



State of Wisconsin
2015 - 2016 LEGISLATURE

LRB-0281/P1
JK:jld:jf

DOA:.....Quinn, BB0050 - Technical modifications to manufacturing and agriculture credit

FOR 2015-2017 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

This bill makes technical changes to the manufacturing and agriculture tax credit.

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:

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

71.07 (**5n**) (a) 1. a. "Agriculture property factor" means a fraction, the numerator of which is the average value of the claimant's real property and improvements assessed under s. 70.32 (2) (a) 4. to 7., owned or rented and used in

this state by the claimant during the taxable year to produce, grow, or extract qualified production property, and the denominator of which is the average value of all of the claimant's real property and improvements owned or rented during the taxable year and used by the claimant to produce, grow, or extract qualified production property.

SECTION 2. 71.07 (5n) (a) 3. of the statutes is amended to read:

71.07 **(5n)** (a) 3. "Direct costs" includes all of the claimant's ordinary and necessary expenses paid or incurred during the taxable year in carrying on the trade or business that are deductible as business expenses under ~~section 162~~ of the Internal Revenue Code and identified as direct costs in the claimant's managerial or cost accounting records.

SECTION 3. 71.07 (5n) (a) 4. of the statutes is amended to read:

71.07 **(5n)** (a) 4. "Indirect costs" includes all of the claimant's ordinary and necessary expenses paid or incurred during the taxable year in carrying on the trade or business that are deductible as business expenses under ~~section 162~~ of the Internal Revenue Code, other than cost of goods sold and direct costs, and identified as indirect costs in the claimant's managerial or cost accounting records.

SECTION 4. 71.07 (5n) (a) 5. d. of the statutes is created to read:

71.07 **(5n)** (a) 5. d. For purposes of subd. 5. a., a claimant who the department approves to be classified as a manufacturer for purposes of s. 70.995, but who is not eligible to be listed on the department's manufacturing roll until January 1 of the following year, may claim the credit in the year in which the manufacturing classification is approved.

SECTION 5. 71.28 (5n) (a) 1. a. of the statutes is amended to read:

71.28 (5n) (a) 1. a. “Agriculture property factor” means a fraction, the numerator of which is the average value of the claimant’s real property and improvements assessed under s. 70.32 (2) (a) 4. to 7., owned or rented and used in this state by the claimant during the taxable year to produce, grow, or extract qualified production property, and the denominator of which is the average value of all of the claimant’s real property and improvements owned or rented during the taxable year and used by the claimant to produce, grow, or extract qualified production property.

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

71.28 (5n) (a) 3. “Direct costs” includes all of the claimant’s ordinary and necessary expenses paid or incurred during the taxable year in carrying on the trade or business that are deductible as business expenses under ~~section 162~~ of the Internal Revenue Code and identified as direct costs in the claimant’s managerial or cost accounting records.

SECTION 7. 71.28 (5n) (a) 4. of the statutes is amended to read:

71.28 (5n) (a) 4. “Indirect costs” includes all of the claimant’s ordinary and necessary expenses paid or incurred during the taxable year in carrying on the trade or business that are deductible as business expenses under ~~section 162~~ of the Internal Revenue Code, other than cost of goods sold and direct costs, and identified as indirect costs in the claimant’s managerial or cost accounting records.

SECTION 8. 71.28 (5n) (a) 5. d. of the statutes is created to read:

71.28 (5n) (a) 5. d. For purposes of subd. 5. a., a claimant who the department approves to be classified as a manufacturer for purposes of s. 70.995, but who is not eligible to be listed on the department’s manufacturing roll until January 1 of the

following year, may claim the credit in the year in which the manufacturing classification is approved.

SECTION 9337. Initial applicability; Revenue.

(1) MANUFACTURING AND AGRICULTURE CREDIT. The treatment of sections 71.07 (5n) (a) 1. a., 3., 4., and 5. d. and 71.28 (5n) (a) 1. a., 3., 4., and 5. d. of the statutes first applies retroactively to taxable years beginning on January 1, 2013.

SECTION 9437. Effective dates; Revenue.

(1) MANUFACTURING AND AGRICULTURE CREDIT. The treatment of sections 71.07 (5n) (a) 1. a., 3., 4., and 5. d. and 71.28 (5n) (a) 1. a., 3., 4., and 5. d. of the statutes takes effect retroactively to January 1, 2013.

(END)