

Fiscal Estimate - 2023 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-5760/1	Introduction Number SB-1025
-----------------------------	------------------------------------

Description
 income tax credits for beginning farmers and owners of farm assets and making an appropriation

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input checked="" type="checkbox"/> Create New Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs		
<input type="checkbox"/> Indeterminate	5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	20.835 (2) (dp)

Agency/Prepared By	Authorized Signature	Date
DOR/ Bradley Caruth (608) 261-8984	Michael Oakleaf (608) 261-5173	2/20/2024

Fiscal Estimate Narratives

DOR 2/20/2024

LRB Number	23-5760/1	Introduction Number	SB-1025	Estimate Type	Original
Description income tax credits for beginning farmers and owners of farm assets and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

This bill creates a refundable income tax credit for a beginning farmer who leases or purchases agricultural assets and uses the assets for farming and for a person whose assets are leased or sold to a beginning farmer.

Under the bill, a beginning farmer is a person who has a net worth of less than \$200,000 and who has farmed for fewer than 10 years. The bill defines "agricultural assets" as land assessed for property tax purposes as agricultural land or machinery, equipment, facilities, or livestock that is used in farming.

The amount of the credit is equal to 5 percent of the lease amount or sales price paid by the beginning farmer for agricultural assets for the taxable year and 5 percent of the lease amount or sales price received by the asset owner from a beginning farmer for agricultural assets for the taxable year. The beginning farmer may also claim a credit equal to 5 percent of the amount the farmer paid for improvements on agricultural assets consisting of land and facilities.

The maximum amount that a claimant may receive in any taxable year is \$75,000 and maximum amount of the credit for all claimants in any taxable year is \$5,000,000.

From 2011 to 2013, Wisconsin law included a similar beginning farmer and farm asset owner credit. The law provided the beginning farmer with a credit for up to \$500 to take a course in farm financial management and it provided a 15 percent credit for the farm asset owner to lease agricultural assets to a beginning farmer. Over three years, the credit resulted in less than \$50,000 of total claims. If the credit under this bill results in similar participation levels, it will increase expenses by a minimal annual amount. To the extent that more individuals participate in the new credit program, it could increase expenses up to the statutory maximum of \$5,000,000 annually.

According to Department of Administration net tax reduction calculations related to the American Rescue Plan Act (ARPA), the remaining margin for tax reductions before triggering potential SLFRF recoupment is \$97.0 million for fiscal year 2024 and \$326.6 million for fiscal year 2025. This bill would reduce these margins by the amount of fiscal effect.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2023 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-5760/1	Introduction Number SB-1025	
Description income tax credits for beginning farmers and owners of farm assets and making an appropriation		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$See Text	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By	Authorized Signature	Date
DOR/ Bradley Caruth (608) 261-8984	Michael Oakleaf (608) 261-5173	2/20/2024