

# Capitol LINK

CURRENT ISSUES AFFECTING WISCONSIN AGRICULTURE & AGRI-BUSINESS

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January 28, 2011

## A Preview and a Review – The 2011-12 Legislative Session Begins

*By Jordan Lamb -- DeWitt Ross & Stevens*

Wisconsin experienced a dramatic election result in 2010 with the flip from Democratic majorities in both the State Senate and the State Assembly and the election of a Republican Governor. The 2011-2012 legislative session began with a 19-14 Republican majority in the State Senate and a 60-38 majority in the State Assembly, with one independent. Several Assembly Republicans, including Representative Mike Huebsch (R-LaCrosse) and Representative Scott Gunderson (R-Waterford) resigned from the legislature to take appointments within the Walker Administration. Scott Gunderson is serving as the Executive Assistant to the DNR Secretary, Cathy Stepp, and Mike Huebsch is serving as the Secretary of the Department of Administration.

Former Milwaukee County Executive, Scott Walker (R) is now the Governor of Wisconsin. His first pieces of legislation, which were introduced the first week of January 2011, focused on tort reform and regulatory reform initiatives that are aimed at increasing job growth and creation in Wisconsin. Soon, Governor Walker will begin writing a budget bill that addresses the projected \$3 billion structural deficit. It is anticipated that 2011 will be characterized by governmental restraint and attention to policies that impact growth of jobs and the economy in Wisconsin.

At the end of last session, Wisconsin farmers were facing a myriad of changing water regulations. The Legislature was proposing a fundamental re-write to Wisconsin's groundwater law; the Department of Natural Resources was considering critical changes to Wisconsin's nonpoint source pollution performance standards and was working on finalizing several rules related to implementation of the Great Lakes Compact.

Importantly, the Legislature ultimately abandoned the groundwater law proposal at the end of the 2010 legislative session. That proposal, while well-intentioned, appeared to pose more questions than it answered. It is expected, however, that changes to Wisconsin's groundwater law may be proposed again this session. However, those changes are likely to be more targeted toward specific problems and to incorporate the comments from stakeholders, like Wisconsin farmers, from the very beginning of the legislative process.

In addition, Wisconsin farmers provided the DNR with meaningful and well-researched feedback on the proposed changes to Wisconsin's nonpoint source pollution rule, NR 151. The final rule is not only protective of Wisconsin's water resources, but is also technically and economically achievable for Wisconsin farmers. Of course, the true test of the technical achievability of these new standards will be further developed as the Department of Agriculture, Trade and Consumer Protection (DATCP) drafts its counterpart to DNR's rule during this legislative session. In ATCP 50, the DATCP is charged with creating the technical standards and conservation practices that will be used by farmers to meet the new performance standards established by DNR.

The DNR also spent much time in 2010 drafting and finalizing rules that will be used to implement the Great Lakes Compact. The rule of most interest to Wisconsin farmers is NR 856, which creates a statewide water use and reporting program. Although this rule was authorized under the Great Lakes Compact, it is NOT limited to water users in the Great Lakes Basin. It applies to all water users across Wisconsin who have the capacity to withdraw 100,000 gallons of water per day or more in any 30-day period. The rule requires those persons who meet this capacity threshold to: (a) register their withdrawal with the DNR; (b) measure the volumes of the withdrawal monthly; and (c) report those monthly totals annually.

## 2011-12 LEGISLATION

### Governor Signs Health Savings Account Legislation

*By Jordan Lamb -- DeWitt Ross & Stevens*

On January 25, Governor Walker signed his first piece of legislation, a special session bill that allows a state tax deduction for contributions made to health savings accounts. These accounts allow taxpayers to make pre-tax contributions to accounts that will then be used to cover future health expenses. The new law applies to this tax year and will benefit taxpayers on returns filed in 2012. The legislation brings Wisconsin into line with the federal law and with 46 other states.

Link to Governor's statement on passage of Health Savings Account legislation:

[http://walker.wi.gov/journal\\_media\\_detail.asp?locid=177&prid=5587](http://walker.wi.gov/journal_media_detail.asp?locid=177&prid=5587).

### Ripp/Kapanke Propose Expansion of Dairy and Livestock Investment Tax Credits

*By Jordan Lamb -- DeWitt Ross & Stevens*

Representative Keith Ripp (R-Lodi) and Senator Dan Kapanke (R-La Crosse) have proposed [AB 5](#) and [SB 9](#), identical companion bills that extend the dairy and livestock investment tax credits.

Under current law, a taxpayer may claim an income and franchise tax credit for amounts paid for dairy or livestock farm modernization and expansion for taxable years beginning after December 31, 2003, and before January 1, 2012. Under these bills, a taxpayer may claim the credit for taxable years beginning after December 31, 2003, and before January 1, 2017. Public hearings were held on both of these bills on January 26, 2011.

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