

2019 DRAFTING REQUEST

Bill

For: **Mark Spreitzer (608) 266-1192** Drafter: **mkunkel**
 By: **Bradford** Secondary Drafters:
 Date: **1/14/2019** May Contact:

Same as LRB:

Submit via email: **YES**
 Requester's email: **Rep.Spreitzer@legis.wisconsin.gov**
 Carbon copy (CC) to: **aaron.gary@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

New farmer education loan assistance program

Instructions:

Redraft 207 AB-284

*Requested
 a "fresh"
 1/4" Jacket
 09-20-2019*

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mkunkel 1/14/2019	aernstr 1/18/2019			
/1	mkunkel 8/8/2019	anienaja 8/8/2019	lparisi 1/18/2019		State Tax Exempt
/2	mkunkel 8/23/2019	csicilia 8/23/2019	mbarman 8/8/2019		State Tax Exempt
/3	mkunkel 8/28/2019	aernstr 8/28/2019	lparisi 8/23/2019		State Tax Exempt
/4			lparisi	mbarman	State

Vers. Drafted

Reviewed

Submitted
8/28/2019

Jacketed
9/3/2019

Required
Tax Exempt

FE Sent For:

<END>

→ At
Intro.

Kunkel, Mark

From: Steine, Bradford
Sent: Monday, January 14, 2019 11:09 AM
To: Kunkel, Mark
Subject: Drafting Request: New farmer education loan assistance program

Hello Mark:

We would like to re-draft 2017 AB 284 for the 2019 session. For your convenience, I have provided a link to the 2017 bill below:

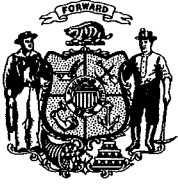
<https://docs.legis.wisconsin.gov/2017/proposals/reg/asm/bill/ab284>

If you have any questions, feel free to contact me.

Best,

Bradford Steine

Administrative Assistant
Office of Representative Mark Spreitzer
45th Assembly District
E-Mail: Bradford.Steine@legis.wi.gov
Phone: (608) 237-9272



State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-163371
MDK:wj

D-NOTE

ahe
1388/1

bu Fri
1-18

2017 ASSEMBLY BILL 284

May 1, 2017 - Introduced by Representatives SPREITZER, CONSIDINE, BERCEAU, BILLINGS, BOWEN, CROWLEY, DOYLE, FIELDS, GENRICH, HESSELBEIN, KESSLER, KOLSTE, MEYERS, OHNSTAD, POPE, QUINN, SARGENT, SHANKLAND, SUBECK, VRUWINK and ZAMARRIPA, cosponsored by Senators RINGHAND, L. TAYLOR, CARPENTER, SHILLING, VINEHOUT and WIRCH. Referred to Committee on Agriculture.

gen cat
sa

1 **AN ACT to amend** 15.01 (4) and 227.01 (1); and **to create** 15.137 (7), 20.235 (1)
2 (em), 39.52 and 71.05 (6) (b) 53. of the statutes; **relating to:** creating a program
3 for reimbursing the higher education debt of small farm operators, creating an
4 individual income tax deduction for certain amounts received from such a
5 program, granting rule-making authority, making an appropriation, and
6 providing a penalty.

Analysis by the Legislative Reference Bureau

This bill establishes a program for reimbursing certain individuals who operate small farms for their higher education debt. Under the bill, an individual is eligible for reimbursement if he or she 1) graduated from an accredited public or nonprofit institution that awards associate or baccalaureate degrees; 2) completed a farm and industry short course offered by the University of Wisconsin System; or 3) obtained a technical college diploma or certificate in agriculture or a field related to agriculture. However, no more than 30 percent of the amount appropriated for the program in a fiscal year may be used to reimburse individuals who completed a farm and industry short course or obtained the technical college diploma or certificate described above. Debt is not eligible for reimbursement if it is reimbursed, assumed, or paid for under another program.

The bill defines "small farm" as a farm with annual gross cash farm income that is not less than \$35,000 nor more than \$500,000 or 140 percent of the maximum

ASSEMBLY BILL 284*Madison*

amount for a small farm under the typology of the economic research service of the U.S. Department of Agriculture, whichever is greater. Whether a farm qualifies as a small farm is determined at the time an individual first receives a reimbursement payment under the program. ✓

The bill creates a five-member council in the Department of Agriculture, Trade and Consumer Protection, called the Small Farm Higher Education Debt Council, which must establish the program and has rule-making power. The council consists of the secretary of agriculture, trade and consumer protection or his or her designee and the chancellor of the UW-~~Extension~~ or his or her designee. The secretary appoints the following other members for three-year terms: 1) an individual who administers or participates or cooperates in programs of the Farm Service Agency of the U.S. Department of Agriculture; 2) a representative of agricultural lenders; and 3) a representative of higher education loan providers or servicers. The bill requires DATCP to provide administrative support to the council. ✓

For an individual to be eligible for reimbursement, the council must find that he or she satisfies the above educational requirements and that he or she is a state resident whose primary occupation is to operate a small farm. Also, to be eligible, the individual must begin to operate a small farm no later than five years after obtaining an associate or baccalaureate degree, completing a farm and industry short course, or obtaining the technical college diploma or certificate. In addition, the individual must intend to operate a small farm for at least five years after applying to the council for reimbursement. An individual is not eligible for reimbursement if another individual who also operates the small farm obtains reimbursement under the program. ✓

The bill requires the Higher Educational Aids Board to enter into agreements with individuals whom the council finds satisfy the eligibility requirements. HEAB must find that the repayment period of each student that is reimbursed under the program does not exceed ten years, and, for a federal student loan, that the individual has entered into the standard repayment plan of the federal Department of Education. However, HEAB may waive the foregoing requirements based on financial hardship. In an agreement with HEAB, an individual must express his or her commitment to pursue a long-term career in farming in this state and to make a good faith effort to comply with the requirements of the program. Under an agreement, an individual must annually submit documentation to HEAB showing that the individual continues to be a state resident whose primary occupation is to operate a small farm and that in the preceding year he or she has made all required payments on outstanding higher education debt; an individual must also notify HEAB within 60 days if he or she ceases to be a state resident or his or her primary occupation ceases to be the operation of a small farm. Except as described below, an agreement and the payments terminate if an individual ceases to be a state resident or ceases to have as a primary occupation the operation of a small farm. The bill provides that an individual whose agreement terminates is liable to HEAB for a specified portion of the individual's most recent annual payment. ✓

The bill requires HEAB to make five annual payments of equal amounts to individuals who satisfy the bill's requirements. HEAB must make the first payment

ASSEMBLY BILL 284

as soon as practicable after entering into the agreement and the subsequent payments annually thereafter after receiving the documentation required in an agreement. The total amount of the annual payments is \$30,000, which is adjusted for inflation, or the total amount of an individual's outstanding higher education debt, whichever is less. The bill appropriates the following maximum amounts for the program: in fiscal year ~~2017-18~~, \$120,000; in fiscal year ~~2018-19~~, \$240,000; in fiscal year ~~2019-20~~, \$360,000; in fiscal year ~~2020-21~~, \$480,000; and in fiscal year ~~2021-22~~ and each fiscal year thereafter, \$600,000. The Department of Administration must adjust the foregoing amounts based on inflation.

The bill creates a penalty for individuals who intentionally provide false information to HEAB or the council, which is a civil forfeiture of no more than \$500. In addition, if an individual with whom HEAB has entered into an agreement intentionally provides false information or fails to notify HEAB that he or she ceases to be a state resident or ceases to operate a small farm as his or her primary occupation, the agreement terminates and the individual is liable to HEAB for the total amount of payments he or she has received together with 10 percent annual interest. If funding is available due to agreement terminations or because the maximum amounts described above have not been exceeded in a fiscal year, the council may advise HEAB of other individuals who are eligible for reimbursement payments and, based on the amount of available funding, HEAB may limit the total amount of annual payments to those individuals. If funding is not available to make payments to all eligible individuals who apply for reimbursement, the council must give priority to applicants in specified categories.

The bill allows certain individuals with whom HEAB has entered into agreements to remain eligible for payments despite ceasing to be state residents or ceasing to have as a primary occupation the operation of small farms. The bill requires HEAB to consult with the council and promulgate rules allowing such individuals to remain eligible if the ineligibility is because of circumstances beyond their control, and those circumstances must include deployment in the U.S. armed forces or national guard. The rules must provide for suspending the payments during ineligibility and reinstating the payments when an individual is a state resident or has as a primary occupation the operation of a small farm.

The bill also creates an individual income tax subtract modification (deduction) for payments made to an individual under the bill. The deduction first applies to taxable years beginning after December 31, 2016.

The bill requires the Legislative Audit Bureau to evaluate the effectiveness of the program in achieving the purpose of the program, which the bill specifies as to recruit and retain new Wisconsin farmers of diverse backgrounds who have completed postsecondary education, regardless of field of study, previous state residency, or background in agriculture. The bill also specifies that the purpose is to sustain the state's small and midsize family farms while fostering innovation in sustainable best practices. Employment of sustainable best practices is one of the categories for the council to use in prioritizing applicants if sufficient funding is not available. No later than July 1, 2024, and every ten years thereafter, the LAB must submit a report to the legislature regarding the evaluation. The report must include

2021-22 ✓

2022-23 ✓

2019-20 ✓

2020-21 ✓

2023-24 ✓

Final ✓

2018 ✓

2026

ASSEMBLY BILL 284

the LAB's recommendations on terminating, continuing, revising, or expanding the program, including any funding recommendations.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the 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.** 15.01 (4) of the statutes is amended to read:

2 15.01 (4) "Council" means a part-time body appointed to function on a
3 continuing basis for the study, and recommendation of solutions and policy
4 alternatives, of the problems arising in a specified functional area of state
5 government, except the council on physical disabilities has the powers and duties
6 specified in s. 46.29 (1) and (2), the state council on alcohol and other drug abuse has
7 the powers and duties specified in s. 14.24, the small farm higher education debt
8 council has the powers and duties specified in s. 39.52 (3) and (9), and the electronic
9 recording council has the powers and duties specified in s. 706.25 (4).

10 ✕ **SECTION 2.** 15.137 (7) of the statutes is created to read:

11 15.137 (7) **SMALL FARM HIGHER EDUCATION DEBT COUNCIL.** There is created in the
12 department of agriculture, trade and consumer protection a small farm higher
13 education debt council consisting of the secretary of agriculture, trade and consumer
14 protection or his or her designee, the chancellor of the University of
15 Wisconsin-~~Extension~~ or his or her designee, and the following members appointed
16 by the secretary of agriculture, trade and consumer protection for 3-year terms:

Madison

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1 (a) An individual who administers or participates or cooperates in programs
2 of the farm service agency of the U.S. department of agriculture. The secretary may
3 consult with the farm service agency in making the appointment.

4 (b) An individual representing agricultural lenders.

5 (c) An individual representing higher education loan providers or servicers.

6 † SECTION 3. 20.235 (1) (em) of the statutes is created to read:

7 20.235 (1) (em) *Small farm operators*. A sum sufficient to make reimbursement
8 payments to small farm operators under the program under s. 39.52. Subject to s.
9 39.52 (6), the amount appropriated under this paragraph in fiscal year 2017-18 may
10 not exceed \$120,000, in fiscal year 2018-19 may not exceed \$240,000, in fiscal year
11 2019-20 may not exceed \$360,000, in fiscal year 2020-21 may not exceed \$480,000,
12 and in fiscal year 2021-22 and each fiscal year thereafter may not exceed \$600,000.

13 SECTION 4. 39.52 of the statutes is created to read:

14 **39.52 Small farm operators. (1) FINDINGS.** The legislature finds that
15 farming is central to this state's traditions and economy and essential for feeding
16 residents of this state and beyond. The legislature also finds that as the population
17 of farmers ages, this state faces a challenge recruiting and retaining new farmers.
18 The legislature believes that higher education debt is a significant barrier for new
19 farmers who work towards economic viability during the early years of their careers.
20 The legislature therefore finds it in the best interest of the state to establish a
21 program to provide financial assistance to new farmers carrying student debt in their
22 first years of farming in exchange for a commitment to farming in this state. The
23 purpose of the program is to recruit and retain new Wisconsin farmers of diverse
24 backgrounds who have completed postsecondary education, regardless of field of
25 study, previous state residency, or background in agriculture, and to sustain this

ASSEMBLY BILL 284**SECTION 4**

1 state's small and midsize family farms while fostering innovation in sustainable best
2 practices.

3 (2) DEFINITIONS. In this section:

4 (a) "Council" means the small farm higher education debt council.

5 (b) "Higher education debt" means debt, including interest, incurred in pursuit
6 of a certificate, diploma, or degree from an institution of higher education or to
7 complete a farm and industry short course offered by the University of Wisconsin
8 System, but does not include any debt reimbursed, assumed, or otherwise paid for
9 under any public or private program other than the program established under sub.
10 (3).

11 (c) "Institution of higher education" means a nonprofit or public educational
12 institution that awards an associate or baccalaureate degree and that is accredited
13 by an accrediting agency that is recognized by the secretary of the federal
14 department of education.

15 (d) "Operate a small farm" means to do both of the following:

16 1. Engage in agricultural activities at a small farm.

17 2. Participate in the day-to-day operation of a small farm.

18 (e) "Small farm" means farm premises, as specified in s. 102.04 (3), in this state
19 that, at the time of the first payment to an individual under sub. (5) or (9) (b), has
20 annual gross cash farm income that is not less than \$35,000 nor more than \$500,000
21 or 140 percent of the maximum annual gross cash farm income for a small farm under
22 the typology of the economic research service of the U.S. department of agriculture,
23 whichever is greater.

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1 **(3) REIMBURSEMENT PROGRAM; ELIGIBILITY.** (a) The council shall establish a
2 program that reimburses the higher education debt under sub. (5) or (9) (b) if the
3 council finds that all of the following are satisfied:

4 1. The individual is a state resident whose primary occupation is to operate a
5 small farm.

6 2. The individual satisfies one of the following:

7 a. The individual has graduated from an institution of higher education with
8 an associate or baccalaureate degree.

9 b. The individual has completed a farm and industry short course offered by
10 the University of Wisconsin System.

11 c. The individual has obtained a technical college diploma or certificate in
12 agriculture or a field related to agriculture.

13 3. No later than 5 years after satisfying the requirement under subd. 2., the
14 individual begins to operate a small farm.

15 4. No later than 5 years after satisfying the requirement under subd. 2., the
16 individual applies to the council for reimbursement.

17 5. The individual intends to operate a small farm for at least 5 years after
18 applying to the council for reimbursement.

19 6. No other individual who also operates the small farm specified in subd. 3.
20 is reimbursed for his or her higher education debt under sub. (5) or (9) (b).

21 (b) The council shall allow an individual to apply for reimbursement prior to
22 satisfying the requirement under par. (a) 2.

23 **(4) AGREEMENTS.** (a) The board shall enter into an agreement for making
24 payments under sub. (5) or (9) (b) to an individual whom the council finds satisfies
25 the requirements under sub. (3) if the board finds all of the following:

1 1. Except as provided in subd. 2., the repayment period for each student loan
2 within the individual's higher education debt that is reimbursed under this section
3 does not exceed 10 years.

4 2. For each federal student loan within the individual's higher education debt
5 that is reimbursed under this section, the individual enters into the standard
6 repayment plan of the federal department of education for the loan.

7 (b) The board may waive a requirement under par. (a) 1. or 2. if the board finds
8 that the requirement presents a financial hardship. The board may require an
9 individual to submit documentation necessary for the board to determine whether
10 the requirement presents a financial hardship.

11 (c) An agreement under par. (a) shall do all of the following:

12 1. Express the individual's commitment to pursue a long-term career in
13 farming in this state and to make a good faith effort to comply with the requirements
14 of this section during the 5-year period in which the individual receives payments
15 under sub. (5) or (9) (b).

16 2. Require the individual to annually submit documentation showing to the
17 board's satisfaction that the individual continues to be a state resident whose
18 primary occupation is to operate a small farm and that the individual has in the
19 preceding year made all required payments on the individual's outstanding higher
20 education debt.

21 3. Except as otherwise provided in this section, require the board to make
22 annual payments under sub. (5).

23 4. Require the individual to notify the board within 60 days if the individual
24 ceases to be a state resident or ceases to have as a primary occupation the operation
25 of a small farm.

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1 5. Require the individual to provide the board with any information the board
2 determines is necessary for administering this section.

3 6. Identify the higher education debt to be reimbursed.

4 7. Provide for termination of the agreement as specified in sub. (8) (a).

5 **(5) REIMBURSEMENT PAYMENTS.** Except as otherwise provided in this section, for
6 each individual with whom the board enters into an agreement under sub. (4) (a), the
7 board shall make 5 annual payments of equal amounts to the individual that in total
8 equal the total amount of the individual's outstanding higher education debts, or
9 \$30,000, whichever is less. The board shall make the first payment as soon as
10 practicable after entering into the agreement and the subsequent payments
11 annually thereafter upon receipt of the documentation required under sub. (4) (c) 2.

12 **(6) ADJUSTMENTS.** The department of administration shall annually on July 1
13 adjust the amounts appropriated under s. 20.235 (1) (em) and the amount specified
14 in sub. (5) to reflect any changes in the U.S. consumer price index for all urban
15 consumers, U.S. city average, as determined by the U.S. department of labor, for the
16 12-month period ending on the preceding December 31.

17 **(7) LIMITS.** In a fiscal year, no more than 30 percent of the amount appropriated
18 under s. 20.235 (1) (em) for the fiscal year may be used to make payments under subs.
19 (5) and (9) (b) to individuals who satisfy sub. (3) (a) 2. b. or c.

20 **(8) TERMINATION.** (a) 1. Except as provided in par. (b), on the date that an
21 individual ceases to be a state resident, or an individual's primary occupation ceases
22 to be the operation of a small farm, the board shall terminate the individual's
23 agreement under sub. (4) (a) on that date and the individual is not eligible to receive
24 any remaining payments under the agreement.

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1 2. Upon termination of an agreement under subd. 1., an individual is liable to
2 the board for an amount equal to the product obtained by multiplying the amount
3 of the most recent annual payment received by the individual under sub. (5) or (9)
4 (b) by a fraction in which the denominator is 365 and the numerator is the number
5 of days after the termination date that remain in the year immediately following the
6 most recent annual payment.

7 (b) In consultation with the council, the board shall promulgate rules that allow
8 an individual to remain eligible for payments under an agreement under sub. (4) (a)
9 if, due to circumstances beyond the individual's control, the individual ceases to be
10 a state resident, or ceases to operate a small farm, for a limited period. The
11 circumstances shall include deployment in the U.S. armed services or national
12 guard. The rules shall provide for each of the following:

13 1. Suspending payments during the period the individual ceases to be a state
14 resident and reinstating payments when the individual is a state resident.

15 2. Suspending payments during the period the individual's primary occupation
16 ceases to be the operation of a small farm and reinstating payments when the
17 individual's primary occupation is the operation of a small farm.

18 **(9) APPLICANTS; FUNDING.** (a) The council shall advise the board whether an
19 applicant for reimbursement payments satisfies the requirements under sub. (3). If
20 there is not sufficient funding to make reimbursement payments to all applicants for
21 reimbursement, the council shall give priority to applicants under the following
22 categories in the council's selection of applicants with which to advise the board:

23 1. Applicants with the greatest financial need.

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1 2. Applicants who are most likely to successfully continue operating a small
2 farm based on factors including an applicant's interest, training, experience,
3 business plan, and relationship with a mentor.

4 3. Applicants who own or who are working toward ownership of a small farm.

5 4. Applicants who operate small farms that employ sustainable best practices
6 for farming that are identified in the list of approved conservation enhancements and
7 practices under the Conservation Stewardship Program of the U.S. department of
8 agriculture.

9 5. Applicants who are members of groups that are underrepresented in farming
10 in this state.

11 (b) If funding is available due to agreement terminations under sub. (8) (a) or
12 (10) (b), or if funding is available because the total amount of grants made by the
13 board under sub. (5) in a fiscal year does not exceed the limit specified in s. 20.235
14 (1) (em), the council shall advise the board of other individuals who are eligible for
15 reimbursement under sub. (3). Based on the amount of funding that is available, the
16 board may make payments to eligible individuals for a total amount that is less than
17 the amount required under sub. (5).

18 **(10) PENALTIES.** (a) Any individual who intentionally provides false
19 information to the board or council under this section may be required to forfeit no
20 more than \$500.

21 (b) If an individual with whom the board has entered into an agreement under
22 sub. (4) (a) fails to comply with a requirement under sub. (4) (c) 4. or intentionally
23 provides false information to the board or council under this section, the board shall
24 terminate the agreement and the individual is liable to the board for the total amount

ASSEMBLY BILL 284

SECTION 4

1 of payments made to the individual under sub. (5) together with interest at the rate
2 of 10 percent per year from the date of the payments.

3 (11) RULES. The board and council may promulgate rules to carry out their
4 respective duties under this section.

5 (12) ADMINISTRATIVE SUPPORT. The department of agriculture, trade and
6 consumer protection shall provide administrative support to the council for carrying
7 out the council's duties under this section.

8 (13) AUDITS. The legislative audit bureau shall evaluate the effectiveness of the
9 program established under this section in accomplishing the purposes specified in
10 sub. (1). No later than July 1, 2024, and every 10 years thereafter, the legislative
11 audit bureau shall submit a report of its evaluation to the chief clerk of each house
12 of the legislature for distribution to the appropriate standing committees under s.
13 13.172 (3). The report shall include the legislative audit bureau's recommendations
14 on terminating, continuing, revising, or expanding the program, including any
15 recommendations regarding funding the program.

16 **SECTION 5.** 71.05 (6) (b) 53. of the statutes is created to read: 2026
17 71.05 (6) (b) 53. For taxable years beginning after December 31, 2016, any
18 amount received by an individual under the program under s. 39.52.

19 **SECTION 6.** 227.01 (1) of the statutes is amended to read:
20 227.01 (1) "Agency" means a board, commission, committee, department or
21 officer in the state government, except the governor, a district attorney or a military
22 or judicial officer. "Agency" includes the small farm higher education debt council.

23 **SECTION 7. Nonstatutory provisions.**

24 (1) INITIAL COUNCIL MEMBERS. Notwithstanding the length of term for certain
25 members of the small farm higher education debt council that is specified in section 9 s.

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1 15.137 (7) (intro.) of the statutes, the initial member appointed under section 15.137
 2 (7) (a) of the statutes shall have a term expiring on July 1, 2019, the initial member
 3 appointed under section 15.137 (7) (b) of the statutes shall have a term expiring on
 4 July 1, 2020, and the initial member appointed under section 15.137 (7) (c) of the
 5 statutes shall have a term expiring on July 1, 2021.

SECTION 8. Effective date.

7 (1) This act takes effect on July 1, 2017, or on the 2nd day after publication of
 8 the 2017-19 biennial budget act, whichever is later.

(END)

2021
s.

2019

2019-21

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1388/1dn

MDK:...

ane

Date

Rep. Spreitzer ✓

This bill is a redraft of 2017 AB-284. Please note the following:

4
55. 1. I advanced all references to dates and fiscal years by ^{two} 2 years. See the treatment of s. 20.235 (1) (em), 39.52 (13), and 71.05 (6) (b) 54. and Sections 7 (1) and 8 (1) of the bill.

7 2. Proposed s. 15.137 (7) includes the UW-Madison chancellor, instead of the UW-Extension chancellor, on the small farm higher education debt council. I made this change because the UW System is reorganizing the UW-Extension. Some of the UW-Extension's programs are being transferred to the UW-Madison and some to the UW System Administration. Is it okay to substitute the UW-Madison chancellor for the UW-Extension chancellor, or do you want to make a different substitution?

Mark D. Kunkel ✓
Senior Legislative Attorney
(608) 504-5878
mark.kunkel@legis.wisconsin.gov

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

LRB-1388/1dn
MDK:ahe

January 18, 2019

Rep. Spreitzer:

This bill is a redraft of 2017 AB-284. Please note the following:

1. I advanced all references to dates and fiscal years by two years. See the treatment of ss. 20.235 (1) (em), 39.52 (13), and 71.05 (6) (b) 54. and Sections 7 (1) and 8 (1) of the bill.
2. Proposed s. 15.137 (7) includes the UW-Madison chancellor, instead of the UW-Extension chancellor, on the Small Farm Higher Education Debt Council. I made this change because the UW System is reorganizing the UW-Extension. Some of the UW-Extension's programs are being transferred to the UW-Madison and some to the UW System Administration. Is it okay to substitute the UW-Madison chancellor for the UW-Extension chancellor, or do you want to make a different substitution?

Mark D. Kunkel
Senior Legislative Attorney
(608) 504-5878
mark.kunkel@legis.wisconsin.gov

Kunkel, Mark

From: Kunkel, Mark
Sent: Thursday, August 08, 2019 10:23 AM
To: Kunkel, Mark
Subject: FW: LRB 1388: P2 draft request

From <https://people.extension.wisc.edu/leadership/>

Leadership

Contact

Division of Extension Dean's Office
601 Extension Building
432 North Lake Street
Madison, WI 53706
info@extension.wisc.edu

Leadership in UW-Madison Division of Extension comprises both administrative and programmatic positions. Led by our Dean & Director, Karl Martin, Extension's leadership strives to provide the foresight and guidance for all of our employees as they strive to serve the people of Wisconsin.

Dean's Leadership Team

The Dean's leadership team includes Dean Karl Martin, the associate deans, who lead programmatic areas and operations and the assistant deans, who lead geographic regions of the state.

Karl Martin
Interim Dean & Director of Extension

Karl Martin

Karl Martin is the interim dean and director of Extension. Prior to this position, Karl served as the state program director for Community, Natural Resources and Economic Development with Extension. Before joining Extension in 2014, he was chief of the Wildlife and Forest Research Program with the Wisconsin Department of Natural Resources and prior to that he was a forest research scientist based out of Rhinelander, Wisconsin. Karl has a doctorate in

forest ecology, a master's degree in wildlife science from Oregon State University and a bachelor's degree in wildlife ecology from UW-Madison.

From: Pratt, Laura <Laura.Pratt@legis.wisconsin.gov>
Sent: Thursday, August 08, 2019 9:58 AM
To: Kunkel, Mark <Mark.Kunkel@legis.wisconsin.gov>
Subject: LRB 1388: P2 draft request

Hi Mark,

Thanks again for your time this morning! Here are the two changes we'd like to see in a P2 draft of LRB 1388.

- Add the technical correction from AA1 to 2017 AB 284.
- Change the UW-affiliated member of the Small Farm Higher Education Debt Council from the UW-Madison Chancellor to the "Dean and Director of Extension of the UW-Madison Division of Extension, or his or her designee."

Thank you so much!

Laura.

--

Laura Pratt

Office of Representative Mark Spreitzer
45th Assembly District
E-Mail: Laura.Pratt@legis.wisconsin.gov
Phone: 608-237-9272

LRBa0542/1

JK:emw

2017 - 2018 LEGISLATURE

ASSEMBLY AMENDMENT 1,
TO ASSEMBLY BILL 284

May 10, 2017 - Offered by Representative SPREITZER.

At the locations indicated, amend the bill as follows:

1. Page 12, line 15: after that line insert:

“ SECTION 4M. 71.05 (6) (a) ~~29~~ of the statutes is created to read:

30
71.05 (6) (a) ~~29~~ The amount of student loan interest taken as a deduction
under
section 221 of the Internal Revenue Code, to the extent student loan interest was
reimbursed under s. 39.52 and subtracted under par. (b) ~~53~~”.

(END)
54

Kunkel, Mark

From: Pratt, Laura
Sent: Thursday, August 08, 2019 10:29 AM
To: Kunkel, Mark
Subject: RE: LRB 1388: P2 draft request

Great, thank you, Mark!

--

Laura Pratt

Office of Representative Mark Spreitzer
45th Assembly District
E-Mail: Laura.Pratt@legis.wisconsin.gov
Phone: 608-237-9272

From: Kunkel, Mark <Mark.Kunkel@legis.wisconsin.gov>
Sent: Thursday, August 8, 2019 10:27 AM
To: Pratt, Laura <Laura.Pratt@legis.wisconsin.gov>
Subject: RE: LRB 1388: P2 draft request

I will also delete the delayed effective date. Because the 2019 budget act has already passed, the delay is no longer needed.

From: Kunkel, Mark
Sent: Thursday, August 08, 2019 10:09 AM
To: Pratt, Laura <Laura.Pratt@legis.wisconsin.gov>
Subject: RE: LRB 1388: P2 draft request

Okay, will do.

From: Pratt, Laura <Laura.Pratt@legis.wisconsin.gov>
Sent: Thursday, August 08, 2019 9:58 AM
To: Kunkel, Mark <Mark.Kunkel@legis.wisconsin.gov>
Subject: LRB 1388: P2 draft request

Hi Mark,

Thanks again for your time this morning! Here are the two changes we'd like to see in a P2 draft of LRB 1388.

- Add the technical correction from [AA1 to 2017 AB 284](#).
- Change the UW-affiliated member of the Small Farm Higher Education Debt Council from the UW-Madison Chancellor to the "Dean and Director of Extension of the UW-Madison Division of Extension, or his or her designee."

Thank you so much!

Laura.

--

Laura Pratt

Office of Representative Mark Spreitzer
45th Assembly District
E-Mail: Laura.Pratt@legis.wisconsin.gov
Phone: 608-237-9272



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-1388/1e
MDK:ahc
+
am

TODAY

2019 BILL

JAF
PWF

Reagen

1 AN ACT *to amend* 15.01 (4) and 227.01 (1); and *to create* 15.137 (7), 20.235 (1)
2 (em), 39.52 and 71.05 (6) (b) 54. of the statutes; **relating to:** creating a program
3 for reimbursing the higher education debt of small farm operators, creating an
4 individual income tax deduction for certain amounts received from such a
5 program, granting rule-making authority, making an appropriation, and
6 providing a penalty.

Analysis by the Legislative Reference Bureau

This bill establishes a program for reimbursing certain individuals who operate small farms for their higher education debt. Under the bill, an individual is eligible for reimbursement if he or she 1) graduated from an accredited public or nonprofit institution that awards associate or baccalaureate degrees; 2) completed a farm and industry short course offered by the University of Wisconsin System; or 3) obtained a technical college diploma or certificate in agriculture or a field related to agriculture. However, no more than 30 percent of the amount appropriated for the program in a fiscal year may be used to reimburse individuals who completed a farm and industry short course or obtained the technical college diploma or certificate described above. Debt is not eligible for reimbursement if it is reimbursed, assumed, or paid for under another program.

The bill defines "small farm" as a farm with annual gross cash farm income that is not less than \$35,000 nor more than \$500,000 or 140 percent of the maximum

BILL

amount for a small farm under the typology of the economic research service of the U.S. Department of Agriculture, whichever is greater. Whether a farm qualifies as a small farm is determined at the time an individual first receives a reimbursement payment under the program.

The bill creates a five-member council in the Department of Agriculture, Trade and Consumer Protection, called the Small Farm Higher Education Debt Council, which must establish the program and has rule-making power. The council consists of the secretary of agriculture, trade and consumer protection or his or her designee and the ~~chancellor of the UW-Madison~~ ^{dean and director of the} ^{division of extension} or his or her designee. The secretary appoints the following other members for three-year terms: 1) an individual who administers or participates or cooperates in programs of the Farm Service Agency of the U.S. Department of Agriculture; 2) a representative of agricultural lenders; and 3) a representative of higher education loan providers or servicers. The bill requires DATCP to provide administrative support to the council.

For an individual to be eligible for reimbursement, the council must find that he or she satisfies the above educational requirements and that he or she is a state resident whose primary occupation is to operate a small farm. Also, to be eligible, the individual must begin to operate a small farm no later than five years after obtaining an associate or baccalaureate degree, completing a farm and industry short course, or obtaining the technical college diploma or certificate. In addition, the individual must intend to operate a small farm for at least five years after applying to the council for reimbursement. An individual is not eligible for reimbursement if another individual who also operates the small farm obtains reimbursement under the program.

The bill requires the Higher Educational Aids Board to enter into agreements with individuals whom the council finds satisfy the eligibility requirements. HEAB must find that the repayment period of each student that is reimbursed under the program does not exceed ten years, and, for a federal student loan, that the individual has entered into the standard repayment plan of the federal Department of Education. However, HEAB may waive the foregoing requirements based on financial hardship. In an agreement with HEAB, an individual must express his or her commitment to pursue a long-term career in farming in this state and to make a good faith effort to comply with the requirements of the program. Under an agreement, an individual must annually submit documentation to HEAB showing that the individual continues to be a state resident whose primary occupation is to operate a small farm and that in the preceding year he or she has made all required payments on outstanding higher education debt; an individual must also notify HEAB within 60 days if he or she ceases to be a state resident or his or her primary occupation ceases to be the operation of a small farm. Except as described below, an agreement and the payments terminate if an individual ceases to be a state resident or ceases to have as a primary occupation the operation of a small farm. The bill provides that an individual whose agreement terminates is liable to HEAB for a specified portion of the individual's most recent annual payment.

The bill requires HEAB to make five annual payments of equal amounts to individuals who satisfy the bill's requirements. HEAB must make the first payment

BILL

as soon as practicable after entering into the agreement and the subsequent payments annually thereafter after receiving the documentation required in an agreement. The total amount of the annual payments is \$30,000, which is adjusted for inflation, or the total amount of an individual's outstanding higher education debt, whichever is less. The bill appropriates the following maximum amounts for the program: in fiscal year 2019-20, \$120,000; in fiscal year 2020-21, \$240,000; in fiscal year 2021-22, \$360,000; in fiscal year 2022-23, \$480,000; and in fiscal year 2023-24 and each fiscal year thereafter, \$600,000. The Department of Administration must adjust the foregoing amounts based on inflation.

The bill creates a penalty for individuals who intentionally provide false information to HEAB or the council, which is a civil forfeiture of no more than \$500. In addition, if an individual with whom HEAB has entered into an agreement intentionally provides false information or fails to notify HEAB that he or she ceases to be a state resident or ceases to operate a small farm as his or her primary occupation, the agreement terminates and the individual is liable to HEAB for the total amount of payments he or she has received together with 10 percent annual interest. If funding is available due to agreement terminations or because the maximum amounts described above have not been exceeded in a fiscal year, the council may advise HEAB of other individuals who are eligible for reimbursement payments and, based on the amount of available funding, HEAB may limit the total amount of annual payments to those individuals. If funding is not available to make payments to all eligible individuals who apply for reimbursement, the council must give priority to applicants in specified categories.

The bill allows certain individuals with whom HEAB has entered into agreements to remain eligible for payments despite ceasing to be state residents or ceasing to have as a primary occupation the operation of small farms. The bill requires HEAB to consult with the council and promulgate rules allowing such individuals to remain eligible if the ineligibility is because of circumstances beyond their control, and those circumstances must include deployment in the U.S. armed forces or national guard. The rules must provide for suspending the payments during ineligibility and reinstating the payments when an individual is a state resident or has as a primary occupation the operation of a small farm.

The bill also creates an individual income tax subtract modification (deduction) for payments made to an individual under the bill. The deduction first applies to taxable years beginning after December 31, 2018.

Finally, the bill requires the Legislative Audit Bureau to evaluate the effectiveness of the program. No later than July 1, 2026, and every ten years thereafter, the LAB must submit a report to the legislature regarding the evaluation. The report must include the LAB's recommendations on terminating, continuing, revising, or expanding the program, including any funding recommendations.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

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.** 15.01 (4) of the statutes is amended to read:

2 15.01 (4) "Council" means a part-time body appointed to function on a
3 continuing basis for the study, and recommendation of solutions and policy
4 alternatives, of the problems arising in a specified functional area of state
5 government, except the council on physical disabilities has the powers and duties
6 specified in s. 46.29 (1) and (2), the state council on alcohol and other drug abuse has
7 the powers and duties specified in s. 14.24, the small farm higher education debt
8 council has the powers and duties specified in s. 39.52 (3) and (9), and the electronic
9 recording council has the powers and duties specified in s. 706.25 (4).

10 **SECTION 2.** 15.137 (7) of the statutes is created to read:

11 15.137 (7) **SMALL FARM HIGHER EDUCATION DEBT COUNCIL.** There is created in the
12 department of agriculture, trade and consumer protection a small farm higher
13 education debt council consisting of the secretary of agriculture, trade and consumer
14 protection or his or her designee, ~~the chancellor of the University of~~
15 ~~Wisconsin-Madison~~ or his or her designee, and the following members appointed by
16 the secretary of agriculture, trade and consumer protection for 3-year terms:

17 (a) An individual who administers or participates or cooperates in programs
18 of the farm service agency of the U.S. department of agriculture. The secretary may
19 consult with the farm service agency in making the appointment.

20 (b) An individual representing agricultural lenders.

21 (c) An individual representing higher education loan providers or servicers.

BILL

1 **SECTION 3.** 20.235 (1) (em) of the statutes is created to read:

2 20.235 (1) (em) *Small farm operators.* A sum sufficient to make reimbursement
3 payments to small farm operators under the program under s. 39.52. Subject to s.
4 39.52 (6), the amount appropriated under this paragraph in fiscal year 2019-20 may
5 not exceed \$120,000, in fiscal year 2020-21 may not exceed \$240,000, in fiscal year
6 2021-22 may not exceed \$360,000, in fiscal year 2022-23 may not exceed \$480,000,
7 and in fiscal year 2023-24 and each fiscal year thereafter may not exceed \$600,000.

8 **SECTION 4.** 39.52 of the statutes is created to read:

9 **39.52 Small farm operators.** (1) **FINDINGS.** The legislature finds that
10 farming is central to this state's traditions and economy and essential for feeding
11 residents of this state and beyond. The legislature also finds that as the population
12 of farmers ages, this state faces a challenge recruiting and retaining new farmers.
13 The legislature believes that higher education debt is a significant barrier for new
14 farmers who work towards economic viability during the early years of their careers.
15 The legislature therefore finds it in the best interest of the state to establish a
16 program to provide financial assistance to new farmers carrying student debt in their
17 first years of farming in exchange for a commitment to farming in this state. The
18 purpose of the program is to recruit and retain new Wisconsin farmers of diverse
19 backgrounds who have completed postsecondary education, regardless of field of
20 study, previous state residency, or background in agriculture, and to sustain this
21 state's small and midsize family farms while fostering innovation in sustainable best
22 practices.

23 (2) **DEFINITIONS.** In this section:

24 (a) "Council" means the small farm higher education debt council.

BILL**SECTION 4**

1 (b) "Higher education debt" means debt, including interest, incurred in pursuit
2 of a certificate, diploma, or degree from an institution of higher education or to
3 complete a farm and industry short course offered by the University of Wisconsin
4 System, but does not include any debt reimbursed, assumed, or otherwise paid for
5 under any public or private program other than the program established under sub.
6 (3).

7 (c) "Institution of higher education" means a nonprofit or public educational
8 institution that awards an associate or baccalaureate degree and that is accredited
9 by an accrediting agency that is recognized by the secretary of the federal
10 department of education.

11 (d) "Operate a small farm" means to do both of the following:

- 12 1. Engage in agricultural activities at a small farm.
- 13 2. Participate in the day-to-day operation of a small farm.

14 (e) "Small farm" means farm premises, as specified in s. 102.04 (3), in this state
15 that, at the time of the first payment to an individual under sub. (5) or (9) (b), has
16 annual gross cash farm income that is not less than \$35,000 nor more than \$500,000
17 or 140 percent of the maximum annual gross cash farm income for a small farm under
18 the typology of the economic research service of the U.S. department of agriculture,
19 whichever is greater.

20 **(3) REIMBURSEMENT PROGRAM; ELIGIBILITY.** (a) The council shall establish a
21 program that reimburses the higher education debt under sub. (5) or (9) (b) if the
22 council finds that all of the following are satisfied:

23 1. The individual is a state resident whose primary occupation is to operate a
24 small farm.

25 2. The individual satisfies one of the following:

BILL

1 a. The individual has graduated from an institution of higher education with
2 an associate or baccalaureate degree.

3 b. The individual has completed a farm and industry short course offered by
4 the University of Wisconsin System.

5 c. The individual has obtained a technical college diploma or certificate in
6 agriculture or a field related to agriculture.

7 3. No later than 5 years after satisfying the requirement under subd. 2., the
8 individual begins to operate a small farm.

9 4. No later than 5 years after satisfying the requirement under subd. 2., the
10 individual applies to the council for reimbursement.

11 5. The individual intends to operate a small farm for at least 5 years after
12 applying to the council for reimbursement.

13 6. No other individual who also operates the small farm specified in subd. 3.
14 is reimbursed for his or her higher education debt under sub. (5) or (9) (b).

15 (b) The council shall allow an individual to apply for reimbursement prior to
16 satisfying the requirement under par. (a) 2.

17 (4) AGREEMENTS. (a) The board shall enter into an agreement for making
18 payments under sub. (5) or (9) (b) to an individual whom the council finds satisfies
19 the requirements under sub. (3) if the board finds all of the following:

20 1. Except as provided in subd. 2., the repayment period for each student loan
21 within the individual's higher education debt that is reimbursed under this section
22 does not exceed 10 years.

23 2. For each federal student loan within the individual's higher education debt
24 that is reimbursed under this section, the individual enters into the standard
25 repayment plan of the federal department of education for the loan.

BILL

1 (b) The board may waive a requirement under par. (a) 1. or 2. if the board finds
2 that the requirement presents a financial hardship. The board may require an
3 individual to submit documentation necessary for the board to determine whether
4 the requirement presents a financial hardship.

5 (c) An agreement under par. (a) shall do all of the following:

6 1. Express the individual's commitment to pursue a long-term career in
7 farming in this state and to make a good faith effort to comply with the requirements
8 of this section during the 5-year period in which the individual receives payments
9 under sub. (5) or (9) (b).

10 2. Require the individual to annually submit documentation showing to the
11 board's satisfaction that the individual continues to be a state resident whose
12 primary occupation is to operate a small farm and that the individual has in the
13 preceding year made all required payments on the individual's outstanding higher
14 education debt.

15 3. Except as otherwise provided in this section, require the board to make
16 annual payments under sub. (5).

17 4. Require the individual to notify the board within 60 days if the individual
18 ceases to be a state resident or ceases to have as a primary occupation the operation
19 of a small farm.

20 5. Require the individual to provide the board with any information the board
21 determines is necessary for administering this section.

22 6. Identify the higher education debt to be reimbursed.

23 7. Provide for termination of the agreement as specified in sub. (8) (a).

24 (5) REIMBURSEMENT PAYMENTS. Except as otherwise provided in this section, for
25 each individual with whom the board enters into an agreement under sub. (4) (a), the

BILL

1 board shall make 5 annual payments of equal amounts to the individual that in total
2 equal the total amount of the individual's outstanding higher education debts, or
3 \$30,000, whichever is less. The board shall make the first payment as soon as
4 practicable after entering into the agreement and the subsequent payments
5 annually thereafter upon receipt of the documentation required under sub. (4) (c) 2.

6 (6) ADJUSTMENTS. The department of administration shall annually on July 1
7 adjust the amounts appropriated under s. 20.235 (1) (em) and the amount specified
8 in sub. (5) to reflect any changes in the U.S. consumer price index for all urban
9 consumers, U.S. city average, as determined by the U.S. department of labor, for the
10 12-month period ending on the preceding December 31.

11 (7) LIMITS. In a fiscal year, no more than 30 percent of the amount appropriated
12 under s. 20.235 (1) (em) for the fiscal year may be used to make payments under subs.
13 (5) and (9) (b) to individuals who satisfy sub. (3) (a) 2. b. or c.

14 (8) TERMINATION. (a) 1. Except as provided in par. (b), on the date that an
15 individual ceases to be a state resident, or an individual's primary occupation ceases
16 to be the operation of a small farm, the board shall terminate the individual's
17 agreement under sub. (4) (a) on that date and the individual is not eligible to receive
18 any remaining payments under the agreement.

19 2. Upon termination of an agreement under subd. 1., an individual is liable to
20 the board for an amount equal to the product obtained by multiplying the amount
21 of the most recent annual payment received by the individual under sub. (5) or (9)
22 (b) by a fraction in which the denominator is 365 and the numerator is the number
23 of days after the termination date that remain in the year immediately following the
24 most recent annual payment.

BILL

1 (b) In consultation with the council, the board shall promulgate rules that allow
2 an individual to remain eligible for payments under an agreement under sub. (4) (a)
3 if, due to circumstances beyond the individual's control, the individual ceases to be
4 a state resident, or ceases to operate a small farm, for a limited period. The
5 circumstances shall include deployment in the U.S. armed services or national
6 guard. The rules shall provide for each of the following:

7 1. Suspending payments during the period the individual ceases to be a state
8 resident and reinstating payments when the individual is a state resident.

9 2. Suspending payments during the period the individual's primary occupation
10 ceases to be the operation of a small farm and reinstating payments when the
11 individual's primary occupation is the operation of a small farm.

12 **(9) APPLICANTS; FUNDING.** (a) The council shall advise the board whether an
13 applicant for reimbursement payments satisfies the requirements under sub. (3). If
14 there is not sufficient funding to make reimbursement payments to all applicants for
15 reimbursement, the council shall give priority to applicants under the following
16 categories in the council's selection of applicants with which to advise the board:

17 1. Applicants with the greatest financial need.

18 2. Applicants who are most likely to successfully continue operating a small
19 farm based on factors including an applicant's interest, training, experience,
20 business plan, and relationship with a mentor.

21 3. Applicants who own or who are working toward ownership of a small farm.

22 4. Applicants who operate small farms that employ sustainable best practices
23 for farming that are identified in the list of approved conservation enhancements and
24 practices under the Conservation Stewardship Program of the U.S. department of
25 agriculture.

BILL

1 5. Applicants who are members of groups that are underrepresented in farming
2 in this state.

3 (b) If funding is available due to agreement terminations under sub. (8) (a) or
4 (10) (b), or if funding is available because the total amount of grants made by the
5 board under sub. (5) in a fiscal year does not exceed the limit specified in s. 20.235
6 (1) (em), the council shall advise the board of other individuals who are eligible for
7 reimbursement under sub. (3). Based on the amount of funding that is available, the
8 board may make payments to eligible individuals for a total amount that is less than
9 the amount required under sub. (5).

10 **(10) PENALTIES.** (a) Any individual who intentionally provides false
11 information to the board or council under this section may be required to forfeit no
12 more than \$500.

13 (b) If an individual with whom the board has entered into an agreement under
14 sub. (4) (a) fails to comply with a requirement under sub. (4) (c) 4. or intentionally
15 provides false information to the board or council under this section, the board shall
16 terminate the agreement and the individual is liable to the board for the total amount
17 of payments made to the individual under sub. (5) together with interest at the rate
18 of 10 percent per year from the date of the payments.

19 **(11) RULES.** The board and council may promulgate rules to carry out their
20 respective duties under this section.

21 **(12) ADMINISTRATIVE SUPPORT.** The department of agriculture, trade and
22 consumer protection shall provide administrative support to the council for carrying
23 out the council's duties under this section.

24 **(13) AUDITS.** The legislative audit bureau shall evaluate the effectiveness of the
25 program established under this section in accomplishing the purposes specified in

BILL

SECTION 4

1 sub. (1). No later than July 1, 2026, and every 10 years thereafter, the legislative
 2 audit bureau shall submit a report of its evaluation to the chief clerk of each house
 3 of the legislature for distribution to the appropriate standing committees under s.
 4 13.172 (3). The report shall include the legislative audit bureau's recommendations
 5 on terminating, continuing, revising, or expanding the program, including any
 6 recommendations regarding funding the program.

7 **SECTION 5.** 71.05 (6) (b) 54. of the statutes is created to read:

8 71.05 (6) (b) 54. For taxable years beginning after December 31, 2018, any
 9 amount received by an individual under the program under s. 39.52.

10 **SECTION 6.** 227.01 (1) of the statutes is amended to read:

11 227.01 (1) "Agency" means a board, commission, committee, department or
 12 officer in the state government, except the governor, a district attorney or a military
 13 or judicial officer. "Agency" includes the small farm higher education debt council.

14 **SECTION 7. Nonstatutory provisions.**

15 (1) INITIAL COUNCIL MEMBERS. Notwithstanding the length of term for certain
 16 members of the small farm higher education debt council that is specified in s. 15.137
 17 (7) (intro.), the initial member appointed under s. 15.137 (7) (a) shall have a term
 18 expiring on July 1, 2021, the initial member appointed under s. 15.137 (7) (b) shall
 19 have a term expiring on July 1, 2022, and the initial member appointed under s.
 20 15.137 (7) (c) shall have a term expiring on July 1, 2023.

21 **SECTION 8. Effective date.**

22 (1) This act takes effect on July 1, 2019, or on the 2nd day after publication of
 23 the 2019 biennial budget act, whichever is later.

24 (END)

INSERT 12-9

Xref-

**2019-2020 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1388/2ins
MDK:...AMM

1
2
3
4
5
6
7

INSERT 4-15:

the dean and director of the University of Wisconsin-Madison division of extension

INSERT 12-9:

SECTION 1. 71.05 (6) (a) 30. of the statutes is created to read:

~~X~~71.05 (6) (a) 30. The amount of student loan interest taken as a deduction under section 221 of the Internal Revenue Code, to the extent student loan interest was reimbursed under s. 39.52 and subtracted under par. (b) 54.

Kunkel, Mark

From: Pratt, Laura
Sent: Monday, August 19, 2019 4:06 PM
To: Kunkel, Mark
Subject: P3 request: LRB 1388

Hi Mark,

Hope all is well! Rep. Spreitzer would like to request a P3 draft for LRB 1388, the new farmer student loan assistance program. Is it possible to get the new P-draft by early Wednesday? Let me know.

We would like to make the below changes:

- In Section 4. 39.52 (3) (a), can we change "the council shall establish a program" to "DATCP shall establish a program"
- In Section 4, 39.52 (11), can we change "the board and council may promulgate rules" to "the board and DATCP may promulgate rules"
- In Section 4, 39.52 (3) (a) (1), can we add a requirement at the end of the sentence that the new farmer files the IRS Schedule F (Form 1040) with their taxes? I have confirmed with DOR that they receive a copy of this form with farmers' Wisconsin tax returns.

Please let me know if you have any questions!

Best,
Laura.

--

Laura Pratt

Office of Representative Mark Spreitzer
45th Assembly District
E-Mail: Laura.Pratt@legis.wisconsin.gov
Phone: 608-237-9272

*per Laura:
do NOT include
based on
new instructions*

Kunkel, Mark

From: Pratt, Laura
Sent: Friday, August 23, 2019 9:35 AM
To: Kunkel, Mark
Subject: RE: P3 request: LRB 1388

Hi Mark, will give you a call in a second on this. We'd like to replace the income placeholder in the "beginning farmer" definition in Section 4. 39.52 (2) (d) with something like "adjusted gross income not more than 500% of the federal poverty guidelines" that are outlined via HHS' ASPE.

Could we also change the instances of "full-time basis" back to "primary occupation"? I'm happy to collect those if it would be helpful.

Also, I forgot to note this in my initial email, but the definition of "farm products" that we referenced in Section 4. 39.52 (2) (d)'s beginning farmer definition is outlined in 93.01 (5). Is it necessary to cite that definition?

I'll be in the office all day if you have any questions. Thank you again!

--

Laura Pratt

Office of Representative Mark Spreitzer
45th Assembly District
E-Mail: Laura.Pratt@legis.wisconsin.gov
Phone: 608-237-9272

From: Pratt, Laura
Sent: Thursday, August 22, 2019 10:02 AM
To: Kunkel, Mark <Mark.Kunkel@legis.wisconsin.gov>
Subject: RE: P3 request: LRB 1388

Hi Mark, that is correct – we are deleting the requirement in favor of the individual income tax cap inserted in Section 4. 39.52 (2) (d). Thank you for checking!

LP

--

Laura Pratt

Office of Representative Mark Spreitzer
45th Assembly District
E-Mail: Laura.Pratt@legis.wisconsin.gov
Phone: 608-237-9272

From: Kunkel, Mark <Mark.Kunkel@legis.wisconsin.gov>
Sent: Thursday, August 22, 2019 9:30 AM
To: Pratt, Laura <Laura.Pratt@legis.wisconsin.gov>
Subject: RE: P3 request: LRB 1388

Laura:

The attachment does not include the previous instruction to include an eligibility requirement that refers to filing IRS Schedule F (From 104)) with one's taxes. Did you decide to delete that requirement, or should I add it to the next version of the bill?

--Mark

From: Pratt, Laura <Laura.Pratt@legis.wisconsin.gov>
Sent: Wednesday, August 21, 2019 2:15 PM
To: Kunkel, Mark <Mark.Kunkel@legis.wisconsin.gov>
Subject: RE: P3 request: LRB 1388

Hi Mark,

Here is the document with the changes we're requesting for the P3 of LRB 1388. Realizing that the changes are significantly more detailed than our initial request, could you let me know what timeline might be possible?

Best,
Laura.

--

Laura Pratt

Office of Representative Mark Spreitzer
45th Assembly District
E-Mail: Laura.Pratt@legis.wisconsin.gov
Phone: 608-237-9272

From: Kunkel, Mark <Mark.Kunkel@legis.wisconsin.gov>
Sent: Tuesday, August 20, 2019 2:20 PM
To: Pratt, Laura <Laura.Pratt@legis.wisconsin.gov>
Subject: RE: P3 request: LRB 1388

Yes, not a problem. I'll should be able to get to it after you decide how to proceed.

--Mark

From: Pratt, Laura <Laura.Pratt@legis.wisconsin.gov>
Sent: Tuesday, August 20, 2019 2:18 PM
To: Kunkel, Mark <Mark.Kunkel@legis.wisconsin.gov>
Subject: RE: P3 request: LRB 1388

Hi Mark, so sorry about this. Can we hold on this request for now? I'll follow up with you ASAP on next steps.

Best,
Laura.

--

Laura Pratt

Office of Representative Mark Spreitzer
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From: Pratt, Laura
Sent: Monday, August 19, 2019 4:06 PM
To: Kunkel, Mark <Mark.Kunkel@legis.wisconsin.gov>
Subject: P3 request: LRB 1388

Hi Mark,

Hope all is well! Rep. Spreitzer would like to request a P3 draft for LRB 1388, the new farmer student loan assistance program. Is it possible to get the new P-draft by early Wednesday? Let me know.

We would like to make the below changes:

- In Section 4. 39.52 (3) (a), can we change “the council shall establish a program” to “DATCP shall establish a program”
- In Section 4, 39.52 (11), can we change “the board and council may promulgate rules” to “the board and DATCP may promulgate rules”
- In Section 4, 39.52 (3) (a) (1), can we add a requirement at the end of the sentence that the new farmer files the IRS Schedule F (Form 1040) with their taxes? I have confirmed with DOR that they receive a copy of this form with farmers’ Wisconsin tax returns.

Please let me know if you have any questions!

Best,
Laura.

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Aug 21 email attachment

AN ACT to amend 15.01 (4) and 227.01 (1); and to create 15.137 (7), 20.235 (1) (em), 39.52, 71.05 (6) (a) 30. and 71.05 (6) (b) 54. of the statutes; relating to: creating a program for reimbursing the higher education debt of ~~small farm operators~~ beginning farmers, creating an individual income tax deduction for certain amounts received from such a program, granting rule-making authority, making an appropriation, and providing a penalty.

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

SECTION 1. 15.01 (4) of the statutes is amended to read:

15.01 (4) "Council" means a part-time body appointed to function on a continuing basis for the study, and recommendation of solutions and policy alternatives, of the problems arising in a specified functional area of state government, except the council on physical disabilities has the powers and duties specified in s. 46.29 (1) and (2), the state council on alcohol and other drug abuse has the powers and duties specified in s. 14.24, the small farm beginning farmer higher education debt council has the powers and duties specified in s. 39.52 (3) and (9), and the electronic recording council has the powers and duties specified in s. 706.25 (4).

SECTION 2. 15.137 (7) of the statutes is created to read:

15.137 (7) ~~SMALL FARM~~ BEGINNING FARMER HIGHER EDUCATION DEBT COUNCIL. There is created in the department of agriculture, trade and consumer protection a ~~small farm~~ beginning farmer higher education debt council consisting of the secretary of agriculture, trade and consumer protection or his or her designee, the dean and director of the University of Wisconsin-Madison division of extension or his or her designee, and the following members appointed by the secretary of agriculture, trade and consumer protection for 3-year terms:

- (a) An individual who administers or participates or cooperates in programs of the farm service agency of the U.S. department of agriculture. The secretary may consult with the farm service agency in making the appointment.
- (b) An individual representing agricultural lenders.
- (c) An individual representing higher education loan providers or servicers.

SECTION 3. 20.235 (1) (em) of the statutes is created to read:

20.235 (1) (em) ~~Small farm operators~~ Beginning farmers. A sum sufficient to make reimbursement payments to ~~small farm operators~~ beginning farmers under the program under s. 39.52. Subject to s. 39.52 (6), the amount appropriated under this paragraph in fiscal year 2019-20 may not exceed \$120,000, in fiscal year 2020-21 may not exceed \$240,000, in fiscal year 2021-22 may not exceed \$360,000, in fiscal year 2022-23 may not exceed \$480,000, and in fiscal year 2023-24 and each fiscal year thereafter may not exceed \$600,000.

SECTION 4. 39.52 of the statutes is created to read:

39.52 ~~Small farm operators~~ Beginning farmers.

(1) FINDINGS. The legislature finds that farming is central to this state's traditions and economy and essential for feeding residents of this state and beyond. The legislature also finds that as the population

of farmers ages, this state faces a challenge recruiting and retaining new beginning farmers. The legislature believes that higher education debt is a significant barrier for new beginning farmers who work towards economic viability during the early years of their careers. The legislature therefore finds it in the best interest of the state to establish a program to provide financial assistance to new beginning farmers carrying student debt in their first years of farming in exchange for a commitment to farming in this state. The purpose of the program is to recruit and retain new Wisconsin beginning farmers of diverse backgrounds who have completed postsecondary education, regardless of field of study, previous state residency, or background in agriculture, and who are committed to a career of farming in Wisconsin, in order to sustain this state's small and midsize family farms farmers, family farms, and agricultural economy while fostering innovation in sustainable best practices.

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(2) DEFINITIONS. In this section:

(a) "Council" means the small farm beginning farmer higher education debt council.

(b) "Higher education debt" means debt, including interest, incurred in pursuit of a certificate, diploma, or degree from an institution of higher education or to complete a farm and industry short course offered by the University of Wisconsin System, but does not include any debt reimbursed, assumed, or otherwise paid for under any public or private program other than the program established under sub. (3).

(c) "Institution of higher education" means a nonprofit or public educational institution that awards an associate or baccalaureate degree and that is accredited by an accrediting agency that is recognized by the secretary of the federal department of education.

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~~a~~ (d) "Beginning farmer" means an applicant who manages a farm or a component of a farm in this state on a full-time basis, and has produced a farm product for no more than 10 consecutive years and has an income of no more than \$X when they enter the program.

~~(d)~~ "Operate a small farm" means to do both of the following:

1. Engage in agricultural activities at a small farm.
2. Participate in the day-to-day operation of a small farm.

(e) "Small farm" means farm premises, as specified in s. 102.04 (3), in this state that, at the time of the first payment to an individual under sub. (5) or (9) (b), has annual gross cash farm income that is not less than \$35,000 nor more than \$500,000 or 140 percent of the maximum annual gross cash farm income for a small farm under the typology of the economic research service of the U.S. department of agriculture, whichever is greater.

(3) REIMBURSEMENT PROGRAM; ELIGIBILITY.

(a) The council/DATCP shall establish a program that reimburses the higher education debt under sub. (5) or (9) (b) if the council finds that all of the following are satisfied:

1. The individual is a beginning farmer as defined in this act and is a state resident, whose primary occupation is to operate a small farm.
2. The individual satisfies one of the following:

a. The individual has graduated from an institution of higher education with an associate or baccalaureate degree.

b. The individual has completed a farm and industry short course offered by the University of Wisconsin System.

c. The individual has obtained a technical college diploma or certificate in agriculture or a field related to agriculture from an institution of higher education.

3. No later than 5 years after satisfying the requirement under subd. 2., the individual begins to operate a small farm.

4. No later than 5 years after satisfying the requirement under subd. 2., the individual applies to the council for reimbursement.

5. The individual intends to operate a small farm for at least 5 years after applying to the council for reimbursement. The individual intends to manage a farm or component of a farm on a full-time basis in this state for at least 5 years after applying to the council for reimbursement.

6. No other individual who also operates the small farm specified in subd. 3. is reimbursed for his or her higher education debt under sub. (5) or (9) (b).

(b) The council shall allow an individual to apply for reimbursement prior to satisfying the requirement under par. (a) 2.

(4) AGREEMENTS.

(a) The board shall enter into an agreement for making payments under sub. (5) or (9) (b) to an individual whom the council finds satisfies the requirements under sub. (3). if the board finds all of the following:

1. Except as provided in subd. 2., the repayment period for each student loan within the individual's higher education debt that is reimbursed under this section does not exceed 10 years.

2. For each federal student loan within the individual's higher education debt that is reimbursed under this section, the individual enters into the standard repayment plan of the federal department of education for the loan.

(b) The board may waive a requirement under par. (a) 1. or 2. if the board finds that the requirement presents a financial hardship. The board may require an individual to submit documentation necessary for the board to determine whether the requirement presents a financial hardship.

(c)(b) An agreement under par. (a) shall do all of the following:

1. Express the individual's commitment to pursue a long-term career in farming in this state and to make a good faith effort to comply with the requirements of this section during the 5-year period in which the individual receives payments under sub. (5) or (9) (b).

2. Require the individual to annually submit documentation showing to the board's satisfaction that the individual continues to be a state resident who is managing a farm or a component of a

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farm on a full-time basis in this state, and that the individual has in the preceding year made payments to the individual's outstanding higher education debt in an amount no less than the amount of the preceding year's reimbursement payment under sub. (5). ~~whose primary occupation is to operate a small farm and that the individual has in the preceding year made all required payments on the individual's outstanding higher education debt.~~

3. Except as otherwise provided in this section, require the board to make annual payments under sub. (5).

4. Require the individual to notify the board within 60 days if the individual ceases to be a state resident or ceases to ~~have as a primary occupation the operation of a small farm~~ manage a farm or a component of a farm in this state on a full-time basis. *MS 8-19*

5. Require the individual to provide the board with any information the board determines is necessary for administering this section.

6. Identify the higher education debt to be reimbursed.

7. Provide for termination of the agreement as specified in sub. (8) (a).

MS 8-13 8. Identify penalties, as defined in sub. (10), for individuals intentionally providing false information to the board or council, or for failing to comply with the notification requirement under sub. (4) (b) 4.

(5) REIMBURSEMENT PAYMENTS. Except as otherwise provided in this section, for each individual with whom the board enters into an agreement under sub. (4) (a), the board shall make 5 annual payments of equal amounts to the individual that in total equal the total amount of the individual's outstanding higher education debts, or \$30,000, whichever is less. The board shall make the first payment as soon as practicable after entering into the agreement and the subsequent payments annually thereafter upon receipt of the documentation required under sub. (4) (c) (b) 2.

(6) ADJUSTMENTS. The department of administration shall annually on July 1 adjust the amounts appropriated under s. 20.235 (1) (em) and the amount specified in sub. (5) to reflect any changes in the U.S. consumer price index for all urban consumers, U.S. city average, as determined by the U.S. department of labor, for the 12-month period ending on the preceding December 31.

(7) LIMITS. In a fiscal year, no more than 30 percent of the amount appropriated under s. 20.235 (1) (em) for the fiscal year may be used to make payments under subs. (5) and (9) (b) to individuals who satisfy sub. (3) (a) 2. b. or c.

(8) TERMINATION.

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1. If an individual fails to annually provide information to the board as required under sub. (4) (b) 2 by the due date determined by the board, then that individual is no longer eligible to receive payments under the agreement. The individual may reapply in a future year if they are eligible at that time. Except as provided in par. (b), on the date that an individual ceases to be a state resident, or an individual's ~~primary occupation ceases to be the operation of a small farm~~ manage a farm or component of a farm in this state on a full-time basis, the board shall

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terminate the individual's agreement under sub. (4) (a) on that date and the individual is not eligible to receive any remaining payments under the agreement. In consultation with the council, the board may promulgate rules that allow an individual that submits information, as required under sub. (4) (b) 2, following the due date determined by the board to remain eligible for payments under an agreement under sub. (4) (a).

2. Upon termination of an agreement under subd. 1., an individual is liable to the board for an amount equal to the product obtained by multiplying the amount of the most recent annual payment received by the individual under sub. (5) or (9) (b) by a fraction in which the denominator is 365 and the numerator is the number of days after the termination date that remain in the year immediately following the most recent annual payment.

(b) In consultation with the council, the board shall promulgate rules that allow an individual to remain eligible for payments under an agreement under sub. (4) (a) if, due to circumstances beyond the individual's control, the individual ceases to be a state resident, or ceases to manage a farm or a component of a farm in this state on a full-time basis operate a small farm, for a limited period. The circumstances shall include deployment in the U.S. armed services or national guard. The rules shall provide for each of the following:

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1. Suspending payments during the period the individual ceases to be a state resident and reinstating payments when the individual is a state resident.

2. Suspending payments during the period the individual's primary occupation ceases to be the operation of a small farm ceases to manage a farm or a component of a farm in this state on a full-time basis and reinstating payments when the individual's primary occupation is the operation of a small farm resumes managing a farm or a component of a farm in this state on a full-time basis.

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(9) APPLICANTS; FUNDING.

(a) The council shall advise the board whether an applicant for reimbursement payments satisfies the requirements under sub. (3). If there is not sufficient funding to make reimbursement payments to all applicants for reimbursement, the council shall give priority to applicants under the following categories in the council's selection of applicants with which to advise the board:

1. Applicants with the greatest financial need.

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2. Applicants who are most likely to successfully continue operating a small farm managing a farm or a component of a farm in this state based on factors including an applicant's interest in a farming career, demonstrated training, and experience, farm business plan, and relationship with a mentor.

3. Applicants who own or who are working toward ownership of a farm.

4. Applicants who operate small farms manage a farm or a component of a farm that employ sustainable best practices for farming that are identified in the list of approved conservation enhancements and practices under the Conservation Stewardship Program of the U.S. department of agriculture.

5. Applicants who are members of groups that are underrepresented in farming in this state.

(b) If funding is available due to agreement terminations under sub. (8) (a) or (10) (b), or if funding is available because the total amount of grants made by the board under sub. (5) in a fiscal year does not exceed the limit specified in s. 20.235 (1) (em), the council shall advise the board of other individuals who are eligible for reimbursement under sub. (3). Based on the amount of funding that is available, the board may make payments to eligible individuals for a total amount that is less than the amount required under sub. (5).

(10) PENALTIES.

(a) Any individual who intentionally provides false information to the board or council under this section may be required to forfeit no more than \$500. In addition, if an individual with whom the board has entered into an agreement under sub. (4) (a) intentionally provides false information to the board or council under this section, the board shall terminate the agreement and the individual is liable to the board for the total amount of payments made to the individual under sub. (5) together with interest at the rate of 10 percent per year from the date of the payments.

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(b) (b) If an individual with whom the board has entered into an agreement under sub. (4) (a) fails to comply with a requirement under sub. (4) (c)(b) 4., the board shall terminate the agreement and the individual is liable to the board for the most recent payment made to the individual under sub. (5) together with interest at the rate of 5 percent from the date of the payment. ~~or intentionally provides false information to the board or council under this section, the board shall terminate the agreement and the individual is liable to the board for the total amount of payments made to the individual under sub. (5) together with interest at the rate of 10 percent per year from the date of the payments.~~

(11) RULES. The board and council DATCP may promulgate rules to carry out their respective duties under this section.

(12) ADMINISTRATIVE SUPPORT. The department of agriculture, trade and consumer protection shall provide administrative support to the council for carrying out the council's duties under this section.

(13) AUDITS. The legislative audit bureau shall evaluate the effectiveness of the program established under this section in accomplishing the purposes specified in sub. (1). No later than July 1, 2026, and every 10 years thereafter, the legislative audit bureau shall submit a report of its evaluation to the chief clerk of each house of the legislature for distribution to the appropriate standing committees under s. 13.172 (3). The report shall include the legislative audit bureau's recommendations on terminating, continuing, revising, or expanding the program, including any recommendations regarding funding the program.

SECTION 5. 71.05 (6) (a) 30. of the statutes is created to read:

71.05 (6) (a) 30. The amount of student loan interest taken as a deduction under section 221 of the Internal Revenue Code, to the extent student loan interest was reimbursed under s. 39.52 and subtracted under par. (b) 54.

SECTION 6. 71.05 (6) (b) 54. of the statutes is created to read:

71.05 (6) (b) 54. For taxable years beginning after December 31, 2018, any amount received by an individual under the program under s. 39.52.

SECTION 7. ~~227.01 (1) of the statutes is amended to read:~~

~~227.01 (1) "Agency" means a board, commission, committee, department or officer in the state government, except the governor, a district attorney or a military or judicial officer. "Agency" includes the small farm beginning farmer higher education debt council.~~

SECTION 8.0 Nonstatutory provisions.

(1) INITIAL COUNCIL MEMBERS. Notwithstanding the length of term for certain members of the ~~small farm~~ beginning farmer higher education debt council that is specified in s. 15.137 (7) (intro.), the initial member appointed under s. 15.137 (7) (a) shall have a term expiring on July 1, 2021, the initial member appointed under s. 15.137 (7) (b) shall have a term expiring on July 1, 2022, and the initial member appointed under s. 15.137 (7) (c) shall have a term expiring on July 1, 2023.

(END)