



**WISCONSIN LEGISLATIVE COUNCIL
ACT MEMO**

2011 Wisconsin Act 232 [2011 Assembly Bill 638]	Technical Modifications to the Qualified Domestic Production Activities Tax Credit
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In 2011, Wisconsin Act 32 (the 2011-13 Biennial Budget Act) created a state income and franchise tax credit for qualified domestic production activities for tax years beginning after December 31, 2012. Domestic production activities that are eligible for the credit are defined as domestic production activities (calculated for purposes of the federal tax code) that are derived from property located in Wisconsin and assessed as manufacturing or agricultural property.

Under the credit, individual taxpayers may claim a credit equal to a percentage of eligible domestic production activities income. The credit for corporate taxpayers is calculated by taking into account eligible domestic production activities income as well as considering income apportioned to Wisconsin under other portions of the state corporate tax code and state combined reporting provisions. The amount of the credit phases in through tax year 2016.

2011 Wisconsin Act 232 makes several technical changes to the administration of the credit described above. In particular, Act 232 corrects a circular calculation related to the calculation of the credit and removes cross-references to the credit in the portion of the state tax code that applies to insurance companies (insurance companies do not engage in the activities eligible for the credit). Additionally, Act 232 renames the credit as the manufacturing and agriculture credit, which more accurately reflects the activities eligible for the state tax credit in comparison to the federal domestic production activities credit.

Effective date: Act 232 takes effect on April 20, 2012.

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April 25, 2012

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This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature's Web site at: <http://www.legis.state.wi.us/>.

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