

2003 DRAFTING REQUEST

Bill

Received: 01/23/2003

Received By: jkreyc

Wanted: As time permits

Identical to LRB:

For: Alvin Ott (608) 266-5831

By/Representing: beata

This file may be shown to any legislator: NO

Drafter: jkreyc

May Contact:

Addl. Drafters:

Subject: Tax - corp. inc. and fran.
Tax Credits - miscellaneous

Extra Copies:

Submit via email: YES

Requester's email: Rep.Ott@legis.state.wi.us

Carbon copy (CC:) to: joseph.kreyc@legis.state.wi.us

Pre Topic:

No specific pre topic given

Topic:

Dairy farm investment tax credit

Instructions:

See Attached

Drafting History:

| <u>Vers.</u> | <u>Drafted</u> | <u>Reviewed</u> | <u>Typed</u> | <u>Proofed</u> | <u>Submitted</u> | <u>Jacketed</u> | <u>Required</u> |
|--------------|----------------------|------------------------|------------------------|----------------|------------------------|------------------------|-----------------|
| /? | jkreyc 01/28/2003 | wjackson 02/18/2003 | | _____ | | | State |
| /1 | | | pgreensl 02/18/2003 | _____ | amentkow 02/18/2003 | amentkow 02/18/2003 | State |
| /2 | jkreyc | wjackson | pgreensl | _____ | lemery | lemery | |

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|--------------|----------------|-----------------|--------------|----------------|------------------|-----------------|-----------------|
| | 03/05/2003 | 03/05/2003 | 03/05/2003 | _____ | 03/05/2003 | 03/05/2003 | |

FE Sent For:

↪ 03-25-2003
 (1/2")
 ↑
 (see attached)

<END>

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By/Representing: **beata**

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|--------------|----------------------|------------------------|------------------------|----------------|------------------------|------------------------|-----------------|
| /? | jkreye 01/28/2003 | wjackson 02/18/2003 | 3/8 | 3/8 | | | State |
| /1 | | 12 WLJ 3/5 | pgreensl 02/18/2003 | _____ | amentkow 02/18/2003 | amentkow 02/18/2003 | |

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| /1 | | | pgreensl 02/18/2003 | _____ | amentkow 02/18/2003 | | |

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|--------------|----------------|-----------------|--------------|----------------|------------------|-----------------|-----------------|
| 1? | jkreye | 1 WLj 2/18 | 2/18 PB | 2/18 PST/RO | | | |

FE Sent For:

<END>

1-23-03

011 - 3809 - Investment tax credit

→ Beata

↳ she's sending over a copy

with minor changes

↳ call her to discuss the changes

Bill Request Form

Legislative Reference Bureau
100 N. Hamilton Street
Legal Section. 266-3561

You may use this form or talk directly with the LRB attorney who will draft the bill.

Date 1/23/03

Legislator, agency, or other person requesting this draft Rep. Ott

Person submitting request (name and phone number) Beata Kalis 6-5831

Persons to contact for questions about this draft (names and phone numbers) Rep. Ott, Beata
or Bill Demichen / John Mancke (WI Federation of Coops) 258-4400 or
Mike Kutzka 715/842-2211 (Farm Credit Services)

Describe the problem, including any helpful examples. How do you want to solve the problem?

Dairy Investment Tax Credit Bill
Redraft LRB - 3809/1 from 2001 (enclosure)
with the changes scribbled in on the 1st page.
Call if have questions.
Thank you

Please attach a copy of any correspondence or other material that may help us. If you know of any statute sections that might be affected, list them or provide a marked-up copy.

You may attach a marked-up copy of any LRB draft or provide its number (e.g., 2001 LRB-2345/1 or 1999AB-67).

Requests are confidential unless stated otherwise. May we tell others that we are working on this for you? YES NO

If yes: Anyone who asks? YES NO
Any legislator? YES NO

Only the following persons _____

Do you consider this request urgent? YES NO If yes, please indicate why _____

Should we give this request priority over any pending request of this legislator, agency, or person?
YES NO



2001 BILL

Dairy Investment Tax Credit

D-ITC / 0H

Changes to be added to this draft:

- ① Must be nonrefundable credit that's carried forward
- ② Aggregate cap of \$50,000, Not per year.
- ③ Effective after Dec. 2003 & claimed for six tax years
- ④ *pg 2 line 15* → "free-stall" needs to be "freestall"
pg 5 line 23

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

this proposal ⑤ *items need to be depreciable under Federal IRS + under*
Analysis by the Legislative Reference Bureau *both claimed*

This bill creates an income tax and franchise tax credit for taxpayers who pay certain expenses related to operating a dairy farm. The credit is equal to 10% of the amount the taxpayer paid in the taxable year for dairy farm modernization or expansion. "Dairy farm modernization or expansion" means, generally, constructing, improving, or acquiring buildings or facilities, or acquiring equipment, for dairy animal housing, confinement, animal feeding, milk production, and waste management. The credit applies to taxable years that begin after December 31, 2001, and end before January 1, 2008. The maximum amount of the credit that a taxpayer may claim in any taxable year is \$50,000. If the amount of the credit claimed by the taxpayer exceeds the taxpayer's tax liability, the taxpayer will not receive a refund but, instead, may carry forward the amount of the unused credit to subsequent taxable years.

- ⑥ Name of bill *Dairy Investment Tax Credit or D-ITC*
 - ⑦ Add robotics *(have robotic milkers)*
 - ⑧ target group *50-100 cow farms*
- future ones may follow*

BILL

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

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

1 **SECTION 1.** 71.05 (6) (a) 15. of the statutes, as affected by 2001 Wisconsin Act
2 16, is amended to read:

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

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

9 **71.07 (3n) DAIRY FARM INVESTMENT CREDIT.** (a) In this subsection:

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

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

15 a. Free-stall barns.

16 b. Fences.

17 c. Watering facilities.

18 d. Feed storage and handling equipment.

19 e. Milking parlors.

20 f. Robotic milkers.

21 g. Scales.

BILL

1 h. Milk storage and cooling facilities.

2 i. Bulk tanks.

3 j. Manure pumping and storage facilities.

4 k. Digesters.

5 L. Equipment used to produce energy.

6 (b) Subject to the limitations provided in this subsection, for taxable years that
7 begin after December 31, 2001, and end before January 1, 2008, a claimant may
8 claim as a credit against the tax imposed under s. 71.02 an amount equal to 10% of
9 the amount the claimant paid in the taxable year for dairy farm modernization or
10 expansion related to the operation of the claimant's dairy farm.

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

14 (d) The maximum amount of the credit that a claimant may claim under this
15 subsection in any taxable year is \$50,000.

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

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

BILL

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

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

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

12 **71.10 (4) (i)** The total of claim of right credit under s. 71.07 (1), farmland
13 preservation credit under subch. IX, homestead credit under subch. VIII, farmland
14 tax relief credit under s. 71.07 (3m), farmers' drought property tax credit under s.
15 71.07 (2fd), dairy farm investment credit under s. 71.07 (3n), earned income tax
16 credit under s. 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld
17 under subch. X.

18 **SECTION 5.** 71.21 (4) of the statutes, as affected by 2001 Wisconsin Act 16, is
19 amended to read:

20 **71.21 (4)** Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
21 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3n), and (3s) and passed through to partners
22 shall be added to the partnership's income.

23 **SECTION 6.** 71.26 (2) (a) of the statutes, as affected by 2001 Wisconsin Act 16,
24 is amended to read:

BILL

1 71.26 (2) (a) *Corporations in general.* The “net income” of a corporation means
2 the gross income as computed under the Internal Revenue Code as modified under
3 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
4 computed under s. 71.28 (1), (3), (4), and (5), plus the amount of the credit computed
5 under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), and (1dx), (3g) ~~(1dx)~~, and
6 (3n) and not passed through by a partnership, limited liability company, or
7 tax-option corporation that has added that amount to the partnership’s, limited
8 liability company’s, or tax-option corporation’s income under s. 71.21 (4) or 71.34 (1)
9 (g) plus the amount of losses from the sale or other disposition of assets the gain from
10 which would be wholly exempt income, as defined in sub. (3) (L), if the assets were
11 sold or otherwise disposed of at a gain and minus deductions, as computed under the
12 Internal Revenue Code as modified under sub. (3), plus or minus, as appropriate, an
13 amount equal to the difference between the federal basis and Wisconsin basis of any
14 asset sold, exchanged, abandoned, or otherwise disposed of in a taxable transaction
15 during the taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

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

17 **71.28 (3n) DAIRY FARM INVESTMENT CREDIT.** (a) In this subsection:

- 18 1. “Claimant” means a person who files a claim under this subsection.
- 19 2. “Dairy farm modernization or expansion” means constructing, improving, or
20 acquiring buildings or facilities, or acquiring equipment, for dairy animal housing,
21 confinement, animal feeding, milk production, and waste management, including
22 the following, if related to dairy animals:
- 23 a. Free-stall barns.
- 24 b. Fences.
- 25 c. Watering facilities.

BILL

1 d. Feed storage and handling equipment.

2 e. Milking parlors.

3 f. Robotic milkers.

4 g. Scales.

5 h. Milk storage and cooling facilities.

6 i. Bulk tanks.

7 j. Manure pumping and storage facilities.

8 k. Digesters.

9 L. Equipment used to produce energy.

10 (b) Subject to the limitations provided in this subsection, for taxable years that
11 begin after December 31, 2001, and end before January 1, 2008, a claimant may
12 claim as a credit against the tax imposed under s. 71.23 an amount equal to 10% of
13 the amount the claimant paid in the taxable year for dairy farm modernization or
14 expansion.

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

18 (d) The maximum amount of the credit that a claimant may claim under this
19 subsection in any taxable year is \$50,000.

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

BILL

1 companies, and shareholders of tax-option corporations may claim the credit in
2 proportion to their ownership interest.

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

5 **SECTION 8.** 71.30 (3) (f) of the statutes is amended to read:

6 71.30 (3) (f) The total of farmers' drought property tax credit under s. 71.28
7 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
8 s. 71.28 (2m), dairy farm investment credit under s. 71.28 (3n), and estimated tax
9 payments under s. 71.29.

10 **SECTION 9.** 71.34 (1) (g) of the statutes, as affected by 2001 Wisconsin Act 16,
11 is amended to read:

12 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
13 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), and
14 (3g), and (3n) and passed through to shareholders.

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

16 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
17 computed under s. 71.47 (1dd) to (1dx) and (3n) and not passed through by a
18 partnership, limited liability company, or tax-option corporation that has added that
19 amount to the partnership's, limited liability company's, or tax-option corporation's
20 income under s. 71.21 (4) or 71.34 (1) (g) and the amount of credit computed under
21 s. 71.47 (1), (3), (4) and (5).

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

23 71.47 (3n) DAIRY FARM INVESTMENT CREDIT. (a) In this subsection:

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

BILL

1 2. "Dairy farm modernization or expansion" means constructing, improving, or
2 acquiring buildings or facilities, or acquiring equipment, for dairy animal housing,
3 confinement, animal feeding, milk production, and waste management, including
4 the following, if related to dairy animals:

- 5 a. ~~Free~~ stall barns.
- 6 b. Fences.
- 7 c. Watering facilities.
- 8 d. Feed storage and handling equipment.
- 9 e. Milking parlors.
- 10 f. Robotic milkers.
- 11 g. Scales.
- 12 h. Milk storage and cooling facilities.
- 13 i. Bulk tanks.
- 14 j. Manure pumping and storage facilities.
- 15 k. Digesters.
- 16 L. Equipment used to produce energy.

17 (b) Subject to the limitations provided in this subsection, for taxable years that
18 begin after December 31, 2001, and end before January 1, 2008, a claimant may
19 claim as a credit against the tax imposed under s. 71.43 an amount equal to 10% of
20 the amount the claimant paid in the taxable year for dairy farm modernization or
21 expansion.

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

BILL

1 (d) The maximum amount of the credit that a claimant may claim under this
2 subsection in any taxable year is \$50,000.

3 (e) 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 their payment of expenses under par. (b). A partnership,
6 limited liability company, or tax-option corporation shall compute the amount of
7 credit that each of its partners, members, or shareholders may claim and shall
8 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 interest.

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

13 **SECTION 12.** 71.49 (1) (f) of the statutes is amended to read:

14 71.49 (1) (f) The total of farmers' drought property tax credit under s. 71.47
15 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
16 s. 71.47 (2m), dairy farm investment credit under s. 71.28 (3n), and estimated tax
17 payments under s. 71.48.

18 **SECTION 13.** 77.92 (4) of the statutes, as affected by 2001 Wisconsin Act 16, is
19 amended to read:

20 77.92 (4) "Net business income", with respect to a partnership, means taxable
21 income as calculated under section 703 of the Internal Revenue Code; plus the items
22 of income and gain under section 702 of the Internal Revenue Code, including taxable
23 state and municipal bond interest and excluding nontaxable interest income or
24 dividend income from federal government obligations; minus the items of loss and
25 deduction under section 702 of the Internal Revenue Code, except items that are not

BILL

1 deductible under s. 71.21; plus guaranteed payments to partners under section 707
2 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
3 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), ~~and (3g), (3n),~~ and (3s); and plus or minus,
4 as appropriate, transitional adjustments, depreciation differences, and basis
5 differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding income, gain,
6 loss, and deductions from farming. "Net business income", with respect to a natural
7 person, estate, or trust, means profit from a trade or business for federal income tax
8 purposes and includes net income derived as an employee as defined in section 3121
9 (d) (3) of the Internal Revenue Code.

10 (END)



Freestall Housing for Livestock

A well designed freestall barn can provide the proper environment for a cow to produce up to her genetic potential. Freestall housing for dairy cows offers many advantages over conventional, open housing systems. Freestall housing requires less bedding and keeps cows cleaner than conventional systems. Freestall housing also offers more manure handling options than bedded pack systems.

Cow comfort is the key to successful freestall housing. The freestall platform must be more comfortable for the cow to rest than other locations in the barn. The cow must be able to rise and lie down without restrictions, so it is important to follow specific recommendations outlined in the following sections. The air quality inside the freestall barn must be good to ensure healthy and productive cows.

Stall size

Stall size depends on how stalls are arranged and type of partition used. Cows must have sufficient space when they stand up to be able to lunge to the side or front, as shown in Figure 1. Cows will not use stalls, or they can get injured, if they have difficulty moving from a resting to a standing position.

Stall partitions, like those shown in Figures 1a and 1b, allow the cow to lunge her head to the side. These stall partitions must be installed properly for the cow to have adequate room for her

head. Figure 1c shows space needed for a cow to lunge her head forward in the stall. In 8-ft. long stalls, a brisket board is needed to keep the cow near the back of the stall. Seven-ft. long stalls should be arranged head-to-head, as shown in Figure 1d, without obstructions in front of the cow. This gives them adequate space to lunge forward to stand.

A stall width of 45 to 48 inches is recommended for 1,400-lb. cows. The 48-inch width works best in buildings with 8-ft. truss spacing because building posts can be used to support half of the stall partitions.

Stall slope

The front of the freestall should be 3 to 4 inches higher than the rear curb to allow for drainage and for the cow to rest uphill. Cows tend to avoid or back into stalls that are lower in the front than in the rear.

A lateral slope of 3 percent or greater tends to result in most cows lying in the same direction because cows prefer to lie with their backbones up slope. This position helps prevent teat injuries, and when cows are lying in the same direction they can get up without bumping into each other.

Curb height

The recommended height for curbs is 8 to 12 inches. This helps prevent manure from being scraped into the stall and reduces the number of cows

that try to rest half in the stall and half in the alley. Higher curbs can result in teat injuries when cows enter stalls.

Ridge opening

A ridge opening of 2 inches for every 10 ft. of building width is recommended for a naturally ventilated freestall barn. For example, a barn that is 90 ft. wide would require an 18-inch ridge opening. Positioning the open ridge over the drive-through feed alley or a scrape alley greatly reduces problems from rain or snow that might enter the ridge opening. Ridge caps can reduce airflow and sometimes increase the amount of snow that enters the freestall barn. An upstand, like the one shown in Figure 2, can reduce the amount of rain or snow that enters the barn and increase airflow out of the ridge opening.

Eave opening

Each eave should have a 1-inch opening for every 10 ft. of building width to provide proper ventilation. For example, a barn that is 90 ft. wide would require a 9-inch opening on each eave. Usually the opening between the truss plate and the roof is adequate. An overhang can reduce the amount of wind blowing in through the eaves; however, wind still can be a problem in severe winter weather. Some producers have successfully used sidewall curtains to provide an eave opening; however, it is more difficult to control blowing snow and strong winds in this design than one protected by an overhang.

IOWA STATE UNIVERSITY
University Extension

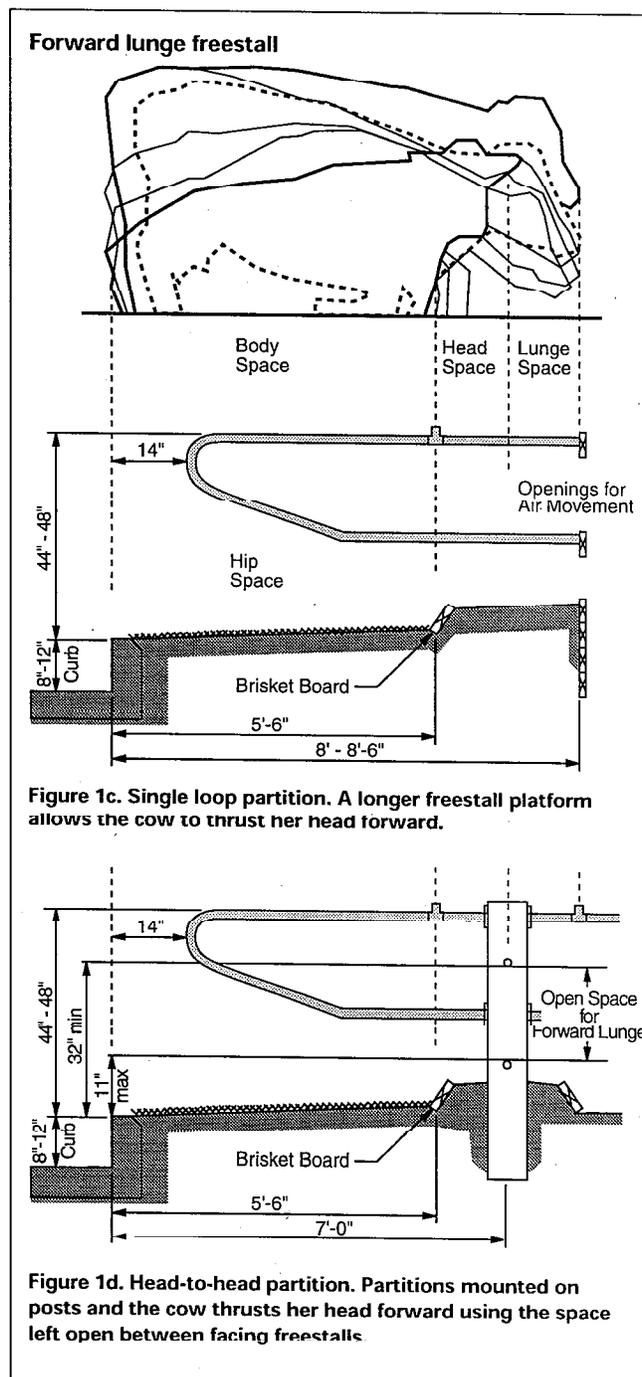
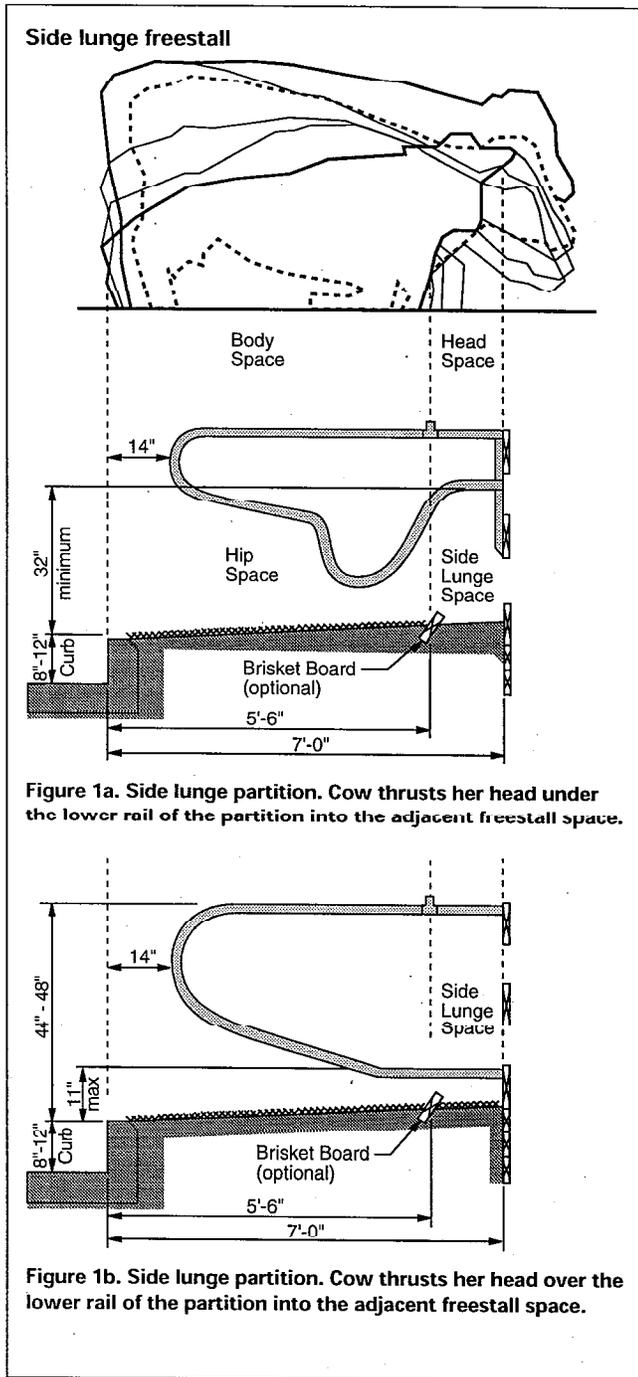


Figure 1. Freestalls with lunge space (dimensions are for a 1,400-lb. cow)

Reproduced with permission from *Dairy Freestall Housing and Equipment*, MWPS-7, 5th edition, 1995. © MidWest Plan Service, Ames, Iowa 50011-3080.

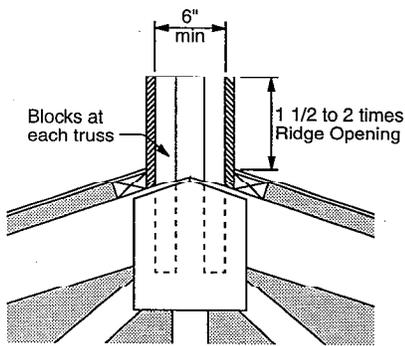


Figure 2. Suggested upstand for livestock building

Reproduced with permission from *Dairy Freestall Housing and Equipment*, MWPS-7, 5th edition, 1995. © MidWest Plan Service, Ames, Iowa 50011-3080.

Sidewall curtains

One of the biggest changes in Iowa freestall housing in recent years has been using curtains to control openings in the sidewall. Curtain-sided freestall barns provide a better environment for cows during hot weather than freestall barns with small doors for openings. A variety of curtains have been used, as well as a variety of methods for opening them.

Curtains that open from the top allow for increased ventilation during mild weather without creating drafts at the cow level. However, a single curtain close to the ground in warm weather can be damaged by rodents. During the summer, tie up a single curtain to prevent rodent damage. If two curtains are used, the top curtain works best when opened from the top to the bottom, and the lower curtain works best when opened from the bottom to the top. Two curtains provide good ventilation and cannot be reached by rodents.

Curtains must be protected from cows with high tensile wire or cattle panels. A scrape alley next to the wall eliminates the need for a large overhang, required by barns with stalls fastened to outside walls.

Bedding

Sand is a good choice of bedding material for cow comfort and mastitis control. When managed properly, sand provides a comfortable base for the cow and less slippage in alleys when cows track it into the area. However, sand will produce wear on liquid manure handling equipment faster than other bedding materials. To reduce wear on equipment, some producers have used augers to unload manure storage pits instead of a pump. The augers can put the semi-liquid manure in a slinger-type spreader with minimal wear on equipment.

Cow mattresses

Bedding mattresses have been used successfully to provide a comfortable resting area without using a large amount of bedding. Mattresses require only a small amount of bedding to absorb the moisture from the manure tracked in by the cows. The polypropylene material used for mattresses can be filled with shredded tires, sawdust, or straw. Long straw or poor quality hay works better than chopped straw because it does not form lumps as easily. The mattress material should be fastened to the front of the stall with screws or double-headed nails so it can be rolled back to refill or level when needed.

Conclusion

Proper planning of a freestall barn is essential. It is always better to make errors on paper rather than in concrete. Two good reference books for building or remodeling freestall barns are *Dairy Freestall Housing and Equipment*, MWPS-7 and *Penn State Freestall and Heifer Housing Plans*, NRAES-85. Both can be ordered from any county extension office.

References

The following materials were used to develop this publication:

- *Dairy Freestall Housing and Equipment*, MWPS-7, (1995) published by the MidWest Plan Service, Ames, Iowa.
- *Penn State Freestall and Heifer Housing Plans*, NRAES-85, (1994) published by the Northeast Regional Agricultural Engineering Service, Ithaca, New York.
- McFarland, D. F. (1991). "Experiences with Freestall Design in Pennsylvania," a paper presented to the American Society of Agricultural Engineers in St. Joseph, Michigan.

Additional resources

Other publications in the LIFE series, available from any Iowa State University Extension office, include:

Environmental Guidelines for Confinement Swine Housing, Pm-1586

Choosing Fans for Livestock and Poultry Ventilation, Pm-1587

Health Hazards in Swine Confinement Housing: How Bad Is Bad? Pm-1588

Concrete Specifications for Agriculture, Pm-1589

Design and Management of Anaerobic Lagoons in Iowa for Animal Manure Storage and Treatment, Pm-1590

Vented Plumbing for Livestock Manure Handling Systems, Pm-1600

Pit Recharge Manure Management System, Pm-1601

Selecting Manure Management Systems for Swine Operations, Pm-1602

Earthen Pits for Liquid Manure Storage, Pm-1603

Watering Systems for Grazing Livestock, Pm-1604

Guidelines for Minimizing Odors in Swine Operations, Pm-1605

Tunnel Ventilation to Alleviate Animal Heat Stress, Pm-1606

Environmental Regulations for Livestock Manure Management, Pm-1607

Open or Enclosed Swine Finishing: Making the Decision, Pm-1608

You Can't Afford Not to Haul Manure, Pm-1609

File: Engineering 1-1

Prepared by Vincent J. McFadden, extension agricultural engineering field specialist, Department of Agricultural and Biosystems Engineering. Reviewed by Jeff Lorimor, extension agricultural engineer; Kris Kohl, and Grant Wells, extension agricultural engineering field specialists, Department of Agricultural and Biosystems Engineering.

 and justice for all

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Issued in furtherance of Cooperative Extension work, Acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture. Robert M. Anderson, Jr., director, Cooperative Extension Service, Iowa State University of Science and Technology, Ames, Iowa.

2003

2001 BILL

related to the operations of a dairy farm that milks at least 50 cows, but not more than 100 cows

in 1-28-03

LPS: Please proof amended stats. w/ stats.

the acquisition of

REGEN

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

Analysis by the Legislative Reference Bureau

2010

This bill creates an income tax and franchise tax credit for taxpayers who pay certain expenses related to operating a dairy farm. The credit is equal to 10% of the amount the taxpayer paid in the taxable year for dairy farm modernization or expansion. "Dairy farm modernization or expansion" means, generally, ~~constructing, improving, or acquiring~~ buildings or facilities, or ~~acquiring~~ equipment, for dairy animal housing, confinement, animal feeding, milk production, and waste management. The credit applies to taxable years that begin after December 31, ~~2001~~ and end before January 1, ~~2003~~. The ~~maximum~~ amount of ~~the credit~~ that a taxpayer may claim ~~in any taxable year~~ is \$50,000. If the amount of the credit claimed by the taxpayer exceeds the taxpayer's tax liability, the taxpayer will not receive a refund but, instead, may carry forward the amount of the unused credit to subsequent taxable years.

aggregate

2003

the construction, the improvement, or the acquisition of

credits

BILL

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

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

1 SECTION 1. 71.05 (6) (a) 15. ^x of the statutes, ~~as affected by 2001 Wisconsin Act~~
2 ~~16,~~ is amended to read:

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

8 SECTION 2. 71.07 (3n)^x of the statutes is created to read:

9 71.07 (3n) DAIRY ~~PROGRAM~~ INVESTMENT CREDIT. (a) In this subsection:[✓]

- 10 1. "Claimant" means a person who files a claim under this subsection.
- 11 2. "Dairy farm modernization or expansion" means ~~constructing, improving, or~~
12 ~~acquiring~~ buildings or facilities, or ~~acquiring~~ ^{the acquisition of} equipment, for dairy animal housing,
13 confinement, animal feeding, milk production, and waste management, including
14 the following, if related to dairy animals:

- 15 a. ~~Free stall~~ barns. = Freestall
- 16 b. Fences.
- 17 c. Watering facilities.
- 18 d. Feed storage and handling equipment.
- 19 e. Milking parlors.
- 20 f. Robotic ~~milkers~~ ^{equipment}
- 21 g. Scales.

the construction, the improvement, or the acquisition of

BILL

- h. Milk storage and cooling facilities.
- i. Bulk tanks.
- j. Manure pumping and storage facilities.
- k. Digesters.
- L. Equipment used to produce energy.

(1) if, in the taxable year, the dairy farmer milks at least 50 cows, but not more than 100 cows

(b) Subject to the limitations provided in this subsection, for taxable years that begin after December 31, 2001³, and end before January 1, 2008²⁰¹⁰, a claimant may claim as a credit against the tax imposed under s. 71.02 an amount equal to 10% of the amount the claimant paid in the taxable year for dairy farm modernization or expansion related to the operation of the claimant's dairy farm.

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

(d) The ~~maximum~~^{aggregate} amount of ~~the credit~~^{credits} that a claimant may claim under this subsection ~~in any taxable year~~ is \$50,000.

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

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

BILL

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

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

~~SECTION 4. 71.10 (4) (i) of the statutes is amended to read.~~

~~71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland preservation credit under subch. IX, homestead credit under subch. VIII, farmland tax relief credit under s. 71.07 (3m), farmers' drought property tax credit under s. 71.07 (2fd), dairy farm investment credit under s. 71.07 (3n), earned income tax credit under s. 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld under subch. X~~

SECTION 5. 71.21 (4)^x of the statutes, ~~as affected by 2001 Wisconsin Act 16,~~ is amended to read:

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

SECTION 6. 71.26 (2) (a)^x of the statutes, ~~as affected by 2001 Wisconsin Act 18,~~ is amended to read:

*Sec #, w; 71.10 (4) (gbm)^x
71.10 (4) (3) (gbm) = Dairy investment credit under s. 71.07 (3n) 10*

BILL

1 d. Feed storage and handling equipment.

2 e. Milking parlors.

3 f. Robotic ~~milkers~~ ^{equipment}.

4 g. Scales.

5 h. Milk storage and cooling facilities.

6 i. Bulk tanks.

7 j. Manure pumping and storage facilities.

8 k. Digesters.

9 L. Equipment used to produce energy.

10 (b) Subject to the limitations provided in this subsection, for taxable years that
11 begin after December 31, 200~~1~~³, and end before January 1, ~~2002~~²⁰¹⁰, a claimant may
12 claim as a credit against the tax imposed under s. 71.23 an amount equal to 10% of

13 the amount the claimant paid in the taxable year for dairy farm modernization or
14 expansion ^{related to the claimant's dairy farm; if in the taxable year}
^{the dairy farm milks at least 50 cows, but not more than 100 cows}

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

18 (d) The ~~maximum~~ ^{aggregate} amount of ~~the credit~~ ^{credits} that a claimant may claim under this
19 subsection ~~in any taxable year~~ is \$50,000.

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

BILL

Sec #, wj 71.30 (3) (bm) ✓ (7)

71.30 (3) (b) Dairy investment credit under s. 71.28 (3n) ✓

1 companies, and shareholders of tax-option corporations may claim the credit in
2 proportion to their ownership interest.

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

5 ~~SECTION 8. 71.30 (3) (f) of the statutes is amended to read:~~

6 ~~71.30 (3) (f) The total of farmers' drought property tax credit under s. 71.28~~
7 ~~(1fd), farmland preservation credit under subch. IX, farmland tax relief credit under~~
8 ~~s. 71.28 (2m), dairy farm investment credit under s. 71.28 (3n), and estimated tax~~
9 ~~payments under s. 71.29~~

10 SECTION 9. 71.34 (1) (g) of the statutes, as affected by 2001 Wisconsin Act 16,
11 is amended to read:

12 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
13 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), and
14 (3g), and (3n) and passed through to shareholders.

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

16 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
17 computed under s. 71.47 (1dd) to (1dx) and (3n) and not passed through by a
18 partnership, limited liability company, or tax-option corporation that has added that
19 amount to the partnership's, limited liability company's, or tax-option corporation's
20 income under s. 71.21 (4) or 71.34 (1) (g) and the amount of credit computed under
21 s. 71.47 (1), (3), (4) and (5).

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

23 71.47 (3n) DAIRY FARM INVESTMENT CREDIT. (a) In this subsection:

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

BILL

SECTION 11

the construction, the improvement, or the acquisition of

1 2. "Dairy farm modernization or expansion" means ~~constructing, improving or~~
2 ~~acquiring~~ buildings or facilities, or ~~acquiring~~ *the acquisition of* equipment, for dairy animal housing,
3 confinement, animal feeding, milk production, and waste management, including
4 the following, if related to dairy animals:

- 5 a. ~~Free-stall~~ barns. *Freestall*
- 6 b. Fences.
- 7 c. Watering facilities.
- 8 d. Feed storage and handling equipment.
- 9 e. Milking parlors.
- 10 f. Robotic ~~milking~~ *equipment*
- 11 g. Scales.
- 12 h. Milk storage and cooling facilities.
- 13 i. Bulk tanks.
- 14 j. Manure pumping and storage facilities.
- 15 k. Digesters.
- 16 L. Equipment used to produce energy.

17 (b) Subject to the limitations provided in this subsection, for taxable years that
18 begin after December 31, 200~~1~~³ and end before January 1, ~~2008~~²⁰¹⁰, a claimant may
19 claim as a credit against the tax imposed under s. 71.43 an amount equal to 10% of

20 the amount the claimant paid in the taxable year for dairy farm modernization or
21 expansion *related to the operation of the claimant's dairy farm, if, in the taxable year, the dairy farm milks at least 50 cows, but not more than 100 cows*

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

BILL

aggregate credit

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(d) The ~~maximum~~ amount of ~~the credit~~ that a claimant may claim under this subsection in ~~any taxable year~~ is \$50,000.

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

11
12

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

~~SECTION 12. 71.49 (1) (f) of the statutes is amended to read:
71.49 (1) (f) The total of farmers' drought property tax credit under s. 71.47 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under s. 71.47 (2m), dairy farm investment credit under s. 71.28 (3n), and estimated tax payments under s. 71.48.~~

18
19

SECTION 13. 77.92 (4) of the statutes, as affected by 2001 Wisconsin Act 16, is amended to read:

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77.92 (4) "Net business income" with respect to a partnership, means taxable income as calculated under section 703 of the Internal Revenue Code; plus the items of income and gain under section 702 of the Internal Revenue Code, including taxable state and municipal bond interest and excluding nontaxable interest income or dividend income from federal government obligations; minus the items of loss and deduction under section 702 of the Internal Revenue Code, except items that are not

*Sec. #. or, 71.49 (1) (bm) *
71.49 (1) (b) (bm) = Dairy investment credit under 71.47 (3n) 1*

BILL

1 deductible under s. 71.21; plus guaranteed payments to partners under section 707
2 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
3 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), and (3g), ~~(3n)~~, and (3s); and plus or minus,
4 as appropriate, transitional adjustments, depreciation differences, and basis
5 differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding income, gain,
6 loss, and deductions from farming. “Net business income”² with respect to a natural
7 person, estate, or trust, means profit from a trade or business for federal income tax
8 purposes and includes net income derived as an employee as defined in section 3121
9 (d) (3) of the Internal Revenue Code.

10 (END)

Mentkowski, Annie

From: Kalies, Beata
Sent: Tuesday, February 18, 2003 11:52 AM
To: LRB.Legal
Subject: Draft review: LRB 03-1710/1 Topic: Dairy farm investment tax credit

It has been requested by <Kalie, Beata> that the following draft be jacketed for the ASSEMBLY:

Draft review: LRB 03-1710/1 Topic: Dairy farm investment tax credit

Rep. Ott 3-5

Beato → LRB 1710

▷ take out the "SD" case reference

He is sending back the jacket for redrafting



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1710/1

JK:wlj:pgv

RMR

2003 BILL

in 3-5-03

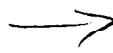
due Fri. 3-7

REGEN

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

Analysis by the Legislative Reference Bureau

This bill creates an income tax and franchise tax credit for taxpayers who pay certain expenses related to operating a dairy farm. The credit is equal to 10% of the amount the taxpayer paid in the taxable year for dairy farm modernization or expansion ~~related to the operation of a dairy farm that milks at least 50 cows, but not more than 100 cows.~~ "Dairy farm modernization or expansion" means, generally, the construction, the improvement, or the acquisition of buildings or facilities, or the acquisition of equipment, for dairy animal housing, confinement, animal feeding, milk production, and waste management. The credit applies to taxable years that begin after December 31, 2003, and end before January 1, 2010. The aggregate amount of credits that a taxpayer may claim is \$50,000. If the amount of the credit claimed by the taxpayer exceeds the taxpayer's tax liability, the taxpayer will not receive a refund but, instead, may carry forward the amount of the unused credit to subsequent taxable years.



BILL

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

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

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

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

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

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

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

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

14 a. Freestall barns.

15 b. Fences.

16 c. Watering facilities.

17 d. Feed storage and handling equipment.

18 e. Milking parlors.

19 f. Robotic equipment.

20 g. Scales.

21 h. Milk storage and cooling facilities.

BILL

- 1 i. Bulk tanks.
- 2 j. Manure pumping and storage facilities.
- 3 k. Digesters.
- 4 L. Equipment used to produce energy.

5 (b) Subject to the limitations provided in this subsection, for taxable years that
6 begin after December 31, 2003, and end before January 1, 2010, a claimant may
7 claim as a credit against the tax imposed under s. 71.02 an amount equal to 10% of
8 the amount the claimant paid in the taxable year for dairy farm modernization or
9 expansion related to the operation of the claimant's dairy farm, ~~if, in the taxable year,~~
10 ~~the dairy farm milks at least 50 cows, but not more than 100 cows.~~

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

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

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

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

BILL

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

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

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

12 71.10 (4) (gbm) Dairy investment credit under s. 71.07 (3n).

13 **SECTION 5.** 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), (3g), (3n), and (3s) and passed through to partners
16 shall be added to the partnership's income.

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

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

BILL

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

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

9 **71.28 (3n) DAIRY INVESTMENT CREDIT.** (a) In this subsection:

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

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

15 a. Freestall barns.

16 b. Fences.

17 c. Watering facilities.

18 d. Feed storage and handling equipment.

19 e. Milking parlors.

20 f. Robotic equipment.

21 g. Scales.

22 h. Milk storage and cooling facilities.

23 i. Bulk tanks.

24 j. Manure pumping and storage facilities.

25 k. Digesters.

BILL

1 L. Equipment used to produce energy.

2 (b) Subject to the limitations provided in this subsection, for taxable years that
3 begin after December 31, 2003, and end before January 1, 2010, a claimant may
4 claim as a credit against the tax imposed under s. 71.23 an amount equal to 10% of
5 the amount the claimant paid in the taxable year for dairy farm modernization or
6 expansion related to the ^{operation of the} claimant's dairy farm, ~~if in the taxable year, the dairy farm~~
7 ~~milked at least 50 cows, but not more than 100 cows.~~

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

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

13 (e) 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 their payment of expenses under par. (b). A partnership,
16 limited liability company, or tax-option corporation shall compute the amount of
17 credit that each of its partners, members, or shareholders may claim and shall
18 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 interest.

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

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

24 71.30 (3) (bm) Dairy investment credit under s. 71.28 (3n).

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

BILL

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

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

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

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

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

- 13 1. "Claimant" means a person who files a claim under this subsection.
- 14 2. "Dairy farm modernization or expansion" means the construction, the
15 improvement, or the acquisition of buildings or facilities, or the acquisition of
16 equipment, for dairy animal housing, confinement, animal feeding, milk production,
17 and waste management, including the following, if related to dairy animals:
- 18 a. Freestall barns.
 - 19 b. Fences.
 - 20 c. Watering facilities.
 - 21 d. Feed storage and handling equipment.
 - 22 e. Milking parlors.
 - 23 f. Robotic equipment.
 - 24 g. Scales.
 - 25 h. Milk storage and cooling facilities.

BILL

- 1 i. Bulk tanks.
- 2 j. Manure pumping and storage facilities.
- 3 k. Digesters.
- 4 L. Equipment used to produce energy.

5 (b) Subject to the limitations provided in this subsection, for taxable years that
6 begin after December 31, 2003, and end before January 1, 2010, a claimant may
7 claim as a credit against the tax imposed under s. 71.43 an amount equal to 10% of
8 the amount the claimant paid in the taxable year for dairy farm modernization or
9 expansion related to the operation of the claimant's dairy farm, ~~if in the taxable year,~~
10 ~~the dairy farm milks at least 50 cows, but not more than 100 cows.~~

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

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

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

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

BILL

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

2 71.49 (1) (bm) Dairy investment credit under 71.47 (3n).

3 **SECTION 13.** 77.92 (4) of the statutes is amended to read:

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

19

(END)

Barman, Mike

From: Kreye, Joseph
Sent: Tuesday, March 25, 2003 11:49 AM
To: Kalies, Beata
Subject: LRB 03-1710/2: copy and request for fiscal estimate



03-1710/2

Beata,

Here's a copy of the draft you requested. I will also put in the request for a fiscal estimate.

Joe

Joseph T. Kreye
Legislative Attorney
Legislative Reference Bureau
(608) 266-2263



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET
P. O. BOX 2037
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561
REFERENCE SECTION: (608) 266-0341
FAX: (608) 266-5648

STEPHEN R. MILLER
CHIEF

April 10, 2003

MEMORANDUM

To: Representative Ott

From: Joseph T. Kreye, Legislative Attorney, (608) 266-2263

Subject: Technical Memorandum to 2003 (unintroduced) (LRB -1710/2)

We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

April 6, 2003

TO: Joseph Kreye
Legislative Reference Bureau

FROM: Dennis Collier
Department of Revenue

SUBJECT: Technical Memorandum on LRB 1710/2

It would be helpful for administration of the credit if dairy farm modernization or expansion was defined more explicitly. For example, it is not clear if the purchase of a tractor for use in growing feed for dairy cows or of equipment to produce energy by wind would qualify for the credit. In either of these examples, the equipment could also be used for other purposes, such as using the tractor to grow crops for sale or using the wind equipment for energy used both for dairy and nondairy (e.g., home) purposes.

The order of computation in sec. 71.10(4)(gbm) places the credit after the alternative minimum tax, which allows the credit to offset minimum tax. However, sec. 71.07(3n)(b) provides that the credit may be applied only against the tax imposed under sec. 71.02. If the credit is intended to offset the alternative minimum tax, then sec. 71.07(3n)(b) should provide that a claimant may claim the credit against the tax imposed under both secs. 71.02 and 71.08. If it is not meant to offset the alternative minimum tax, then the order of computation should be placed somewhere between sec. 71.10(4)(b) and (f) and sec. 71.08(1)(intro.) should not be amended to include sec. 71.07(3n).

Secs. 71.07(3n)(c), 71.28(3n)(c), and 71.47(3n)(c) provide that no credit may be allowed for any amount paid for expenses that are claimed as a deduction under section 162 of the Internal Revenue Code (IRC). IRC section 162 allows businesses to deduct from gross income the ordinary and necessary expenses of carrying on a trade or business. This section could be interpreted to deny the credit to farmers because the costs of the items have already been deducted for federal tax purposes. Wisconsin's adjusted gross income is defined as federal adjusted gross income with certain modifications. There is no modification to add back the amount deducted for these items. Since the cost of these items has been deducted, there is no credit. If the deductions were added back to income, it would greatly reduce the benefit of the credit.

Generally, credit amounts are added to income in the year the credits are computed and the deduction continues to be allowed for the expenses used to compute the credit. This draft includes a provision to add the credit amount to taxable income. To be consistent with other credits, secs. 71.07(3n)(c), 71.28(3n)(c), and 71.47(3n)(c) should be eliminated.

Calendar year tax filers are eligible to claim the credit for six years of expenditures. Fiscal year filers may only claim the credit for five years of expenditures. To be consistent, the credit should be allowed for taxable years beginning after December 31, 2003 and beginning before January 1, 2010.

The proposed legislation makes no provision for the funding of the costs involved in administering the activities required. If the author wishes to provide funding, appropriation language could be developed and costs allocated in the following manner:

| | <u>Chapter 20</u> | <u>Amount</u> | <u>FTE</u> |
|----------|-------------------|---------------|------------|
| one-time | s. 20.566 (1) (a) | \$18,500 | |
| annual | s. 20.566 (1) (a) | \$73,900 | 1 |

If you have any questions regarding this technical memorandum, please contact Pam Walgren at 266-7817.

Memo

To: Senator Representative

OH

(The Draft's Requester)

Per your request: ... the attached fiscal estimate was prepared for your unIntroduced 2003 draft.

LRB Number: LRB -1710

Version: "12"

Fiscal Estimate Prepared By: (agency abbr.) DOR

If you have questions about the enclosed fiscal estimate, you may contact the state agency representative that prepared the fiscal estimate. If you disagree with the enclosed fiscal estimate, please contact the LRB drafter of your proposal to discuss your options under the fiscal estimate procedure.

Entered In Computer And Copy Sent To Requester Via E-Mail: ^{4/18} 04 / 10 / 2003

* * * * *

To: LRB - Legal Section PA's

Subject: *Fiscal Estimate Received For An Unintroduced Draft*

- > **If redrafted** ... please insert this cover sheet and attached early fiscal estimate into the drafting file ... after the draft's old version (the version that this fiscal estimate was based on), and before the markup of the draft on the updated version.
- > **If introduced** ... and the version of the attached fiscal estimate is for a **previous version** ... please insert this cover sheet and attached early fiscal estimate into the drafting file ... after the draft's old version (the version that this fiscal estimate was based on), and before the markup of the draft on the updated version. Have Mike (or Lynn) get the ball rolling on getting a fiscal estimate prepared for the introduced version.
- > **If introduced** ... and the version of the attached fiscal estimate is for the **current version** ... please write the draft's introduction number below and give to Mike (or Lynn) to process.

THIS DRAFT WAS INTRODUCED AS: 2003 AB 283

Barman, Mike

From: Barman, Mike
Sent: Thursday, April 10, 2003 11:01 AM
To: Rep.Ott
Subject: LRB-1710/2 (FE by DOR - attached - for your review)



FE_Ott.pdf

FE_Ott.pdf