State of Wisconsin
2025 - 2026 LEGISLATURE

LRB-4784/1
JK:cdc

2025 BILL

AN ACT ***to amend*** 71.05 (6) (a) 15., 71.10 (4) (i), 71.21 (4) (a), 71.26 (2) (a) 4., 71.30 (3) (f), 71.34 (1k) (g), 71.45 (2) (a) 10. and 71.49 (1) (f); ***to create*** 20.835 (2) (dp), 71.07 (8s), 71.28 (8s), 71.47 (8s) and 93.521 of the statutes; **relating to:** income tax credits for beginning farmers and owners of farm assets and making an appropriation.

Analysis by the Legislative Reference Bureau

This bill creates an income tax credit for a beginning farmer who leases or purchases agricultural assets from an asset owner and uses the assets for farming and for a person whose assets are leased or sold to a beginning farmer. Under the bill, a beginning farmer is a person who has a net worth of less than $200,000 and who has farmed for fewer than 10 years. The bill defines "agricultural assets" as land assessed for property tax purposes as agricultural land or machinery, equipment, facilities, or livestock that is used in farming. The amount of the credit is equal to 5 percent of the lease amount or sales price paid by the beginning farmer to an asset owner for agricultural assets for the taxable year and 5 percent of the lease amount or sales price received by the asset owner from a beginning farmer for agricultural assets for the taxable year. The beginning farmer may also claim a credit equal to 5 percent of the amount the farmer paid for improvements on agricultural assets consisting of land and facilities. The maximum amount that a claimant may receive in any taxable year is $75,000 and maximum amount of the credit for all claimants in any taxable year is $5,000,000.

Under the bill, in order to claim the credit, both the beginning farmer and the asset owner must submit an application to the Department of Agriculture, Trade and Consumer Protection. The beginning farmer must submit a business plan with the beginning farmer's application and provide a description of the beginning farmer's education, training, and experience in the type of farming in which the beginning farmer uses the leased or purchased agricultural assets.

For further information see the state fiscal estimate, which will be printed as an appendix to this bill.

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

SECTION 1. 20.835 (2) (dp) of the statutes is created to read:

20.835 **(2)** (dp) *Beginning farmer and farm asset owner tax credit.* A sum sufficient to pay the claims approved under ss. 71.07 (8s), 71.28 (8s), and 71.47 (8s).

SECTION 2. 71.05 (6) (a) 15. of the statutes, as affected by 2025 Wisconsin Act 15, is amended to read:

71.05 **(6)** (a) 15. The amount of the credits computed under s. 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3q), (3s), (3t), (3w), (3wm), (3y), (4k), (4n), (5f), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), <u>(8s),</u> and (10) and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership's, company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

SECTION 3. 71.07 (8s) of the statutes is created to read:

71.07 **(8s)** BEGINNING FARMER AND FARM ASSET OWNER TAX CREDIT. (a) *Definitions.* In this subsection:

1. "Agricultural assets" means agricultural land or machinery, equipment, facilities, or livestock that is used in farming.

2. "Agricultural land" has the meaning given in s. 70.32 (2) (c) 1g.

3. "Asset owner" means a person who meets the conditions specified in s. 93.521 (3).

4. "Beginning farmer" means a person who meets the conditions specified in s. 93.521 (2).

5. "Claimant" means a beginning farmer who files a claim under this subsection or an asset owner who files a claim under this subsection, except that, for a beginning farmer, "claimant" means the following:

a. For partnerships, except publicly traded partnerships treated as corporations under s. 71.22 (1k), "claimant" means each separate partner.

b. For tax-option corporations, "claimant" means each separate shareholder.

c. For limited liability companies, except limited liability companies treated as corporations under s. 71.22 (1k), "claimant" means each separate member.

6. "Farming" has the meaning given in section 464 (e) of the Internal Revenue Code.

7. "Lease amount" is the amount of the cash payment paid by a beginning farmer to an asset owner each year for leasing the asset owner's agricultural assets, including amounts paid under a lease agreement that results in the beginning farmer owning the agricultural assets.

(b) *Filing claims.* 1. Subject to the limitations provided in this subsection, for taxable years beginning after December 31, 2026, a beginning farmer may claim as a credit against the tax imposed under s. 71.02 an amount equal to 5 percent of the lease amount or sales price paid by the beginning farmer to an asset owner for the lease or purchase of agricultural assets for the taxable year to which the claim relates. The beginning farmer may also claim an amount equal to 5 percent of the amount the beginning farmer paid in the taxable year for improvements to agricultural assets consisting of land and facilities.

2. Subject to the limitations provided in this subsection, for taxable years beginning after December 31, 2026, an asset owner may claim as a credit against the tax imposed under s. 71.02 an amount equal to 5 percent of the lease amount or sales price received by the asset owner from a beginning farmer for agricultural assets for the taxable year to which the claim relates.

(c) *Limitations.* 1. With regard to credit claimed on the basis of a lease amount, a claimant may only claim the credit under this subsection for the first 3 years of any lease of an asset owner's agricultural assets to a beginning farmer.

2. No credit may be allowed under this subsection unless it is claimed within the time period under s. 71.75 (2).

3. A claimant shall submit with the claimant's income tax return the certificate of eligibility provided under s. 93.521 (5) (b).

4. No credit may be claimed under this subsection by a part-year resident or a nonresident of this state.

5. The maximum credit that a claimant may claim under this subsection for any taxable year is $75,000.

6. a. Partnerships, limited liability companies, and tax-option corporations

may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on the amounts paid under par. (b). A partnership, limited liability company, or tax-option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them.

b. In order to claim the credit computed under par. (b) 1., partners, members of limited liability companies, and shareholders of tax-option corporations shall meet the requirements under s. 93.521 (2) and claim the credit in proportion to their ownership interests.

(d) *Administration.* 1. Section 71.28 (4) (e), (g), and (h), to the extent that it applies to the credit under that subsection, applies to the credit under this subsection.

2. If the allowable amount of the claim under this subsection exceeds the income taxes otherwise due on the claimant's income, the amount of the claim not used as an offset against those taxes shall be certified by the department of revenue to the department of administration for payment to the claimant by check, share draft, or other draft from the appropriation under s. 20.835 (2) (dp).

SECTION 4. 71.10 (4) (i) of the statutes, as affected by 2025 Wisconsin Act 15, is amended to read:

71.10 **(4)** (i) The total of claim of right credit under s. 71.07 (1), farmland preservation credit under ss. 71.57 to 71.61, farmland preservation credit, 2010 and beyond under s. 71.613, homestead credit under subch. VIII, jobs tax credit under s. 71.07 (3q), business development credit under s. 71.07 (3y), research credit under s. 71.07 (4k) (e) 2. a., film production services credit under s. 71.07 (5f) (b) 2., veterans and surviving spouses property tax credit under s. 71.07 (6e), enterprise zone jobs credit under s. 71.07 (3w), electronics and information technology manufacturing zone credit under s. 71.07 (3wm), beginning farmer and farm asset owner tax credit under s. 71.07 (8s), earned income tax credit under s. 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld under subch. X.

SECTION 5. 71.21 (4) (a) of the statutes, as affected by 2025 Wisconsin Act 15, is amended to read:

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

SECTION 6. 71.26 (2) (a) 4. of the statutes, as affected by 2025 Wisconsin Act 15, is amended to read:

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

SECTION 7. 71.28 (8s) of the statutes is created to read:

71.28 **(8s)** BEGINNING FARMER AND FARM ASSET OWNER TAX CREDIT. (a) *Definitions.* In this subsection:

1. "Agricultural assets" means agricultural land or machinery, equipment, facilities, or livestock that is used in farming.

2. “Agricultural land” has the meaning given in s. 70.32 (2) (c) 1g.

3. “Asset owner” means a person who meets the conditions specified in s. 93.521 (3).

4. “Beginning farmer” means a person who meets the conditions specified in s. 93.521 (2).

5. “Claimant” means a beginning farmer who files a claim under this subsection or an asset owner who files a claim under this subsection, except that, for a beginning farmer, “claimant” means the following:

a. For partnerships, except publicly traded partnerships treated as corporations under s. 71.22 (1k), “claimant” means each separate partner.

b. For tax-option corporations, “claimant” means each separate shareholder.

c. For limited liability companies, except limited liability companies treated as corporations under s. 71.22 (1k), “claimant” means each separate member.

6. “Farming” has the meaning given in section 464 (e) of the Internal Revenue Code.

7. “Lease amount” is the amount of the cash payment paid by a beginning farmer to an asset owner each year for leasing the asset owner’s agricultural assets, including amounts paid under a lease agreement that results in the beginning farmer owning the agricultural assets.

(b) *Filing claims.* 1. Subject to the limitations provided in this subsection, for taxable years beginning after December 31, 2026, a beginning farmer may claim as a credit against the tax imposed under s. 71.23 an amount equal to 5 percent of the lease amount or sales price paid by the beginning farmer to an asset owner for the lease or purchase of agricultural assets for the taxable year to which the claim relates. The beginning farmer may also claim an amount equal to 5 percent of the amount the beginning farmer paid in the taxable year for improvements to agricultural assets consisting of land and facilities.

2. Subject to the limitations provided in this subsection, for taxable years beginning after December 31, 2026, an asset owner may claim as a credit against the tax imposed under s. 71.23 an amount equal to 5 percent of the lease amount or sales price received by the asset owner from a beginning farmer for agricultural assets for the taxable year to which the claim relates.

(c) *Limitations.* 1. With regard to credit claimed on the basis of a lease amount, a claimant may only claim the credit under this subsection for the first 3 years of any lease of an asset owner's agricultural assets to a beginning farmer.

2. No credit may be allowed under this subsection unless it is claimed within the time period under s. 71.75 (2).

3. A claimant shall submit with the claimant's income tax return the certificate of eligibility provided under s. 93.521 (5) (b).

4. No credit may be claimed under this subsection by a part-year resident or a nonresident of this state.

5. The maximum credit that a claimant may claim under this subsection for any taxable year is $75,000.

6. a. Partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on the amounts paid under par. (b). A partnership,

limited liability company, or tax-option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them.

b. In order to claim the credit computed under par. (b) 1., partners, members of limited liability companies, and shareholders of tax-option corporations shall meet the requirements under s. 93.521 (2) and claim the credit in proportion to their ownership interests.

(d) *Administration.* 1. Subsection (4) (e), (g), and (h), to the extent that it applies to the credit under that subsection, applies to the credit under this subsection.

2. If the allowable amount of the claim under this subsection exceeds the income taxes otherwise due on the claimant's income, the amount of the claim not used as an offset against those taxes shall be certified by the department of revenue to the department of administration for payment to the claimant by check, share draft, or other draft from the appropriation under s. 20.835 (2) (dp).

SECTION 8. 71.30 (3) (f) of the statutes, as affected by 2025 Wisconsin Act 15, is amended to read:

71.30 **(3)** (f) The total of farmland preservation credit under subch. IX, jobs credit under s. 71.28 (3q), enterprise zone jobs credit under s. 71.28 (3w), electronics and information technology manufacturing zone credit under s. 71.28 (3wm), business development credit under s. 71.28 (3y), research credit under s. 71.28 (4) (k) 1., film production services credit under s. 71.28 (5f) (b) 2., <u>beginning farmer and farm asset owner tax credit under s. 71.28 (8s),</u> and estimated tax payments under s. 71.29.

SECTION 9. 71.34 (1k) (g) of the statutes, as affected by 2025 Wisconsin Act 15, is amended to read:

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

SECTION 10. 71.45 (2) (a) 10. of the statutes, as affected by 2025 Wisconsin Act 15, is amended to read:

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

SECTION 11. 71.47 (8s) of the statutes is created to read:

71.47 **(8s)** BEGINNING FARMER AND FARM ASSET OWNER TAX CREDIT. (a) *Definitions.* In this subsection:

1. "Agricultural assets" means agricultural land or machinery, equipment, facilities, or livestock that is used in farming.

2. "Agricultural land" has the meaning given in s. 70.32 (2) (c) 1g.

3. "Asset owner" means a person who meets the conditions specified in s. 93.521 (3).

4. “Beginning farmer” means a person who meets the conditions specified in s. 93.521 (2).

5. “Claimant” means a beginning farmer who files a claim under this subsection or an asset owner who files a claim under this subsection, except that, for a beginning farmer, “claimant” means the following:

a. For partnerships, except publicly traded partnerships treated as corporations under s. 71.22 (1k), “claimant” means each separate partner.

b. For tax-option corporations, “claimant” means each separate shareholder.

c. For limited liability companies, except limited liability companies treated as corporations under s. 71.22 (1k), “claimant” means each separate member.

6. “Farming” has the meaning given in section 464 (e) of the Internal Revenue Code.

7. “Lease amount” is the amount of the cash payment paid by a beginning farmer to an asset owner each year for leasing the asset owner’s agricultural assets, including amounts paid under a lease agreement that results in the beginning farmer owning the agricultural assets.

(b) *Filing claims.* 1. Subject to the limitations provided in this subsection, for taxable years beginning after December 31, 2026, a beginning farmer may claim as a credit against the tax imposed under s. 71.43 an amount equal to 5 percent of the lease amount or sales price paid by the beginning farmer to an asset owner for the lease or purchase of agricultural assets for the taxable year to which the claim relates. The beginning farmer may also claim an amount equal to 5 percent of the amount the beginning farmer paid in the taxable year for improvements to agricultural assets consisting of land and facilities.

2. Subject to the limitations provided in this subsection, for taxable years beginning after December 31, 2026, an asset owner may claim as a credit against the tax imposed under s. 71.43 an amount equal to 5 percent of the lease amount or sales price received by the asset owner from a beginning farmer for agricultural assets for the taxable year to which the claim relates.

(c) *Limitations.* 1. With regard to credit claimed on the basis of a lease amount, a claimant may only claim the credit under this subsection for the first 3 years of any lease of an asset owner's agricultural assets to a beginning farmer.

2. No credit may be allowed under this subsection unless it is claimed within the time period under s. 71.75 (2).

3. A claimant shall submit with the claimant's income tax return the certificate of eligibility provided under s. 93.521 (5) (b).

4. No credit may be claimed under this subsection by a part-year resident or a nonresident of this state.

5. The maximum credit that a claimant may claim under this subsection for any taxable year is $75,000.

6. a. Partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on the amounts paid under par. (b). A partnership, limited liability company, or tax-option corporation shall compute the amount of

credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them.

b. In order to claim the credit computed under par. (b) 1., partners, members of limited liability companies, and shareholders of tax-option corporations shall meet the requirements under s. 93.521 (2) and claim the credit in proportion to their ownership interests.

(d) *Administration.* 1. Section 71.28 (4) (e), (g), and (h), to the extent that it applies to the credit under that subsection, applies to the credit under this subsection.

2. If the allowable amount of the claim under this subsection exceeds the income taxes otherwise due on the claimant's income, the amount of the claim not used as an offset against those taxes shall be certified by the department of revenue to the department of administration for payment to the claimant by check, share draft, or other draft from the appropriation under s. 20.835 (2) (dp).

SECTION 12. 71.49 (1) (f) of the statutes, as affected by 2025 Wisconsin Act 15, is amended to read:

71.49 **(1)** (f) The total of farmland preservation credit under subch. IX, jobs credit under s. 71.47 (3q), enterprise zone jobs credit under s. 71.47 (3w), business development credit under s. 71.47 (3y), research credit under s. 71.47 (4) (k) 1., film production services credit under s. 71.47 (5f) (b) 2., <u>beginning farmer and farm asset owner tax credit under s. 71.47 (8s),</u> and estimated tax payments under s. 71.48.

SECTION 13. 93.521 of the statutes is created to read:

93.521 Beginning farmer and farm asset owner tax credit eligibility. **(1)** DEFINITIONS. In this section:

(a) "Agricultural assets" means agricultural land or machinery, equipment, facilities, or livestock that is used in farming.

(b) "Agricultural land" has the meaning given in s. 70.32 (2) (c) 1g.

(c) "Asset owner" means a person who meets the conditions specified in sub. (3).

(d) "Beginning farmer" means a person who meets the conditions specified in sub. (2).

(e) "Claimant" has the meaning given in ss. 71.07 (8s) (a) 5., 71.28 (8s) (a) 5., and 71.47 (8s) (a) 5.

(f) "Farming" has the meaning given in section 464 (e) of the Internal Revenue Code.

(2) BEGINNING FARMER. A person is a beginning farmer for the purposes of s. 71.07 (8s), 71.28 (8s), or 71.47 (8s) if, at the time that the person submits an application under sub. (4), all of the following apply:

(a) The person is not a part-year resident or a nonresident of this state.

(b) The person has a net worth of less than $200,000.

(c) The person has farmed for fewer than 10 years at the date on which the person submits an application under sub. (4).

(d) The person has entered into a lease or sales transaction with an asset owner, directly or indirectly through ownership interest in a partnership, limited liability company, or tax-option corporation, for the use or purchase of the asset owner's agricultural assets by the beginning farmer.

(e) The person uses the leased or purchased agricultural assets for farming.

(3) ASSET OWNER. A person is an asset owner for the purposes of s. 71.07 (8s), 71.28 (8s), or 71.47 (8s) if, at the time that the person submits an application under sub. (4), all of the following apply:

(a) The person owns agricultural assets.

(b) The person has entered into a lease or sales transaction with a beginning farmer for the use or purchase of the person's agricultural assets by the beginning farmer.

(4) APPLICATIONS. (a) In order for an asset owner to claim the farm asset owner tax credit under s. 71.07 (8s) (b) 2., 71.28 (8s) (b) 2., or 71.47 (8s) (b) 2., the asset owner and the beginning farmer who is leasing or purchasing the agricultural assets from the asset owner shall each submit an application to the department.

(b) An asset owner shall include in the application under this subsection the asset owner's name and address, information showing that the asset owner satisfies the conditions specified in sub. (3), a description of the leased or purchased agricultural assets and their location, a copy of the lease or sales transaction, the number of acres of agricultural land leased or sold to the beginning farmer, and any other information required by the department.

(c) A beginning farmer shall include all of the following in an application under this subsection:

1. The beginning farmer's name and address.

2. Information showing that the beginning farmer satisfies the conditions specified in sub. (2).

3. A business plan that includes a current balance sheet and projected balance sheets for the lease term or sales transaction, cash flow statements, and income statements along with a detailed description of all significant accounting assumptions used in developing the financial projections.

4. A description of the beginning farmer's education, training, and experience in the type of farming in which the beginning farmer uses the leased or purchased agricultural assets.

5. A copy of the beginning farmer's completed federal profit or loss from farming form, schedule F, or other documentation approved by the department under sub. (6).

6. Any other information required by the department.

(5) EVALUATION AND CERTIFICATION. (a) The department shall review applications submitted under sub. (4) (a), and make its certification determinations, in the order in which the applications are received.

(b) The department shall provide the beginning farmer claimant and the asset owner with a certificate of eligibility for the tax credit under s. 71.07 (8s), 71.28 (8s), or 71.47 (8s), and allocate the amount of the credit for each such applicant, if all of the following apply:

1. The asset owner's application complies with sub. (4) (b).

2. The beginning farmer's application complies with sub. (4) (c).

3. The department determines that the business plan submitted under sub.

(4) (c) 3. and the education, training, or experience described under sub. (4) (c) 4. show that the beginning farmer has sufficient resources and education, training, or experience for the type of farming in which the beginning farmer uses the leased or purchased agricultural assets.

4. The department verifies all expenses included with the asset owner's application under sub. (4) (b) and the beginning farmer's application under sub. (4) (c).

(c) The department shall certify a beginning farmer's eligibility for the tax credit under s. 71.07 (8s), 71.28 (8s), or 71.47 (8s) no later than January 1 of the year following the taxable year for which the claim relates.

(d) The maximum amount of the credits that the department may certify to all persons claiming the credits under ss. 71.07 (8s), 71.28 (8s), and 71.47 (8s) in a taxable year is $5,000,000.

(6) DEPARTMENT AUTHORITY. (a) The department may approve alternative documentation for the purposes of sub. (4) (c) 5.

(b) The department may assist beginning farmers to develop business plans for the purposes of sub. (4) (c) 3. and may assist in the negotiation of leases or purchases of farm assets that may enable persons to qualify for tax credits under s. 71.07 (8s), 71.28 (8s), or 71.47 (8s).

(c) The department may, at the request of the beginning farmer, review any proposal by a beginning farmer to make improvements to agricultural assets consisting of land or facilities for purposes of claiming the additional credit under s. 71.07 (8s), 71.28 (8s), or 71.47 (8s).

(7) REPORTS. Annually, beginning in 2028, the department shall submit a report to the legislature, as provided under s. 13.172 (2), specifying the number of the persons submitting applications under this section, the type of farming the applicants are engaged in, the number of certificates of eligibility issued to the applicants, and the amount of the credits awarded to each applicant.

(END)