



**SENATE SUBSTITUTE AMENDMENT 1,
TO SENATE BILL 818**

February 24, 2020 - Offered by Senator MARKLEIN.

1 **AN ACT to amend** 71.05 (6) (a) 15., 71.10 (4) (i), 71.21 (4) (a), 71.26 (2) (a) 4., 71.30
2 (3) (f), 71.34 (1k) (g), 71.45 (2) (a) 10., 71.49 (1) (f), 71.58 (intro.), 71.59 (1) (a),
3 71.59 (1) (b) (intro.), 71.59 (2) (intro.), 71.60 (1) (intro.) and 71.60 (2); **to repeal**
4 **and recreate** 71.05 (6) (a) 15., 71.10 (4) (i), 71.21 (4) (a), 71.26 (2) (a) 4., 71.30
5 (3) (f), 71.34 (1k) (g), 71.45 (2) (a) 10. and 71.49 (1) (f); and **to create** 71.595 and
6 71.61 (7) of the statutes; **relating to:** an income tax credit for the property taxes
7 paid on agricultural buildings and improvements.

Analysis by the Legislative Reference Bureau

This bill creates an income and franchise tax credit equal to approximately 66 percent of the taxes levied on buildings and other improvements, not including residential property, that are located in this state and used exclusively for farming. The credit is limited to \$7,500 for an individual, entity, or married couple filing jointly. In addition, in order to claim the credit, the claimant must have at least \$35,000 in annual gross income from farming. The person will receive a refund if the amount of the credit exceeds the person's tax liability. Under the bill, the credit is part of the farmland preservation credit program under current law.

The bill also allows a taxpayer to claim the credit online in 2020 based on the the 2019 assessed value of the taxpayer's buildings and other improvements, not including residential property, that are located in this state and used exclusively for farming.

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

1 **SECTION 1.** 71.05 (6) (a) 15. of the statutes is amended to read:

2 71.05 (6) (a) 15. Except as provided under s. 71.07 (3p) (c) 5., the amount of the
3 credits computed under s. ~~ss.~~ 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r),
4 (3rm), (3rn), (3s), (3t), (3w), (3wm), (3y), (4k), (4n), (5e), (5f), (5h), (5i), (5j), (5k), (5r),
5 (5rm), (6n), (8r), and (10) and 71.595 and not passed through by a partnership,
6 limited liability company, or tax-option corporation that has added that amount to
7 the partnership's, company's, or tax-option corporation's income under s. 71.21 (4)
8 or 71.34 (1k) (g).

9 **SECTION 2.** 71.05 (6) (a) 15. of the statutes, as affected by 2019 Wisconsin Act
10 54 and 2019 Wisconsin Act (this act), is repealed and recreated to read:

11 71.05 (6) (a) 15. Except as provided under s. 71.07 (3p) (c) 5., the amount of the
12 credits computed under ss. 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3q), (3s), (3t),
13 (3w), (3wm), (3y), (4k), (4n), (5e), (5i), (5j), (5k), (5r), (5rm), (6n), and (10) and 71.595
14 and not passed through by a partnership, limited liability company, or tax-option
15 corporation that has added that amount to the partnership's, company's, or
16 tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

17 **SECTION 3.** 71.10 (4) (i) of the statutes is amended to read:

18 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
19 preservation credit or farm buildings credit under ss. 71.57 to 71.61, farmland
20 preservation credit, 2010 and beyond under s. 71.613, homestead credit under subch.

1 VIII, farmland tax relief credit under s. 71.07 (3m), dairy manufacturing facility
2 investment credit under s. 71.07 (3p), jobs tax credit under s. 71.07 (3q), meat
3 processing facility investment credit under s. 71.07 (3r), woody biomass harvesting
4 and processing credit under s. 71.07 (3rm), food processing plant and food warehouse
5 investment credit under s. 71.07 (3rn), business development credit under s. 71.07
6 (3y), research credit under s. 71.07 (4k) (e) 2. a., film production services credit under
7 s. 71.07 (5f), film production company investment credit under s. 71.07 (5h), veterans
8 and surviving spouses property tax credit under s. 71.07 (6e), enterprise zone jobs
9 credit under s. 71.07 (3w), electronics and information technology manufacturing
10 zone credit under s. 71.07 (3wm), beginning farmer and farm asset owner tax credit
11 under s. 71.07 (8r), earned income tax credit under s. 71.07 (9e), estimated tax
12 payments under s. 71.09, and taxes withheld under subch. X.

13 **SECTION 4.** 71.10 (4) (i) of the statutes, as affected by 2019 Wisconsin Act 54 and
14 2019 Wisconsin Act (this act), is repealed and recreated to read:

15 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
16 preservation credit or farm buildings credit under ss. 71.57 to 71.61, farmland
17 preservation credit, 2010 and beyond under s. 71.613, homestead credit under subch.
18 VIII, farmland tax relief credit under s. 71.07 (3m), jobs tax credit under s. 71.07 (3q),
19 business development credit under s. 71.07 (3y), research credit under s. 71.07 (4k)
20 (e) 2. a., veterans and surviving spouses property tax credit under s. 71.07 (6e),
21 enterprise zone jobs credit under s. 71.07 (3w), electronics and information
22 technology manufacturing zone credit under s. 71.07 (3wm), earned income tax
23 credit under s. 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld
24 under subch. X.

25 **SECTION 5.** 71.21 (4) (a) of the statutes is amended to read:

1 71.21 (4) (a) The amount of the credits computed by a partnership under s. ss.
2 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w),
3 (3wm), (3y), (4k), (4n), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8r), and
4 (10) and 71.595 and passed through to partners shall be added to the partnership's
5 income.

6 **SECTION 6.** 71.21 (4) (a) of the statutes, as affected by 2019 Wisconsin Act 54
7 and 2019 Wisconsin Act (this act), is repealed and recreated to read:

8 71.21 (4) (a) The amount of the credits computed by a partnership under ss.
9 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3q), (3s), (3t), (3w), (3wm), (3y), (4k), (4n),
10 (5e), (5g), (5i), (5j), (5k), (5r), (5rm), (6n), and (10) and 71.595 and passed through to
11 partners shall be added to the partnership's income.

12 **SECTION 7.** 71.26 (2) (a) 4. of the statutes is amended to read:

13 71.26 (2) (a) 4. Plus the amount of the credit computed under s. ss. 71.28 (1dm),
14 (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (3wm), (3y), (5e),
15 (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8r), (9s), and (10) and 71.595 and not
16 passed through by a partnership, limited liability company, or tax-option
17 corporation that has added that amount to the partnership's, limited liability
18 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

19 **SECTION 8.** 71.26 (2) (a) 4. of the statutes, as affected by 2019 Wisconsin Act 54
20 and 2019 Wisconsin Act (this act), is repealed and recreated to read:

21 71.26 (2) (a) 4. Plus the amount of the credit computed under ss. 71.28 (1dm),
22 (1dx), (1dy), (3g), (3h), (3n), (3q), (3t), (3w), (3wm), (3y), (5e), (5g), (5i), (5j), (5k), (5r),
23 (5rm), (6n), (9s), and (10) and 71.595 and not passed through by a partnership,
24 limited liability company, or tax-option corporation that has added that amount to

1 the partnership's, limited liability company's, or tax-option corporation's income
2 under s. 71.21 (4) or 71.34 (1k) (g).

3 **SECTION 9.** 71.30 (3) (f) of the statutes is amended to read:

4 71.30 (3) (f) The total of farmland preservation credit and farm buildings credit
5 under subch. IX, farmland tax relief credit under s. 71.28 (2m), dairy manufacturing
6 facility investment credit under s. 71.28 (3p), jobs credit under s. 71.28 (3q), meat
7 processing facility investment credit under s. 71.28 (3r), woody biomass harvesting
8 and processing credit under s. 71.28 (3rm), food processing plant and food warehouse
9 investment credit under s. 71.28 (3rn), enterprise zone jobs credit under s. 71.28
10 (3w), electronics and information technology manufacturing zone credit under s.
11 71.28 (3wm), business development credit under s. 71.28 (3y), research credit under
12 s. 71.28 (4) (k) 1., film production services credit under s. 71.28 (5f), film production
13 company investment credit under s. 71.28 (5h), beginning farmer and farm asset
14 owner tax credit under s. 71.28 (8r), and estimated tax payments under s. 71.29.

15 **SECTION 10.** 71.30 (3) (f) of the statutes, as affected by 2019 Wisconsin Act 54
16 and 2019 Wisconsin Act (this act), is repealed and recreated to read:

17 71.30 (3) (f) The total of farmland preservation credit and farm buildings credit
18 under subch. IX, farmland tax relief credit under s. 71.28 (2m), jobs credit under s.
19 71.28 (3q), enterprise zone jobs credit under s. 71.28 (3w), electronics and
20 information technology manufacturing zone credit under s. 71.28 (3wm), business
21 development credit under s. 71.28 (3y), research credit under s. 71.28 (4) (k) 1., and
22 estimated tax payments under s. 71.29.

23 **SECTION 11.** 71.34 (1k) (g) of the statutes is amended to read:

24 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
25 corporation under s. ~~ss.~~ 71.28 (1dm), (1dx), (1dy), (3), (3g), (3h), (3n), (3p), (3q), (3r),

1 (3rm), (3rn), (3t), (3w), (3wm), (3y), (4), (5), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r),
2 (5rm), (6n), (8r), and (10) and 71.595 and passed through to shareholders.

3 **SECTION 12.** 71.34 (1k) (g) of the statutes, as affected by 2019 Wisconsin Act 54
4 and 2019 Wisconsin Act (this act), is repealed and recreated to read:

5 71.34 **(1k)** (g) An addition shall be made for credits computed by a tax-option
6 corporation under ss. 71.28 (1dm), (1dx), (1dy), (3), (3g), (3h), (3n), (3q), (3t), (3w),
7 (3wm), (3y), (4), (5), (5e), (5g), (5i), (5j), (5k), (5r), (5rm), (6n), and (10) and 71.595 and
8 passed through to shareholders.

9 **SECTION 13.** 71.45 (2) (a) 10. of the statutes is amended to read:

10 71.45 **(2)** (a) 10. By adding to federal taxable income the amount of credit
11 computed under s. ss. 71.47 (1dm) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn),
12 (3w), (3y), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8r), (9s), and (10) and
13 71.595 and not passed through by a partnership, limited liability company, or
14 tax-option corporation that has added that amount to the partnership's, limited
15 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k)
16 (g) and the amount of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

17 **SECTION 14.** 71.45 (2) (a) 10. of the statutes, as affected by 2019 Wisconsin Act
18 54 and 2019 Wisconsin Act (this act), is repealed and recreated to read:

19 71.45 **(2)** (a) 10. By adding to federal taxable income the amount of credit
20 computed under ss. 71.47 (1dm) to (1dy), (3g), (3h), (3n), (3q), (3w), (3y), (5e), (5g), (5i),
21 (5j), (5k), (5r), (5rm), (6n), (9s), and (10) and 71.595 and not passed through by a
22 partnership, limited liability company, or tax-option corporation that has added that
23 amount to the partnership's, limited liability company's, or tax-option corporation's
24 income under s. 71.21 (4) or 71.34 (1k) (g) and the amount of credit computed under
25 s. 71.47 (1), (3), (3t), (4), (4m), and (5).

1 **SECTION 15.** 71.49 (1) (f) of the statutes is amended to read:

2 71.49 (1) (f) The total of farmland preservation credit and farm buildings credit
3 under subch. IX, farmland tax relief credit under s. 71.47 (2m), dairy manufacturing
4 facility investment credit under s. 71.47 (3p), jobs credit under s. 71.47 (3q), meat
5 processing facility investment credit under s. 71.47 (3r), woody biomass harvesting
6 and processing credit under s. 71.47 (3rm), food processing plant and food warehouse
7 investment credit under s. 71.47 (3rn), enterprise zone jobs credit under s. 71.47
8 (3w), business development credit under s. 71.47 (3y), research credit under s. 71.47
9 (4) (k) 1., film production services credit under s. 71.47 (5f), film production company
10 investment credit under s. 71.47 (5h), beginning farmer and farm asset owner tax
11 credit under s. 71.47 (8r), and estimated tax payments under s. 71.48.

12 **SECTION 16.** 71.49 (1) (f) of the statutes, as affected by 2019 Wisconsin Act 54
13 and 2019 Wisconsin Act (this act), is repealed and recreated to read:

14 71.49 (1) (f) The total of farmland preservation credit and farm buildings credit
15 under subch. IX, farmland tax relief credit under s. 71.47 (2m), jobs credit under s.
16 71.47 (3q), enterprise zone jobs credit under s. 71.47 (3w), business development
17 credit under s. 71.47 (3y), research credit under s. 71.47 (4) (k) 1., and estimated tax
18 payments under s. 71.48.

19 **SECTION 17.** 71.58 (intro.) of the statutes is amended to read:

20 **71.58 Definitions.** (intro.) ~~In~~ Except as provided in s. 71.595, in ss. 71.57 to
21 71.61:

22 **SECTION 18.** 71.59 (1) (a) of the statutes is amended to read:

23 71.59 (1) (a) Subject to the limitations provided in ss. 71.57 to 71.61 and s. 71.80
24 (3) and (3m), and except as provided in s. 71.595, a claimant may claim as a credit
25 against Wisconsin income or franchise taxes otherwise due, the amount derived

1 under s. 71.60. If the allowable amount of claim exceeds the income or franchise
2 taxes otherwise due on or measured by the claimant's income or if there are no
3 Wisconsin income or franchise taxes due on or measured by the claimant's income,
4 the amount of the claim not used as an offset against income or franchise taxes shall
5 be certified to the department of administration for payment to the claimant by
6 check, share draft or other draft drawn on the general fund.

7 **SECTION 19.** 71.59 (1) (b) (intro.) of the statutes is amended to read:

8 71.59 (1) (b) (intro.) Every claimant under ss. 71.57 to 71.61, not including a
9 claimant under s. 71.595, shall supply, at the request of the department, in support
10 of the claim, all of the following:

11 **SECTION 20.** 71.59 (2) (intro.) of the statutes is amended to read:

12 71.59 (2) INELIGIBLE CLAIMS. (intro.) ~~No~~ Except for a credit under s. 71.595, no
13 credit shall be allowed under ss. 71.57 to 71.61:

14 **SECTION 21.** 71.595 of the statutes is created to read:

15 **71.595 Farm buildings credit. (1) DEFINITIONS.** In this section:

16 (a) "Claimant" means a person who files a claim under this section.

17 (b) "Residential property" means property that is assessed as residential
18 property under s. 70.32 (2) (a) 1. or a residence that is assessed as other under s. 70.32
19 (2) (a) 7.

20 (c) "Used exclusively" means used to the exclusion of all other uses except for
21 use not exceeding 5 percent of total use.

22 **(2) FILING CLAIMS.** Subject to the limitations provided in this section, for taxable
23 years beginning after December 31, 2019, and before January 1, 2023, a claimant
24 may claim as a credit against the taxes imposed under s. 71.02, 71.23, or 71.43 an
25 amount equal to the assessed value that is associated with the most recent property

1 tax bill of the claimant's buildings and improvements assessed as other under s.
2 70.32 (2) (a) 7., not including residential property, that are used exclusively for
3 farming, multiplied by 0.01187.

4 **(3) LIMITATIONS.** (a) Partnerships, limited liability companies, and tax-option
5 corporations may not claim the credit under this section, but the eligibility for, and
6 the amount of, the credit are based on the determination described under sub. (2).
7 A partnership, limited liability company, or tax-option corporation shall compute
8 the amount of credit that each of its partners, members, or shareholders may claim
9 and shall provide that information to each of them. Partners, members of limited
10 liability companies, and shareholders of tax-option corporations may claim the
11 credit in proportion to their ownership interests.

12 (b) No credit may be allowed under this section if the claimant or the claimant's
13 spouse files a claim under s. 71.07 (6e) or (9) or subch. VIII that relates to the same
14 taxable year for which a claim is made under this section.

15 (c) The maximum amount of the credit that a claimant may claim under this
16 section in a taxable year is \$7,500 for an individual or a married couple filing jointly.

17 (d) No claimant may claim a credit under this section unless the claimant is a
18 farmer and files a schedule F for the taxable year for which the claimant claims the
19 credit or is an entity actively engaged in farming under 7 CFR 1400.201 for that
20 taxable year. No claimant may claim a credit under this section unless the claimant's
21 annual gross income from farming for the year in which the claim relates is not less
22 than \$35,000. For purposes of this paragraph, "gross income" has the meaning given
23 in s. 71.03 (1).

24 **(4) ADMINISTRATION.** (a) Section 71.28 (4) (g) and (h), as it applies to the credit
25 under s. 71.28 (4), applies to the credit under this section.

1 (b) If the allowable amount of the claim under this section exceeds the taxes
2 otherwise due on the claimant's income under s. 71.02, 71.23, or 71.43, the amount
3 of the claim that is not used to offset those taxes shall be certified by the department
4 of revenue to the department of administration for payment as a refund.

5 **SECTION 22.** 71.60 (1) (intro.) of the statutes is amended to read:

6 71.60 (1) (intro.) Except as provided in sub. (2) and s. 71.595, the amount of any
7 claim filed in calendar years based upon property taxes accrued in the preceding
8 calendar year shall be determined as follows:

9 **SECTION 23.** 71.60 (2) of the statutes is amended to read:

10 71.60 (2) If the farmland is subject to a certified ordinance under subch. V of
11 ch. 91, 2007 stats., or an agreement under subch. II of ch. 91, 2007 stats., in effect
12 at the close of the year for which the credit is claimed, the amount of the claim, not
13 including a claim under s. 71.595, is 10 percent of the property taxes accrued or the
14 amount determined under sub. (1), whichever is greater.

15 **SECTION 24.** 71.61 (7) of the statutes is created to read:

16 71.61 (7) NONAPPLICABILITY. This section does not apply to claims under s.
17 71.595.

18 **SECTION 25. Nonstatutory provisions.**

19 (1) FARM BUILDINGS CREDIT. A person who is eligible to claim the farm buildings
20 credit under s. 71.595, may claim the credit by filing a claim online, as prescribed by
21 the department of revenue, rather than filing a return in order to claim and receive
22 the credit. This subsection does not relieve the claimant's obligation to otherwise file
23 a return for that taxable year. The claimant shall calculate the credit based on the
24 assessed value as of January 1, 2019, of the claimant's buildings and improvements
25 assessed as other under s. 70.32 (2) (a) 7., not including residential property, that are

1 used exclusively for farming. The department shall process claims submitted under
2 this subsection as expeditiously as possible and certify the claims for payment as
3 provided under s. 71.595 (4) (b).

4 **SECTION 26. Effective dates.** This act takes effect on the day after publication,
5 except as follows:

6 (1) The repeal and recreation of ss. 71.05 (6) (a) 15., 71.10 (4) (i), 71.21 (4) (a),
7 71.26 (2) (a) 4., 71.30 (3) (f), 71.34 (1k) (g), 71.45 (2) (a) 10., and 71.49 (1) (f) takes effect
8 on July 1, 2020.

9 (END)