

Recommendation #21

Sub-committee: Generational Succession and Transition

Submitted by: Melissa Haag and Joy Kirkpatrick

Wisconsin dairy dollars recommendation

In recent years, Wisconsin had initiated a DATCP funded program to create grant and scholarship opportunities for individuals working within the dairy industry. This program initially started as the Grow Wisconsin Dairy 30X20 grant program and has more recently morphed into the Governor's Dairy Scholarship program. Both programs have significant benefits for the audience they were designed to target. However, each program is somewhat restrictive in terms of providing financial assistance to dairy farmers at differing stages of their careers. Our goal is to maintain these dollars in support of Wisconsin's dairy industry, but diversify the opportunities in which these funds could be utilized. Our recommendation is to create the Wisconsin Dairy Dollars program and allow applicants to apply for funds in one of three categories.

1. Continue "Governor's Dairy Scholarship". Maintain the existing program with set guidelines already in place. Details of these guidelines can be found at: <http://www.heab.state.wi.us/docs/dairy/GDSsummary.pdf> Last year, this program provided \$200,000 for students of any age at any stage of their dairy career who were seeking educational opportunities in dairy science programs.
2. Reinstate a portion of the Grow Wisconsin Dairy initiative that provided farmers the opportunity to apply for grant funding intended for the use of farm succession and transition planning. Family farms are in great need of guidance as they transfer their assets from one generation to the next. This is a complex topic that is a difficult balance between the financial capabilities of the younger generation and care maintenance /retirement for the older generation. Each farm is unique in their own situation and a neutral third party can be an important key to the success of many farm transitions. The expense of professional facilitation and advice can be costly. Access to opportunities to help defray these costs may encourage more farms to seek advice for their farm transition and succession plans.
3. Provide a financial assistance grant to producers participating in sponsorship of a registered apprenticeship program. Pathways into dairy farming are limited for young farmers who may not have been born into a farm family or whose family farm operation is too small for them to join. Registered apprenticeship programs give young farmers the opportunity to actively learn on-the-job alongside an established dairy farmer. This experience provides the young farmer a valuable learning experience, while helping them ease into their own potential farming operation. While these programs are beneficial for young farmers, they can create a significant amount of costs to the certified farm operation acting as a mentor. The apprentices are paid a wage by the farmers and are paid for the in the required classroom time. Mentors are vital to the success of registered apprenticeship

programs and some grant funding might provide an incentive for dairies to continue participation, especially in times of low milk prices.

Recommendation #22

Sub-committee: Generational Succession and Transition

Submitted by: Ryan Klussendorf

Support reimplementaion with modifications

This law authorizes Beginning Farmer and Farm Asset Owner tax credits in Wisconsin. The Beginning Farmer credit is equal to the amount paid by the beginning farmer to enroll in a financial management program. The maximum credit is \$500 and the credit is available on a one-time basis. The Farm Asset Owner credit is equal to 15 percent of the lease amount received by the established farmer. The established farmer may only claim the credit for the first three years of any lease of the agricultural assets to a beginning farmer.

93.53 Beginning farmer and farm asset owner tax credit eligibility. (1) DEFINITIONS.

In this section: (a) "Agricultural asset" means **Agricultural land**, machinery, equipment, facilities, or livestock that is used in farming. (b) "Beginning farmer" means an individual who meets the conditions specified in sub. (2). (c) "Educational institution" means the Wisconsin Technical College System, the University of Wisconsin

Extension, the University of Wisconsin-Madison, or any other institution that is approved by the

department under sub. (6) (a). (d) "Established farmer" means a person who meets the conditions specified in sub. (3). (e) "Farming" has the meaning given in section 464 (e) (1) of the Internal Revenue Code. (f) "Financial management program" means a course in farm financial management that is offered by an

educational institution. (2) BEGINNING FARMER. An individual is a beginning farmer for the purposes of s. 71.07 (8r), 71.28 (8r),

or 71.47 (8r) if, at the time that the individual submits an application under sub. (4), all of the following

apply: (a) The individual has a net worth of less than **\$500,000**. (b) The individual has farmed for fewer than 10 years out of the preceding 15 years. (c) The individual has entered into a lease for a term of at least 3 years with an established farmer for the use of

the established farmer's agricultural assets by the beginning farmer. (d) The individual uses the leased agricultural assets for farming. (3) ESTABLISHED FARMER. A person is an established farmer for the purposes of s. 71.07 (8r), 71.28 (8r),

or 71.47 (8r) if, at the time that the person submits an application under sub. (4), all of the following

apply: (a) The person has engaged in farming for a total of at least 10 years. (b) The person owns agricultural assets. (c) The person has entered into a lease for a term of at least 3 years with a beginning farmer for the use of the

person's agricultural assets by the beginning farmer. (4) APPLICATIONS. (a) In order for an experienced farmer to claim the farm asset owner tax credit under s. 71.07 (8r) (b) 2., 71.28

(8r), or 71.47 (8r), the experienced farmer and the beginning farmer who is leasing agricultural assets

from the experienced farmer shall each submit an application to the department. (b) An established farmer shall include in the application under this subsection the established farmer's name

and address, information showing that the established farmer satisfies the conditions in specified in sub. (3), a description of the leased agricultural assets and their location, a copy of the lease, 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 in sub. (2). 3. A business plan that includes a current balance sheet and projected balance sheets for 3 years, 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 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 undersub. (6). 6. Any other information required by the department.

Recommendation #23

Sub-committee: Generational Succession and Transition

Submitted by: Dave Daniels

The need is great with average age of farm operators moving towards 60 years old. There is limited numbers of farm business succession facilitators for Wisconsin dairy farms. But the need and the requests for farm business succession education and facilitation continues to increase. The size and scope of farms since the 1980's has increased dramatically. Showing that owner/operators not only need to be production orientated but business savvy.

We recommend that these four entities: the UW-Center of Dairy Profitability, UW-Extension, Wisconsin Department of Trade and Consumer Protection Farm Center and Wisconsin Technical Colleges, all work together to coordinate facilitators around the state to educate and help this segment of farmers in farm succession. This could be accomplished by creating an administrative board that would coordinate these activities across the State. It could also look at tapping into USDA program funding to hire additional facilitators.