

March 1986 Spec. Sess.
Assembly Bill 1

Date of enactment: March 31, 1986
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1985 Wisconsin Act 153

AN ACT to repeal 78.73 (5) and 234.90 (3) (d); to renumber and amend 234.90 (1) (a) and 234.90 (7) (c); to amend 20.490 (3) (a) 2 and (b) 2, 71.09 (6r) (a), 74.39, 78.73 (1) (intro.), 78.73 (1) (d), 78.73 (1) (e), 234.90 (1) (am), (2) (a), (b) and (e) to (i) and (3) (c), 234.90 (4) (b), 234.90 (6), 234.90 (9), 815.20 and 815.21 (2), (4) and (5); to repeal and recreate 70.32 (2) (c); and to create 15.131 (5), 15.135 (5), 20.115 (9), 20.445 (1) (bc), 28.06 (2m), 70.32 (1g), 70.32 (2m), 70.57 (3) (f), 71.02 (3), 78.01 (2) (e), 78.12 (3m), 78.73 (1) (dm), 78.73 (1) (f), 92.085, 93.50, 101.27, 221.296, 234.90 (1) (a), 234.90 (3m) and 234.90 (7m) (title) and (a) of the statutes; and to affect 1985 Wisconsin Act 29, section 3029 (3p) (e); and 1985 Wisconsin Act 29, section 3153 (1) (a), relating to: Wisconsin housing and economic development authority agricultural production loan guarantees and interest reductions; creating a farm mediation and arbitration program for resolution of disputes with creditors, creating a farm mediation and arbitration board; the homestead exemption from executions, liens and liability for debts; the proceeds from the sale of real property the taxes on which are delinquent; the income and franchise tax effects of the food security act; authorizing county land conservation committees to develop tree planting programs; authorizing the departments of natural resources and agriculture, trade and consumer protection to grant exemptions from certain laws; training and employment services for dislocated workers, including farmers; increasing an appropriation to the department of agriculture, trade and consumer protection to provide funds for the volunteer farm credit advisor program; property tax assessment and equalized valuation of agricultural land; specialty crops hearing; a motor fuel tax exemption; interest payments that may be included in calculating an income tax credit; student loans; the powers of banks; and providing for a study, making an appropriation and granting rule-making authority.

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

SECTION 1. Legislative declaration. It is the intent of the legislature to assist farmers in this state in receiving necessary training and related employment services before economic conditions force them to terminate farming operations.

SECTION 2. Legislative purpose and intent. (1) The legislature recognizes that the current depressed farm economy places undue stress on the farm credit system, and many farmers in this state are ineligible for additional credit under normal agricultural lending standard and, therefore, cannot borrow operating capital necessary to produce agricultural commodities.

(2) The legislature finds it necessary to take extraordinary steps to assure that farmers may produce agricultural commodities, since this is the only means for many farmers to sustain the income flow they need to operate. Because of agriculture's central role in the state's economy and the dependence of rural communities on the continued operation of family farms, it is in the public interest to assist farmers who cannot otherwise obtain credit to operate their farms.

(3) The legislature finds that the most efficient and cost-effective means of providing operating credit for farmers producing agricultural commodities is

through cooperation between the private and public sectors. Further, the legislature finds that the farm credit system can provide necessary funds if the public sector assumes a portion of the risk present in such lending.

(4) The legislature concludes that it is in the public interest to guarantee extensions of credit to farmers who cannot secure operating loans under usual agricultural lending standards, but who are otherwise suitable credit risks. Further, the legislature recognizes that the state cannot provide these guarantees under article VIII, section 3, of the Wisconsin constitution. The legislature therefore concludes that it is necessary to empower the independent Wisconsin housing and economic development authority to guarantee agricultural production loans.

(5) The legislature intends that the Wisconsin housing and economic development authority guarantee farm operating loans to finance the production of agricultural commodities. The legislature intends that these guaranteed loans be available only to farmers who do not otherwise qualify for operating loans but who, with the aid of a loan guaranteed under this act, are likely to be able to continue farming.

(6) The legislature intends that any adverse income tax and franchise tax consequences to dairy farmers in this state resulting from their participation in the dairy cow "whole-herd buyout" provisions of the federal

food security act of 1985, section 101 of P.L. 99-198, be mitigated to the maximum extent possible. Therefore, it is necessary to provide for automatic incorporation into Wisconsin's income tax law of any provision of the federal internal revenue code and implementing regulations that are adopted for that purpose, without additional action by the legislature.

(7) The legislature intends that the higher educational aids board shall, in its administration of student grant and loan programs under subchapter III of chapter 39 of the statutes, mitigate, to the extent possible under federal law, the adverse impact on financial aid eligibility of students from farm families participating in the "whole-herd buyout" provision of the federal food security act of 1985, section 101 of P.L. 99-198.

SECTION 3. 15.131 (5) of the statutes is created to read:

SECTION 5. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert the following amounts for the purposes indicated:

		<u>1985-86</u>	<u>1986-87</u>
20.115	Agriculture, trade and consumer protection, department of		
(9)	FARM MEDIATION AND ARBITRATION PROGRAM		
(a)	General program operations	GPR B	16,000
			64,000

SECTION 6. 20.115 (9) of the statutes is created to read:

20.115 (9) FARM MEDIATION AND ARBITRATION PROGRAM. (a) *General program operations*. Biennially, the amounts in the schedule for general program operations.

SECTION 7. 20.445 (1) (bc) of the statutes is created to read:

20.445 (1) (bc) *Assistance for dislocated workers*. Biennially, the amounts in the schedule for providing grants under s. 101.27.

SECTION 8m. 20.490 (3) (a) 2 and (b) 2 of the statutes, as created by 1985 Wisconsin Act 9, are amended to read:

20.490 (3) (a) 2. Subdivision 1 does not apply after December 31, ~~1986~~ 1987.

(b) 2. Subdivision 1 does not apply after December 31, ~~1986~~ 1987.

SECTION 10. 28.06 (2m) of the statutes is created to read:

28.06 (2m) SPECIAL DISTRIBUTION. In addition to the purposes specified under subs. (1) and (2), until June 30, 1989, planting stock of species and sizes suitable for planting by county land conservation committees to aid in land conservation under s. 92.085 may be produced in state forest nurseries and free stock, not to exceed 1,000,000 trees per year and subject to the availability of certain types of species of trees, shall be distributed by the department to any county land conservation committee for an approved tree planting proposal under s. 92.085.

15.131 (5) FARM MEDIATION AND ARBITRATION BOARD. The farm mediation and arbitration board shall have the program responsibilities specified for the board under s. 93.50.

SECTION 4. 15.135 (5) of the statutes is created to read:

15.135 (5) FARM MEDIATION AND ARBITRATION BOARD. There is created a farm mediation and arbitration board which is attached to the department of agriculture, trade and consumer protection under s. 15.03. The board shall consist of the secretary of agriculture, trade and consumer protection or the secretary's designee, the commissioner of banking or the commissioner's designee and a member appointed by the governor to serve at the pleasure of the governor.

SECTION 11. 70.32 (1g) of the statutes is created to read:

70.32 (1g) In addition to the factors set out in sub. (1), the assessor shall consider the effect on the value of the property of any zoning ordinance under s. 59.971, 61.351 or 62.231, any conservation easement under s. 700.40, any conservation restriction under an agreement with the federal government and any restrictions under ch. 91.

SECTION 12. 70.32 (2) (c) of the statutes is repealed and recreated to read:

70.32 (2) (c) In this section:

1. "Agricultural" includes any body of water on private premises that is used as a part of a private fish hatchery licensed under s. 29.52.

2. "Productive forest land" means land that is producing or is capable of producing commercial forest products and is not otherwise classified under this subsection.

3. "Residential" includes any parcel or part of a parcel of untilled land that is not suitable for the production of row crops, on which a dwelling or other form of human abode is located and which is not otherwise classified under this subsection.

4. "Swampland or wasteland" means bog, marsh, lowland brush, uncultivated land zoned as shoreland under s. 59.971 and shown as a wetland on a final map under s. 23.32 or other nonproductive lands not otherwise classified under this subsection.

SECTION 13. 70.32 (2m) of the statutes is created to read:

70.32 (2m) In valuing agricultural land suitable for the production of row crops under this section on the basis of sales of comparable property, the assessor may not consider data from the sale of residential land.

SECTION 14. 70.57 (3) (f) of the statutes is created to read:

70.57 (3) (f) Fulfill the requirements under s. 70.32 (1g) and (2m).

SECTION 14m. 71.02 (3) of the statutes is created to read:

71.02 (3) ADDITIONAL DEFINITION. Notwithstanding subs. (1) (c) and (2) (d), for natural persons, fiduciaries, corporations, trusts and estates, at the taxpayer's option, "internal revenue code", for taxable year 1986 and subsequent taxable years, includes any revisions to the federal internal revenue code adopted after January 1, 1986, that relate to the taxation of income derived from any source as a direct consequence of participation in the milk production termination program created by section 101 of P.L. 99-198.

SECTION 14s. 71.09 (6r) (a) of the statutes, as created by 1985 Wisconsin Act 29, is amended to read:

71.09 (6r) (a) Add the amount of interest allowed as an itemized deduction under section 163 of the internal revenue code and paid on a loan to purchase or refinance a residence in this state or paid on a land contract in respect to a residence in this state; in respect to members of the U.S. congress, the amount of interest allowed as an itemized deduction under section 163 of the internal revenue code and paid to purchase or refinance a residence in or near Washington, D.C., or paid on a land contract in respect to such a residence; for taxable years 1986 to 1988 only, the amount of interest allowed as an itemized deduction under section 163 of the internal revenue code and paid by an employe on a loan to purchase stock in an employe-owned business, as defined in s. 560.16 (1) (c), from which that employe receives at least 50% of that employe's wage and salary income; the amount of interest allowed as an itemized deduction under section 163 of the internal revenue code and paid to acquire agricultural property, as defined in s. 93.50 (1) (am), other than a residence, if that property was personally operated or leased as farmland by the taxpayer during the period of ownership and is subsequently sold by the taxpayer on a land contract, to a buyer who agrees, in writing, to continue to personally operate the property as farmland over the term of the contract, for which interest income is reported by the taxpayer; the amount of interest, up to \$1,200, allowed as an itemized deduction under section 163 of the internal revenue code and not paid on a loan to purchase or refinance a residence or paid on a land contract in respect to a residence or paid to purchase stock in the corporation from which the employe receives at least 50% of that employe's wage and salary income or paid to acquire agricultural property,

other than a residence, that is sold on a land contract for which interest income is reported; the deduction for charitable contributions under section 170 of the internal revenue code; the medical expenses allowed under section 213 of the internal revenue code and any amount expended by an adoptive parent or a prospective adoptive parent in adoption fees, court costs or legal fees relating to the adoption of a child, whether or not the adoption process is completed, to the extent that this amount, when added to allowable medical deductions under section 213 of the internal revenue code, exceeds 5% of the person's federal adjusted gross income.

SECTION 15. 74.39 of the statutes is amended to read:

74.39 Sale of real estate. On the day designated in the notice of sale the county treasurers shall begin the sale of those lands on which the taxes, penalty and interest have not been paid and shall continue every day, Sundays excepted, until enough of each parcel has been sold to pay the taxes, interest and penalty as provided under s. 74.80 upon the amount of such taxes from January 1 of the next year after the tax levy, ~~and all moneys received on such sale.~~ Of the proceeds of the sale, an amount equal to the actual costs of the sale and the taxes, penalty and interest shall be paid into the county treasury, any special assessments owed and penalties and interest in respect to those assessments shall be sent to the unit of government to which they are owed and the remainder of the proceeds shall be paid to the person whose property was sold. If the treasurer discovers before the sale that because of irregular assessment or any other error any of the lands ought not to be sold, the treasurer shall not offer them for sale but shall report the lands withheld from sale and the reasons for withholding them to the county board at its next session.

SECTION 15u. 78.01 (2) (e) of the statutes is created to read:

78.01 (2) (e) Regular leaded gasoline sold for non-highway use in mobile machinery and equipment and delivered directly into the consumer's storage tank in an amount of not less than 200 gallons if the supplier obtains from the consumer an annual exemption certificate prescribed by the department.

SECTION 15v. 78.12 (3m) of the statutes is created to read:

78.12 (3m) EXEMPTION REPORTS. Any person who purchases regular leaded gasoline tax-free under s. 78.01 (2) (e) shall file an annual report not later than April 15 of the year following the reporting period. That report shall be prescribed by the department and shall set forth the number of gallons purchased, the supplier, the use and any other information that the department reasonably requires for the administration and enforcement of this subchapter. The department may not renew the exemption certificate of any person who fails to file the report under this subsection.

SECTION 15w. 78.73 (1) (intro.) of the statutes is amended to read:

78.73 (1) ACTS FORBIDDEN. (intro.) Any person who does any of the following may be fined not more than \$500 or imprisoned not more than 6 months or both:

SECTION 15x. 78.73 (1) (d) of the statutes is amended to read:

78.73 (1) (d) Uses a false or fictitious name or gives a false or fictitious address in any application or form required by this chapter, or otherwise commits a fraud in any application, record, report or claim for refund;
~~or~~

SECTION 15y. 78.73 (1) (dm) of the statutes is created to read:

78.73 (1) (dm) Presents an exemption certificate under s. 78.01 (2) (e) or 78.40 (2) (d) and uses the fuel obtained tax-free on the basis of the certificate in a manner other than the manner for which the certificate was issued;

SECTION 15z. 78.73 (1) (e) of the statutes is amended to read:

78.73 (1) (e) Uses any false or fictitious name or address when purchasing or obtaining motor fuel, general aviation fuel or special fuel from any source for sale or consumption in this state ~~may be fined not more than \$500 or imprisoned not more than 6 months or both; or~~

SECTION 15zm. 78.73 (1) (f) of the statutes is created to read:

78.73 (1) (f) Violates a provision of this chapter, except as provided in pars. (a) to (e) and subs. (2) to (4).

SECTION 15zt. 78.73 (5) of the statutes is repealed.

SECTION 16. 92.085 of the statutes is created to read:

92.085 Tree planting program. (1) CREATION. There is created a statewide tree planting program, which shall use free trees provided from state forest nurseries by the department of natural resources under s. 28.06 to aid in soil and water conservation. The department shall administer the program. The department shall promulgate any rules necessary to implement this program.

(2) IMPLEMENTATION; DEPARTMENT DUTIES. (a) *Notification; land conservation committees.* The department shall notify land conservation committees no later than 30 days after the effective date of this paragraph [revisor inserts date], of the availability of free planting stock for use by the committees as part of a tree planting proposal under this section.

(b) *Program assistance.* The department and the department of natural resources shall assist land conservation committees in preparing tree planting proposals.

(c) *Program review.* The department shall, by October 1, review and approve or disapprove tree

planting proposals submitted by land conservation committees. The department may not approve any tree planting proposal which is inconsistent with the land conservation committee's soil erosion control plan under s. 92.10 or with the federal conservation reserve program under 16 USC 3831.

(d) *Notification; department of natural resources.* The department shall notify the department of natural resources by November 1 of which tree planting proposals have been approved and of the number and types of species of trees to be distributed. The department of natural resources shall distribute free planting stock under s. 28.06 (2m) to the appropriate land conservation committees beginning on April 1 or when weather conditions are suitable for transporting and transplanting the planting stock.

(3) IMPLEMENTATION; LAND CONSERVATION COMMITTEES. Each land conservation committee with an approved soil erosion control plan under s. 92.10, or which has approved a farmer's plan, pursuant to the terms of a contract under the federal conservation reserve program under 16 USC 3831, may prepare a tree planting proposal, to be submitted to the department for review under sub. (2) (c). Each land conservation committee shall administer local implementation of an approved tree planting proposal.

(3m) PRUNING. Any person who receives trees distributed under sub. (2) (d) shall agree not to prune such trees until the first day of the 11th year after the day the trees are distributed.

(4) SUNSET. No trees may be distributed to land conservation committees under s. 28.06 (2m) after June 30, 1989.

SECTION 17. 93.50 of the statutes is created to read:

93.50 Farm mediation and arbitration program. (1) DEFINITIONS. In this section:

(a) "Action" means a court action by a creditor against a farmer for payment of a debt; to enforce or foreclose a security interest, lien or mortgage; or to repossess or declare a creditor's interest in real property. "Action" includes garnishment, replevin, execution of judgment, involuntary receivership and supplementary creditor's proceedings.

(am) "Agricultural property" means real property that is used principally for farming, real property that is a farmer's principal residence and any land contiguous to the residence, personal property that is used as security to finance farming or personal property that is used for farming.

(b) "Board" means the farm mediation and arbitration board.

(c) "Creditor" means any person who holds a mortgage on or is a vendor of a land contract for agricultural property, who has a lien on or security interest in agricultural property or who is a judgment creditor with a judgment against a farmer affecting the farmer's agricultural property.

(d) "Farmer" means a farmer, as defined in s. 102.04 (3), who owns or leases a total of 60 acres or more of land that is agricultural property and whose gross sales of farm products for the preceding year equaled \$20,000 or more.

(e) "Farming" has the meaning given under s. 102.04 (3).

(2) BOARD, MEDIATORS AND ARBITRATORS. (a) *Selection of mediators.* The board shall select mediators who are residents of this state, who have the character and ability to serve as mediators and who have knowledge of financial or agricultural matters or of mediation processes. The board shall ensure that each mediator receives sufficient training in mediation processes, resolving conflicts, farm finance and management and the farm credit system and practices to enable the mediator to perform his or her functions under this section.

(am) *Selection of arbitrators.* The board shall select arbitrators who are residents of this state, who have the character and ability to serve as arbitrators and who have knowledge of financial or agricultural matters or of arbitration processes. The board shall ensure that each arbitrator receives sufficient training in arbitration processes, resolving conflicts, farm finance and management and the farm credit system and practices to enable the arbitrator to perform his or her functions under this section.

(b) *Compensation of mediators and arbitrators.* Mediators and arbitrators shall be compensated for travel and other necessary expenses in amounts approved by the board.

(c) *Immunity of mediators and arbitrators.* Mediators and arbitrators are immune from civil liability for any act or omission within the scope of their performance of their powers and duties under this section.

(d) *Forms and publicity.* The board shall prepare all forms necessary for the administration of this section and shall ensure that forms are disseminated and that the availability of mediation and arbitration under this section is publicized.

(e) *Exclusion from open records law.* All mediators and arbitrators shall keep confidential all information and records obtained in conducting mediation and arbitration. The board shall keep confidential all information and records that may serve to identify any party to mediation and arbitration under this section.

(f) *Rule making.* The board may promulgate rules necessary to implement this section. The board may promulgate rules defining owners and creditors of agriculturally related businesses and permitting owners and creditors of such businesses to participate in mediation and arbitration subject to the same terms and conditions applicable to farmers and creditors under this section.

(2m) SUSPENSION OF COURT ACTION TO ALLOW FOR VOLUNTARY MEDIATION OR ARBITRATION. (a) During

the pendency of any action brought by a creditor against a farmer, the court may, upon the written stipulation of all parties to the action that they wish to engage in mediation or arbitration under this section, enter an order suspending the action.

(b) A suspension order under par. (a) suspends all orders and proceedings in the action for the time period specified in the suspension order. In specifying the time period, the court shall exercise its discretion for the purpose of permitting the parties to engage in mediation or arbitration without prejudice to the rights of any person. The suspension order may include such other terms and conditions as the court may deem appropriate. The suspension order may be revoked upon motion of any person or upon motion of the court.

(c) If all parties to the action agree, by written stipulation, that all issues before the court are resolved by mediation or arbitration under this section, the court shall dismiss the action.

(d) If the parties do not agree under par. (c) or if the court revokes the suspension order under par. (b), the action shall proceed as if no mediation or arbitration had been attempted.

(3) MEDIATION PROCESS. (a) *Disputes for mediation.* A farmer or creditor wishing to resolve a dispute between them involving the farmer's agricultural property and the creditor's interest in a mortgage, land contract, lien, security interest or judgment affecting the agricultural property, either before an action has been initiated to which they are parties or after entry of a suspension order in an action to which they are parties under sub. (2m), may participate in mediation under this section in accordance with this subsection.

(b) *Request for mediation; agreement to mediate.* To participate in mediation, the farmer and creditor under par. (a) shall submit a request for mediation, together with an agreement to mediate, to the board on forms prepared by the board.

(d) *Suspension of legal proceedings.* If no action has been initiated to which the farmer and creditor are parties, the board shall determine the parties to any mediation under this section and shall require all parties to enter into an agreement to refrain from initiating any action among the parties affecting the subject matter of the mediation for a 60-day period.

(e) *Selection of mediator.* After the board has obtained the agreement under par. (b) or, if no action has been initiated, under pars. (b) and (d), the board shall provide the farmer and creditor with the names, mailing addresses and qualifications of 7 mediators located in the geographical area in which the agricultural property or farmer is located. The parties shall select a mediator or, upon request of the parties, the board shall designate a mediator for the parties.

(f) *Mediation.* The function of the mediator is to encourage a voluntary settlement among the parties. The mediator may not compel a settlement. The

mediator shall schedule meetings of the parties, direct the parties to prepare for the meetings, attempt to achieve a mediated resolution to the issues among the parties and, if the parties request, assist the parties in preparing a written agreement.

(g) *Effect of mediation.* The parties may at any time withdraw from mediation. The parties have full responsibility for reaching and enforcing any agreement among them. After the expiration of the 60-day period under par. (d) or the time period specified in the suspension order under sub. (2m), the parties may no longer participate in the mediation process regarding the same subject matter under this section.

(4) **ARBITRATION PROCESS.** (a) *Disputes for arbitration.* A farmer or creditor wishing to resolve a dispute between them involving the farmer's agricultural property and the creditor's interest in a mortgage, land contract, lien, security interest or judgment affecting the agricultural property, either before an action has been initiated to which they are parties or after entry of a suspension order in an action to which they are parties under sub. (2m), may participate in arbitration under this section in accordance with this subsection and subject to ch. 788.

(b) *Request for arbitration; agreement to arbitrate.* To participate in arbitration, the farmer and creditor under par. (a) shall submit a request for arbitration to the board on a form prepared by the board. After receipt of the request, if the parties wish to proceed to arbitration under this subsection, the board shall require the parties to enter into an agreement to binding arbitration on a form prepared by the board.

(c) *Selection of arbitrator.* After the board has obtained the agreement under par. (b), the board shall provide the farmer and creditor with the names, mailing addresses and qualifications of 7 arbitrators located in the geographical area in which the agricultural property or farmer is located. The parties shall select an arbitrator or, upon request of the parties, the board shall designate an arbitrator for the parties.

(5) **OTHER CREDITORS; NO DELAY.** With respect to mediation or arbitration between parties before an action has been initiated to which they are parties, no agreement to mediate or to arbitrate, or the fact that mediation or arbitration is currently occurring, may have the effect of delaying, postponing or extending any time limits in any legal proceeding commenced to enforce a mortgage, land contract, lien, security interest or judgment commenced by a creditor other than the creditor or creditors participating in the mediation or arbitration.

SECTION 18. 101.27 of the statutes is created to read:

101.27 Assistance for dislocated workers. (1) **DEFINITIONS.** In this subsection:

(a) "Dislocated worker" means an individual to whom any of the following applies:

1. The individual has been terminated or laid off or has received a notice of termination or lay-off from

employment, is eligible for or has exhausted his or her entitlement to unemployment compensation and is unlikely to return to his or her previous industry or occupation.

2. The individual has been terminated, or has received a notice of termination of employment, as a result of any permanent closure of a plant or facility.

3. The individual is long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the area in which the individual resides, including an older individual who may have substantial barriers to employment by reason of age.

(b) "Farmer" means an adult who has an ownership interest in farm premises and whose primary employment is the operation of those farm premises.

(2) **PERMANENT CLOSURE.** A farmer is terminated, or has received notice of termination of employment, as a result of permanent closure of a facility if both of the following apply:

(a) The farmer demonstrates that one or more of the following have occurred:

1. A notice of foreclosure or intent to foreclose upon the farm premises has been issued.

2. The farm has not realized a profit during the 12 months immediately preceding.

3. The farmer has filed a petition in bankruptcy or has been adjudicated bankrupt.

4. The farmer cannot obtain capital necessary to continue operations.

5. The farmer owes outstanding payments on a loan to finance farm premises.

6. The amount of the farmer's debts totals at least 70% of the amount of the farmer's assets.

(b) The farmer states in writing that the operation of farm premises has terminated or will terminate as a result of one or more circumstances under par. (a) and that, because of the termination of those operations, it is unlikely that the farmer will be primarily employed in farming.

(3) **GRANTS.** From the appropriation under s. 20.445 (1) (bc), (mb) and (mc), the department shall make grants to persons providing to dislocated workers programs offering training and related employment services including but not limited to the following:

(a) Job search assistance, including participation in job clubs.

(b) Training in job skills.

(c) Support services, including but not limited to transportation assistance, relocation assistance, financial counseling, personal counseling and programs conducted in cooperation with employers or labor organizations.

(4) **GRANT APPROVAL.** No grant may be awarded under this section unless both of the following occur:

(a) A review panel appointed by the secretary approves the application for funding and refers its decision to the secretary.

(b) After receiving a referral under par. (a), the secretary approves the application for funding.

(5) APPLICATION REVIEW. In reviewing applications for funding under this section, the review panel and the secretary shall consider all of the following:

(a) The severity of the need for the program in the community to be served when compared with the severity of need in other communities.

(b) The appropriateness of the skill development or training to be provided, including whether the demand for that skill exceeds the supply.

(c) Whether the program provides for labor organizations to participate in program planning.

(d) Whether the program provides for coordination with other employment and training programs offered in the community in which the program will be offered.

(6) RULE MAKING. The department shall adopt rules to administer this section. The rules shall address eligible applicants and program providers, application requirements, criteria and procedures for awarding grants, reporting and auditing procedures and administrative operations.

(7) FUNDING. From the amounts appropriated under s. 20.445 (1) (ma), (mb) and (mc), all moneys received under 29 USC 1651 to 1658 shall be expended to fund grants and operations under this section.

SECTION 18m. 221.296 of the statutes is created to read:

221.296 Other investments; farm operations. (1) A bank may invest amounts not to exceed, in the aggregate, that percentage of its capital and surplus established by the commissioner of banking under sub. (2) in partnership interests in farm operations. A bank may acquire a partnership interest in a farm operation with respect to which it is also a lender. The bank may only acquire a partnership interest in a farm operation as a limited partner. For purposes of calculating the bank's aggregate investment, the amount of each investment shall be established as of the date that the investment is made. Every transaction by a bank under this subsection shall require prior approval by the board of directors of the bank and shall be disclosed to the shareholders of the bank prior to each annual meeting of the shareholder.

(2) The commissioner of banking shall establish for each bank the applicable percentage, not to exceed 10%, under sub. (1). The commissioner may withdraw or suspend a percentage established under this subsection and, in such case, may specify how outstanding investments shall be treated by the bank. Among the factors the commissioner may consider in establishing, withdrawing or suspending a percentage established under this subsection are the bank's capital, assets, management and liquidity ratio and its capital ratio.

SECTION 19. 234.90 (1) (a) of the statutes, as created by 1985 Wisconsin Act 9, is renumbered 234.90 (1) (ad) and amended to read:

234.90 (1) (ad) "Agricultural production loan" means a loan to a farmer to finance the purchase of fertilizer, seed, fuel, pesticides, tillage services, crop insurance or any other service or consumable good necessary to ~~plant a crop or harvest a crop or both~~ produce an agricultural commodity.

SECTION 20. 234.90 (1) (a) of the statutes is created to read:

234.90 (1) (a) "Agricultural commodity" has the meaning given under s. 94.67 (2).

SECTION 21. 234.90 (1) (am), (2) (a), (b) and (c) to (i) and (3) (c) of the statutes, as created by 1985 Wisconsin Act 9, are amended to read:

234.90 (1) (am) "Deficiency" means that portion of the unpaid principal amount of a defaulted agricultural production loan guaranteed under sub. (4) which exceeds 10% of the unpaid principal amount of the guaranteed loan. "Deficiency" does not include any interest, any origination fees or other charges relating to the guaranteed loan or any expenses incurred by the lender in enforcing the security interest taken in the ~~crop~~ agricultural commodity resulting from the proceeds of the guaranteed loan.

(2) (a) The loan is to finance ~~planting a crop or harvesting a crop, or both, in 1985~~ production of an agricultural commodity.

(b) The total of the principal amount amounts of the loan all loans extended to the borrower under this section during a single calendar year does not exceed \$20,000.

(c) The participating lender shall pay directly any supplier of fertilizer, seed, fuel, pesticides, tillage services, crop insurance or other service or consumable good necessary to ~~plant a crop or harvest a crop or both~~ produce an agricultural commodity, if the borrower obtains the loan to pay that supplier.

(d) The participating lender obtains a security interest for repayment of the loan in the ~~crop~~ agricultural commodity resulting from use of the loan proceeds.

(e) The borrower procures ~~a crop~~ an insurance policy which protects the ~~crop~~ agricultural commodity to be financed with the proceeds of the loan against risk of loss, and the proceeds of which are payable to the participating lender.

(f) The term of the loan does not extend after ~~March 31, 1986~~ of the calendar year following the calendar year in which the participating lender granted the loan.

(g) The proceeds of the loan may not be applied to the outstanding balance of any loan, except that the proceeds may be used to refinance a loan under this section.

(3) (c) In the judgment of the participating lender, it is reasonably likely that if the farmer receives a guaranteed loan the farmer's assets, cash flow and mana-

gerial ability are sufficient to preclude voluntary or involuntary liquidation before April 1, ~~1986~~ of the calendar year following the calendar year in which the participating lender granted the loan.

SECTION 22. 234.90 (3) (d) of the statutes, as created by 1985 Wisconsin Act 9, is repealed.

SECTION 23. 234.90 (3m) of the statutes is created to read:

234.90 (3m) EXTENSION. A participating lender may extend the term of a loan until no later than June 30 of the calendar year following the calendar year in which the participating lender granted the loan.

SECTION 24. 234.90 (4) (b) of the statutes, as affected by 1985 Wisconsin Acts 9 and 29, is amended to read:

234.90 (4) (b) The total principal amounts of all loans which the authority may guarantee under par. (a) on or after the effective date of this act [revisor inserts date], may not exceed ~~\$20,000,000~~ \$22,000,000.

SECTION 25. 234.90 (6) of the statutes, as created by 1985 Wisconsin Act 9, is amended to read:

234.90 (6) DEFAULT. (a) A participating lender shall determine when a guaranteed loan is in default, except that any guaranteed loan not repaid in full on or before March 31, ~~1986~~, of the calendar year following the calendar year in which the participating lender granted the loan is in default unless the term of the loan is extended. Upon default, if there is any deficiency remaining after the participating lender has enforced to the fullest extent possible the security interest taken in the ~~erop~~ agricultural commodity resulting from use of the loan proceeds and has collected any proceeds payable from the ~~erop~~ insurance policy protecting the ~~erop~~ agricultural commodity resulting from use of the loan proceeds, the participating lender may so notify the authority. The authority may not accept notice of enforcement and deficiency after July 1, ~~1986~~ of the calendar year following the calendar year in which the participating lender granted the loan, or after 30 days after the termination date of a loan extended under sub. (3m), whichever is later.

(b) ~~On or after November 1, Not more than 60 days after accepting notice of enforcement and deficiency under par. (a),~~ the authority shall pay to a participating lender ~~the amount of any deficiency of which the authority accepted notice under par. (a),~~ from the agricultural production loan fund under s. 234.91, the amount of the deficiency.

SECTION 26. 234.90 (7) (c) of the statutes, as created by 1985 Wisconsin Act 9, is renumbered 234.90 (7m) (b) and amended to read:

234.90 (7m) (b) ~~No later than December 31, 1986, after deducting an amount sufficient to pay any outstanding claims unresolved on that date, the authority shall transfer to the general fund any balance remaining in the agricultural production loan fund on that date. If under par. (a) the authority deducts an~~

amount sufficient to pay outstanding and anticipated claims, the authority shall transfer moneys to the general fund each calendar quarter as claims are resolved, until no balance remains in the agricultural production loan fund.

SECTION 27. 234.90 (7m) (title) and (a) of the statutes are created to read:

234.90 (7m) (title) BALANCE TRANSFER. (a) No later than June 30, 1987, the authority shall transfer to the general fund any balance remaining in the agricultural production loan fund on that date after deducting an amount equal to the sum of the following:

1. The amount of all claims outstanding on the date of transfer.

2. A fraction, the numerator of which is an amount equal to all claims paid on or before the date of transfer or outstanding on the date of transfer and the denominator of which is the principal amount of all guaranteed loans due on or before the date of transfer, multiplied by the sum of the following:

a. The principal amount of all guaranteed loans not due on or before the date of transfer.

b. An amount equal to \$22,000,000 minus the principal amount of all guaranteed loans granted on or after the effective date of this subdivision [revisor inserts date].

SECTION 28. 234.90 (9) of the statutes, as created by 1985 Wisconsin Act 9, is amended to read:

234.90 (9) PROGRAM TERMINATION. After December 31, ~~1986~~ 1987, subs. (1) to (8) apply only to outstanding claims unresolved as of that date.

SECTION 29. 815.20 of the statutes is amended to read:

815.20 Homestead exemption definition. (1) An exempt homestead as defined in s. 990.01 (14) selected by a resident owner and occupied by him or her shall be exempt from execution, from the lien of every judgment and from liability for the debts of the owner to the amount of ~~\$25,000~~ \$40,000, except mortgages, laborers', mechanics' and purchase money liens and taxes and except as otherwise provided. The exemption shall not be impaired by temporary removal with the intention to reoccupy the premises as a homestead nor by the sale of the homestead, but shall extend to the proceeds derived from the sale to an amount not exceeding ~~\$25,000~~ \$40,000, while held, with the intention to procure another homestead with the proceeds, for 2 years. The exemption extends to land owned by husband and wife jointly or in common or as marital property, and when they reside in the same household may be claimed by either or may be divided in any proportion between them, but the exemption may not exceed ~~\$25,000~~ \$40,000 for the household. If the husband and wife fail to agree on the division of exemption, the exemption shall be divided between them by the court in which the first judgment was taken. The exemption extends to the interest therein of tenants in common, having a homestead thereon with the consent of the cotenants, and to any estate less than a fee.

(2) Any owner of an exempt homestead against whom a judgment has been rendered and docketed, and any heir, devisee or grantee of such owner, or any mortgagee of such homestead, may proceed under s. 806.04 for declaratory relief if such homestead is less than ~~\$25,000~~ \$40,000 in value and the owner of such judgment shall fail, for 10 days after demand, to execute a recordable release of such homestead from his judgment lien.

SECTION 30. 815.21 (2), (4) and (5) of the statutes are amended to read:

815.21 (2) If such plaintiff is dissatisfied with the quantity selected or the estimate of the value thereof, the officer shall cause such lands to be surveyed, beginning at a point to be designated by the owner and set off in compact form. After the lands are surveyed and set off, if in the opinion of the plaintiff, the same shall be of greater value than ~~\$25,000~~ \$40,000, the officer may still advertise and sell the premises so set off, and out of the proceeds of such sale pay to the exempt homestead claimant the sum of ~~\$25,000~~ \$40,000 and apply the balance of the proceeds of such sale on the execution; but no sale shall be made in the case last mentioned unless a greater sum than ~~\$25,000~~ \$40,000 is paid for said premises. The expenses of such survey and sale shall be collected on the execution if the owner claimed as his homestead a greater quantity of land or land of greater value than he was entitled to; otherwise such expenses shall be borne by the plaintiff.

(4) A homestead so selected and set apart by such officer shall be the exempt homestead of such person. The costs of such notice and survey shall be collected upon the execution. A failure of the officer to set apart such homestead shall affect such levy, only as to such homestead; and the failure of such person to select his homestead shall not impair his right thereto, but only his right to select the same when such selection is lawfully made by such officer. After such homestead is thus set off by such officer, if, in his opinion or in the opinion of the plaintiff, the premises are of greater value than ~~\$25,000~~ \$40,000 he may sell the same as where the owner makes the selection.

(5) If the land claimed as an exempt homestead exceeds in value ~~\$25,000~~ \$40,000, the officer shall not be bound to set off any portion thereof but may sell the same, unless the debtor shall make his selection of such a portion thereof as shall not exceed ~~\$25,000~~ \$40,000 in value.

SECTION 31. 1985 Wisconsin Act 29, section 3029 (3p) (e) is amended to read:

(1985 Wisconsin Act 29) Section 3029 (3p) (e) *Rule making*. The department shall adopt rules to administer this section. The rules shall address eligible applicants and program providers, application requirements, criteria and procedures for awarding grants, reporting and auditing procedures and administrative operations. ~~The rules shall also provide that a person who terminates farming as a result of a sale~~

~~of farming premises on a judgment of mortgage foreclosure or as a result of a default and surrender of physical possession of farming premises held under land contract, is terminated as a result of permanent closure of a facility.~~

SECTION 31m. 1985 Wisconsin Act 29, section 3153 (1) (a) is amended to read:

(1985 Wisconsin Act 29) Section 3153 (1) SUPPLEMENTAL FUNDING FOR DAIRY CENTER. (a) The appropriation to the university of Wisconsin system under section 20.285 (1) (a) of the statutes, as affected by the acts of 1985, is increased as one-time financing for fiscal year 1986-87 for the construction of a dairy product and market development center at the university of Wisconsin-Madison by an amount equal to the amount transferred to the general fund by the Wisconsin housing and economic development authority from the agricultural production loan fund ~~on or before December 31, 1986~~, after deducting \$6,360,000 unless the result is greater than \$244,000, in which case the amount shall be \$244,000. No funds may be released under this paragraph unless the department of administration determines that an equivalent amount has been received for the ~~construction center~~ from private sources.

SECTION 32. **Nonstatutory provisions.**

(1) AGRICULTURE, TRADE AND CONSUMER PROTECTION; POSITIONS. The authorized FTE positions for the department of agriculture, trade and consumer protection are increased by 1.0 project position for the period beginning on the effective date of this subsection and ending on June 30, 1987, to be funded from the appropriation under section 20.115 (9) (a) of the statutes, as created by this act, for the purpose of performing administrative responsibilities for the farm mediation and arbitration program under section 93.50 of the statutes.

(3) DISLOCATED WORKERS. For the purpose of providing assistance to dislocated workers under 1985 Wisconsin Act 29, section 3029 (3p), as affected by this act:

(a) "Farmer" means an adult who has an ownership interest in farm premises and whose primary employment is the operation of those farm premises.

(b) A farmer is terminated, or has received notice of termination of employment, as a result of permanent closure of a facility if both of the following apply:

1. The farmer demonstrates that one or more of the following have occurred:

a. A notice of foreclosure or intent to foreclose upon the farm premises has been issued.

b. The farm has not realized a profit during the 12 months immediately preceding.

c. The farmer has filed a petition in bankruptcy or has been adjudicated bankrupt.

d. The farmer cannot obtain capital necessary to continue operations.

e. The farmer owes outstanding payments on a loan to finance farm premises.

f. The amount of the farmer's debts totals at least 70% of the amount of the farmer's assets.

2. The farmer states in writing that the operation of farm premises has terminated or will terminate as a result of one or more circumstances under subdivision 1 and that, because of the termination of those operations, it is unlikely that the farmer will be primarily employed in farming.

(4g) AGRICULTURAL PRODUCTION LOANS. If on July 1, 1986, the ratio of the amount of claims paid or outstanding under section 234.90 of the statutes to the total principal amount of agricultural production loans, as defined in section 234.90 (1) (ad) of the statutes, as affected by this act, granted before the effective date of this subsection and guaranteed by the Wisconsin housing and economic development authority under section 234.90 of the statutes is less than 1 to 10, the Wisconsin housing and economic development authority shall promptly report that fact to the joint committee on finance at the next regularly scheduled meeting of the committee under section 13.10 of the statutes and the appropriate standing committees of each house of the legislature. Upon receipt of that report, notwithstanding section 234.90 (4) (b) of the statutes, as affected by this act, the joint committee on finance may increase the total principal amount of all agricultural production loans which the Wisconsin housing and economic development authority may guarantee. This subsection does not apply after December 31, 1987.

(6m) HIGHER EDUCATIONAL AIDS BOARD. The higher educational aids board, in its administration of student grant and loan programs under subchapter III of chapter 39 of the statutes shall, by January 1, 1987:

(a) Review the procedures, guidelines and requirements for eligibility for student grants and loans to isolate those requirements which may have an adverse impact on students whose families are participants in the milk production termination program created by section 101 of P.L. 99-198.

(b) To the extent possible, mitigate those impacts by developing and applying guidelines allowing income from disposition of dairy cow herds and from federal government payments under section 101 of P.L. 99-198 to be averaged across time in a manner which will preserve financial aid eligibility of students to the maximum extent possible.

(c) Ensure that adverse impacts on student grant and loan eligibility, arising from capital gains nominally realized from the sale of agricultural land as part of an involuntary liquidation of the student's family's farming operation, are minimized to the extent possible.

(8m) SPECIALTY CROPS HEARINGS. The department of agriculture, trade and consumer protection shall conduct at least 4 public hearings in rural locations in different parts of the state for the purpose of gathering

information and public testimony on a possible state role in developing significant amounts of specialty crop cultivation in this state. The hearings shall focus on identifying cash crops which can be grown as an alternative to common cash grain crops and thereby diversify the sources of income of Wisconsin farmers. The department shall complete its hearing and forward a final report to the senate and assembly committees dealing with agriculture by April 1, 1987.

(9m) TREE PLANTING PROGRAM. Notwithstanding section 92.085 (2) (c) and (d) of the statutes, the department of agriculture, trade and consumer protection shall approve or disapprove tree planting proposals submitted during 1986 in the order received.

(10m) EXEMPTIONS FROM CERTAIN LAWS AUTHORIZED. (a) In this subsection:

1. "Institution of higher education" has the meaning given under section 108.02 (18) of the statutes.

2. "Nonpoint source" has the meaning given under section 144.25 (2) (b) of the statutes.

3. "Nonprofit organization" has the meaning given under section 108.02 (19) of the statutes.

4. "Pollution" has the meaning given under section 144.01 (10) of the statutes.

(b) The department of natural resources or the department of agriculture, trade and consumer protection with the prior approval of the department of natural resources may, at the request of an institution of higher education or a nonprofit organization, for a period not to exceed one year, grant an exemption from the requirements of any statute or administrative rule, which the department has responsibility for enforcing, for the purpose of facilitating research relating to nonpoint source pollution control if all of the following conditions apply:

1. The research is conducted for the purpose of determining methods of enhancing water quality.

2. The research is conducted by an institution of higher education or a nonprofit organization according to a research plan authorized by the department of natural resources, the department of agriculture, trade and consumer protection, a public inland lake protection and rehabilitation district created under subchapter IV of chapter 33 of the statutes, a town sanitary district established under section 60.71 or 60.72 of the statutes or a metropolitan sewerage district created under section 66.22 or 66.882 of the statutes.

3. The research will not require farm owners in this state to expend money.

4. The cost of the research will not necessitate increased expenditures by or result in reduced revenues to this state or any local unit of government unless offset by gifts or grants.

(c) Paragraph (b) does not apply to any of the following:

1. Any statute or administrative rule the enforcement of which is required under federal law.

2. Sections 30.202 (4); 94.39 (5) (c) as it applies to mercurials and similar toxic substances; 94.67 to 94.71, 100.37, 100.43, 101.58 to 101.599, 102.565, 144.375 (5) and (6); 144.391 to 144.403 as they apply to hazardous air contaminants; 144.43 to 144.77 as they apply to hazardous waste, hazardous waste management and hazardous substance spills; 144.83 (2) (c) 1; and 144.96 of the statutes, as it applies to the reporting of hazardous substances or hazardous air contaminants; chapter 147 of the statutes as it applies to toxic pollutants; and any other federal or state law that relates to hazardous or toxic substances.

3. Any administrative rule promulgated under any section or chapter of the statutes specified in subdivision 2 as the rule applies to hazardous or toxic substances.

(d) 1. Each department specified in paragraph (b) (intro.) shall promulgate rules establishing the procedure for requesting an exemption under paragraph (b), the standards under which the department will grant an exemption and the requirements for providing notice to the legislature and the public that an exemption has been granted.

2. Notwithstanding section 227.027 (1) (a) of the statutes, each department shall promulgate the rules required under subdivision 1 as emergency rules which

shall remain in effect until the effective date of permanent rules.

(e) This subsection applies from the first day of the first month beginning after the effective date of this paragraph until the last day of the 24th month beginning after the effective date of this paragraph.

(11r) LEGISLATIVE COUNCIL STUDY OF MANDATORY MEDIATION. The legislative council is requested to develop legislation requiring the mandatory mediation of defaults and potential defaults of farm loans, which will stay all proceedings against the farmer and the farm property while the loan is being mediated. The legislative council is requested to submit the legislation to the presiding officer of each house of the legislature and to the governor within 60 days after the effective date of this subsection.

SECTION 33. Appropriation changes.

(1) AGRICULTURE, TRADE AND CONSUMER PROTECTION. The appropriation to the department of agriculture, trade and consumer protection under section 20.115 (8) (a) of the statutes, as affected by the acts of 1985, is increased by \$51,000 for fiscal year 1986-87 to provide funds for the volunteer farm credit advisor program and to fund 2.0 GPR project positions for the program.

SECTION 34. Program responsibility changes. In the sections of the statutes listed in Column A, the program responsibilities references shown in Column B are deleted and the program responsibilities references shown in Column C are inserted:

A	B	C
Statute Sections	References Deleted	References Inserted
15.341 (intro.)	none	92.085

SECTION 35. Initial applicability.

(1) REVENUE. (a) *Agricultural land assessment.* The treatment of section 70.32 (1g), (2) (c) and (2m) of the statutes by this act first applies to assessments as of January 1, 1987.

(b) *Equalized valuation.* The treatment of section 70.57 (3) (f) of the statutes by this act first applies to determinations of equalized value of agricultural land made on August 15, 1987.

(c) *Proceeds of tax sales.* The treatment of section 74.39 of the statutes by this act first applies to sales occurring on the effective date of this paragraph.

(fg) *Credit for interest.* The treatment of section 71.09 (6r) (a) of the statutes by this act first applies to taxable year 1986.

SECTION 36. Effective dates. (1) All sections of this act take effect on the day following publication, unless another date is provided.

(2) The treatment of sections 20.445 (1) (bc) and 101.27 of the statutes takes effect on July 1, 1987.

(3g) The treatment of sections 78.01 (2) (e), 78.12 (3m) and 78.73 (1) (intro.), (d), (dm), (e) and (f) and (5) of the statutes takes effect on the first day of the 3rd month beginning after publication.