



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-2253/1
EKL:cdc

2019 SENATE BILL 387

September 5, 2019 - Introduced by Senators MARKLEIN, BERNIER, JACQUE, OLSEN, STROEBEL and TESTIN, cosponsored by Representatives VRUWINK, EDMING, HORLACHER, KULP, KURTZ, LOUDENBECK, NOVAK, PETRYK, PLUMER, RAMTHUN, TAUCHEN, THIESFELDT, TRANEL, TUSLER and VANDERMEER. Referred to Committee on Agriculture, Revenue and Financial Institutions.

1 **AN ACT to amend** 71.07 (5n) (a) 6. and 71.28 (5n) (a) 6.; and **to create** 71.07 (5n)
2 (a) 6. a. and b. and 71.28 (5n) (a) 6. a. and b. of the statutes; **relating to:**
3 including crop insurance proceeds in the manufacturing and agricultural tax
4 credit.

Analysis by the Legislative Reference Bureau

This bill includes crop insurance proceeds in a person's production gross receipts for purposes of the manufacturing and agricultural tax credit.

Currently, a person may claim a tax credit on the basis of the person's income from manufacturing or agriculture. The starting point for calculating the credit is determining the person's production gross receipts, which are the gross receipts from the lease, rental, license, sale, exchange, or other disposition of tangible personal property that is either manufactured by the claimant on property assessed as manufacturing property or produced, grown, or extracted by the claimant on or from property assessed as agricultural property. Under the bill, insurance proceeds that are received by a person due to the destruction of, or damage to, crops are included in the person's production gross receipts and, therefore, included in the calculation of the credit's value.

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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:

1 **SECTION 1.** 71.07 (5n) (a) 6. of the statutes is amended to read:

2 71.07 **(5n)** (a) 6. “Production gross receipts” means ~~gross receipts from the~~
3 lease, rental, license, sale, exchange, or other disposition of qualified production
4 property.;

5 **SECTION 2.** 71.07 (5n) (a) 6. a. and b. of the statutes are created to read:

6 71.07 **(5n)** (a) 6. a. For taxable years beginning before January 1, 2019, gross
7 receipts from the lease, rental, license, sale, exchange, or other disposition of
8 qualified production property.

9 b. For taxable years beginning after December 31, 2018, the sum of gross
10 receipts from the lease, rental, license, sale, exchange, or other disposition of
11 qualified production property and insurance proceeds received as a result of the
12 destruction of, or damage to, crops to the extent the proceeds are included in federal
13 adjusted gross income for the taxable year.

14 **SECTION 3.** 71.28 (5n) (a) 6. of the statutes is amended to read:

15 71.28 **(5n)** (a) 6. “Production gross receipts” means ~~gross receipts from the~~
16 lease, rental, license, sale, exchange, or other disposition of qualified production
17 property.;

18 **SECTION 4.** 71.28 (5n) (a) 6. a. and b. of the statutes are created to read:

19 71.28 **(5n)** (a) 6. a. For taxable years beginning before January 1, 2019, gross
20 receipts from the lease, rental, license, sale, exchange, or other disposition of
21 qualified production property.

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1 b. For taxable years beginning after December 31, 2018, the sum of gross
2 receipts from the lease, rental, license, sale, exchange, or other disposition of
3 qualified production property and insurance proceeds received as a result of the
4 destruction of, or damage to, crops to the extent the proceeds are included in federal
5 taxable income for the taxable year.

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(END)