



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #289

### Dairy Manufacturing Facility Tax Credit -- Cooperatives (General Fund Taxes -- Income and Franchise Taxes)

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#### CURRENT LAW

The refundable dairy manufacturing facility investment tax credit is equal to 10% of the amount paid in a tax year by a claimant for modernization or expansion related to the claimant's dairy manufacturing operation. The credit can also be claimed for eligible investments made by dairy cooperatives. As noted, the credit is refundable. If the allowable credit claim exceeds the tax due, the amount not used to offset the tax is paid to the claimant.

The total amount of tax credits that can be claimed is limited to \$700,000 annually for cooperative members, and \$700,000 annually for other entities. The maximum aggregate amount of tax credits that a claimant can claim is \$200,000 per facility.

#### GOVERNOR

Provide \$700,000 GPR annually in the dairy manufacturing facility investment credit; dairy cooperatives sum sufficient appropriation for anticipated tax credit claims.

#### MODIFICATION

Reestimate the sum sufficient appropriation for dairy manufacturing facility investment tax credits claimed by cooperatives to be \$200,000 GPR annually. Compared to the bill, the reestimate would reduce the dairy manufacturing facility credit; dairy cooperatives appropriation by \$500,000 GPR annually.

**Explanation:** The reestimates are based on dairy manufacturing dairy tax credits claimed by cooperatives for 2012 and 2013, which have been less than \$150,000 in each year. In addition, the Department of Agriculture, Trade and Consumer Protection (DATCP) staff indicate that seven of the eight cooperative facilities that have claimed the credit have made

total credit claims that are almost at the \$200,000 per facility maximum credit limitation.

<b>Change to Bill</b>	
Funding	
GPR	- \$1,000,000

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