



State of Wisconsin  
2019 - 2020 LEGISLATURE

LRB-1388/2  
MDK:ahe&amn 3

2019 BILL

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beginning farmers

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, 71.05 (6) (a) 30. and 71.05 (6) (b) 54. of the statutes; **relating to:**  
3 creating a program for reimbursing the higher education debt of ~~small farm~~  
4 ~~operators~~, creating an individual income tax deduction for certain amounts  
5 received from such a program, granting rule-making authority, making an  
6 appropriation, and 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 dean and director of the UW-Madison 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.

INSERT 3A

**BILL**

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

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

1           **SECTION 1.** 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~~ <sup>BEGINNING FARMER</sup> HIGHER EDUCATION DEBT COUNCIL. There is created in the  
12 department of agriculture, trade and consumer protection a ~~small farm~~ <sup>beginning farmer</sup> higher  
13 education debt council consisting of the secretary of agriculture, trade and consumer  
14 protection or his or her designee, the dean and director of the University of  
15 Wisconsin-Madison division of extension or his or her designee, and the following  
16 members appointed by the secretary of agriculture, trade and consumer protection  
17 for 3-year terms:

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

21           (b) An individual representing agricultural lenders.

**BILL**

*(ital)* → *Beginning Farmers*

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

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

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

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

10 **39.52 Small farm operators.** (1) FINDINGS. The legislature finds that  
11 farming is central to this state's traditions and economy and essential for feeding  
12 residents of this state and beyond. The legislature also finds that as the population  
13 of farmers ages, this state faces a challenge recruiting and retaining ~~new~~ *beginning* farmers.

14 The legislature believes that higher education debt is a significant barrier for ~~new~~  
15 *beginning* farmers who work towards economic viability during the early years of their careers.

16 The legislature therefore finds it in the best interest of the state to establish a  
17 program to provide financial assistance to ~~new~~ *beginning* farmers carrying student debt in their  
18 first years of farming in exchange for a commitment to farming in this state. The  
19 purpose of the program is to recruit and retain ~~new Wisconsin~~ *beginning* farmers of diverse  
20 backgrounds who have completed postsecondary education, regardless of field of  
21 study, previous state residency, or background in agriculture, ~~and~~ *INSERTS - 2PL* to sustain this  
22 state's ~~small and midsize~~ *farmers* family farms while fostering innovation in sustainable best  
23 practices.

24 (2) DEFINITIONS. In this section:

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

*INSERT 5-24*

*beginning farmer*

*and agricultural economy*

**BILL**

*INSERT 6-1*

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).

*do e*

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.

(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.

*for the board to reimburse department*

(3) REIMBURSEMENT PROGRAM; ELIGIBILITY. (a) The ~~council~~ 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: *INSERT 6-22*

1. The individual is a state resident whose primary occupation is to operate a  
small farm. *beginning farmer and r*

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. *(INSERT 7-6)*

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.~~ *(INSERT 7-11)*

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 *(INSERT 7-15)*  
16 (b) The council shall allow an individual to apply for reimbursement prior to  
17 satisfying the requirement under par. (a) 2.

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

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

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

**BILL****SECTION 4**

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 <sup>b</sup> (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

INSERT 8-23



**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) (e) 2. *eb*

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. *SUSPENSION*

14 (8) TERMINATION (a) 1. *a.* 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,~~ *INSERT 9-16* 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. *✓*

*INSERT 9-18*

**BILL**

**SECTION 4**

*For suspension of*

*INSERT 10-11*

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.

*INSERT 10-10*

*INSERT 10-11*

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:

*advise the board to*

*demonstrated*

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.

*INSERT 10-18*

*in a farming career*

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.

*stet*

*which*

*manage a farm or component of a farm*

*farm*

**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) <sup>OR (c)</sup> 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). INSERT 11-12

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) ~~(a)~~ 4, <sup>(b)</sup> 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. department

19           5 (11) RULES. The board and ~~council~~ may promulgate rules to carry out their  
20 respective duties under this section. INSERT 11-21

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

most recent payment

**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) (a) 30. of the statutes is created to read:

8 71.05 (6) (a) 30. The amount of student loan interest taken as a deduction under  
9 section 221 of the Internal Revenue Code, to the extent student loan interest was  
10 reimbursed under s. 39.52 and subtracted under par. (b) 54.

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

12 71.05 (6) (b) 54. For taxable years beginning after December 31, 2018, any  
13 amount received by an individual under the program under s. 39.52.

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

15 227.01 (1) "Agency" means a board, commission, committee, department or  
16 officer in the state government, except the governor, a district attorney or a military  
17 or judicial officer. "Agency" includes the small farm higher education debt council.

18 **SECTION 8. Nonstatutory provisions.**

19 (1) INITIAL COUNCIL MEMBERS. Notwithstanding the length of term for certain  
20 members of the ~~small farm~~ <sup>beginning farmer</sup> higher education debt council that is specified in s. 15.137  
21 (7) (intro.), the initial member appointed under s. 15.137 (7) (a) shall have a term  
22 expiring on July 1, 2021, the initial member appointed under s. 15.137 (7) (b) shall  
23 have a term expiring on July 1, 2022, and the initial member appointed under s.  
24 15.137 (7) (c) shall have a term expiring on July 1, 2023.

25 (END)

1

INSERT 3A:

This bill requires the Department of Agriculture, Trade and Consumer protection to establish a program for the Higher Educational Aids Board to reimburse beginning farmers for their higher educational debt, except for debt that is reimbursed, assumed, or paid for under any other public or private program. The bill defines "beginning farmer" as an individual who satisfies all of the following: 1) manages a farm or a component of a farm in this state as his or her primary occupation; 2) has produced farm products for no more than <sup>ten</sup> 10 consecutive years; and 3) at the time he or she first applies for reimbursement, has an annual adjusted gross income that is not more than 500 percent of the federal poverty guidelines.

To obtain reimbursement from HEAB, the bill requires an individual to apply to the Beginning Farmer Higher Education Debt Council <sup>2</sup> (council), which is created in DATCP. The council consists of the secretary of agriculture, trade and consumer protection or his or her designee and the dean and director of the UW-Madison 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 council must advise HEAB on carrying out its duties and promulgating rules under the bill. DATCP is required to provide administrative support to the council.

To be eligible for reimbursement, an individual must be a state resident who is a beginning farmer as defined above. In addition, the individual must intend to manage a farm or component of a farm in this state as his or her primary occupation for at least <sup>five</sup> 5 years after applying for reimbursement. Also, the individual must have completed one of the following educational requirements: 1) graduated from an accredited public or nonprofit institution <sup>with an</sup> 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. The council must advise HEAB on whether an applicant is eligible for reimbursement. If there are insufficient funds to make payments to all eligible applicants, the council must advise HEAB to give priority to applicants in specified categories.

The bill requires HEAB to enter into reimbursement agreements with eligible individuals. An agreement must express an 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 the program. An individual must also agree to annually submit documentation to HEAB showing that the individual continues to be a state resident who is managing a farm or a component of a farm in this state as his or her primary occupation. The documentation must also show that in the preceding year the individual has made all required payments on outstanding higher education debt in amounts not less than amounts reimbursed under the program. The individual must also agree to notify HEAB within 60 days if he or she ceases to manage a farm

or farm component in this state as his or her primary occupation. The agreement must also describe the grounds for terminating an agreement, which are described below, and the penalty for intentionally providing false information to HEAB or the council, which is a civil forfeiture of no more than \$500.

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 as soon as practicable after entering into the agreement and the subsequent payments annually thereafter after receiving the documentation described above. 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 specifies four grounds for terminating agreements. First, if an individual ceases to be a state resident or ceases to manage a farm or component of a farm in this state as his or her primary occupation, the agreement and payments terminate, except as provided in rules that HEAB must promulgate. Under those rules, an individual's agreement is suspended, instead of terminated, if, due to circumstances beyond the individual's control, including deployment in the U.S. armed forces or national guard, the individual ceases to be a state resident or ceases engaging in the required farm management. The rules must provide for suspending the payments until an individual resumes state residency or engaging in the required farm management. Second, an agreement terminates if an individual fails to submit the required annual documentation by a due date determined by HEAB. However, the bill allows HEAB, at its discretion, to grant an extension for submitting the documentation. The bill allows an individual whose agreement is terminated on this basis to reapply for reimbursement under the program. If an individual's agreement terminates under the first or second grounds, he or she is liable to HEAB for specified portion of the his or her most recent annual payment.

Third, if an individual intentionally provides false information to HEAB or the council, HEAB must terminate the agreement and the individual is liable to HEAB for the total amount of payments made to the individual at a 10 percent interest rate. Fourth, if an individual fails to comply with requirement in an agreement to notify HEAB within 60 days of ceasing to be a state resident or ceasing the required farm management activities, HEAB must terminate the agreement and the individual is liable to HEAB for the most recent payment received at a 5 percent interest rate.

The bill also does the following:

1. Provides that 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.

2. To the extent funding is available in a fiscal year, allows HEAB to make total annual payments that are less than \$30,000 to additional eligible individuals.

3. 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. ✓

4. Requires the Legislative Audit Bureau to evaluate the effectiveness of the program and, no later than July 1, 2026, and every ten years thereafter, submit a report to the legislature regarding its evaluation. ✓

1

✓ **INSERT 5-21:**

2

and who are committed to a career of farming in Wisconsin, in order

3

**INSERT 5-24:**

4

(a) "Beginning farmer" means an individual who manages a farm or a component of a farm in this state as his or her primary occupation, has produced farm products, as defined in s. 93.01 (5), for no more than 10 consecutive years, and has an annual adjusted gross income of not more than 500 percent of the federal poverty guidelines at the time the individual first applies for reimbursement payments under this section. ✓

10

**INSERT 6-1:**

11

(c) "Department" means the department of agriculture, trade and consumer protection. ✓

13

**INSERT 6-22:**

14

of an individual who applies to the council and satisfies all of the following: ✓

15

**INSERT 7-6:**

16

from an institution of higher education ✓

17

**INSERT 7-11:**

18

manage a farm or component of a farm in this state as his or her primary

19

occupation

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**INSERT 7-15:**

21

program established under par. (a) ✓

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**INSERT 8-14:**

who is managing a farm or a component of a farm in this state as his or her primary occupation 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)

**INSERT 8-19:**

manage a farm or a component of a farm in this state as his or her primary occupation

**INSERT 8-23:**

7. Describe the grounds for terminating the agreement and an individual's liability to the board upon termination.

8. Identify the penalty under sub. (10) (a) for intentionally providing false information to the board or council.

**INSERT 9-16:**

manage a farm or component of a farm in this state as his or her primary occupation

**INSERT 9-18:**

b. If an individual fails to annually submit documentation to the board as required under sub. (4) (b) 2. by a due date determined by the board, the board shall terminate the individual's agreement under sub. (4) (a) and the individual is not eligible to receive any remaining payments under the agreement, unless the board at its discretion grants the individual an extension for submitting the required documentation. An individual whose agreement is terminated under this subd. 1.

b. may reapply for reimbursement under sub. (3).

**INSERT 10-4:**



1 manage a farm or component of a farm in this state as his or her primary  
2 occupation

*Ma* **INSERT 10-10:** ✓

3  
4 individual ceases manage a farm or component of a farm in this state as his or  
5 her primary occupation

**INSERT 10-11:** ✓

6  
7 individual resumes managing a farm or component of a farm in this state as his  
8 or her primary occupation

**INSERT 10-18:**

9  
10 managing a farm or a component of a farm in this state ✓

**INSERT 11-12:** ✓

11  
12 (b) If an individual with whom the board has entered into an agreement under  
13 sub. (4) (a) intentionally provides false information to the board or council under this  
14 section, the board shall terminate the agreement and the individual is liable to the  
15 board for the total amount of payments made to the individual under sub. (5) ✓  
16 together with interest at the rate of 10 percent per year from the date of the  
17 payments.

**INSERT 11-21:**

18  
19 COUNCIL. The council shall advise the board on carrying out the board's duties  
20 and promulgating rules under this section. ✓

## Kunkel, Mark

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**From:** Pratt, Laura  
**Sent:** Tuesday, August 27, 2019 12:16 PM  
**To:** Kunkel, Mark  
**Subject:** LRB Analysis Clarifications: LRB 1633 1388

Hi Mark,

Thank you so much again for your help last week! I have showed the P-3 to Rep. Spreitzer and we had a few requests to clarify language within the LRB analysis. These are in red below.

- 2A • On page 2, in the second paragraph, in the final sentence, adding a short description of the categories. "... to give priority to applicants in specified categories, such as significant financial need, likelihood to successfully continue farming in the state, progress toward farm ownership, and use of sustainable best practices."
- 2B • On page 2, in the third paragraph, in the second-to-last sentence: "The individual must also agree to notify HEAB within 60 days if he or she ceases to be a state resident or ceases to manage a farm or farm component in this state as his or her primary occupation."
- 2C • On page 2, in the third paragraph, in the final sentence, clarifying that there are penalties in addition to the \$500 civil forfeiture. Perhaps something like "The agreement must also describe the grounds for terminating an agreement, which are described below, and the penalty for intentionally providing false information to HEAB or the council, which includes a civil forfeiture of no more than \$500 and a clawback provision described below for individuals who entered into an agreement with HEAB."
- ✓ • On page 2, in the fourth paragraph, in the sentence beginning "The total amount of the annual payments is \$30,000," clarifying the payment structure to ensure that readers understand this is a total of \$30k over the five years (meaning \$6k/year). For example: "The total amount of payments over five years is \$30,000, which is adjusted for inflation, or the total amount of an individual's outstanding higher education debt, whichever is less."
- 3A • On page 3, in the first paragraph, in the final sentence, adding and removing a conjunction: "If an individual's agreement terminates under the first or second grounds, he or she is liable to HEAB for a specified portion of the his or her most recent annual payment." Could we also add a clarification on the reasoning for this, similar to: "Participants who drop out partway through the year must return funding for the portion of the year that they did not spend farming."
- 3B ○

Please let me know if you have any questions. Thank you again!

Best,  
Laura.

--  
**Laura Pratt**

Office of Representative Mark Spreitzer  
45<sup>th</sup> Assembly District  
E-Mail: [Laura.Pratt@legis.wisconsin.gov](mailto:Laura.Pratt@legis.wisconsin.gov)  
Phone: 608-237-9272



State of Wisconsin  
2019 - 2020 LEGISLATURE

LRB-1388/3<sup>04</sup>  
MDK:ahe&amn

2019 BILL

TODAY

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

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*Analysis by the Legislative Reference Bureau*

This bill requires the Department of Agriculture, Trade and Consumer Protection to establish a program for the Higher Educational Aids Board to reimburse beginning farmers for their higher educational debt, except for debt that is reimbursed, assumed, or paid for under any other public or private program. The bill defines "beginning farmer" as an individual who satisfies all of the following: 1) manages a farm or a component of a farm in this state as his or her primary occupation; 2) has produced farm products for no more than ten consecutive years; and 3) at the time he or she first applies for reimbursement, has an annual adjusted gross income that is not more than 500 percent of the federal poverty guidelines.

To obtain reimbursement from HEAB, the bill requires an individual to apply to the Beginning Farmer Higher Education Debt Council, which is created in DATCP. The council consists of the secretary of agriculture, trade and consumer protection or his or her designee and the dean and director of the UW-Madison 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

**BILL**

INSEAT 2A ✓

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 council must advise HEAB on carrying out its duties and promulgating rules under the bill. DATCP is required to provide administrative support to the council.

To be eligible for reimbursement, an individual must be a state resident who is a beginning farmer as defined above. In addition, the individual must intend to manage a farm or component of a farm in this state as his or her primary occupation for at least five years after applying for reimbursement. Also, the individual must have completed one of the following educational requirements: 1) graduated from an accredited public or nonprofit institution with an associate or baccalaureate degree; 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. The council must advise HEAB on whether an applicant is eligible for reimbursement. If there are insufficient funds to make payments to all eligible applicants, the council must advise HEAB to give priority to applicants in specified categories.

The bill requires HEAB to enter into reimbursement agreements with eligible individuals. An agreement must express an 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 the program. An individual must also agree to annually submit documentation to HEAB showing that the individual continues to be a state resident who is managing a farm or a component of a farm in this state as his or her primary occupation. The documentation must also show that in the preceding year the individual has made all required payments on outstanding higher education debt in amounts not less than amounts reimbursed under the program. The individual must also agree to notify HEAB within 60 days if he or she ceases to manage a farm or farm component in this state as his or her primary occupation. The agreement must also describe the grounds for terminating an agreement, which are described below, and the penalty for intentionally providing false information to HEAB or the council, which is a civil forfeiture of no more than \$500.

penalties

INSEAT 2B

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 as soon as practicable after entering into the agreement and the subsequent payments annually thereafter after receiving the documentation described above. 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.

are

The bill specifies four grounds for terminating agreements. First, if an individual ceases to be a state resident or ceases to manage a farm or component of a farm in this state as his or her primary occupation, the agreement and payments

over five years ✓

INSEAT 2C

**BILL**

terminate, except as provided in rules that HEAB must promulgate. Under those rules, an individual's agreement is suspended, instead of terminated, if, due to circumstances beyond the individual's control, including deployment in the U.S. armed forces or national guard, the individual ceases to be a state resident or ceases engaging in the required farm management. The rules must provide for suspending the payments until an individual resumes state residency or engaging in the required farm management. Second, an agreement terminates if an individual fails to submit the required annual documentation by a due date determined by HEAB. However, the bill allows HEAB, at its discretion, to grant an extension for submitting the documentation. The bill allows an individual whose agreement is terminated on this basis to reapply for reimbursement under the program. If an individual's agreement terminates under the first or second grounds, he or she is liable to HEAB for ~~specified~~ portion of the his or her most recent annual payment.

Third, if an individual intentionally provides false information to HEAB or the council, HEAB must terminate the agreement and the individual is liable to HEAB for the total amount of payments made to the individual at a 10 percent interest rate. Fourth, if an individual fails to comply with a requirement in an agreement to notify HEAB within 60 days of ceasing to be a state resident or ceasing the required farm management activities, HEAB must terminate the agreement and the individual is liable to HEAB for the most recent payment received at a 5 percent interest rate.

The bill also does the following:

1. Provides that 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.
2. To the extent funding is available in a fiscal year, allows HEAB to make total annual payments that are less than \$30,000 to additional eligible individuals.
3. 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.
4. Requires the Legislative Audit Bureau to evaluate the effectiveness of the program and, no later than July 1, 2026, and every ten years thereafter, submit a report to the legislature regarding its evaluation.

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.

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

1           **SECTION 1.** 15.137 (7) of the statutes is created to read:

**BILL****SECTION 1**

1           **15.137 (7) BEGINNING FARMER HIGHER EDUCATION DEBT COUNCIL.** There is created  
2 in the department of agriculture, trade and consumer protection a beginning farmer  
3 higher education debt council consisting of the secretary of agriculture, trade and  
4 consumer protection or his or her designee, the dean and director of the University  
5 of Wisconsin–Madison division of extension or his or her designee, and the following  
6 members appointed by the secretary of agriculture, trade and consumer protection  
7 for 3-year terms:

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

11           (b) An individual representing agricultural lenders.

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

13           **SECTION 2.** 20.235 (1) (em) of the statutes is created to read:

14           **20.235 (1) (em) *Beginning farmers.*** A sum sufficient to make reimbursement  
15 payments to beginning farmers under the program under s. 39.52. Subject to s. 39.52  
16 (6), the amount appropriated under this paragraph in fiscal year 2019–20 may not  
17 exceed \$120,000, in fiscal year 2020–21 may not exceed \$240,000, in fiscal year  
18 2021–22 may not exceed \$360,000, in fiscal year 2022–23 may not exceed \$480,000,  
19 and in fiscal year 2023–24 and each fiscal year thereafter may not exceed \$600,000.

20           **SECTION 3.** 39.52 of the statutes is created to read:

21           **39.52 *Beginning farmers.* (1) FINDINGS.** The legislature finds that farming  
22 is central to this state’s traditions and economy and essential for feeding residents  
23 of this state and beyond. The legislature also finds that as the population of farmers  
24 ages, this state faces a challenge recruiting and retaining beginning farmers. The  
25 legislature believes that higher education debt is a significant barrier for beginning

**BILL**

1 farmers who work towards economic viability during the early years of their careers.  
2 The legislature therefore finds it in the best interest of the state to establish a  
3 program to provide financial assistance to beginning farmers carrying student debt  
4 in their first years of farming in exchange for a commitment to farming in this state.  
5 The purpose of the program is to recruit and retain beginning farmers of diverse  
6 backgrounds who have completed postsecondary education, regardless of field of  
7 study, previous state residency, or background in agriculture, and who are committed  
8 to a career of farming in Wisconsin, in order to sustain this state's farmers, family  
9 farms, and agricultural economy while fostering innovation in sustainable best  
10 practices.

11 (2) DEFINITIONS. In this section:

12 (a) "Beginning farmer" means an individual who manages a farm or a  
13 component of a farm in this state as his or her primary occupation, has produced farm  
14 products, as defined in s. 93.01 (5), for no more than 10 consecutive years, and has  
15 an annual adjusted gross income of not more than 500 percent of the federal poverty  
16 guidelines at the time the individual first applies for reimbursement payments  
17 under this section.

18 (b) "Council" means the beginning farmer higher education debt council.

19 (c) "Department" means the department of agriculture, trade and consumer  
20 protection.

21 (d) "Higher education debt" means debt, including interest, incurred in pursuit  
22 of a certificate, diploma, or degree from an institution of higher education or to  
23 complete a farm and industry short course offered by the University of Wisconsin  
24 System, but does not include any debt reimbursed, assumed, or otherwise paid for

**BILL****SECTION 3**

1 under any public or private program other than the program established under sub.  
2 (3).

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

7 **(3) REIMBURSEMENT PROGRAM; ELIGIBILITY.** (a) The department shall establish  
8 a program for the board to reimburse the higher education debt under sub. (5) or (9)  
9 (b) of an individual who applies to the council and satisfies all of the following:

10 1. The individual is a beginning farmer and state resident.

11 2. The individual satisfies one of the following:

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

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

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

18 3. The individual intends to manage a farm or component of a farm in this state  
19 as his or her primary occupation for at least 5 years after applying to the council for  
20 reimbursement.

21 (b) The program established under par. (a) shall allow an individual to apply  
22 for reimbursement prior to 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 who satisfies the requirements  
25 under sub. (3).



**BILL**

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

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

6 2. Require the individual to annually submit documentation showing to the  
7 board's satisfaction that the individual continues to be a state resident who is  
8 managing a farm or a component of a farm in this state as his or her primary  
9 occupation and that the individual has in the preceding year made payments to the  
10 individual's outstanding higher education debt in an amount no less than the  
11 amount of the preceding year's reimbursement payment under sub. (5).

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

14 4. Require the individual to notify the board within 60 days if the individual  
15 ceases to be a state resident or ceases to manage a farm or a component of a farm in  
16 this state as his or her primary occupation.

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

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

20 7. Describe the grounds for terminating the agreement and an individual's  
21 liability to the board upon termination.

22 8. Identify the penalty under sub. (10) (a) <sup>and (b) 1.</sup> for intentionally providing false  
23 information to the board or council.

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) (b) 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. *Grounds 1.*

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

19 *2. b.* If an individual fails to annually submit documentation to the board as  
20 required under sub. (4) (b) 2. by a due date determined by the board, the board shall  
21 terminate the individual's agreement under sub. (4) (a) and the individual is not  
22 eligible to receive any remaining payments under the agreement, unless the board  
23 at its discretion grants the individual an extension for submitting the required  
24 documentation. An individual whose agreement is terminated under this subd. 1.  
25 *b* may reapply for reimbursement under sub. (3).

*Subdivision*

**BILL**

(b) Clawback.

due

par. (a) ✓

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.

Suspensions ital

7        C (b) The board shall promulgate rules that allow for suspension of an  
 8        individual's agreement under sub. (4) (a) if, due to circumstances beyond the  
 9        individual's control, the individual ceases to be a state resident or ceases to manage  
 10       a farm or component of a farm in this state as his or her primary occupation for a  
 11       limited period. The circumstances shall include deployment in the U.S. armed  
 12       services or national 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 ceases managing a  
 16        farm or component of a farm in this state as his or her primary occupation and  
 17        reinstating payments when the individual resumes managing a farm or component  
 18        of a farm in this state as his or her primary occupation.

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

24        1. Applicants with the greatest financial need.

**BILL****SECTION 3**

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

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

6           4. Applicants who manage a farm or component of a farm that employs  
7 sustainable best practices for farming that are identified in the list of approved  
8 conservation enhancements and practices under the Conservation Stewardship  
9 Program of the U.S. department of agriculture.

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

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

19          (10) PENALTIES. (a) Any individual who intentionally provides false  
20 information to the board or council under this section may be required to forfeit no  
21 more than \$500. *Clawback, 1. Ital*

22          (b) If an individual with whom the board has entered into an agreement under  
23 sub. (4) (a) intentionally provides false information to the board or council under this  
24 section, the board shall terminate the agreement and the individual is liable to the  
25 board for the total amount of payments made to the individual under sub. (5)

**BILL**

1 together with interest at the rate of 10 percent per year from the date of the  
2 payments.

3 ~~(e)~~ <sup>2.</sup> If an individual with whom the board has entered into an agreement under  
4 sub. (4) (a) fails to comply with a requirement under sub. (4) (b) 4., the board shall  
5 terminate the agreement and the individual is liable to the board for the most recent  
6 payment made to the individual under sub. (5) together with interest at the rate of  
7 5 percent per year from the date of the payment.

8 **(11) RULES.** The board and department may promulgate rules to carry out their  
9 respective duties under this section.

10 **(12) COUNCIL.** The council shall advise the board on carrying out the board's  
11 duties and promulgating rules under this section. The department shall provide  
12 administrative support to the council.

13 **(13) AUDITS.** The legislative audit bureau shall evaluate the effectiveness of the  
14 program established under this section in accomplishing the purposes specified in  
15 sub. (1). No later than July 1, 2026, and every 10 years thereafter, the legislative  
16 audit bureau shall submit a report of its evaluation to the chief clerk of each house  
17 of the legislature for distribution to the appropriate standing committees under s.  
18 13.172 (3). The report shall include the legislative audit bureau's recommendations  
19 on terminating, continuing, revising, or expanding the program, including any  
20 recommendations regarding funding the program.

21 **SECTION 4.** 71.05 (6) (a) 30. of the statutes is created to read:

22 71.05 (6) (a) 30. The amount of student loan interest taken as a deduction under  
23 section 221 of the Internal Revenue Code, to the extent student loan interest was  
24 reimbursed under s. 39.52 and subtracted under par. (b) 54.

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



2019-2020 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-1388/4ins  
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**INSERT 2A:** ✓

, including financial need, likelihood to successfully continue farming in this state, progress toward farm ownership, and use of sustainable best practices

**INSERT 2B:** ✓

ceases to be a state resident or

**INSERT 2C:** ✓

, and, for individuals with agreements with HEAB, liability under the clawback provision described below

**INSERT 3A:** ✓

under a clawback provision ✓

*example, for*

**INSERT 3B:** ✓

that corresponds to the portion of the year that the agreement is no longer in effect. For termination under the first ground, the liability corresponds to the portion of the year the individual was no longer a state resident or did not engage in farming. ✓

**INSERT 3C:**

under a clawback provision ✓