



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2005 Assembly Bill 125

Assembly Amendment 1

Memo published: March 14, 2005

Contact: Mark C. Patronsky, Senior Staff Attorney (266-9280)

Current law provides an income tax credit for dairy farm modernization or expansion. The tax credit is available during taxable years that begin after December 31, 2003, and before January 1, 2010. The amount of the tax credit is 10% of the amount paid by the taxpayer for dairy farm modernization or expansion. If the amount of the tax credit exceeds the person's state tax liability, eligibility for the tax credit may be carried forward into future taxable years. The total amount of tax credit that any person may claim for dairy farm modernization or expansion is \$50,000.

The tax credit applies to the construction, improvement, or acquisition of buildings or facilities, or the acquisition of equipment, for dairy animal housing, confinement, animal feeding, milk production, or waste management, if those buildings, facilities, or equipment are used exclusively related to dairy animals. The statute also contains a list of examples of buildings, facilities, or equipment to which the tax credit applies, such as freestall barns, fences, watering facilities, milking parlors, bulk tanks, and manure facilities.

Assembly Bill 125 clarifies that the tax credit applies to buildings, facilities, or equipment that are acquired and placed in service during taxable years that begin after December 31, 2003, and before January 1, 2010. This is implied in the current statute but not expressly stated. The bill also adds a requirement that the buildings, facilities, or equipment must be located in Wisconsin. Finally, the current statute provides that the buildings, facilities, or equipment must be "used exclusively" related to dairy animals, and *Assembly Bill 125* creates a definition of "used exclusively," which allows uses up to 5% of the total use for purposes other than dairy animals.

Assembly Amendment 1 clarifies that the \$50,000 cap on the total amount of credits available to any claimant applies to partnerships, limited liability companies, and tax-option corporations, as well as to individuals. The amendment also provides that if two or more persons own and operate a dairy farm, they may claim the credit in proportion to their ownership interest, and that the \$50,000 cap applies to the combined interest of the joint owners.

Legislative History

Assembly Amendment 1 was introduced by the Assembly Committee on Agriculture on March 3, 2005. Assembly Amendment 1 was recommended for adoption by the Assembly Committee on Agriculture by a vote of Ayes, 14; Noes, 0. Assembly Bill 125, as amended, was recommended by the Assembly Committee on Agriculture on a vote of Ayes, 14; Noes, 0.

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