
AN ACT to amend 71.07 (5n) (d) 2., 71.28 (5n) (d) 2. and 71.28 (5n) (d) 3. a.; and to create 71.07 (5n) (d) 2m. and 71.28 (5n) (d) 2m. of the statutes; relating to: a limitation on the manufacturing component of the manufacturing and agriculture credit, a onetime increase in aids for special education, and making an appropriation.

Analysis by the Legislative Reference Bureau

Currently, a person may claim a tax credit on the basis of the person’s income from manufacturing or agriculture. This bill limits to $300,000 the amount of income from manufacturing that a person may use as the basis for claiming the credit.

The bill also requires the Department of Revenue to estimate the increase in revenue in 2021 that results from the changes made in this bill and directs the secretary of the Department of Administration to apply that amount to aid to school districts for special education for the fiscal year beginning July 1, 2021.

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) (d) 2. of the statutes is amended to read:
71.07 (5n) (d) 2. For purposes of determining a claimant’s eligible qualified production activities income under this subsection, the claimant shall multiply the claimant’s qualified production activities income from property manufactured by the claimant by the manufacturing property factor and qualified production activities income from property produced, grown, or extracted by the claimant by the agriculture property factor.

SECTION 2. 71.07 (5n) (d) 2m. of the statutes is created to read:

71.07 (5n) (d) 2m. For taxable years beginning after December 31, 2019, for purposes of determining a claimant’s eligible qualified production activities income from manufacturing under this subsection, the claimant, including a beneficiary or fiduciary, shall multiply the claimant’s qualified production activities income, not exceeding $300,000, from property manufactured by the claimant by the manufacturing property factor.

SECTION 3. 71.28 (5n) (d) 2. of the statutes is amended to read:

71.28 (5n) (d) 2. Except as provided in subds. 2m. and 3., for purposes of determining a claimant’s eligible qualified production activities income under this subsection, the claimant shall multiply the claimant’s qualified production activities income from property manufactured by the claimant by the manufacturing property factor and qualified production activities income from property produced, grown, or extracted by the claimant by the agriculture property factor.

SECTION 4. 71.28 (5n) (d) 2m. of the statutes is created to read:

71.28 (5n) (d) 2m. Except as provided in subd. 3., for taxable years beginning after December 31, 2019, for purposes of determining a claimant’s eligible qualified production activities income from manufacturing under this subsection, the claimant shall multiply the claimant’s qualified production activities income, not
exceeding $300,000, from property manufactured by the claimant by the manufacturing property factor.

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

71.28 (5n) (d) 3. a. The eligible qualified production activities income determined under subd. 2. or 2m.

**SECTION 6. Nonstatutory provisions.**

(1) **REVENUE FROM MANUFACTURING CREDIT LIMITATION.** In 2021, the department of revenue shall, no earlier than July 1, 2021, and no later than September 1, 2021, estimate the increase in tax revenue as a result of the modification to the manufacturing and agriculture credit under this act and certify that amount to the secretary of administration. In fiscal year 2021-22, the secretary of administration shall credit that amount to the appropriation account under s. 20.255 (2) (b), and shall increase the amount in the schedule under s. 20.005 (3) for that appropriation for that fiscal year by that amount.

(END)