizing benefits under this
3 subsection.

4 3. If the department determines that the claimant is not farming in the year
5 to which the claim relates.

6 (d) *Change of business, carry-over, administration, timeliness, nonclaimants.*
7 Subsection (4) (e), (f), (g), (h) and (i), as it applies to the credit under sub. (4), applies
8 to the credit under this subsection.

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

10 71.30 (3) (cm) Farmland education tax credit under s. 71.28 (2e).

11 **SECTION 9.** 71.34 (1) (g) of the statutes, as affected by 1997 Wisconsin Act 27,
12 is amended to read:

13 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
14 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx) and, (2e) and
15 (3) and passed through to shareholders.

16 **SECTION 10.** 71.45 (2) (a) 10. of the statutes, as affected by 1997 Wisconsin Act
17 27, is amended to read:

18 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
19 computed under s. 71.47 (1dd) to (1dx) and (2e) and not passed through by a
20 partnership, limited liability company or tax-option corporation that has added that
21 amount to the partnership's, limited liability company's or tax-option corporation's
22 income under s. 71.21 (4) or 71.34 (1) (g) and the amount of credit computed under
23 s. 71.47 (1), (3), (4) and (5).

24 **SECTION 11.** 71.47 (2e) of the statutes is created to read:

25 71.47 (2e) FARMLAND EDUCATION TAX CREDIT. (a) *Definitions.* In this subsection:

- 1 1. “Agricultural use” has the meaning given in s. 91.01 (1).
- 2 2. “Claimant” has the meaning given in sub. (2m) (a) 1.
- 3 3. “Department” means the department of revenue.
- 4 4. “Educational expenses” means amounts paid by the claimant for tuition and
5 textbooks that relate to the claimant’s employe’s attendance at an eligible institution
- 6 5. “Eligible institution” means a center or institution within the University of
7 Wisconsin System, a technical college that is located in this state or any institution
8 of higher education located in this state that grants a bachelor’s or higher degree and
9 that is accredited by the North Central Association of Colleges and Schools, the
10 Independent Schools Association of the Central States or the Wisconsin Nonpublic
11 School Accrediting Association.
- 12 6. “Farming” means being actively engaged in a trade or business that involves
13 the agricultural use of farmland.
- 14 7. “Farmland” has the meaning given in sub. (2m) (a) 3.
- 15 8. “Livestock” means cattle, swine, sheep, goats and other species of animals
16 that may be used in the production of food for human consumption.
- 17 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
18 claimant may claim as a credit against the tax imposed under s. 71.43, up to the
19 amount of those taxes, an amount equal to 5% of the educational expenses incurred
20 by the claimant, in the year to which the claim relates, for the claimant’s employes
21 to attend courses in the fields of agriculture or farm management at an eligible
22 institution.
- 23 (c) *Limitations.* No credit may be allowed under this subsection:
 - 24 1. Unless a claim is filed with the department in conformity with the filing
25 requirements in s. 71.44 (1), (2) and (3).

1 2. If the department determines that ownership of the farmland has been
2 transferred to the claimant for the purpose of maximizing benefits under this
3 subsection.

4 3. If the department determines that the claimant is not farming in the year
5 to which the claim relates.

6 (d) *Change of business, carry-over, administration, timeliness, nonclaimants.*
7 Subsection (4) (e), (f), (g), (h) and (i), as it applies to the credit under sub. (4), applies
8 to the credit under this subsection.

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

10 71.49 (1) (cm) Farmland education tax credit under s. 71.47 (2e).

11 **SECTION 13.** 77.92 (4) of the statutes, as affected by 1997 Wisconsin Act 27, is
12 amended to read:

13 77.92 (4) “Net business income”, with respect to a partnership, means taxable
14 income as calculated under section 703 of the internal revenue code; plus the items
15 of income and gain under section 702 of the internal revenue code; minus the items
16 of loss and deduction under section 702 of the internal revenue code; plus payments
17 treated as not made to partners under section 707 (a) of the internal revenue code;
18 plus the credits claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds),
19 (2dx) and, (3e) and (3s); but excluding income, gain, loss and deductions from
20 farming. “Net business income”, with respect to a natural person, estate or trust,
21 means profit from a trade or business for federal income tax purposes and includes
22 net income derived as an employe as defined in section 3121 (d) (3) of the internal
23 revenue code.

24 **SECTION 14. Initial applicability.**

1 (1) This act first applies to taxable years beginning on January 1 of the year
2 in which this subsection takes effect, except that if this subsection takes effect after
3 July 31 this act first applies to claims filed for taxable years beginning on January
4 1 of the year following the year in which this subsection takes effect.

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(END)