



State of Wisconsin
2025 - 2026 LEGISLATURE

LRB-3813/1
MDE/EKL/EHS:skw&cde

2025 BILL

1 **AN ACT** *to amend* 20.866 (1) (u), 25.29 (1) (a), 71.05 (6) (a) 15., 71.21 (4) (a),
2 71.26 (2) (a) 4., 71.34 (1k) (g) and 71.45 (2) (a) 10.; **to create** 20.370 (7) (cj),
3 20.866 (2) (tj), 23.44, 71.07 (3v), 71.10 (4) (em), 71.28 (3v), 71.30 (3) (am), 71.47
4 (3v), 71.49 (1) (am) and 238.394 of the statutes; **relating to:** a tax credit for
5 aviation biofuel manufacturing, authorizing the state to contract public debt
6 for an aviation biofuel project grant, and making an appropriation.

Analysis by the Legislative Reference Bureau

This bill creates certain incentives for activities related to the manufacturing of aviation biofuel and authorizes the state to contract public debt to fund a grant for an aviation biofuel project.

Aviation biofuel manufacturing zone and related tax credit

Under the bill, the Wisconsin Economic Development Corporation is authorized to create one aviation biofuel manufacturing zone for an aviation biofuel project. In the bill, as the term relates to the aviation biofuel manufacturing zone and the related tax credit, “biofuel” means fuel created by synthesizing organic matter derived from wood, at least 80 percent of which, as measured by aggregate volume over a 5-year period, has been sourced in this state. An “aviation biofuel project” is defined in the bill as economic activity related to manufacturing biofuel

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in this state, a majority of which is aviation biofuel, for which the person conducting the activity commits to expend a total of not less than \$1,500,000,000.

Under the bill, WEDC may certify businesses to claim income and franchise tax credits if the business engages in an aviation biofuel project in an aviation biofuel manufacturing zone. If the amount of the credit for which the business is eligible exceeds its tax liability, the bill allows the business to carry forward the unused amount to offset tax liability in future tax years, until the business is able to use the entire amount. The total amount of all tax credits WEDC may certify under the bill is \$60,000,000. WEDC may, no later than five years after a year in which WEDC certifies a business for tax credits, seek repayment of tax credits for failure to comply with an agreement entered into with WEDC. WEDC must revoke a certification to claim tax credits if a certified business does any of the following:

1. Supplies false or misleading information to obtain tax credits.
2. Leaves an aviation biofuel manufacturing zone to conduct substantially the same business outside of the aviation biofuel manufacturing zone.
3. Ceases operations in an aviation biofuel manufacturing zone and does not renew operation of the business or a similar business in the aviation biofuel manufacturing zone within 12 months of the cessation of operations.

A business certified for tax credits under the bill must submit quarterly reports to WEDC and the legislature that include information about the business's workforce impact.

Aviation biofuel grant

Under the bill, the legislature finds and determines that the manufacturing of aviation biofuels in this state is essential to maintain and grow the forest products industry in this state and to create jobs; that supporting the growth of the aviation biofuels industry is a statewide responsibility of statewide dimension; and that it is in the public interest, and it is the public policy of this state, to assist with the construction of an aviation biofuel manufacturing project in this state.

The bill requires the state to contract public debt in the amount of \$150,000,000 for the purpose of awarding a grant in fiscal year 2025-26, subject to certain conditions, to fund the aviation biofuel project in the aviation biofuel manufacturing zone. The conditions on the grant are that the grantee agrees to use the facility constructed with the grant only for the purpose of manufacturing aviation biofuels until the latest maturity date of the bonds issued to contract public debt for the grant; the grantee agrees that, of the biomass it uses to produce aviation biofuels at any facility constructed with the grant, 80 percent, as measured by aggregate volume over a 5-year period, will be sourced in this state; and the grantee agrees to make an investment of not less than \$1,500,000,000 in economic activities related to manufacturing aviation biofuel in this state within five years. If the grantee violates any of these conditions, the bill requires the grantee to pay DNR the amount of the grant awarded. Under the bill, any such amounts paid to DNR accrue to the conservation fund and are appropriated, along with moneys from the forestry account of the conservation fund, to repay the principal and interest incurred in financing the grant.

Under the bill, the requirement to use a grant-funded facility for aviation

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biofuel manufacturing is not violated if the grantee uses the facility to manufacture biofuels other than aviation biofuel as long as a majority of the biofuel manufactured at all of the facilities constructed with the grant is aviation biofuel.

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:

1 **SECTION 1.** 20.370 (7) (cj) of the statutes is created to read:

2 20.370 (7) (cj) *Principal repayment and interest - aviation biofuel*
3 *manufacturing project.* From the conservation fund, from the moneys received by
4 the department for forestry activities and from any payments made to the
5 department under s. 23.44 (3), a sum sufficient to reimburse s. 20.866 (1) (u) for the
6 payment of principal and interest costs incurred in financing the grant for the
7 aviation biofuel manufacturing project under s. 20.866 (2) (tj).

8 **SECTION 2.** 20.866 (1) (u) of the statutes, as affected by 2025 Wisconsin Act
9 15, is amended to read:

10 20.866 (1) (u) *Principal repayment and interest.* A sum sufficient from
11 moneys appropriated under sub. (2) (zp) and ss. 20.115 (2) (d) and (7) (b) and (s),
12 20.190 (1) (c), (d), (i), and (j), 20.225 (1) (c) and (i), 20.245 (1) (e) and (j), 20.250 (1) (c)
13 and (e), 20.255 (1) (d), 20.285 (1) (d), (gj), and (je), 20.320 (1) (c) and (t) and (2) (c),
14 20.370 (7) (aa), (ad), (ag), (aq), (ar), (at), (au), (bq), (br), (cb), (cc), (cd), (cg), (cj), (cq),
15 (cr), (cs), (ct), (ea), (eq), and (er), 20.395 (6) (af), (aq), (ar), and (au), 20.410 (1) (e),
16 (ec), and (ko) and (3) (e) and (fm), 20.435 (2) (ee), 20.465 (1) (d), 20.485 (1) (f) and
17 (go) and (4) (qm), 20.505 (4) (es), (et), (ha), and (hb) and (5) (c), (g), and (kc), 20.855
18 (8) (a), and 20.867 (1) (a) and (b) and (3) (a), (b), (bb), (bc), (bd), (be), (bf), (bg), (bh),

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(bj), (bL), (bm), (bn), (bo), (bq), (br), (bt), (bu), (bv), (bw), (bx), (cb), (cd), (cf), (ch), (cj), (cq), (cr), (cs), (cv), (cw), (cx), (cy), (cz), (g), (h), (i), (kd), and (q) for the payment of principal, interest, premium due, if any, and payment due, if any, under an agreement or ancillary arrangement entered into under s. 18.06 (8) (a) relating to any public debt contracted under subchs. I and IV of ch. 18.

SECTION 3. 20.866 (2) (tj) of the statutes is created to read:

20.866 (2) (tj) *Natural resources; aviation biofuel project.* From the capital improvement fund, a sum sufficient for the department of natural resources to award the grant under s. 23.44. The state may contract public debt in an amount not to exceed \$150,000,000 for this purpose.

SECTION 4. 23.44 of the statutes is created to read:

23.44 Grant for aviation biofuel manufacturing project. (1) In this section:

(a) “Aviation biofuel” means biofuel used as aviation fuel.

(b) “Aviation biofuel project” has the meaning given in s. 238.394 (1) (b).

(c) “Biofuel” means liquid or gaseous fuel used in transportation and created by synthesizing biomass.

(d) “Biomass” means biological material derived from wood or woody plant materials.

(2) In fiscal year 2025-26, the department shall obligate \$150,000,000 from the appropriation under s. 20.866 (2) (tj) to award as a grant to fund the aviation biofuel project in the aviation biofuel manufacturing zone described under s. 238.394.

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1 (3) The department shall award the grant under sub. (2) subject to all of the
2 following conditions:

3 (a) 1. Subject to subd. 2., the grantee shall agree to use any facility
4 constructed with the grant awarded under this section for the purpose of aviation
5 biofuel manufacturing. Subject to subd. 2., if the facility is used for a purpose other
6 than aviation biofuel manufacturing before the latest maturity date of the bonds
7 issued to contract public debt under s. 20.866 (2) (tj), the grantee shall pay to the
8 department, in a manner prescribed by the department, the amount of the grant
9 awarded to the grantee under this section. The building commission shall report
10 the latest maturity date of the bonds issued to contract public debt under s. 20.866
11 (2) (tj) to the legislative reference bureau and the legislative reference bureau shall
12 publish the date in the Wisconsin administrative register under s. 35.93 (2).

13 2. The use of a facility constructed with the grant awarded under this section
14 for the purpose of manufacturing biofuels other than aviation biofuel does not
15 violate the requirements under subd. 1. if a majority of the biofuel manufactured at
16 all of the facilities constructed with the grant is aviation biofuel.

17 (b) The grantee shall agree that, of the biomass it uses to produce biofuel at
18 any facility constructed with the grant awarded under this section, 80 percent, as
19 measured by aggregate volume over a 5-year period, will be sourced in this state. If
20 the grantee produces biofuel at that facility and more than 20 percent of the
21 biomass it uses is sourced outside this state, the grantee shall pay to the
22 department, in a manner prescribed by the department, the amount of the grant
23 awarded to the grantee under this section.

24 (c) The grantee shall agree in writing to make an investment of not less than

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1 \$1,500,000,000 in economic activities related to manufacturing aviation biofuel in
2 this state by the first day of the month beginning 5 years after the effective date of
3 this paragraph [LRB inserts date]. If the grantee does not make that amount in
4 investments in this state by the date specified in this paragraph, the grantee shall
5 pay to the department, in a manner prescribed by the department, the amount of
6 the grant awarded to the grantee under this section.

7 (4) The legislature finds and determines that the manufacturing of aviation
8 biofuel in this state is essential to maintain and grow the forest products industry
9 in this state and to create jobs, and that supporting the growth of the aviation
10 biofuel industry is a statewide responsibility of statewide dimension. It is therefore
11 in the public interest, and it is the public policy of this state, to assist with the
12 construction of an aviation biofuel manufacturing project in this state.

13 **SECTION 5.** 25.29 (1) (a) of the statutes is amended to read:

14 25.29 (1) (a) Except as provided in ss. 25.293 and 25.295, all moneys accruing
15 to the state for or in behalf of the department under chs. 26, 27, 28, 29, 169, and
16 350, subchs. I and VI of ch. 77 and ss. 23.09 to 23.31, 23.325, 23.33, 23.335, except
17 as provided in s. 25.40 (1) (bt), 23.35 to 23.42, 23.44 (3), 23.50 to 23.99, 30.50 to
18 30.55, 71.10 (5), 71.30 (10), and 90.21, including grants received from the federal
19 government or any of its agencies except as otherwise provided by law.

20 **SECTION 6.** 71.05 (6) (a) 15. of the statutes, as affected by 2025 Wisconsin Act
21 15, is amended to read:

22 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dm),
23 (2dx), (2dy), (3g), (3h), (3n), (3q), (3s), (3t), (3v), (3w), (3wm), (3y), (4k), (4n), (5f),
24 (5h), (5i), (5j), (5k), (5r), (5rm), (6n), and (10) and not passed through by a

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1 partnership, limited liability company, or tax-option corporation that has added
2 that amount to the partnership's, company's, or tax-option corporation's income
3 under s. 71.21 (4) or 71.34 (1k) (g).

4 **SECTION 7.** 71.07 (3v) of the statutes is created to read:

5 71.07 (3v) AVIATION BIOFUEL MANUFACTURING ZONE CREDIT. (a) *Definitions.*

6 In this subsection:

7 1. "Aviation biofuel manufacturing zone" means a zone designated under s.
8 238.394 (2).

9 2. "Claimant" means a person who is certified to claim tax benefits under s.
10 238.394 (3) and who files a claim under this subsection.

11 (b) *Filing claims.* For taxable years beginning after December 31, 2025,
12 subject to the limitations provided in this subsection and s. 238.394, a claimant may
13 claim as a credit against the tax imposed under s. 71.02, up to the amount of the
14 tax, the amount certified to the claimant under s. 238.394 (3) for the taxable year.

15 (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option
16 corporations may not claim the credit under this subsection, but the eligibility for,
17 and the amount of, the credit are based on their payment of the amount described
18 under par. (b). A partnership, limited liability company, or tax-option corporation
19 shall compute the amount of credit that each of its partners, members, or
20 shareholders may claim and shall provide that information to each of them.
21 Partners, members of limited liability companies, and shareholders of tax-option
22 corporations may claim the credit in proportion to their ownership interests.

23 2. No credit may be allowed under this subsection unless the claimant

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1 includes with the claimant's return a copy of the claimant's certification for tax
2 benefits under s. 238.394 (3).

3 3. No claimant may claim a credit under this subsection if the basis for which
4 the credit is claimed is also the basis for which another credit is claimed under this
5 subchapter.

6 (d) *Administration.* 1. Section 71.28 (4) (g) and (h), as it applies to the credit
7 under s. 71.28 (4), applies to the credit under this subsection.

8 2. If a credit computed under this subsection is not entirely offset against the
9 taxes otherwise due, the unused balance may be carried forward and credited
10 against taxes otherwise due to any following taxable year to the extent the credit is
11 not offset by those taxes in the intervening years.

12 **SECTION 8.** 71.10 (4) (em) of the statutes is created to read:

13 71.10 (4) (em) Aviation biofuel manufacturing zone credit under s. 71.07 (3v).

14 **SECTION 9.** 71.21 (4) (a) of the statutes, as affected by 2025 Wisconsin Act 15,
15 is amended to read:

16 71.21 (4) (a) The amount of the credits computed by a partnership under s.
17 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3q), (3s), (3t), (3v), (3w), (3wm), (3y), (4k),
18 (4n), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), and (10) and passed through to
19 partners shall be added to the partnership's income.

20 **SECTION 10.** 71.26 (2) (a) 4. of the statutes, as affected by 2025 Wisconsin Act
21 15, is amended to read:

22 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dm),
23 (1dx), (1dy), (3g), (3h), (3n), (3q), (3t), (3v), (3w), (3wm), (3y), (5f), (5g), (5h), (5i), (5j),
24 (5k), (5r), (5rm), (6n), and (10) and not passed through by a partnership, limited

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1 liability company, or tax-option corporation that has added that amount to the
2 partnership's, limited liability company's, or tax-option corporation's income under
3 s. 71.21 (4) or 71.34 (1k) (g).

4 **SECTION 11.** 71.28 (3v) of the statutes is created to read:

5 71.28 (3v) AVIATION BIOFUEL MANUFACTURING ZONE CREDIT. (a) *Definitions.*

6 In this subsection:

7 1. "Aviation biofuel manufacturing zone" means a zone designated under s.
8 238.394 (2).

9 2. "Claimant" means a person who is certified to claim tax benefits under s.
10 238.394 (3) and who files a claim under this subsection.

11 (b) *Filing claims.* For taxable years beginning after December 31, 2025,
12 subject to the limitations provided in this subsection and s. 238.394, a claimant may
13 claim as a credit against the tax imposed under s. 71.23, up to the amount of the
14 tax, the amount certified to the claimant under s. 238.394 (3) for the taxable year.

15 (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option
16 corporations may not claim the credit under this subsection, but the eligibility for,
17 and the amount of, the credit are based on their payment of the amount described
18 under par. (b). A partnership, limited liability company, or tax-option corporation
19 shall compute the amount of credit that each of its partners, members, or
20 shareholders may claim and shall provide that information to each of them.
21 Partners, members of limited liability companies, and shareholders of tax-option
22 corporations may claim the credit in proportion to their ownership interests.

23 2. No credit may be allowed under this subsection unless the claimant

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1 includes with the claimant's return a copy of the claimant's certification for tax
2 benefits under s. 238.394 (3).

3 3. No claimant may claim a credit under this subsection if the basis for which
4 the credit is claimed is also the basis for which another credit is claimed under this
5 subchapter.

6 (d) *Administration.* 1. Subsection (4) (g) and (h), as it applies to the credit
7 under sub. (4), applies to the credit under this subsection.

8 2. If a credit computed under this subsection is not entirely offset against the
9 taxes otherwise due, the unused balance may be carried forward and credited
10 against taxes otherwise due to any following taxable year to the extent the credit is
11 not offset by those taxes in the intervening years.

12 **SECTION 12.** 71.30 (3) (am) of the statutes is created to read:

13 71.30 (3) (am) Aviation biofuel manufacturing zone credit under s. 71.28 (3v).

14 **SECTION 13.** 71.34 (1k) (g) of the statutes, as affected by 2025 Wisconsin Act
15 15, is amended to read:

16 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
17 corporation under s. 71.28 (1dm), (1dx), (1dy), (3), (3g), (3h), (3n), (3q), (3t), (3v),
18 (3w), (3wm), (3y), (4), (5), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), and (10) and
19 passed through to shareholders.

20 **SECTION 14.** 71.45 (2) (a) 10. of the statutes, as affected by 2025 Wisconsin
21 Act 15, is amended to read:

22 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
23 computed under s. 71.47 (1dm) to (1dy), (3g), (3h), (3n), (3q), (3v), (3w), (3y), (5f),
24 (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), and (10) and not passed through by a

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1 partnership, limited liability company, or tax-option corporation that has added
2 that amount to the partnership's, limited liability company's, or tax-option
3 corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and the amount of credit
4 computed under s. 71.47 (3), (3t), (4), (4m), and (5).

5 **SECTION 15.** 71.47 (3v) of the statutes is created to read:

6 71.47 (3v) AVIATION BIOFUEL MANUFACTURING ZONE CREDIT. (a) *Definitions.*

7 In this subsection:

8 1. "Aviation biofuel manufacturing zone" means a zone designated under s.
9 238.394 (2).

10 2. "Claimant" means a person who is certified to claim tax benefits under s.
11 238.394 (3) and who files a claim under this subsection.

12 (b) *Filing claims.* For taxable years beginning after December 31, 2025,
13 subject to the limitations provided in this subsection and s. 238.394, a claimant may
14 claim as a credit against the tax imposed under s. 71.43, up to the amount of the
15 tax, the amount certified to the claimant under s. 238.394 (3) for the taxable year.

16 (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option
17 corporations may not claim the credit under this subsection, but the eligibility for,
18 and the amount of, the credit are based on their payment of the amount described
19 under par. (b). A partnership, limited liability company, or tax-option corporation
20 shall compute the amount of credit that each of its partners, members, or
21 shareholders may claim and shall provide that information to each of them.
22 Partners, members of limited liability companies, and shareholders of tax-option
23 corporations may claim the credit in proportion to their ownership interests.

24 2. No credit may be allowed under this subsection unless the claimant

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1 includes with the claimant's return a copy of the claimant's certification for tax
2 benefits under s. 238.394 (3).

3 3. No claimant may claim a credit under this subsection if the basis for which
4 the credit is claimed is also the basis for which another credit is claimed under this
5 subchapter.

6 (d) *Administration.* 1. Section 71.28 (4) (g) and (h), as it applies to the credit
7 under s. 71.28 (4), applies to the credit under this subsection.

8 2. If a credit computed under this subsection is not entirely offset against the
9 taxes otherwise due, the unused balance may be carried forward and credited
10 against taxes otherwise due to any following taxable year to the extent the credit is
11 not offset by those taxes in the intervening years.

12 **SECTION 16.** 71.49 (1) (am) of the statutes is created to read:

13 71.49 (1) (am) Aviation biofuel manufacturing zone credit under s. 71.47 (3v).

14 **SECTION 17.** 238.394 of the statutes is created to read:

15 **238.394 Aviation biofuel manufacturing zone. (1) DEFINITIONS.** In this
16 section:

17 (a) "Aviation biofuel" means biofuel used as aviation fuel.

18 (b) "Aviation biofuel project" means economic activity related to
19 manufacturing biofuel in this state, a majority of which is aviation biofuel, for
20 which the person conducting the activity commits to expend a total of not less than
21 \$1,500,000,000.

22 (c) "Biofuel" means fuel created by synthesizing organic matter derived from
23 wood, at least 80 percent of which, as measured by aggregate volume over a 5-year
24 period, has been sourced in this state.

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1 (d) "Tax benefits" means the income and franchise tax credits under ss. 71.07
2 (3v), 71.28 (3v), and 71.47 (3v).

3 (2) DESIGNATION OF ZONES. The corporation may designate not more than one
4 aviation biofuel manufacturing zone in this state for an aviation biofuel project.
5 The zone may be noncontiguous. The zone may not include any area outside this
6 state.

7 (3) CERTIFICATION. The corporation may certify a business that engages in
8 the aviation biofuel project in the aviation biofuel manufacturing zone designated
9 under sub. (2) for tax benefits of up to 10 percent of the business's capital
10 expenditures made in the zone during the taxable year that are related to
11 manufacturing biofuel.

12 (4) LIMITATIONS ON TAX BENEFITS. The corporation may not issue
13 certifications under sub. (3) for tax benefits that total more than \$60,000,000.

14 (5) OTHER DUTIES. (a) The corporation shall revoke a certification under sub.
15 (3) if the business does any of the following:

- 16 1. Supplies false or misleading information to obtain tax benefits.
- 17 2. Leaves the aviation biofuel manufacturing zone designated under sub. (2)
18 to conduct substantially the same business outside the aviation biofuel
19 manufacturing zone.
- 20 3. Ceases operations, including construction and planning, in the aviation
21 biofuel manufacturing zone designated under sub. (2) and does not renew operation
22 of the business or a similar business in the aviation biofuel manufacturing zone
23 within 12 months of the cessation of operations.
- 24 4. Fails to comply with the requirements under sub. (6).

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1 (b) The corporation may, not later than 5 years after a year in which the
2 corporation certifies a business for tax benefits under sub. (3), require the business
3 to repay any tax benefits the business claims for the year in which the business
4 failed to comply with an agreement entered into with the corporation.

5 (c) The corporation shall determine the maximum amount of the tax benefits
6 that a certified business may claim and shall notify the department of revenue of
7 this amount.

8 (d) The board shall verify, under s. 238.03 (2) (e), the information submitted to
9 the corporation by a business for the purpose of claiming tax benefits.

10 (e) The corporation shall adopt policies and procedures to administer this
11 section.

12 **(6) REPORTING REQUIREMENTS.** Beginning not later than 30 days after the
13 end of the quarter during which a business is certified for tax benefits under sub.
14 (3), and no later than 30 days after the end of each quarter during which the
15 business is certified for tax benefits under sub. (3), the business shall submit a
16 progress report to the corporation and to the chief clerk of each house of the
17 legislature that includes all of the following:

18 (a) Any efforts of the business, including the efforts of the business's
19 contractors, to recruit residents of this state to employment opportunities created
20 by the aviation biofuel project.

21 (b) Any efforts of the business to collaborate with apprenticeship programs
22 registered by the department of workforce development.

23 (c) The number of residents of this state and individuals outside this state

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1 that are employed within the aviation biofuel manufacturing zone in the aviation
2 biofuel project.

3 (END)