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STATE REPRESENTATIVE • 87<sup>TH</sup> ASSEMBLY DISTRICT

## **Testimony in Support of Assembly Bill 430**

*Assembly Committee on Ways and Means*

Thursday, December 19, 2019

Mr. Chairman and committee members, thank you for holding this public hearing today and giving me the opportunity to share my support for Assembly Bill (AB) 430. I would like to thank Representative Vruwink and Senator Marklein for working with me on this important legislation.

Agriculture is an important part of our state's heritage, evidenced by the plow in the Great Seal of Wisconsin. It is also an important part of keeping our state's economy strong. It is no secret that many of our farmers face difficulties in today's evolving world. I am sure many of you have heard stories from your constituents, like I have, about the difficulties facing farmers in our state. The last few years have been especially tough on Wisconsin farmers. Unusually wet weather has caused both delayed planting and harvest for farmers across the state. In some locations consistently wet ground has even prevented planting at all. Because of these, as well as other factors, a number of farmers have experienced significant crop loss and have filed claims for crop insurance. While these payments only help cover part of the losses that the farmer has incurred they are still considered taxable income.

Unfortunately, under current law, crop insurance payments are not considered "production gross receipts," which are used to calculate the state's manufacturing and agricultural tax credit (MAC). This means that a farmer who faces crop losses, most times at no fault of their own, and receives a crop insurance payment may have to pay income taxes on that reduced profit, where a farmer who is able to successfully harvest and sell their crop may not. Instead of helping our farmers, this kicks them while they are already down.

AB 430 seeks to correct this issue by including crop insurance in the definition of "production gross receipts" for purposes of claiming the MAC. This change will have a meaningful impact on farmers across our state and help especially tough harvest years become a little more manageable.

Mr. Chairman and members, I ask for your support of AB 430. Please do not hesitate to reach out to me or my office with any questions you may have.