



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2005 Assembly Bill 145	Assembly Substitute Amendment 1
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Current law provides an income tax credit for dairy farm modernization or expansion. The income tax credit applies to individuals and partnerships. 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.

Assembly Bill 145 expands the current dairy investment tax credit to apply also to livestock farm modernization or expansion. "Livestock" is defined in the bill to mean domestic animals, other than dairy animals, that are used in this state for the production of food, fiber, or other animal products. The definition includes examples of domestic animals that are covered by the statute (i.e., bovine animals), and excludes equine animals, deer, mink, ratites (i.e., ostrich), and camelidae (i.e., llamas).

The bill applies to the construction, improvement, or acquisition of buildings or facilities, or the acquisition of equipment, for livestock housing, confinement, feeding, or waste management that is used exclusively related to livestock and acquired and placed in service in the state during taxable years beginning after December 31, 2004 and before January 1, 2011. The bill defines "used exclusively" to allow uses up to 5% of the total use for purposes other than livestock.

Assembly Bill 145 also includes the technical clarifications to the dairy and livestock investment tax credit that are included in Assembly Bill 125 for the dairy investment credit: the tax credit is made applicable to facilities that are acquired and placed in service during the applicable taxable years, that are located in Wisconsin, and that are used exclusively related to dairy or livestock animals.

Assembly Substitute Amendment 1 changes the livestock definition so that the tax credit applies to cattle (not including dairy animals) swine, poultry (not including farm-raised game birds or ratites), fish that are raised in aquaculture facilities, sheep, and goats. The substitute amendment also clarifies that if the tax credit is taken for a combined dairy and livestock operation, the “used exclusively” requirement applies to buildings, facilities, and equipment used for either livestock, dairy animals, or both. Finally, the substitute amendment provides that if two or more persons own and operate a dairy or livestock farm, they may claim the credit in proportion to their ownership interest, and the owners are subject to the aggregate \$50,000 limit on the credit.

Legislative History

Assembly Substitute Amendment 1 was introduced by the Assembly Committee on Agriculture on March 3, 2005. Assembly Substitute 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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