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**Manufacturing and
Agriculture Tax Credit**

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Manufacturing and Agriculture Tax Credit

The manufacturing and agriculture tax credit (MAC) is intended to enhance the competitiveness of the manufacturing and agriculture sectors in Wisconsin and to incent businesses to locate their manufacturing and agriculture property in the state. Both sectors are key industries in terms of employment and production in Wisconsin.

The manufacturing sector in Wisconsin generally employs more workers and contributes more to gross domestic product (GDP) relative to other states. According to the U.S. Bureau of Economic Analysis (BEA), manufacturing accounted for more than 19% of state GDP in 2021. For comparison, manufacturing accounted for 12% of U.S. GDP in 2021. In terms of overall GDP, Wisconsin's manufacturing sector was the 10th largest in 2021 (\$69.3 billion), according to the BEA.

Manufacturing employment levels in Wisconsin are similarly larger than average. According to the Bureau of Labor Statistics (BLS) quarterly census of employment and wages, manufacturing employment accounted for approximately 19% of average annual total employment in Wisconsin and 22% of total annual wages, compared to 10% and 11%, respectively, nationally. Wisconsin is second only to Indiana both in terms of the concentration of manufacturing employment (20%) and wages (25%) in the United States.

Wisconsin's agricultural industry likewise contributes larger than most other states to economic output. According to the United States Department of Agriculture (USDA), in 2021, Wisconsin was the tenth largest agricultural producing state, as measured by state receipts for all commodities (\$12.9 billion), comprising 3.0% of total U.S. receipts. In terms of net value added, the contribution of Wisconsin's agricultural sector to the production of goods and services in the U.S. economy in 2021 (\$6.2 billion) was the eleventh

highest, accounting for 3.0% of U.S. net value added by agriculture.

The MAC offsets a significant share of Wisconsin income and franchise tax liability from manufacturing and agriculture activity. The credit is equal to 7.5% of a claimant's eligible qualified production activities income (QPAI). For 2021-22, the revenue reduction from the MAC is estimated at \$411.5 million, which is approximately 2.0% of overall general fund tax revenues collected in that year.

This paper provides: (a) background information on the historical development of the MAC; (b) an explanation of effective tax rates for MAC claimants; (c) a description of how the MAC is computed; (d) a description of how the MAC is claimed; (e) data on the claim and use of the MAC by taxpayers; (f) the estimated fiscal effect by component of the MAC; and (g) a discussion of tax policy regarding the purposes and effectiveness of the MAC.

Attachments 1 through 5 show the manufacturing portion of the MAC used by individuals in tax years 2016 through 2020 by Wisconsin adjusted gross income (AGI) group, including: (a) the number of individual income tax filers who claimed and used the credit; (b) the amount of credit used; (c) the average amount of credit used by those filers; (d) the total and average Wisconsin AGI of those filers; (e) the aggregate and average net tax of those claimants; and (f) the share of those claimants compared to all persons filing individual income tax returns. Attachments 6 through 10 show the same information, but for the agriculture portion of the MAC. Attachment 11 shows the distribution of corporate MAC claimants by Wisconsin net income class for tax years 2016 through 2019 (the most recent year available).

Historical Development of the MAC

The MAC is based substantially upon a previously available federal deduction for domestic production activities.

Federal law has provided for a variety of export focused policies with the goals of promoting domestic employment and improving the United States' balance of payments. The American Jobs Creation Act of 2004 created the Internal Revenue Code (IRC) Section 199 domestic production activities deduction (Section 199 deduction) as a replacement for certain export tax benefits that were inconsistent with international trade agreements.

The Section 199 deduction was intended to increase domestic investment and employment, improve the competitiveness of manufacturers in global markets, and offset the repeal of tax benefits previously provided for exporters. While Section 199 was formally a deduction, it was designed to act similar to a tax rate reduction for domestic production activities, rather than as a deduction to reflect a business expense. By reducing federal tax liability, the provision was meant to increase cash flow for businesses that could spur domestic investment and employment.

The Section 199 deduction was phased in from 2005 through 2010, and was equal to the lesser of: (a) 9% of a business' QPAI; or (b) taxable income. In other words, for qualifying income, the Section 199 deduction effectively reduced the federal corporate tax rate in 2010 by up to 3.15 percentage points (9% of the then-existing 35% corporate tax rate).

The deduction could not exceed 50% of the total taxable employee wages allocable to domestic production gross receipts paid by the taxpayer during the tax year. The wage limitation ensured that the deduction was available only for businesses paying wages to domestic employees

engaged in domestic production activities.

QPAI was calculated by reducing the taxpayer's domestic production gross receipts by the cost of goods sold and other deductions, expenses, or losses directly allocable to such receipts and a ratable amount of indirect expenses. Income eligible for the Section 199 deduction included income derived from certain production property manufactured, produced, or extracted within the United States, plus certain other income. Although the deduction was centered around the manufacturing sector, as amended by later federal legislation, the types of businesses having QPAI was broadened to include income from various business, such as film production, construction of real property, software development, and engineering and architectural services.

The Section 199 deduction for domestic production activities was adopted for state income and franchise tax purposes under provisions of 2005 Act 25. However, the deduction was later repealed, pursuant to 2009 Act 28. As a result, the state deduction was only in effect for tax years 2005 through 2008.

Subsequently, 2011 Act 32 created a new state credit for domestic production activities. The credit has been amended several times to its current form, including changing the name of the credit to the manufacturing and agriculture tax credit in order to better reflect the activities eligible for the state credit, as compared to those qualifying under the broader federal Section 199 deduction.

Ultimately, the Section 199 deduction was repealed by the federal Tax Cuts and Jobs Act of 2017 (TCJA) for tax years beginning after December 31, 2017. In part, the deduction was repealed because the TCJA made U.S. corporate taxes more internationally competitive by lowering the federal corporate income tax rate from 35% to 21% and eliminating the corporate alternative minimum tax.

Effective Tax Rates under the MAC

The MAC can be used under the corporate income/franchise tax and the individual income tax. Under both taxes, the MAC equals 7.5% of the claimant's eligible QPAI derived from Wisconsin property that is assessed as manufacturing or agricultural under state property tax law. The tax credit is nonrefundable. The current credit percentage of 7.5% took effect in tax year 2016 and was phased in over a four-year period beginning in tax year 2013. The credit percentage was equal to: (a) 1.875% for tax year 2013; (b) 3.75% for 2014; and (c) 5.025% for 2015.

The MAC is designed to provide tax relief in proportion to the amount of the claimant's manufacturing and agricultural property that is located in Wisconsin. For example, if half of the property a claimant owns or uses in manufacturing activities is located in Wisconsin, then the MAC would be equal to 7.5% of half of the claimant's eligible QPAI.

As discussed, the MAC is structured so as to reduce the rate of tax applied to QPAI. Assuming all of a corporation's income is derived from manufacturing and agriculture property located in Wisconsin, the MAC has the effect of reducing the statutory corporate tax rate of 7.9% to an effective rate of 0.4% on the corporation's taxable income ($7.9\% - 7.5\% = 0.4\%$).

For individual filers, the individual income tax

rate and bracket structure allows the MAC computed to be greater than the effective tax rate for QPAI. For example, for a married taxpayer filing jointly with their spouse filing under the individual income tax in tax year 2022, the MAC could eliminate all income tax liability on up to \$6.1 million of taxable income, assuming all of the taxpayer's income was derived from manufacturing or agriculture activities; after which an effective tax rate of 0.15% would apply ($7.65\% - 7.5\% = 0.15\%$).

As shown in Table 1, the MAC percentage exceeds the tax rates in the first three income brackets. As a result, the MAC computed exceeds the tax computed in each of the first three brackets. This "excess" MAC reduces tax liability for the next \$5,768,000 of taxable income in the top bracket (because \$8,652 is equal to \$5,768,000 of taxable income at an effective tax rate of 0.15%) up to \$6,142,600 of taxable income. Note that the MAC would only apply to eligible manufacturing or agricultural income and not to other sources of income.

Computation of the MAC

Table 2 shows how the MAC is computed. To determine "eligible qualified production activities income" to which the credit rate applies, QPAI is first calculated. QPAI is defined as production gross receipts reduced by: (a) the cost of goods sold; (b) direct costs; and (c) indirect costs as

Table 1: MAC Earned on QPAI at Three Lowest Taxable Individual Income Tax Brackets for Married-Joint Filers, Tax Year 2022

<u>Taxable Income</u>		<u>Rate</u>	<u>Gross tax Liability</u>	<u>MAC Rate</u>	<u>MAC Earned in Bracket</u>
Less than	\$17,010	3.54%	\$602	7.5%	\$1,276
\$17,010 to	34,030	4.65	791	7.5	1,276
34,030 to	374,600	5.30	<u>18,050</u>	7.5	<u>25,543</u>
			\$19,443		\$28,095

MAC in Excess of Gross Tax Liability = \$8,652

multiplied by a gross receipts factor.

"Production gross receipts" are gross receipts from the lease, rental, license, sale, exchange, or other disposition of "qualified production property," as well as crop insurance proceeds included in federal adjusted gross income received as a result of the destruction of crops. "Qualified production property" means either of the following: (a) tangible personal property manufactured in whole, or in part, by the claimant on property that is assessed as manufacturing property under state property tax law; or (b) tangible personal property produced, grown, or extracted in whole, or in part, by the claimant on, or from, property that is assessed as Wisconsin agricultural property.

The cost of goods sold is the production cost associated with the production gross receipts. Direct and indirect costs are those associated with the production gross receipts, including all ordinary and necessary expenses paid or incurred during the taxable year to carry on a trade or business that are deductible as a business expense and are identified as direct or indirect costs in managerial or cost accounting records.

"Production gross receipts factor" means a fraction, the numerator of which is "production gross receipts" and the denominator of which is all income from whatever source, except those items excluded under state law (or federal law that is

adopted for state purposes). The denominator includes the following as income prior to apportioning income to Wisconsin: (a) sales; (b) gross dividends; (c) gross interest income; (d) gross rents; (e) gross royalties; (f) the gross sales price from the disposition of capital assets and business assets; (g) gross income from pass-through entities; and (h) all other gross receipts that are included in income.

QPAI does not include: (a) income from film production; (b) income from producing, transmitting, or distributing electricity, natural gas, or potable water; (c) income from constructing real property; (d) income from engineering or architectural services performed with respect to constructing real property; (e) income from the sale of food and beverages prepared by the claimant at a retail establishment; or (f) income from the lease, rental, license, sale, exchange, or other disposition of land.

QPAI is modified to determine eligible qualified production activities income. Specifically, the claimant is required to multiply the qualified production activities income from property manufactured by the claimant by the manufacturing property factor, and the qualified production activities income from property produced, grown, or extracted by the claimant by the agriculture property factor.

Table 2: Computing the Manufacturing and Agriculture Tax Credit

$$\text{MAC} = 7.5\% \times (\text{eligible QPAI})$$

Where

- Eligible QPAI = (property factor) x (QPAI)
- Property Factor = $\frac{\text{average value of claimant's property owned or used in WI assessed as manufacturing [or agriculture]}}{\text{average value of all of claimant's real and personal property used for manufacturing [or agriculture]}}$
- QPAI = (production gross receipts) - (costs of goods sold) - (direct costs of receipts) - (indirect costs x production gross receipts factor)
- Production Gross Receipts Factor = $\frac{\text{production gross receipts}}{\text{gross income from all sources not excluded under WI or federal law}}$

The "manufacturing property factor" is calculated as a fraction. The numerator is the average value of the claimant's real and personal property "assessed as" manufacturing property that is owned or rented and used in Wisconsin by the claimant during the tax year to manufacture qualified production property. The denominator is the average value of all the claimant's real and personal property owned or rented during the tax year and used by the claimant to manufacture qualified production property. Due to state exemptions from personal property and real property taxes, it would appear that the numerator can never be as large as the denominator (and hence would never allow for 100% eligible QPAI). However, according to the Department of Revenue (DOR), "assessed as" manufacturing property for purposes of the real and personal property taxes means that the property has been classified as manufacturing whether or not a tax exemption applies. Therefore, DOR indicates that the numerator includes the value of exempt real and personal property.

The "agriculture property factor" is calculated in a similar manner based on the claimant's agricultural property.

Claiming the MAC

The MAC must be claimed within four years of the unextended due date of the claimant's tax return. For most individuals and other calendar year filers, that generally would be four years after the 15th of April following the year to which the claim relates (so for tax year 2023 the credit must be claimed on or before April 15, 2028). Similarly, for corporations, the return for the tax year is due the 15th day of the fourth month following the close of the tax year. However, a corporate tax year may either be the calendar year or the corporation's fiscal year, and so a timely MAC claim could be made in a different month than April. For example, for a corporation having a 2023 tax year

beginning July 1, 2023, and ending June 30, 2024, the claim would need to be made on or before October 15, 2028.

There is no maximum amount of MAC a taxpayer may claim. However, because the MAC is nonrefundable and is computed with respect to eligible QPAI, the maximum amount of credit is necessarily limited by the gross amount of tax applicable to the manufacturing or agricultural business operations that were used to compute the MAC.

For business owners that file under the individual income tax, the MAC may only be used to offset tax imposed on eligible manufacturing or agricultural income. It cannot be used to offset the tax on other sources of income earned by the claimant. In addition, the amount of income on which the MAC is calculated must be reduced by the amount of QPAI that is claimed under the credit for taxes paid to another state, so the same income cannot be used to compute the two different tax credits.

Pass-through entities, such as partnerships, limited liability companies (LLCs), and tax-option (S) corporations, may not claim the MAC. Instead, the credit computed by those entities can pass through to these entities' respective partners, members, or shareholders based on the amount of QPAI generated by the pass-through entities. However, partnerships, LLCs, and S corporations that elect to be taxed at the entity level may not claim the MAC (and neither may the owners). Trusts and estates may pass the credit through to their beneficiaries based on the income allocable to each. Insurance companies cannot claim the credit.

For corporations, the amount of eligible QPAI that can be claimed in computing the credit is the lesser of: (a) the eligible QPAI determined under the MAC provisions; (b) income apportioned or allocated to Wisconsin; or (c) income determined as taxable under state combined reporting provisions. The MAC can only be used to offset the net

tax of the corporation that generated the credit. The MAC cannot be shared with other members of a combined group. Unlike individual filers, C corporations may compute and use the MAC to reduce tax liability without respect to the source of taxable income.

Current law generally requires state business tax credits to be added to income in the tax year for which they are computed, regardless of whether or not the credit is used. However, the MAC is based on the eligible QPAI of the claimant for that year and hence presents a circular reference for purposes of computing the addition. To address this issue, the claimant is required to include the current tax year's MAC claimed in their income in the following tax year.

Data on Claim and Use of the MAC by Taxpayers

Individual Income Tax

Aggregate data from individual income tax returns can be compiled to show the income distribution of individual claimants that use the MAC. As shown in Attachment 5, for tax year 2020, the average used manufacturing credit was \$44,938, compared to an average net tax of \$36,065. For tax year 2020, Attachment 10 shows that the average used agriculture credit was \$3,511, compared to an average net tax of \$3,851.

The manufacturing portion of the MAC is more heavily used by higher income claimants than the agricultural portion. Individual claimants having income of \$1 million or more represented 18.8% of all individual filers that used the manufacturing portion of the MAC in tax year 2020. They used \$219.5 million, representing 84.8% of the amount used, at an average claim of \$203,220. By contrast, based on data that is not suppressed, individual claimants having income of more than

\$1 million represented 1.1% of all individual filers that used the agriculture portion of the MAC in tax year 2020. They used \$2.8 million, representing 17.1% of the amount used, at an average claim of \$56,938.

Note that the income groups shown in the attachments consist of different sets of individuals, depending on income gains or losses, in each year. Thus, the counts shown for a particular income group will not consist of the same individuals compared across different tax years. In addition, some individual filers claimed both the manufacturing and agricultural components of the credit in the same tax year.

Considering the combined effects of the manufacturing and the agricultural portions of the credit, for tax year 2020, there were 10,340 individual filers that claimed and used the MAC for a total credit amount of \$275.4 million. These individuals had a total net tax of \$220.8 million.

Corporate Income/Franchise Tax

Attachment 11 shows the distribution of corporate MAC claimants by Wisconsin net income class for tax years 2016 through 2019 (the most recent year available). The data is from aggregate statistics of tax filing data provided by DOR and shows the following data for MAC claimants: (a) total Wisconsin income; (b) the manufacturing portion of the MAC used; (c) the agriculture portion of the MAC used; (d) gross tax liability after MAC used; and (e) net tax liability.

As shown in Attachment 11, in tax year 2019, 538 corporate tax filers used the MAC for a total of \$92.2 million manufacturing MAC and \$1.1 million agriculture MAC. The average amount used in tax year 2019 was \$173,410 and the average net tax for MAC claimants was \$47,258.

Attachment 11 shows that the majority of MAC used is attributable to a relatively small number of corporations in the largest net income

categories. In particular, for tax year 2019, 72.8% of the amount of manufacturing MAC used was by 6.1% of the corporate filers using the credit. These corporations used an average manufacturing MAC of \$2,034,064 and had an average net tax of \$534,339.

The income categories shown in Attachment 11 do not directly translate into the size of corporations since, for example, a very large corporation which suffered a loss could have no taxable income in the year of the loss, or in succeeding years, if the loss was carried forward. Further, combined reports are shown on the member level, such that each member claiming the MAC on a combined tax return is shown as a separate entity (by law, they cannot share the credit with another member).

Unused Credits Carried Forward

While the preceding section discussed the amount of MAC used to offset state income and franchise tax liability, a portion of the amount claimed can exceed the tax liability of a claimant in a given tax year. Similar to other state nonrefundable business tax credits, MAC amounts that were claimed but not used to offset tax liability can be carried forward to be used over the next 15 tax years.

Table 3 shows that, based on DOR aggregate statistics tax for tax years 2013 through 2019, MAC claimants carried forward \$292.1 million in unused MAC into tax year 2019 (the most recent year available for corporate income/franchise tax). Based on usage in tax year 2019, claimants carried forward \$282.8 million unused MAC into tax year 2020.

It is unclear to what extent this large and growing stock of unused MAC carried forward is essentially unusable. As discussed above, the MAC is based on a prior federal deduction designed to effectively lower the tax rate on QPAI by offsetting income earned in a particular year.

Table 3: MAC Carryover, Tax Years 2013-2019 Individual and Corporate Filers (\$ in Millions)

	Agriculture	Manufacturing	Total
2013	\$0.5	\$9.1	\$9.6
2014	0.9	12.3	13.2
2015	1.3	51.0	52.3
2016	17.6	112.4	130.0
2017	41.7	155.0	196.7
2018	47.8	244.3	292.1
2019	53.3	229.5	282.8

Source: DOR Aggregate Statistics

Under current law, the MAC will likewise lower the rate in subsequent years. As a result, a claimant's QPAI will always be reduced by the current year's MAC, leaving little remaining QPAI to which carried forward MAC could apply. For example, as stated above, an individual claimant deriving all of their income from manufacturing in Wisconsin would need QPAI exceeding \$6.1 million in tax year 2022 in order to use any MAC carried forward. Further, the ability to use carryforward is restricted because, for QPAI above \$6.1 million, the effective tax rate of only 0.15% would apply after accounting for the use of MAC earned in the current tax year.

Estimated Fiscal Effect by Component of the MAC

Unlike business deductions and other nonrefundable business tax credits, the MAC is not limited by a claimant's business expenses or other categories of spending. As a result, the use of the MAC has grown substantially since it was created and phased-in over tax years 2013 through 2016, and has grown thereafter as net income from manufacturing and agricultural activity has grown.

Table 4 shows the estimated revenue reduction from the MAC from 2012-13 through 2021-22

Table 4: Estimated Fiscal Effect by Component of the MAC (in Millions)

	<u>Corporate Tax</u>		<u>Individual Income Tax</u>		<u>Combined State Tax Reduction</u>		
	<u>Manufacturing</u>	<u>Agriculture</u>	<u>Manufacturing</u>	<u>Agriculture</u>	<u>Manufacturing</u>	<u>Agriculture</u>	<u>Total</u>
2012-13	\$4.0	\$0.2	\$9.2	\$2.3	\$13.2	\$2.5	\$15.7
2013-14	21.4	0.8	49.1	10.5	70.5	11.3	81.8
2014-15	40.1	1.1	97.2	14.0	137.3	15.1	152.4
2015-16	53.1	1.0	143.5	13.9	196.6	14.9	211.5
2016-17	64.2	0.6	188.8	13.4	253.0	14.0	267.0
2017-18	72.8	0.9	213.5	12.6	286.3	13.5	299.8
2018-19	85.8	1.0	246.6	11.3	332.4	12.3	344.7
2019-20	84.2	1.0	236.3	13.7	320.5	14.7	335.2
2020-21	110.8	1.3	251.4	16.0	362.2	17.3	379.5
2021-22	122.2	1.4	271.2	16.7	393.4	18.1	411.5

split between the manufacturing and agricultural portion of the credit under both the corporate income/franchise tax and the individual income tax. The current estimates are primarily based on the following information from DOR: (a) aggregate individual income tax statistics for tax years 2013 through 2020; and (b) aggregate corporate income/franchise tax statistics for tax years 2013 through 2019.

Over the ten-year period shown in Table 4, the manufacturing portion of the credit accounts for 95% of the estimated revenue reduction and the agricultural portion accounts for 5%. Approximately 73% of the credit is estimated to be claimed under the individual income tax and 27% under the corporate tax.

As previously noted, the estimated revenue reductions due to the MAC were estimated based on available data to date from state tax returns. As additional income and franchise tax return data becomes available, the estimates shown in Table 4 may change.

Policy Considerations

Several modifications and reforms to the MAC have been proposed since its inception. For

example, 2019 Act 167 expanded the MAC to include crop insurance proceeds in QPAI, so as to not disadvantage farmers receiving payments whose crops have been destroyed compared to farmers who could use the credit against the income from successfully harvesting and selling their crop. As another example, Governor Evers initially proposed as part of the 2019-21 and 2021-23 biennial budget bills to limit the use of the manufacturing MAC by higher-income individuals and corporations. The Governor's provision would have limited the amount of QPAI from manufacturing activities a claimant may use to compute the MAC to no more than \$300,000, thereby providing for an effective maximum MAC claim of \$22,500. The provision was ultimately removed during the deliberations on both budget bills.

A discussion of policy considerations and other proposals to modify the MAC are discussed below.

Critics of the MAC argue that it is necessary to limit the amount of MAC claims. This includes limiting the amount of QPAI a claimant may use to compute the MAC or otherwise linking the MAC to some percentage of the taxable wages paid by the taxpayer (such as the federal Section 199 deduction on which the MAC was based).

In favor of such limits, critics argue that the fiscal effect of the MAC is quite large, and that this

foregone revenue detracts from spending on other economic development programs. As shown in Table 4, the cost of the MAC has grown substantially since its inception, and is estimated at \$411.5 million in 2021-22. This amount represents approximately 2.0% of overall general fund tax revenues collected in 2021-22. Assuming that a similar amount of revenue could have been available in the absence of the MAC, these revenues could have been used in other ways to develop the economy, such as by lowering tax rates for all businesses or by funding programs that improve the quality of the state's workforce, education, and public infrastructure.

Further, critics question the cost effectiveness of the credit for job creation. Since there is no requirement to create or retain jobs in order to compute or claim the credit, such information is not reported to DOR, or other state agencies, in connection with the use of the credit. For that reason, no evidence directly and explicitly links the creation of any particular job, wage increase, or investment to the use of the MAC. Instead, some claimants may use the enhanced cash flow from the MAC to increase dividends, retain earnings, or invest in automation rather than creating or retaining jobs. Thus, even if the MAC incents investment in Wisconsin manufacturing or agricultural property, this increased investment may not necessarily enhance job creation. Because it is difficult to collect direct evidence quantifying the effectiveness of the credit, it is unclear what proportion of the estimated cost of MAC is captured as a windfall by manufacturers or farmers who do not require additional incentives to produce in the state.

On the other hand, proponents of the MAC argue that the credit should be maintained without a limitation on claims. They argue that large firms employ more workers and invest more into the local economy, and so it is not problematic to provide for larger benefits based on QPAI without limitation. Similar to the federal Section 199 deduction discussed above, the MAC is intended to

increase cash flow and spur investment and employment in qualified activities by making Wisconsin-based manufacturers and agricultural producers more competitive in the global marketplace over the long term. A lower effective tax rate tends to incent manufacturers and farmers to locate their property in Wisconsin rather than in another state, including larger firms that employ large numbers of workers.

Proponents also argue that the cost of the MAC is justified because manufacturing not only provides relatively well-paying, stable employment for workers, but also generates positive externalities in the local economy. This includes inducing new jobs by the manufacturer spending in the local economy (such as via supply chain purchases for various inputs) and by creating local jobs whereby the manufacturer's employees spend their higher wages at local businesses. Providing larger firms with unlimited MAC arguably provides more benefits to the state economy over the long term, compared to an MAC with limitations on claims.

Proponents of the MAC point out that targeting the manufacturing and agricultural sectors for tax benefits, as opposed to business more generally, makes economic sense because manufacturers and farmers sell tradable goods across state lines. These sectors are more likely to reach larger economies of scale, be more productive, and bring money into the local economy from sales into a larger interstate/international market. Such firms are more likely to compete with firms outside the state, rather than compete solely with local firms, and thus the gains from assisting these sectors may come from improved national or international market share, as opposed to from disadvantaging other local employers. For this reason, proponents argue that the MAC has a heightened impact on creating both induced and indirect jobs since the jobs gained are not offset by jobs lost at in-state competitors.

Other proposals would repeal the MAC in favor of broad-based tax reductions or other

economic development programs. Critics of the MAC offer these proposals for several reasons.

First, nonrefundable tax credits offer little or no benefit to companies that most need assistance. Marginally profitable or break-even firms typically have low effective marginal tax rates, and insufficient taxable income or tax liability to utilize nonrefundable tax credits. Indeed, according to DOR, 107 corporate MAC claimants had \$0 or less of net income in tax year 2019 and could not use the MAC. Thus, the MAC provides the least amount of tax benefit to marginally profitable or break-even firms exactly when they are most likely to consider a new venture, layoff employees, or close a plant. For example, an unprofitable dairy farm cannot benefit from the nonrefundable MAC if there is no net income tax liability to offset. Likewise, a startup company is more likely to have low initial revenues relative to its costs and is unlikely to utilize a nonrefundable tax credit during its startup phase. More profitable companies, on the other hand, benefit from the MAC to a greater extent than less profitable businesses without regard to the number of workers they employ because the credit is computed as a proportion of QPAI and not based on relative gains in wages or jobs. The characteristic of providing greater benefits to more profitable firms lessens the cost effectiveness of the MAC in retaining or creating jobs or increasing wages.

Proponents counter that the MAC is designed to improve the competitiveness of the manufacturing and agriculture sectors over the long term by lowering the effective income and franchise tax rates. The MAC is not a transactional credit designed to create any one particular project or job. Instead, proponents argue that lower tax rates over the long term will spur investment, economic growth, and overall employment in the state. Thus, while a particular company may not require the credit in a particular year to maintain their employment in the state, over many years, it may cause that company to invest in Wisconsin and

employ more workers than it otherwise would have.

Second, critics also argue that the MAC inequitably provides large tax benefits for high-income tax filers (vertical inequity). As discussed above, after applying the MAC, the owners of a manufacturing company may need to earn more than \$6.1 million of QPAI from the business prior to owing any individual income tax on manufacturing income, after which the owner would be taxed only at an effective tax rate of up to 0.15%. By contrast, based on aggregate 2020 tax filing statistics from DOR by Wisconsin AGI, a single worker at that factory with AGI between \$30,000 and \$40,000 annually would have had an average net tax liability of \$954.

Proponents counter that even accounting for MAC claims, manufacturing business owners pay a substantial amount of income and franchise tax. For example, Attachment 5 shows that the 20 individual manufacturing MAC claimants in the highest Wisconsin AGI group had a combined net tax of \$80.7 million for tax year 2020 (which adjusts for all nonrefundable credits claimed and used, but not refundable tax credits). Further, in addition to income tax, these business owners paid other taxes to which the MAC does not apply. For example, based on tax return data, DOR estimates that those 20 filers with AGI above \$30 million employed 31,356 workers with collective payrolls of \$1,192.2 million, and withheld state income taxes for those workers in the amount of \$60.4 million in 2020. This estimate reflects all employees (not only those involved in manufacturing or agricultural activities) reported by business entities that generated any MAC, prorated by share of ownership for these filers.

Finally, critics argue that the MAC is economically inefficient because it inequitably treats similarly situated companies differently (horizontal inequity). By design, the beneficial treatment afforded by the MAC to income from manufacturing and agriculture encourages more investment in

those activities and less in nonqualified activities, such as services and retail, which are taxed at a higher rate. As a result, the MAC distorts the return between different investments, even for those whose marginal return it improves. Other sectors also compete in national and international markets, such as finance, information technology, and life sciences. Therefore, providing tax benefits to manufacturing and agriculture sectors under the MAC may reduce the incentive to invest into other high value, strategically important sectors of the economy that compete in national and international markets.

On the other hand, Wisconsin's manufacturing and agriculture sectors employ more workers and contribute more to GDP relative to other states. Proponents argue that focusing on these sectors via the MAC makes sense given the outsized im-

pact they have for the Wisconsin economy. Further, given its size, manufacturing is an important driver of innovation in the state. According to the 2020 Business Enterprise Research and Development Survey by the National Center for Science and Engineering Statistics, of the research and development paid for and performed by private companies in 2019, companies in the manufacturing industry performed 58% (\$248.1 billion) nationwide and 67% in Wisconsin (\$3.8 billion). Both the firms engaging in the research and development and the businesses that use those innovations benefit from the growth in productivity in the local economy. Targeting the manufacturing sector for economic development via the MAC, it is argued, also boosts long-term productivity in a number of sectors and helps to attract or retain well-educated, highly compensated engineers and researchers.

ATTACHMENT 1

Distribution of Claimed and Used MAC, Wisconsin AGI, and Net Tax Under the Individual Income Tax for Tax Year 2016 (Manufacturing Claimants Only)

<u>Wisconsin Adjusted Gross Income</u>	<u>Count</u>	<u>Percent of Count</u>	<u>Total Manufacturing MAC</u>	<u>Percent of Amount</u>	<u>Average Manufacturing MAC</u>	<u>Total Wisconsin AGI</u>	<u>Average Wisconsin AGI</u>	<u>Total Net Tax</u>	<u>Average Net Tax</u>	<u>Claimants as a Share of All Filers</u>
Under \$5,000	160	2.6%	\$26,000	<0.1%	\$163	\$420,000	\$2,625	\$2,000	\$13	0.005%
5,000 to 10,000	150	2.4	58,000	<0.1	387	1,124,000	7,493	7,000	47	0.005
10,000 to 15,000	60	1.0	35,000	<0.1	583	802,000	13,367	13,000	217	0.002
15,000 to 20,000	60	1.0	51,000	<0.1	850	1,112,000	18,533	10,000	167	0.002
20,000 to 25,000	60	1.0	50,000	<0.1	833	1,396,000	23,267	16,000	267	0.002
25,000 to 30,000	50	0.8	45,000	<0.1	900	1,434,000	28,680	15,000	300	0.002
30,000 to 40,000	150	2.4	115,000	0.1	767	5,131,000	34,207	47,000	313	0.005
40,000 to 50,000	140	2.2	167,000	0.1	1,193	6,289,000	44,921	77,000	550	0.005
50,000 to 60,000	130	2.1	157,000	0.1	1,208	7,047,000	54,208	122,000	938	0.004
60,000 to 70,000	130	2.1	159,000	0.1	1,223	8,196,000	63,046	189,000	1,454	0.004
70,000 to 80,000	110	1.8	156,000	0.1	1,418	7,949,000	72,264	189,000	1,718	0.004
80,000 to 90,000	120	1.9	190,000	0.1	1,583	10,103,000	84,192	277,000	2,308	0.004
90,000 to 100,000	140	2.2	266,000	0.1	1,900	13,320,000	95,143	385,000	2,750	0.005
100,000 to 125,000	310	5.0	764,000	0.4	2,465	33,992,000	109,652	937,000	3,023	0.010
125,000 to 150,000	310	5.0	934,000	0.5	3,013	43,228,000	139,445	1,255,000	4,048	0.010
150,000 to 200,000	560	9.0	2,156,000	1.1	3,850	96,812,000	172,879	2,956,000	5,279	0.018
200,000 to 250,000	430	6.9	2,442,000	1.3	5,679	96,408,000	224,205	2,795,000	6,500	0.014
250,000 to 300,000	310	5.0	2,090,000	1.1	6,742	85,216,000	274,890	2,545,000	8,210	0.010
300,000 to 500,000	820	13.1	9,634,000	5.0	11,749	317,613,000	387,333	9,281,000	11,318	0.027
500,000 to 1,000,000	950	15.2	22,394,000	11.5	23,573	665,726,000	700,764	18,624,000	19,604	0.031
1,000,000 to 2,000,000	570	9.1	29,309,000	15.1	51,419	802,403,000	1,407,725	22,419,000	39,332	0.019
2,000,000 to 3,000,000	190	3.0	18,133,000	9.3	95,437	469,913,000	2,473,226	11,763,000	61,911	0.006
3,000,000 to 4,000,000	90	1.4	11,018,000	5.7	122,422	295,330,000	3,281,444	7,092,000	78,800	0.003
4,000,000 to 5,000,000	80	1.3	12,952,000	6.7	161,900	336,184,000	4,202,300	7,519,000	93,988	0.003
5,000,000 to 10,000,000	110	1.8	28,257,000	14.6	256,882	764,650,000	6,951,364	18,979,000	172,536	0.004
10,000,000 to 15,000,000	30	0.5	11,847,000	6.1	394,900	300,048,000	10,001,600	5,676,000	189,200	0.001
15,000,000 to 30,000,000	20	0.3	15,498,000	8.0	774,900	438,866,000	21,943,300	8,911,000	445,550	0.001
30,000,000 and over	<u>10</u>	<u>0.2</u>	<u>25,273,000</u>	<u>13.0</u>	<u>2,527,300</u>	<u>1,238,982,000</u>	<u>123,898,200</u>	<u>32,479,000</u>	<u>3,247,900</u>	<u><0.001</u>
Total	6,250	100.0%	\$194,176,000	100.0%	\$31,068	\$6,049,694,000	\$967,951	\$154,580,000	\$24,733	0.206%

Source: Department of Revenue Aggregate Statistics.

- Individual claimants having income of less than \$1.0 million represented 82.4% of all individual filers that used the manufacturing portion of the MAC year 2016. They used \$41.9 million, representing 21.6% of the amount claimed, at an average claim of \$8,134. The net tax of those claimants was \$39.7 million, and the average net tax owed was \$7,717.

- Individual claimants having income of \$1.0 million or more represented 17.6% of all individual filers that used the manufacturing portion of the MAC in tax year 2016. They used \$152.3 million, representing 78.4% of the amount claimed, at an average claim of \$138,443. The net tax of those claimants was \$144.8 million, and the average net tax owed was \$104,398.

- To protect taxpayer confidentiality, counts have been rounded to the nearest 10 and some data has been suppressed. All amounts have been rounded to the nearest \$1,000.

ATTACHMENT 2

Distribution of Claimed and Used MAC, Wisconsin AGI, and Net Tax Under the Individual Income Tax for Tax Year 2017 (Manufacturing Claimants Only)

Wisconsin Adjusted Gross Income	Count	Percent of Count	Total Manufacturing MAC	Percent of Amount	Average Manufacturing MAC	Total Wisconsin AGI	Average Wisconsin AGI	Total Net Tax	Average Net Tax	Claimants as a Share of All Filers
Under \$5,000	230	3.7%	\$42,000	<0.1%	\$183	\$512,000	\$2,226	\$2,000	\$9	0.008%
5,000 to 10,000	130	2.1	47,000	<0.1	362	914,000	7,031	2,000	15	0.004
10,000 to 15,000	70	1.1	36,000	<0.1	514	898,000	12,829	9,000	129	0.002
15,000 to 20,000	90	1.4	75,000	<0.1	833	1,557,000	17,300	12,000	133	0.003
20,000 to 25,000	50	0.8	42,000	<0.1	840	1,145,000	22,900	5,000	100	0.002
25,000 to 30,000	50	0.8	42,000	<0.1	840	1,485,000	29,700	12,000	240	0.002
30,000 to 40,000	130	2.1	103,000	<0.1	792	4,434,000	34,108	35,000	269	0.004
40,000 to 50,000	150	2.4	171,000	0.1	1,140	6,585,000	43,900	92,000	613	0.005
50,000 to 60,000	120	1.9	166,000	0.1	1,383	6,782,000	56,517	119,000	992	0.004
60,000 to 70,000	110	1.8	166,000	0.1	1,509	6,973,000	63,391	138,000	1,255	0.004
70,000 to 80,000	110	1.8	156,000	0.1	1,418	8,468,000	76,982	240,000	2,182	0.004
80,000 to 90,000	120	1.9	236,000	0.1	1,967	10,055,000	83,792	255,000	2,125	0.004
90,000 to 100,000	130	2.1	282,000	0.1	2,169	12,196,000	93,815	312,000	2,400	0.004
100,000 to 125,000	320	5.1	785,000	0.4	2,453	35,996,000	112,488	1,026,000	3,206	0.010
125,000 to 150,000	330	5.3	1,046,000	0.5	3,170	44,952,000	136,218	1,317,000	3,991	0.011
150,000 to 200,000	540	8.7	2,086,000	1.0	3,863	93,637,000	173,402	2,860,000	5,296	0.018
200,000 to 250,000	420	6.7	2,253,000	1.1	5,364	93,854,000	223,462	2,784,000	6,629	0.014
250,000 to 300,000	340	5.4	2,633,000	1.3	7,744	94,061,000	276,650	2,546,000	7,488	0.011
300,000 to 500,000	810	13.0	9,575,000	4.6	11,821	317,499,000	391,974	8,993,000	11,102	0.026
500,000 to 1,000,000	840	13.5	19,751,000	9.4	23,513	585,866,000	697,460	17,265,000	20,554	0.027
1,000,000 to 2,000,000	650	10.4	36,908,000	17.6	56,782	905,312,000	1,392,788	22,737,000	34,980	0.021
2,000,000 to 3,000,000	190	3.0	20,075,000	9.6	105,658	457,555,000	2,408,184	11,132,000	58,589	0.006
3,000,000 to 4,000,000	100	1.6	14,876,000	7.1	148,760	328,736,000	3,287,360	7,582,000	75,820	0.003
4,000,000 to 5,000,000	70	1.1	13,066,000	6.2	186,657	303,455,000	4,335,071	6,488,000	92,686	0.002
5,000,000 to 10,000,000	90	1.4	23,824,000	11.4	264,711	580,540,000	6,450,444	13,719,000	152,433	0.003
10,000,000 to 15,000,000	20	0.3	8,701,000	4.2	435,050	175,257,000	8,762,850	3,034,000	151,700	0.001
15,000,000 to 30,000,000	20	0.3	22,114,000	10.6	1,105,700	459,362,000	22,968,100	8,228,000	411,400	0.001
30,000,000 and over	<u>10</u>	<u>0.2</u>	<u>30,209,000</u>	<u>14.4</u>	<u>3,020,900</u>	<u>1,731,311,000</u>	<u>173,131,100</u>	<u>55,127,000</u>	<u>5,512,700</u>	<u><0.001</u>
Total	6,240	100.0%	\$209,466,000	100.0%	\$33,568	\$6,269,397,000	\$1,004,711	\$166,071,000	\$26,614	0.204%

Source: Department of Revenue Aggregate Statistics.

- Individual claimants having income of less than \$1.0 million represented 81.6% of all individual filers that used the manufacturing portion of the MAC in tax year 2017. They used \$39.7 million, representing 18.9% of the amount used, at an average claim of \$7,798. The net tax of those claimants was \$38.0 million, and the average net tax owed was \$7,470.

- Individual claimants having income of \$1.0 million or more represented 18.4% of all individual filers that used the manufacturing portion of the MAC in tax year 2017. They used \$169.8 million, representing 81.1% of the amount used, at an average claim of \$147,629. The net tax of those claimants was \$128.0 million, and the average net tax owed was \$111,345.

- To protect taxpayer confidentiality, counts have been rounded to the nearest 10 and some data has been suppressed. All amounts have been rounded to the nearest \$1,000.

ATTACHMENT 3

Distribution of Claimed and Used MAC, Wisconsin AGI, and Net Tax Under the Individual Income Tax for Tax Year 2018 (Manufacturing Claimants Only)

Wisconsin Adjusted Gross Income	Count	Percent of Count	Total Manufacturing MAC	Percent of Amount	Average Manufacturing MAC	Total Wisconsin AGI	Average Wisconsin AGI	Total Net Tax	Average Net Tax	Claimants as a Share of All Filers
Under \$5,000	210	3.2%	\$63,000	<0.1%	\$300	\$485,000	\$2,310	\$4,000	\$19	0.007%
5,000 to 10,000	130	2.0	52,000	<0.1	400	914,000	7,031	9,000	69	0.004
10,000 to 15,000	90	1.4	57,000	<0.1	633	1,050,000	11,667	7,000	78	0.003
15,000 to 20,000	100	1.5	72,000	<0.1	720	1,654,000	16,540	17,000	170	0.003
20,000 to 25,000	50	0.8	44,000	<0.1	880	1,107,000	22,140	10,000	200	0.002
25,000 to 30,000	50	0.8	44,000	<0.1	880	1,322,000	26,440	10,000	200	0.002
30,000 to 40,000	150	2.3	136,000	0.1	907	5,147,000	34,313	62,000	413	0.005
40,000 to 50,000	130	2.0	129,000	<0.1	992	5,816,000	44,738	82,000	631	0.004
50,000 to 60,000	140	2.1	231,000	0.1	1,650	7,430,000	53,071	97,000	693	0.005
60,000 to 70,000	150	2.3	247,000	0.1	1,647	9,965,000	66,433	200,000	1,333	0.005
70,000 to 80,000	110	1.7	170,000	0.1	1,545	8,307,000	75,518	211,000	1,918	0.004
80,000 to 90,000	120	1.8	207,000	0.1	1,725	10,344,000	86,200	277,000	2,308	0.004
90,000 to 100,000	110	1.7	198,000	0.1	1,800	10,154,000	92,309	288,000	2,618	0.004
100,000 to 125,000	310	4.7	768,000	0.3	2,477	34,284,000	110,594	976,000	3,148	0.010
125,000 to 150,000	310	4.7	979,000	0.4	3,158	43,160,000	139,226	1,294,000	4,174	0.010
150,000 to 200,000	570	8.7	2,117,000	0.8	3,714	99,372,000	174,337	3,107,000	5,451	0.018
200,000 to 250,000	410	6.3	2,170,000	0.8	5,293	91,186,000	222,405	2,695,000	6,573	0.013
250,000 to 300,000	360	5.5	2,597,000	1.0	7,214	97,165,000	269,903	2,758,000	7,661	0.012
300,000 to 500,000	830	12.7	9,452,000	3.6	11,388	322,630,000	388,711	9,105,000	10,970	0.027
500,000 to 1,000,000	910	13.9	22,839,000	8.7	25,098	648,255,000	712,368	18,090,000	19,879	0.029
1,000,000 to 2,000,000	620	9.5	33,850,000	12.9	54,597	859,339,000	1,386,031	22,803,000	36,779	0.020
2,000,000 to 3,000,000	230	3.5	24,198,000	9.2	105,209	555,430,000	2,414,913	13,249,000	57,604	0.007
3,000,000 to 4,000,000	120	1.8	17,961,000	6.8	149,675	396,374,000	3,303,117	8,646,000	72,050	0.004
4,000,000 to 5,000,000	90	1.4	17,063,000	6.5	189,589	405,415,000	4,504,611	9,883,000	109,811	0.003
5,000,000 to 10,000,000	140	2.1	39,438,000	15.0	281,700	941,966,000	6,728,329	25,096,000	179,257	0.005
10,000,000 to 15,000,000	40	0.6	16,746,000	6.4	418,650	451,083,000	11,277,075	14,309,000	357,725	0.001
15,000,000 to 30,000,000	40	0.6	28,122,000	10.7	703,050	826,693,000	20,667,325	26,604,000	665,100	0.001
30,000,000 and over	<u>20</u>	<u>0.3</u>	<u>43,465,000</u>	<u>16.5</u>	<u>2,173,250</u>	<u>2,222,778,000</u>	<u>111,138,900</u>	<u>66,565,000</u>	<u>3,328,250</u>	<u><0.001</u>
Total	6,540	100.0%	\$263,415,000	100.0%	\$40,278	\$8,058,825,000	\$1,232,236	\$226,454,000	\$34,626	0.212%

Source: Department of Revenue Aggregate Statistics.

- Individual claimants having income of less than \$1.0 million represented 80.1% of all individual filers that used the manufacturing portion of the MAC in tax year 2018. They used \$42.6 million, representing 16.2% of the amount used, at an average claim of \$8,124. The net tax of those claimants was \$39.3 million, and the average net tax owed was \$7,500.

- Individual claimants having income of \$1.0 million or more represented 19.9% of all individual filers that used the manufacturing portion of the MAC in tax year 2018. They used \$220.8 million, representing 83.8% of the amount used, at an average claim of \$169,879. The net tax of those claimants was \$187.2 million, and the average net tax owed was \$143,965.

- To protect taxpayer confidentiality, counts have been rounded to the nearest 10 and some data has been suppressed. All amounts have been rounded to the nearest \$1,000.

ATTACHMENT 4

Distribution of Claimed and Used MAC, Wisconsin AGI, and Net Tax Under the Individual Income Tax for Tax Year 2019 (Manufacturing Claimants Only)

<u>Wisconsin Adjusted Gross Income</u>	<u>Count</u>	<u>Percent of Count</u>	<u>Total Manufacturing MAC</u>	<u>Percent of Amount</u>	<u>Average Manufacturing MAC</u>	<u>Total Wisconsin AGI</u>	<u>Average Wisconsin AGI</u>	<u>Total Net Tax</u>	<u>Average Net Tax</u>	<u>Claimants as a Share of All Filers</u>
Under \$5,000	280	4.5%	\$32,100	<0.1%	\$115	\$644,000	\$2,300	\$720	\$3	0.009%
5,000 to 10,000	100	1.6	34,170	<0.1	342	755,120	7,551	3,800	38	0.003
10,000 to 15,000	70	1.1	39,620	<0.1	566	880,770	12,582	2,740	39	0.002
15,000 to 20,000	50	0.8	31,330	<0.1	627	895,900	17,918	10,760	215	0.002
20,000 to 25,000	50	0.8	27,610	<0.1	552	1,083,480	21,670	11,160	223	0.002
25,000 to 30,000	40	0.6	30,340	<0.1	759	1,165,020	29,126	7,410	185	0.001
30,000 to 40,000	130	2.1	106,680	<0.1	821	4,733,100	36,408	44,770	344	0.004
40,000 to 50,000	140	2.2	164,700	0.1	1,176	6,398,050	45,700	83,040	593	0.004
50,000 to 60,000	110	1.8	128,240	0.1	1,166	5,963,080	54,210	101,480	923	0.004
60,000 to 70,000	120	1.9	183,530	0.1	1,529	7,534,860	62,791	137,220	1,144	0.004
70,000 to 80,000	140	2.2	238,300	0.1	1,702	10,132,470	72,375	224,840	1,606	0.004
80,000 to 90,000	130	2.1	256,100	0.1	1,970	11,138,650	85,682	256,700	1,975	0.004
90,000 to 100,000	100	1.6	181,450	0.1	1,815	9,317,100	93,171	252,540	2,525	0.003
100,000 to 125,000	260	4.2	591,530	0.2	2,275	28,834,370	110,901	849,430	3,267	0.008
125,000 to 150,000	320	5.1	919,490	0.4	2,873	43,618,170	136,307	1,296,380	4,051	0.010
150,000 to 200,000	530	8.5	1,815,970	0.7	3,426	92,526,850	174,579	2,897,920	5,468	0.017
200,000 to 250,000	420	6.7	2,159,110	0.9	5,141	93,521,040	222,669	2,819,010	6,712	0.013
250,000 to 300,000	310	5.0	2,007,730	0.8	6,477	83,881,560	270,586	2,539,060	8,191	0.010
300,000 to 500,000	840	13.5	9,298,830	3.8	11,070	327,653,830	390,064	9,324,070	11,100	0.027
500,000 to 1,000,000	900	14.4	21,602,500	8.8	24,003	638,885,930	709,873	17,916,400	19,907	0.029
1,000,000 to 1,500,000	390	6.3	19,889,260	8.1	50,998	483,203,990	1,238,985	11,876,680	30,453	0.012
1,500,000 to 2,000,000	200	3.2	13,566,980	5.5	67,835	341,326,380	1,706,632	8,758,080	43,790	0.006
2,000,000 to 3,000,000	220	3.5	22,359,020	9.1	101,632	516,696,770	2,348,622	12,820,370	58,274	0.007
3,000,000 to 4,000,000	120	1.9	17,710,550	7.2	147,588	411,267,160	3,427,226	9,532,500	79,438	0.004
4,000,000 to 5,000,000	70	1.1	13,732,410	5.6	196,177	291,569,130	4,165,273	6,116,640	87,381	0.002
5,000,000 to 10,000,000	100	1.6	27,121,550	11.0	271,216	651,971,780	6,519,718	16,898,560	168,986	0.003
10,000,000 to 15,000,000	30	0.5	16,230,390	6.6	541,013	424,550,210	14,151,674	12,137,870	404,596	0.001
15,000,000 to 30,000,000	40	0.6	26,378,520	10.7	659,463	918,006,390	22,950,160	31,980,350	799,509	0.001
30,000,000 and over	<u>20</u>	<u>0.3</u>	<u>48,964,140</u>	<u>19.9</u>	<u>2,448,207</u>	<u>2,249,908,470</u>	<u>112,495,424</u>	<u>60,622,440</u>	<u>3,031,122</u>	<u>0.001</u>
Total	6,230	100.0%	\$245,802,150	100.0%	\$39,455	\$7,658,063,630	\$1,229,224	\$209,522,940	\$33,631	0.197%

Source: Department of Revenue Aggregate Statistics.

- Individual claimants having income of less than \$1.0 million represented 80.9% of all individual filers that used the manufacturing portion of the MAC in tax year 2019. They used \$39.8 million, representing 16.2% of the amount used, at an average claim of \$7,907. The net tax of those claimants was \$38.8 million, and the average net tax owed was \$7,694.

- Individual claimants having income of \$1.0 million or more represented 19.1% of all individual filers that used the manufacturing portion of the MAC in tax year 2019. They used \$206.0 million, representing 83.8% of the amount used, at an average claim of \$173,070. The net tax of those claimants was \$170.7 million, and the average net tax owed was \$143,482.

- To protect taxpayer confidentiality, counts and amounts have been rounded to the nearest 10 and some data has been suppressed.

ATTACHMENT 5

Distribution of Claimed and Used MAC, Wisconsin AGI, and Net Tax Under the Individual Income Tax for Tax Year 2020 (Manufacturing Claimants Only)

Wisconsin Adjusted Gross Income	Count	Percent of Count	Total Manufacturing MAC	Percent of Amount	Average Manufacturing MAC	Total Wisconsin AGI	Average Wisconsin AGI	Total Net Tax	Average Net Tax	Claimants as a Share of All Filers
Under \$5,000	230	4.0%	\$27,210	<0.1%	\$118	\$537,190	\$2,336	\$660	\$3	0.007%
5,000 to 10,000	90	1.6	31,520	<0.1	350	692,210	7,691	1,860	21	0.003
10,000 to 15,000	60	1.0	28,880	<0.1	481	714,210	11,904	3,170	53	0.002
15,000 to 20,000	50	0.9	32,370	<0.1	647	880,110	17,602	6,960	139	0.002
20,000 to 25,000	40	0.7	25,500	<0.1	638	835,790	20,895	1,350	34	0.001
25,000 to 30,000	50	0.9	46,540	<0.1	931	1,305,030	26,101	5,320	106	0.002
30,000 to 40,000	100	1.7	89,440	<0.1	894	3,696,670	36,967	30,790	308	0.003
40,000 to 50,000	120	2.1	110,880	<0.1	924	5,327,450	44,395	64,170	535	0.004
50,000 to 60,000	110	1.9	163,310	0.1	1,485	5,796,030	52,691	69,930	636	0.003
60,000 to 70,000	130	2.3	173,790	0.1	1,337	8,278,780	63,683	156,860	1,207	0.004
70,000 to 80,000	120	2.1	216,610	0.1	1,805	8,949,060	74,576	180,600	1,505	0.004
80,000 to 90,000	90	1.6	161,930	0.1	1,799	8,047,340	89,415	203,580	2,262	0.003
90,000 to 100,000	100	1.7	210,340	0.1	2,103	9,491,230	94,912	238,460	2,385	0.003
100,000 to 125,000	280	4.9	719,280	0.3	2,569	31,856,540	113,773	810,300	2,894	0.009
125,000 to 150,000	250	4.3	771,700	0.3	3,087	34,672,010	138,688	986,710	3,947	0.008
150,000 to 200,000	450	7.8	1,605,210	0.6	3,567	78,577,390	174,616	2,502,330	5,561	0.014
200,000 to 250,000	420	7.3	1,981,270	0.8	4,717	92,907,350	221,208	2,942,450	7,006	0.013
250,000 to 300,000	320	5.6	2,249,720	0.9	7,030	87,565,230	273,641	2,525,130	7,891	0.010
300,000 to 500,000	780	13.5	8,278,110	3.2	10,613	300,009,250	384,627	8,737,560	11,202	0.025
500,000 to 1,000,000	890	15.4	22,440,770	8.7	25,214	628,556,930	706,244	16,523,740	18,566	0.028
1,000,000 to 1,500,000	330	5.7	14,678,310	5.7	44,480	399,697,270	1,211,204	10,966,890	33,233	0.010
1,500,000 to 2,000,000	200	3.5	14,493,690	5.6	72,468	345,091,580	1,725,458	8,386,990	41,935	0.006
2,000,000 to 3,000,000	210	3.6	22,118,910	8.5	105,328	506,551,480	2,412,150	12,079,430	57,521	0.007
3,000,000 to 4,000,000	80	1.4	12,226,340	4.7	152,829	273,016,130	3,412,702	6,034,750	75,434	0.003
4,000,000 to 5,000,000	90	1.6	20,888,580	8.1	232,095	453,233,850	5,035,932	10,493,780	116,598	0.003
5,000,000 to 10,000,000	80	1.4	27,468,320	10.6	343,354	645,993,480	8,074,919	15,983,990	199,800	0.003
10,000,000 to 15,000,000	40	0.7	18,417,620	7.1	460,441	454,397,420	11,359,936	11,167,570	279,189	0.001
15,000,000 to 30,000,000	30	0.5	25,469,260	9.8	848,975	640,669,730	21,355,658	15,922,130	530,738	0.001
30,000,000 and over	20	0.3	63,716,740	24.6	3,185,837	3,219,617,450	160,980,873	80,708,880	4,035,444	0.001
Total	5,760	100.0%	\$258,842,150	100.0%	\$44,938	\$8,246,964,190	\$1,431,765	\$207,736,340	\$36,065	0.183%

Source: Department of Revenue Aggregate Statistics.

- Individual claimants having income of less than \$1.0 million represented 81.2% of all individual filers that used the manufacturing portion of the MAC in tax year 2020. They used \$39.4 million, representing 15.2% of the amount used, at an average claim of \$8,411. The net tax of those claimants was \$36.0 million, and the average net tax owed was \$7,691.

- Individual claimants having income of \$1.0 million or more represented 18.8% of all individual filers that used the manufacturing portion of the MAC in tax year 2020. They used \$219.5 million, representing 84.8% of the amount used, at an average claim of \$203,220. The net tax of those claimants was \$171.7 million, and the average net tax owed was \$159,023.

- To protect taxpayer confidentiality, counts and amounts have been rounded to the nearest 10 and some data has been suppressed.

ATTACHMENT 6

Distribution of Claimed and Used MAC, Wisconsin AGI, and Net Tax Under the Individual Income Tax for Tax Year 2016 (Agricultural Claimants Only)

<u>Wisconsin Adjusted Gross Income</u>	<u>Count</u>	<u>Percent of Count</u>	<u>Total Agriculture MAC</u>	<u>Percent of Amount</u>	<u>Average Agriculture MAC</u>	<u>Total Wisconsin AGI</u>	<u>Average Wisconsin AGI</u>	<u>Total Net Tax</u>	<u>Average Net Tax</u>	<u>Claimants as a Share of All Filers</u>
Under \$5,000	--	--	--	--	--	--	--	--	--	--
5,000 to 10,000	--	--	--	--	--	--	--	--	--	--
10,000 to 15,000	70	1.5%	\$7,000	<0.1%	\$100	\$906,000	\$12,943	\$2,000	\$29	0.002%
15,000 to 20,000	90	1.9	18,000	0.1	200	1,575,000	17,500	2,000	22	0.003
20,000 to 25,000	130	2.8	42,000	0.3	323	3,010,000	23,154	7,000	54	0.004
25,000 to 30,000	210	4.5	66,000	0.5	314	5,930,000	28,238	14,000	67	0.007
30,000 to 40,000	540	11.6	269,000	2.0	498	18,957,000	35,106	59,000	109	0.018
40,000 to 50,000	570	12.3	481,000	3.4	844	25,679,000	45,051	150,000	263	0.019
50,000 to 60,000	490	10.6	610,000	4.3	1,245	26,576,000	54,237	278,000	567	0.016
60,000 to 70,000	440	9.5	696,000	4.9	1,582	28,604,000	65,009	374,000	850	0.014
70,000 to 80,000	370	8.0	722,000	5.1	1,951	27,972,000	75,600	439,000	1,186	0.012
80,000 to 90,000	270	5.8	613,000	4.4	2,270	23,085,000	85,500	422,000	1,563	0.009
90,000 to 100,000	240	5.2	582,000	4.1	2,425	22,408,000	93,367	461,000	1,921	0.008
100,000 to 125,000	380	8.2	1,213,000	8.6	3,192	42,639,000	112,208	912,000	2,400	0.012
125,000 to 150,000	230	5.0	898,000	6.4	3,904	31,647,000	137,596	748,000	3,252	0.008
150,000 to 200,000	220	4.7	937,000	6.7	4,259	37,185,000	169,023	1,017,000	4,623	0.007
200,000 to 250,000	110	2.4	749,000	5.3	6,809	25,220,000	229,273	587,000	5,336	0.004
250,000 to 300,000	50	1.1	434,000	3.1	8,680	14,335,000	286,700	376,000	7,520	0.002
300,000 to 500,000	100	2.2	1,218,000	8.7	12,180	36,434,000	364,340	1,012,000	10,120	0.003
500,000 to 1,000,000	70	1.5	1,576,000	11.2	22,514	46,650,000	666,429	1,479,000	21,129	0.002
1,000,000 to 2,000,000	20	0.4	1,157,000	8.2	57,850	32,794,000	1,639,700	835,000	41,750	0.001
2,000,000 to 3,000,000	10	0.2	742,000	5.3	74,200	18,427,000	1,842,700	285,000	28,500	<0.001
3,000,000 to 4,000,000	--	--	--	--	--	--	--	--	--	--
4,000,000 to 5,000,000	--	--	--	--	--	--	--	--	--	--
5,000,000 to 10,000,000	--	--	--	--	--	--	--	--	--	--
10,000,000 to 15,000,000	--	--	--	--	--	--	--	--	--	--
15,000,000 to 30,000,000	--	--	--	--	--	--	--	--	--	--
30,000,000 and over	--	--	--	--	--	--	--	--	--	--
Total	4,640	100.0%	\$14,092,000	100.0%	\$3,037	\$528,068,000	\$113,808	\$12,255,000	\$2,641	0.153%

Source: Department of Revenue Aggregate Statistics.

- Based on data that is not suppressed, individual claimants having income of less than \$100,000 represented 74.4% of all individual filers that used the agriculture portion of the MAC in tax year 2016. They used \$4.1 million, representing 31.7% of the amount used, at an average claim of \$1,198. The net tax of those claimants was \$2.2 million, and the average net tax owed was \$640.

- Based on data that is not suppressed, individual claimants having income of \$100,000 or more represented 25.6% of all individual filers that used the agriculture portion of the MAC in tax year 2016. They used \$8.9 million, representing 68.3% of the amount used, at an average claim of \$7,499. The net tax of those claimants was \$7.3 million, and the average net tax owed was \$6,093.

- To protect taxpayer confidentiality, counts have been rounded to the nearest 10 and some data (denoted with "--") has been suppressed. All amounts have been rounded to the nearest \$1,000.

ATTACHMENT 7

Distribution of Claimed and Used MAC, Wisconsin AGI, and Net Tax Under the Individual Income Tax for Tax Year 2017 (Agricultural Claimants Only)

<u>Wisconsin Adjusted Gross Income</u>	<u>Count</u>	<u>Percent of Count</u>	<u>Total Agriculture MAC</u>	<u>Percent of Amount</u>	<u>Average Agriculture MAC</u>	<u>Total Wisconsin AGI</u>	<u>Average Wisconsin AGI</u>	<u>Total Net Tax</u>	<u>Average Net Tax</u>	<u>Claimants as a Share of All Filers</u>
Under \$5,000	--	--	--	--	--	--	--	--	--	--
5,000 to 10,000	--	--	--	--	--	--	--	--	--	--
10,000 to 15,000	60	1.3%	\$5,000	<0.1%	\$83	\$811,000	\$13,517	\$1,000	\$17	0.002%
15,000 to 20,000	90	1.9	19,000	0.1	211	1,607,000	17,856	3,000	33	0.003
20,000 to 25,000	120	2.6	40,000	0.3	333	2,763,000	23,025	5,000	42	0.004
25,000 to 30,000	230	4.9	69,000	0.5	300	6,439,000	27,996	18,000	78	0.008
30,000 to 40,000	550	11.8	264,000	1.9	480	19,473,000	35,405	63,000	115	0.018
40,000 to 50,000	510	10.9	450,000	3.3	882	23,021,000	45,139	117,000	229	0.017
50,000 to 60,000	480	10.3	586,000	4.3	1,221	26,378,000	54,954	272,000	567	0.016
60,000 to 70,000	440	9.4	688,000	5.0	1,564	28,498,000	64,768	363,000	825	0.014
70,000 to 80,000	360	7.7	707,000	5.1	1,964	27,190,000	75,528	406,000	1,128	0.012
80,000 to 90,000	310	6.7	701,000	5.1	2,261	26,468,000	85,381	461,000	1,487	0.010
90,000 to 100,000	240	5.2	594,000	4.3	2,475	22,616,000	94,233	435,000	1,813	0.008
100,000 to 125,000	400	8.6	1,258,000	9.2	3,145	44,529,000	111,323	934,000	2,335	0.013
125,000 to 150,000	200	4.3	765,000	5.6	3,825	26,640,000	133,200	612,000	3,060	0.007
150,000 to 200,000	250	5.4	1,245,000	9.1	4,980	43,166,000	172,664	1,019,000	4,076	0.008
200,000 to 250,000	110	2.4	778,000	5.7	7,073	25,391,000	230,827	620,000	5,636	0.004
250,000 to 300,000	60	1.3	481,000	3.5	8,017	15,757,000	262,617	404,000	6,733	0.002
300,000 to 500,000	100	2.1	1,145,000	8.3	11,450	38,083,000	380,830	1,076,000	10,760	0.003
500,000 to 1,000,000	60	1.3	1,423,000	10.4	23,717	42,350,000	705,833	1,363,000	22,717	0.002
1,000,000 to 2,000,000	30	0.6	1,462,000	10.6	48,733	43,219,000	1,440,633	1,184,000	39,467	0.001
2,000,000 to 3,000,000	10	0.2	526,000	3.8	52,600	17,739,000	1,773,900	592,000	59,200	<0.001
3,000,000 to 4,000,000	--	--	--	--	--	--	--	--	--	--
4,000,000 to 5,000,000	--	--	--	--	--	--	--	--	--	--
5,000,000 to 10,000,000	--	--	--	--	--	--	--	--	--	--
10,000,000 to 15,000,000	--	--	--	--	--	--	--	--	--	--
15,000,000 to 30,000,000	--	--	--	--	--	--	--	--	--	--
30,000,000 and over	--	--	--	--	--	--	--	--	--	--
Total	4,660	100.0%	\$13,746,000	100.0%	\$2,950	\$630,080,000	\$135,210	\$16,327,000	\$3,504	0.152%

Source: Department of Revenue Aggregate Statistics.

- Based on data that is not suppressed, individual claimants having income of less than \$100,000 represented 73.7% of all individual filers that used the agriculture portion of the MAC in tax year 2017. They used \$4.1 million, representing 31.2% of the amount used, at an average claim of \$1,210. The net tax of those claimants was \$2.1 million, and the average net tax owed was \$629.

- Based on data that is not suppressed, individual claimants having income of \$100,000 or more represented 26.3% of all individual filers that used the agriculture portion of the MAC in tax year 2017. They used \$9.1 million, representing 68.8% of the amount used, at an average claim of \$7,445. The net tax of those claimants was \$7.8 million, and the average net tax owed was \$6,397.

- To protect taxpayer confidentiality, counts have been rounded to the nearest 10 and some data (denoted with "--") has been suppressed. All amounts have been rounded to the nearest \$1,000.

ATTACHMENT 8

Distribution of Claimed and Used MAC, Wisconsin AGI, and Net Tax Under the Individual Income Tax for Tax Year 2018 (Agricultural Claimants Only)

Wisconsin Adjusted Gross Income	Count	Percent of Count	Total Agriculture MAC	Percent of Amount	Average Agriculture MAC	Total Wisconsin AGI	Average Wisconsin AGI	Total Net Tax	Average Net Tax	Claimants as a Share of All Filers
Under \$5,000	--	--	--	--	--	--	--	--	--	--
5,000 to 10,000	--	--	--	--	--	--	--	--	--	--
10,000 to 15,000	50	1.2%	\$4,000	<0.1%	\$80	\$716,000	\$14,320	\$0	\$0	0.002%
15,000 to 20,000	90	2.1	15,000	0.1	167	1,496,000	16,622	2,000	22	0.003
20,000 to 25,000	100	2.4	33,000	0.3	330	2,329,000	23,290	5,000	50	0.003
25,000 to 30,000	190	4.5	61,000	0.5	321	5,253,000	27,647	14,000	74	0.006
30,000 to 40,000	480	11.3	229,000	2.0	477	16,754,000	34,904	55,000	115	0.016
40,000 to 50,000	460	10.8	400,000	3.6	870	20,687,000	44,972	111,000	241	0.015
50,000 to 60,000	460	10.8	559,000	5.0	1,215	25,192,000	54,765	248,000	539	0.015
60,000 to 70,000	400	9.4	641,000	5.7	1,603	25,833,000	64,583	319,000	798	0.013
70,000 to 80,000	340	8.0	607,000	5.4	1,785	25,306,000	74,429	432,000	1,271	0.011
80,000 to 90,000	250	5.9	493,000	4.4	1,972	21,178,000	84,712	457,000	1,828	0.008
90,000 to 100,000	220	5.2	513,000	4.6	2,332	20,564,000	93,473	439,000	1,995	0.007
100,000 to 125,000	400	9.4	1,165,000	10.4	2,913	44,958,000	112,395	1,039,000	2,598	0.013
125,000 to 150,000	230	5.4	780,000	7.0	3,391	32,041,000	139,309	863,000	3,752	0.007
150,000 to 200,000	200	4.7	849,000	7.6	4,245	34,578,000	172,890	997,000	4,985	0.006
200,000 to 250,000	100	2.4	626,000	5.6	6,260	21,839,000	218,390	607,000	6,070	0.003
250,000 to 300,000	60	1.4	425,000	3.8	7,083	16,466,000	274,433	472,000	7,867	0.002
300,000 to 500,000	100	2.4	1,295,000	11.6	12,950	38,860,000	388,600	1,014,000	10,140	0.003
500,000 to 1,000,000	50	1.2	983,000	8.8	19,660	35,578,000	711,560	1,310,000	26,200	0.002
1,000,000 to 2,000,000	30	0.7	892,000	8.0	29,733	36,395,000	1,213,167	1,235,000	41,167	0.001
2,000,000 to 3,000,000	10	0.2	465,000	4.1	46,500	21,249,000	2,124,900	764,000	76,400	<0.001
3,000,000 to 4,000,000	--	--	--	--	--	--	--	--	--	--
4,000,000 to 5,000,000	--	--	--	--	--	--	--	--	--	--
5,000,000 to 10,000,000	--	--	--	--	--	--	--	--	--	--
10,000,000 to 15,000,000	--	--	--	--	--	--	--	--	--	--
15,000,000 to 30,000,000	--	--	--	--	--	--	--	--	--	--
30,000,000 and over	--	--	--	--	--	--	--	--	--	--
Total	4,240	100.0%	\$11,211,000	100.0%	\$2,644	\$589,124,000	\$138,944	\$14,891,000	\$3,512	0.137%

Source: Department of Revenue Aggregate Statistics.

- Based on data that is not suppressed, individual claimants having income of less than \$100,000 represented 72.0% of all individual filers that used the agriculture portion of the MAC in tax year 2018. They used \$3.6 million, representing 32.2% of the amount used, at an average claim of \$1,170. The net tax of those claimants was \$2.1 million, and the average net tax owed was \$683.

- Based on data that is not suppressed, individual claimants having income of \$100,000 or more represented 28.0% of all individual filers that used the agriculture portion of the MAC in tax year 2018. They used \$7.5 million, representing 67.8% of the amount used, at an average claim of \$6,339. The net tax of those claimants was \$8.3 million, and the average net tax owed was \$7,035.

- To protect taxpayer confidentiality, counts have been rounded to the nearest 10 and some data (denoted with "--") has been suppressed. All amounts have been rounded to the nearest \$1,000.

ATTACHMENT 9

Distribution of Claimed and Used MAC, Wisconsin AGI, and Net Tax Under the Individual Income Tax for Tax Year 2019 (Agricultural Claimants Only)

Wisconsin Adjusted Gross Income	Count	Percent of Count	Total Agriculture MAC	Percent of Amount	Average Agriculture MAC	Total Wisconsin AGI	Average Wisconsin AGI	Total Net Tax	Average Net Tax	Claimants as a Share of All Filers
Under \$5,000	--	--	--	--	--	--	--	--	--	--
5,000 to 10,000	--	--	--	--	--	--	--	--	--	--
10,000 to 15,000	--	--	--	--	--	--	--	--	--	--
15,000 to 20,000	70	1.5%	\$12,470	0.1%	\$178	\$1,186,360	\$16,948	\$1,990	\$28	0.002%
20,000 to 25,000	100	2.2	25,490	0.2	255	2,171,730	21,717	5,400	54	0.003
25,000 to 30,000	180	4.0	54,430	0.4	302	4,832,630	26,848	9,510	53	0.006
30,000 to 40,000	440	9.7	200,520	1.5	456	15,482,820	35,188	47,920	109	0.014
40,000 to 50,000	480	10.6	365,750	2.8	762	21,425,080	44,636	117,310	244	0.015
50,000 to 60,000	440	9.7	527,880	4.1	1,200	24,225,540	55,058	179,890	409	0.014
60,000 to 70,000	390	8.6	593,020	4.6	1,521	25,082,220	64,313	285,510	732	0.012
70,000 to 80,000	340	7.5	633,760	4.9	1,864	25,597,920	75,288	377,260	1,110	0.011
80,000 to 90,000	290	6.4	626,500	4.8	2,160	24,506,170	84,504	401,400	1,384	0.009
90,000 to 100,000	240	5.3	581,780	4.5	2,424	22,635,960	94,317	424,770	1,770	0.008
100,000 to 125,000	490	10.8	1,336,800	10.3	2,728	54,989,550	112,224	1,268,040	2,588	0.016
125,000 to 150,000	260	5.7	947,450	7.3	3,644	35,093,450	134,975	836,740	3,218	0.008
150,000 to 200,000	290	6.4	1,416,960	10.9	4,886	50,182,280	173,042	1,193,190	4,114	0.009
200,000 to 250,000	150	3.3	927,750	7.1	6,185	33,118,960	220,793	886,000	5,907	0.005
250,000 to 300,000	80	1.8	588,150	4.5	7,352	21,203,350	265,042	581,510	7,269	0.003
300,000 to 500,000	140	3.1	1,450,720	11.1	10,362	52,815,230	377,252	1,487,690	10,626	0.004
500,000 to 1,000,000	60	1.3	1,391,850	10.7	23,198	40,763,750	679,396	1,236,270	20,605	0.002
1,000,000 to 1,500,000	20	0.4	945,550	7.3	47,278	25,060,110	1,253,006	630,920	31,546	0.001
1,500,000 to 2,000,000	10	0.2	216,610	1.7	21,661	16,914,690	1,691,469	745,000	74,500	<0.001
2,000,000 to 3,000,000	--	--	--	--	--	--	--	--	--	--
3,000,000 to 4,000,000	10	0.2	183,290	1.4	18,329	39,197,620	3,919,762	1,269,760	126,976	<0.001
4,000,000 to 5,000,000	--	--	--	--	--	--	--	--	--	--
5,000,000 to 10,000,000	--	--	--	--	--	--	--	--	--	--
10,000,000 to 15,000,000	--	--	--	--	--	--	--	--	--	--
15,000,000 to 30,000,000	--	--	--	--	--	--	--	--	--	--
30,000,000 and over	--	--	--	--	--	--	--	--	--	--
Total	4,530	100.0%	\$13,697,130	100.00%	\$3,024	\$666,645,210	\$147,162	\$13,692,740	\$3,023	0.145%

Source: Department of Revenue Aggregate Statistics.

- Based on data that is not suppressed, individual claimants having income of less than \$100,000 represented 66.3% of all individual filers that used the agriculture portion of the MAC in tax year 2019. They used \$3.6 million, representing 27.8% of the amount used, at an average claim of \$1,219. The net tax of those claimants was \$1.9 million, and the average net tax owed was \$623.

- Based on data that is not suppressed, individual claimants having income of \$100,000 or more represented 33.7% of all individual filers that used the agriculture portion of the MAC in tax year 2019. They used \$9.4 million, representing 72.2% of the amount used, at an average claim of \$6,229. The net tax of those claimants was \$10.1 million, and the average net tax owed was \$6,712.

- To protect taxpayer confidentiality, counts and amounts have been rounded to the nearest 10 and some data (denoted with "--") has been suppressed.

ATTACHMENT 10

Distribution of Claimed and Used MAC, Wisconsin AGI, and Net Tax Under the Individual Income Tax for Tax Year 2020 (Agricultural Claimants Only)

<u>Wisconsin Adjusted Gross Income</u>	<u>Count</u>	<u>Percent of Count</u>	<u>Total Agriculture MAC</u>	<u>Percent of Amount</u>	<u>Average Agriculture MAC</u>	<u>Total Wisconsin AGI</u>	<u>Average Wisconsin AGI</u>	<u>Total Net Tax</u>	<u>Average Net Tax</u>	<u>Claimants as a Share of All Filers</u>
Under \$5,000	20	0.4%	\$1,780	<0.1%	\$89	\$38,430	\$1,922	\$0	\$0	0.001%
5,000 to 10,000	--	--	--	--	--	--	--	--	--	--
10,000 to 15,000	40	0.8	4,710	<0.1	118	486,650	12,166	10	0	0.001
15,000 to 20,000	70	1.5	13,810	<0.1	197	1,324,950	18,928	1,610	23	0.002
20,000 to 25,000	90	1.9	27,530	0.2	306	2,108,150	23,424	4,210	47	0.003
25,000 to 30,000	140	3.0	42,690	0.3	305	3,753,040	26,807	8,230	59	0.004
30,000 to 40,000	410	8.7	186,800	1.1	456	14,479,910	35,317	45,880	112	0.013
40,000 to 50,000	450	9.5	313,210	1.9	696	20,104,900	44,678	97,130	216	0.014
50,000 to 60,000	420	8.9	447,960	2.7	1,067	22,754,650	54,178	164,840	392	0.013
60,000 to 70,000	410	8.7	614,360	3.7	1,498	26,711,070	65,149	262,330	640	0.013
70,000 to 80,000	350	7.4	690,090	4.2	1,972	26,529,160	75,798	325,750	931	0.011
80,000 to 90,000	290	6.1	615,550	3.7	2,123	24,964,760	86,085	396,050	1,366	0.009
90,000 to 100,000	250	5.3	592,220	3.6	2,369	23,525,480	94,102	425,710	1,703	0.008
100,000 to 125,000	540	11.4	1,519,110	9.2	2,813	60,522,010	112,078	1,294,780	2,398	0.017
125,000 to 150,000	310	6.6	1,050,160	6.3	3,388	41,886,790	135,119	1,067,060	3,442	0.010
150,000 to 200,000	340	7.2	1,461,900	8.8	4,300	58,130,490	170,972	1,486,390	4,372	0.011
200,000 to 250,000	170	3.6	1,117,340	6.7	6,573	38,289,500	225,232	930,830	5,475	0.005
250,000 to 300,000	90	1.9	665,570	4.0	7,395	25,594,250	284,381	690,860	7,676	0.003
300,000 to 500,000	180	3.8	1,793,770	10.8	9,965	67,386,130	374,367	2,038,810	11,327	0.006
500,000 to 1,000,000	90	1.9	2,131,700	12.8	23,686	64,008,440	711,205	1,713,650	19,041	0.003
1,000,000 to 1,500,000	30	0.6	1,405,770	8.5	46,859	36,621,380	1,220,713	1,055,840	35,195	0.001
1,500,000 to 2,000,000	10	0.2	775,090	4.7	77,509	21,429,000	2,142,900	694,610	69,461	<0.001
2,000,000 to 3,000,000	10	0.2	666,030	4.0	66,603	26,609,910	2,660,991	785,370	78,537	<0.001
3,000,000 to 4,000,000	--	--	--	--	--	--	--	--	--	--
4,000,000 to 5,000,000	--	--	--	--	--	--	--	--	--	--
5,000,000 to 10,000,000	--	--	--	--	--	--	--	--	--	--
10,000,000 to 15,000,000	--	--	--	--	--	--	--	--	--	--
15,000,000 to 30,000,000	--	--	--	--	--	--	--	--	--	--
30,000,000 and over	--	--	--	--	--	--	--	--	--	--
Total	4,730	100.0%	\$16,605,760	100.0%	\$3,511	\$794,082,730	\$167,882	\$18,216,690	\$3,851	0.150%

Source: Department of Revenue Aggregate Statistics.

- Based on data that is not suppressed, individual claimants having income of less than \$100,000 represented 62.4% of all individual filers that used the agriculture portion of the MAC in tax year 2020. They used \$3.6 million, representing 22.0% of the amount used, at an average claim of \$1,208. The net tax of those claimants was \$1.7 million, and the average net tax owed was \$589.

- Based on data that is not suppressed, individual claimants having income of \$100,000 or more represented 37.6% of all individual filers that used the agriculture portion of the MAC in tax year 2020. They used \$12.6 million, representing 78% of the amount used, at an average claim of \$7,111. The net tax of those claimants was \$11.8 million, and the average net tax owed was \$6,643.

- To protect taxpayer confidentiality, counts and amounts have been rounded to the nearest 10 and some data (denoted with "--") has been suppressed.

ATTACHMENT 11

Corporate MAC Claimant Tax Liability by Income Class (Tax Years 2016 through 2019)

Tax Year 2016

Wisconsin Net Income	Number of Returns	% of Returns	Total WI Income	Manufacturing Credit Used	Agriculture Credit Used	Liability After MAC	Net Tax Liability
Zero to \$10,000	50	8.3%	\$234,548	\$12,012	\$3,745	\$2,772	\$2,114
10,001 to 25,000	60	10.0	1,095,277	57,165	16,308	13,054	9,328
25,001 to 50,000	74	12.3	2,754,064	125,354	46,894	45,322	38,815
50,001 to 100,000	77	12.8	5,631,356	281,391	84,334	79,156	68,185
100,001 to 250,000	73	12.1	11,706,008	487,975	225,700	211,098	180,043
250,001 to 500,000	56	9.3	20,292,986	1,192,198	105,474	305,475	236,759
500,001 to 1,000,000	52	8.7	36,929,675	2,277,074	67,979	572,391	360,479
1,000,001 to 5,000,000	109	18.1	252,816,874	13,767,750	25,630	6,179,149	4,390,957
5,000,001 to 10,000,000	25	4.2	173,228,065	11,426,638	--	2,258,381	1,249,421
More than 10,000,000	<u>25</u>	<u>4.2</u>	<u>533,212,546</u>	<u>31,553,243</u>	<u>--</u>	<u>10,570,546</u>	<u>8,504,564</u>
Total	601	100.0%	\$1,037,901,399	\$61,180,800	\$576,064	\$20,237,344	\$15,040,665

Tax Year 2017

Wisconsin Net Income	Number of Returns	% of Returns	Total WI Income	Manufacturing Credit Used	Agriculture Credit Used	Liability After MAC	Net Tax Liability
Zero to \$10,000	54	9.1%	\$263,794	\$11,602	\$6,362	\$2,879	\$2,542
10,001 to 25,000	43	7.3	692,134	29,726	16,445	8,512	7,237
25,001 to 50,000	85	14.3	3,065,611	157,581	41,340	43,258	32,627
50,001 to 100,000	75	12.6	5,191,763	245,568	94,602	69,979	55,363
100,001 to 250,000	82	13.8	13,486,893	666,223	191,978	207,265	175,139
250,001 to 500,000	55	9.3	19,695,667	1,094,142	137,264	324,548	286,709
500,001 to 1,000,000	38	6.4	27,915,985	1,572,417	100,680	532,264	447,289
1,000,001 to 5,000,000	107	18.0	239,990,859	13,280,264	207,443	5,471,581	3,895,348
5,000,001 to 10,000,000	22	3.7	161,805,315	9,522,793	--	3,259,828	2,267,483
More than 10,000,000	<u>32</u>	<u>5.4</u>	<u>1,073,787,456</u>	<u>39,653,016</u>	<u>--</u>	<u>45,176,192</u>	<u>39,900,511</u>
Total	593	100.0%	\$1,545,895,477	\$66,233,332	\$796,114	\$55,096,306	\$47,070,248

Tax Year 2018

Wisconsin Net Income	Number of Returns	% of Returns	Total WI Income	Manufacturing Credit Used	Agriculture Credit Used	Liability After MAC	Net Tax Liability
Zero to \$10,000	37	6.8%	\$144,324	\$9,606	\$1,926	\$1,730	\$1,304
\$10,001 to 25,000	40	7.4	663,170	30,497	11,249	10,926	8,266
25,001 to 50,000	54	10.0	2,111,464	90,085	36,745	39,973	38,339
50,001 to 100,000	57	10.5	4,217,747	216,745	60,283	56,170	55,231
100,001 to 250,000	76	14.0	12,642,319	733,763	68,687	196,295	153,911
250,001 to 500,000	61	11.3	23,077,354	1,375,708	122,761	324,643	235,651
500,001 to 1,000,000	39	7.2	27,684,408	1,539,074	122,473	525,526	388,624
1,000,001 to 5,000,000	108	19.9	239,281,373	12,716,377	--	6,194,609	4,270,770
5,000,001 to 10,000,000	32	5.9	242,308,694	12,261,502	600,711	6,280,182	4,369,274
More than 10,000,000	<u>38</u>	<u>7.0</u>	<u>1,133,643,295</u>	<u>46,127,614</u>	<u>580,872</u>	<u>42,849,329</u>	<u>33,201,133</u>
Total	542	100.0%	\$1,685,774,148	\$75,100,971	\$1,605,707	\$56,479,383	\$42,722,503

ATTACHMENT 11 (continued)

Corporate MAC Claimant Tax Liability by Income Class (Tax Years 2016 through 2019)

Tax Year 2019

Wisconsin Net Income	Number of Returns	% of Returns	Total WI Income	Manufacturing Credit Used	Agriculture Credit Used	Liability After MAC	Net Tax Liability
Zero to \$10,000	33	6.1%	\$154,466	\$6,354	\$2,445	\$3,403	\$1,734
\$10,001 to 25,000	40	7.4	796,942	24,547	15,932	22,474	14,589
25,001 to 50,000	45	8.4	1,732,835	70,696	27,398	38,784	29,081
50,001 to 100,000	53	9.9	3,552,457	162,725	48,365	69,553	49,922
100,001 to 250,000	78	14.5	13,601,437	564,427	139,304	370,782	193,528
250,001 to 500,000	52	9.7	18,866,770	935,131	161,739	393,603	172,634
500,001 to 1,000,000	62	11.5	45,417,172	2,262,989	122,172	1,202,795	524,601
1,000,001 to 5,000,000	112	20.8	272,534,205	13,676,864	538,683	7,314,655	4,000,141
5,000,001 to 10,000,000	30	5.6	185,850,418	7,410,437	--	7,271,750	2,805,436
More than 10,000,000	<u>33</u>	<u>6.1</u>	<u>1,310,148,593</u>	<u>67,124,108</u>	<u>--</u>	<u>36,377,635</u>	<u>17,633,181</u>
Total	538	100.0%	\$1,852,655,295	\$92,238,278	\$1,056,038	\$53,065,434	\$25,424,847

Source: Department of Revenue Aggregate Statistics.

--To protect taxpayer confidentiality, some data (denoted with "--") has been suppressed. Data for corporations with net income of less than zero is suppressed and not reported for tax years 2016 through 2019.