

☞ **09hr_SC-ED_ab756_pt01**



Details:

(FORM UPDATED: 08/11/2010)

**WISCONSIN STATE LEGISLATURE ...
PUBLIC HEARING - COMMITTEE RECORDS**

2009-10

(session year)

Senate

(Assembly, Senate or Joint)

Committee on ... Economic Development (SC-ED)

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
 - (**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
 - (**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

Registrations Against

- None.

Registrations for Information Only

- None.

April 19, 2010

EXECUTIVE SESSION HELD

Present: (7) Senators Lassa, Lehman, Vinehout, Kreitlow,
Kanavas, Darling and Leibham.

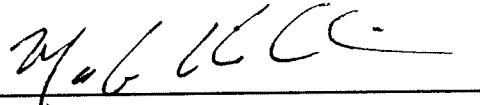
Absent: (0) None.

Moved by Senator Vinehout, seconded by Senator Leibham that
Assembly Bill 756 be recommended for concurrence.

Ayes: (7) Senators Lassa, Lehman, Vinehout, Kreitlow,
Kanavas, Darling and Leibham.

Noes: (0) None.

CONCURRENCE RECOMMENDED, Ayes 7, Noes 0



Mark Knickelbine
Committee Clerk

Vote Record Committee on Economic Development

Date: 4/19/10

Moved by: Vinehout

Seconded by: Leibham

AB 756

SB _____

Clearinghouse Rule _____

AJR _____

SJR _____

Appointment _____

AR _____

SR _____

Other _____

A/S Amdt _____

A/S Amdt _____ to A/S Amdt _____

A/S Sub Amdt _____

A/S Amdt _____ to A/S Sub Amdt _____

A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

Be recommended for:

- | | | | | |
|---------------------------------------|------------------------------------|---------------------------------------|---|--|
| <input type="checkbox"/> Passage | <input type="checkbox"/> Adoption | <input type="checkbox"/> Confirmation | <input checked="" type="checkbox"/> Concurrence | <input type="checkbox"/> Indefinite Postponement |
| <input type="checkbox"/> Introduction | <input type="checkbox"/> Rejection | <input type="checkbox"/> Tabling | <input type="checkbox"/> Nonconcurrence | |

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Senator Julie Lassa, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator John Lehman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Kathleen Vinehout	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Pat Kreitlow	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Ted Kanavas	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Alberta Darling	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Joseph Leibham	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Totals: 7 0 _____

Motion Carried

Motion Failed

April 16, 2010

Dear Senate Economic Development Committee Members:

As representatives of organizations that include all sectors of Wisconsin's agricultural industry, we, the undersigned, would like to express our support of Assembly Bill 756, the Dairy Farm Modernization Tax Credit, which is being considered in your committee on Monday, April 19.

AB 756 is a high priority to our members, which encompass the producers, processors and input suppliers who make up this state's \$59 billion agricultural industry and employ a tenth of the Wisconsin workforce. AB 756 has received an 11-0 vote of approval by the Assembly Committee on Agriculture and a 15-0 vote by the Joint Finance Committee, and the bill passed the Assembly last week by a 98-0 margin.

In his State of the State address, Governor Doyle called for the continuation of the dairy farm modernization tax credit which is now AB 756. The original dairy farm modernization tax credit passed the legislature on a 96-0 vote in the Assembly and 33-0 vote in the Senate. In no small part due to this legislation which became 2003 Wisconsin Act 135, the declining fortunes of our dairy industry were reversed. Over \$50 million in dairy investment tax credits (DITC) have been claimed, representing over \$500 million in expenditures to modernize dairy farm facilities and equipment. AB 756 will extend this successful tax credit for two more years. AB 756 will also expand the tax credit for 10% of modernization costs up to \$75,000, from the current \$50,000.

AB 756 will benefit dairy farms of all sizes and will strengthen Wisconsin's \$26.5 billion dairy industry. Cow numbers in Wisconsin have grown again after declining for 20 years, and the overall dairy industry in the state has benefitted, resulting in jobs retained, jobs created, and increased revenue to state and local governments. In 2009 Wisconsin reached record levels of milk production.

We request your positive action on AB 756 which is a priority for our members. Thank you for your consideration of our request.

Sincerely,

Cooperative Network

Dairy Business Association

Wisconsin Cheese Makers Association

Wisconsin Agri-Service Association

Wisconsin Pork Association

Wisconsin Agribusiness Council

Wisconsin Farm Bureau Federation

Wisconsin National Farmers Organization

Wisconsin Dairy Products Association

Wisconsin Farmers Union

Midwest Food Processors Association



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April 19, 2010

To: Members, Senate Committee on Economic Development

From: Bill Oemichen, President & CEO, Cooperative Network
John Manske, Director of Government Relations, Cooperative Network
David Ward, Director of Government Relations & Dairy, Cooperative Network

Re: Support of Assembly Bill 756, Dairy Modernization Tax Credit

Cooperative Network represents 600 cooperatives, mutual insurance companies, and credit unions owned by approximately 2.9 million Wisconsin members. Among our members are dairy cooperatives that market the majority of milk produced in Wisconsin and produce close to 60% of our cheese. We are in support of AB 756, which would extend and expand the dairy farm modernization investment tax credit provision, for two years. AB 756 was approved in the Assembly last week on a 98-0 vote.

Cooperative Network was the primary statewide association that successfully advocated for creation of the dairy farm modernization investment tax credit that was in place for tax years 2004 - 2009. 2003 Assembly Bill 283 was created to help start the reversal of what was seen as a decline in the dairy industry in Wisconsin at that time. Most Wisconsin dairy farms had not adopted technology that was common in states with growing dairy industries and most farms were utilizing outdated and inefficient facilities and equipment.

Fortunately, the Wisconsin Legislature responded. In no small part due to this legislation which became 2003 Wisconsin Act 135, the declining fortunes of our dairy industry were reversed. Over \$50 million in dairy investment tax credits (DITC) have been claimed, representing over \$500 million in expenditures to modernize dairy farm facilities and equipment. Milk production in Wisconsin has grown again after declining for 20 years, and the overall dairy industry in the state has benefitted as a result, resulting in jobs retained, jobs created, and increased revenue to state and local governments.

The individuals who have benefitted from the credit represent all types of dairy operations. Last week on the day that the Assembly passed AB 756, former Cooperative Network Board member Dave Kyle and his wife Laurie from Kylecrest Holsteins at Elkhorn spoke on behalf of the legislation. For them, the tax credit made the difference in their decision to stay in dairying in Wisconsin. Today they milk 130 head and are growing a retail composted manure business as well.

All dairy farms that could benefit from upgrades have not done so, and AB 756 will offer an extended incentive for many of those farms to do so. It also increases the aggregate amount of credit that a claimant may claim, from the \$50,000 that existed for tax years 2004 - 2009, to the proposed amount of \$75,000.

Thank you for considering our request.



KATHLEEN VINEHOUT

STATE SENATOR

Testimony in Support of AB 756- Dairy Investment Tax Credit
Senate Committee on Economic Development
Monday, April 19, 2010

The Dairy Farm Modernization Tax Credit expired with taxable year 2009. This bill seeks to extend the credit for two additional years ending in taxable year 2011. The credit was established in 2003 at that time when Wisconsin was falling farther and farther behind our competitors in milk production, the state's signature industry. To reverse a trend of lagging on-farm investment, the Dairy Farm Modernization Tax Credit was established to give farms of all sizes an incentive to modernize their operations and make them more efficient.

The success of the Dairy Farm Modernization Tax Credit has been demonstrated as Wisconsin farmers invested over \$1 billion of private equity into their farms and milk production increased from 22 billion pounds in 2002 to 25 billion pounds in 2009.

The Dairy Farm Modernization Tax Credit is a nonrefundable credit equal to 10% of modernization or expansion costs. The credit is intended to reduce the net cost of durable assets such as milking parlors, barns, and manure handling equipment. Assembly Bill 756 extends the Dairy Farm Modernization Tax Credit for two years and increases the allowable credit from \$50,000 to \$75,000.

Farmers throughout Wisconsin face serious economic challenges and record low milk prices. Every week I hear from a farmer who is looking for options as they struggle to avoid bankruptcy. Wisconsin farmers will need the next two years to rebuild lost equity and repay loans. While the state can do little to increase the price of milk, extending the tax credit will give farmers the opportunity to reinvest in their operations as milk prices begin to rebound.

Reinvestment in farms means they will be more efficient and less vulnerable during the next downturn in commodity prices. Expansion means farmers will be more profitable as they produce more milk. According to the Wisconsin Cheese Makers Association, demand for fresh Wisconsin milk has never been higher and 13% of the milk used to produce Wisconsin cheese comes from out of state. One of our goals should be to replace imported milk with Wisconsin milk and AB 756 can help us do that.

Extension of this credit will not only allow farmers to hit the ground running as prices improve; it sends a positive signal to them we are looking to their success in the future.