



State of Wisconsin
2025 - 2026 LEGISLATURE

LRB-0637/P1

KP:cdc

DOA:.....Quinn, BB0017 - Manufacturing and agriculture credit limitation

FOR 2025-2027 BUDGET -- NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Manufacturing and agriculture credit limitation

Currently, a person may claim a tax credit on the basis of the person's income from manufacturing or agriculture. A taxpayer may claim a credit equal to 7.5 percent of the income derived either from the sale of tangible personal property manufactured in whole or in part on property in this state that is assessed as manufacturing property or from the sale of tangible personal property produced, grown, or extracted in whole or in part from property in this state assessed as agricultural property. If the amount of the credit exceeds the taxpayer's income tax liability, the taxpayer does not receive a refund, but may apply the balance to the taxpayer's tax liability in subsequent taxable years.

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 does not affect the amount of income from agriculture that may be used as a basis for claiming the 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) (d) 2. of the statutes is renumbered 71.07 (5n) (d) 2. a. and amended to read:

71.07 (5n) (d) 2. a. ~~For~~ Except as provided in subd. 2. b., c., and d., for purposes of determining a claimant's eligible qualified production activities income under this subsection, the claimant shall multiply the claimant's qualified

BILL**SECTION 1**

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. ~~This subdivision does not apply if~~

b. Except as provided in subd. 2. d., if the claimant's entire qualified production activities income results from the sale of tangible personal property that was manufactured, produced, grown, or extracted wholly in this state by the claimant, the claimant's eligible qualified production activities income shall equal the amount of the claimant's qualified production activities income.

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

71.07 **(5n)** (d) 2. c. Except as provided in subd. 2. d., for taxable years beginning after December 31, 2024, 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 3. 71.07 (5n) (d) 2. d. of the statutes is created to read:

71.07 **(5n)** (d) 2. d. For taxable years beginning after December 31, 2024, if a claimant's entire qualified production activities income results from the sale of tangible personal property that was manufactured, produced, grown, or extracted wholly in this state by the claimant, the claimant's eligible qualified production activities income from manufacturing under this subsection shall equal the amount of the claimant's qualified production activities income from property manufactured by the claimant, not exceeding \$300,000.

BILL**SECTION 4**

SECTION 4. 71.28 (5n) (d) 2. of the statutes is renumbered 71.28 (5n) (d) 2. a. and amended to read:

71.28 **(5n)** (d) 2. a. Except as provided in ~~subd.~~ subds. 2. b., c., and d. 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. ~~This subdivision does not apply if~~

b. Except as provided in subds. 2. d. and 3., if the claimant's entire qualified production activities income results from the sale of tangible personal property that was manufactured, produced, grown, or extracted wholly in this state by the claimant, the claimant's eligible qualified production activities income shall equal the amount of the claimant's qualified production activities income.

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

71.28 **(5n)** (d) 2. c. Except as provided in subds. 2. d. and 3., for taxable years beginning after December 31, 2024, 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 6. 71.28 (5n) (d) 2. d. of the statutes is created to read:

71.28 **(5n)** (d) 2. d. Except as provided in subd. 3., for taxable years beginning after December 31, 2024, if a claimant's entire qualified production activities

BILL**SECTION 6**

income results from the sale of tangible personal property that was manufactured, produced, grown, or extracted wholly in this state by the claimant, the claimant's eligible qualified production activities income from manufacturing under this subsection shall equal the amount of the claimant's qualified production activities income from property manufactured by the claimant, not exceeding \$300,000.

(END)