

Farm Credit System Associations Serving Wisconsin



2011 Wisconsin Farm Credit System and Associations Conference Issues

Farm Credit—A Sound Financial Lender to Agriculture and Rural Wisconsin

The Farm Credit System is the cooperatively owned lender dedicated to meeting the needs of agriculture and rural America in good times and bad. Access to a permanent, safe, and sound source of credit that is owned and controlled by our patrons is the prime motivator rather than dividends and stock appreciation that motivates potentially disinterested investors.

At the end of 2010, the **four farm credit associations serving farmers and rural residents in Wisconsin** provided credit and various financially related services to almost **21,000 Wisconsin customers**, and had an average daily balance of over **\$4.13 billion in total loans**.

- Farm Credit remains **Financially Strong, and** is subject to **Strong, Independent Regulatory Oversight** of the Farm Credit Administration (FCA)
- Farm Credit is the only government-sponsored enterprise (GSE) with a **Self-Funded Insurance Fund that lowers our borrowing costs which in turn lowers our patrons interest cost.**
- Farm Credit receives **no direct funding from the Federal government which insures local farmer control of the Associations.**

Wisconsin Farm Credit Associations Applaud Legislative Action Creating a Tax Deduction for

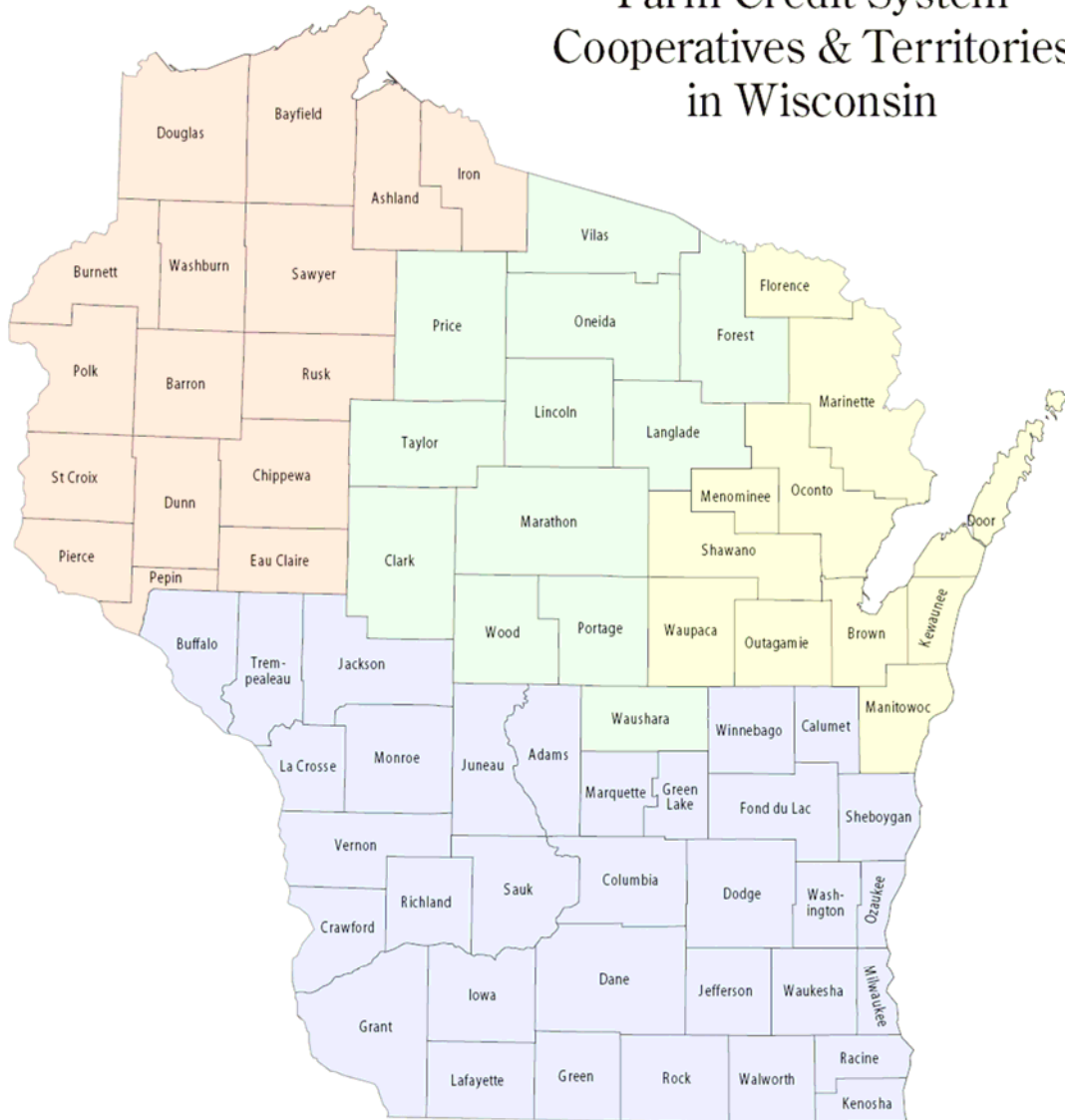
Contributions to Health Savings Accounts: The FCS Associations support the concept of HSAs as many farmers have health insurance policies that contain high deductibles. January, 2011 Special Session Senate Bill (SSSB) 2 adopts, for state income and franchise tax purposes, provisions from the federal Internal Revenue Code that provides that contributions made to an HSA are deductible from the person's income, and that a distribution from an HSA that is used to pay qualified medical expenses is not includible in gross income. The limits for these contributions are, for 2011, \$3,050 for an individual and \$6,150 for a family. SSSB 2 was approved by a 21-12 vote in the Senate and was concurred in by the Assembly by a 66-28 vote. Governor Walker signed it into law January 24 as 2011 Wisconsin Act 1.

Wisconsin Farm Credit Associations Support the Extension of the Dairy & Livestock Farm Modernization

Tax Credit: Assembly Bill 5, authored by Rep. Keith Ripp (R-Lodi) and Senate Bill 9, authored by Sen. Dan Kapanke (R-La Crosse), have been introduced that would add five additional years to the income tax credit for expenses related to modernization of dairy and livestock farms. Each claimant is eligible for \$75,000 "pocket value" on expenditures up to \$750,000. The dairy farm credit has been in place since tax year 2004, and is acknowledged as a primary reason that the Wisconsin dairy industry reversed its downward trend in cow numbers and milk production. More than \$200 million in credits have been claimed for dairy and livestock farm expenditures, representing over \$2 billion in eligible facility and equipment investment. The 2010 Wisconsin Dairy Producer Survey found that investment tax credits were rated the second most important government program by respondents, trailing only use value assessment in importance. Assembly Bill 5 has been recommended by a 14-0 vote of the Assembly Committee and is now in the Joint Committee on Finance. Senate Bill 9 was approved by the Senate on a 19-0 vote after receiving a 7-0 recommendation by the Senate Committee on Agriculture, Forestry and Higher Education. It has been referred to the Assembly Committee on Rules.

Wisconsin Farm Credit Associations Support Legislation that would prohibit budget raids of Segregated Funds: The FCS Associations support Assembly Joint Resolution 11, authored by Rep. Gary Tauchen (R-Bonduel) and Senate Joint Resolution 9, authored by Senator Sheila Harsdorf (R-River Falls) that would amend the constitution to prohibit future Legislatures from using revenues in a state fund or program appropriation account in conflict with the purpose of the fund or account. AJR 11 is in the Assembly Committee on Ways and Means and SJR 9 is in the Senate Committee on Public Health, Human Services, and Revenue. The legislation would have to pass two successive Legislatures and a vote of the people to become part of the state constitution. “Raids” on segregated funds and program revenue accounts have included \$1.6 billion from the Transportation Fund, \$200 million from the Injured Patients Compensation Fund, \$7.4 million from the Agrichemical Management Fund, \$7.6 million from the Agricultural Chemical Cleanup Fund and \$140 million from the utility Public Benefits Fund.

Farm Credit System Cooperatives & Territories in Wisconsin



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