



State of Wisconsin  
2019 - 2020 LEGISLATURE

LRB-5357/1  
EKL:amn&skw

## 2019 SENATE BILL 786

February 6, 2020 - Introduced by Senators BERNIER and OLSEN, cosponsored by Representatives SUMMERFIELD, NYGREN, DITTRICH, PETRYK, PLUMER, SKOWRONSKI, TUSLER, VANDERMEER and SPIROS. Referred to Committee on Agriculture, Revenue and Financial Institutions.

1     **AN ACT to amend** 76.67 (2); and **to create** 71.07 (8f), 71.10 (4) (fd), 71.28 (8f),  
2           71.30 (3) (cu), 71.47 (8f), 71.49 (1) (cu), 76.6395 and 234.46 of the statutes;  
3           **relating to:** state workforce housing income and franchise tax credit and  
4           requiring the exercise of rule-making authority.

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### *Analysis by the Legislative Reference Bureau*

This bill creates a state workforce housing tax credit program that is administered by the Wisconsin Housing and Economic Development Authority.

Under the bill, WHEDA may certify a person to claim a nonrefundable credit to offset income and franchise taxes if all of the following conditions are satisfied:

1. The person has an ownership interest in a qualified housing development. Under the bill, a “qualified housing development” is a residential rental property development located in Wisconsin if at least 25 percent of the rental units are occupied by individuals whose income is at least 61 percent but not more than 100 percent of area median income and the rents for such units do not exceed 30 percent of area median income.

2. The tax credit is necessary for the financial feasibility of the development.

3. The qualified housing development is the subject of a recorded restrictive covenant requiring that the development be maintained and operated as a qualified housing development for at least ten years.

4. The tax credit certification is issued in accordance with a qualified allocation plan established by WHEDA.

**SENATE BILL 786**

The bill requires that WHEDA give preference to qualified housing developments located in a city, village, or town of fewer than 150,000 residents. The bill caps at \$42,000,000 the amount of credits WHEDA may issue each year, including all amounts each person is eligible to claim for each year of the credit. However, the bill raises that cap for each year by an amount equal to all unallocated credits from prior years and all previously allocated credits that have been revoked, cancelled, or otherwise recovered by WHEDA.

The bill also requires that WHEDA submit an annual report to the legislature concerning the program's progress.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1           **SECTION 1.** 71.07 (8f) of the statutes is created to read:

2           71.07 (8f) STATE WORKFORCE HOUSING CREDIT. (a) *Definitions.* In this subsection:

3           1. "Allocation certificate" means a statement issued by the authority certifying  
4           that a qualified housing development is eligible for a credit under this subsection and  
5           specifying the amount of the credit that the owners of the development may claim  
6           for each taxable year of the credit period.

7           2. "Area median gross income" has the meaning as used for purposes of 26 USC  
8           42.

9           3. "Authority" means the Wisconsin Housing and Economic Development  
10          Authority.

11          4. "Claimant" means a person who has an ownership interest in a qualified  
12          housing development and who files a claim under this subsection.

13          5. "Compliance period" means the 10-year period beginning with the first  
14          taxable year of the credit period.

15          6. "Credit period" means the 6-year period beginning with the taxable year in  
16          which a qualified housing development is placed in service. For purposes of this

**SENATE BILL 786**

1 subdivision, if a qualified housing development consists of more than one building,  
2 the qualified housing development is placed in service in the taxable year in which  
3 the last building is placed in service.

4 7. "Qualified basis" means the amount equal to the applicable fraction of the  
5 adjusted basis of the qualified housing development as of the close of the first taxable  
6 year of the credit period. The applicable fraction is the smaller of a fraction whose  
7 numerator is the number of qualified units in the qualified housing development and  
8 denominator is the total number of residential rental units in the qualified housing  
9 development or a fraction whose numerator is the total floor space of the qualified  
10 units in the qualified housing development and denominator is the total floor space  
11 of all the residential rental units in the qualified housing development. In  
12 calculating the applicable fraction, the number of qualified units and residential  
13 rental units and the amount of floor space shall be determined as of the close of the  
14 taxable year.

15 8. "Qualified housing development" means a residential rental property  
16 development that is located in this state if at least 25 percent of the development's  
17 residential rental units are rent-restricted units and occupied by individuals whose  
18 tenant income is at least 61 percent but not more than 100 percent of area median  
19 gross income.

20 9. "Qualified unit" means a rent-restricted unit that is occupied by individuals  
21 whose tenant income is at least 61 percent but not more than 100 percent of area  
22 median gross income.

23 10. "Rent-restricted unit" means a residential rental unit if the gross rent with  
24 respect to the unit does not exceed 30 percent of area median gross income,

**SENATE BILL 786****SECTION 1**

1 determined as if the unit is occupied by one individual in a unit without a separate  
2 bedroom and 1.5 individuals for each separate bedroom in any other unit.

3 11. "Tenant income" means the income determined under 26 USC 142 (d) (2)  
4 (B) of individuals occupying a residential rental unit.

5 (b) *Filing claims.* Subject to the limitations provided in this subsection and in  
6 s. 234.46, for taxable years beginning after December 31, 2019, a claimant may claim  
7 as a credit against the taxes imposed under s. 71.02, up to the amount of the tax, the  
8 amount allocated to the claimant by the authority under s. 234.46 for each taxable  
9 year within the credit period.

10 (c) *Limitations.* 1. No person may claim the credit under par. (b) unless the  
11 claimant includes with the claimant's return a copy of the allocation certificate  
12 issued for the qualified housing development.

13 2. A partnership, limited liability company, or tax-option corporation may not  
14 claim the credit under this subsection. The partners of a partnership, members of  
15 a limited liability company, or shareholders in a tax-option corporation may claim  
16 the credit under this subsection based on eligible costs incurred by the partnership,  
17 limited liability company, or tax-option corporation. The partnership, limited  
18 liability company, or tax-option corporation shall calculate the amount of the credit  
19 that may be claimed by each partner, member, or shareholder and shall provide that  
20 information to each of them. Credits computed by a partnership or limited liability  
21 company may be claimed in proportion to the ownership interests of the partners or  
22 members or allocated to partners or members as provided in a written agreement  
23 among the partners or members that is entered into no later than the last day of the  
24 taxable year of the partnership or limited liability company for which the credit is  
25 claimed. Any partner or member who claims the credit as allocated by a written

**SENATE BILL 786**

1 agreement shall provide a copy of the agreement with the tax return on which the  
2 credit is claimed. For shareholders of a tax-option corporation, the credit may be  
3 allocated in proportion to the ownership interest of each shareholder. A person  
4 claiming the credit as provided under this subdivision is solely responsible for any  
5 tax liability arising from a dispute with the department related to claiming the  
6 credit.

7 (d) *Recapture*. 1. As of the last day of any taxable year during the compliance  
8 period, if the qualified basis of a qualified housing development with respect to a  
9 claimant is less than the qualified basis as of the last day of the previous taxable year,  
10 the amount of the claimant's tax liability under this subchapter shall be increased  
11 by an amount equal to the excess of the aggregate credit claimed under this  
12 subsection in prior taxable years over the aggregate credit that would be claimed in  
13 those years if the full credit amount allocated to the claimant for the credit period  
14 was claimed ratably over 10 years, plus interest at the overpayment rate established  
15 under 26 USC 6621.

16 2. Subdivision 1. does not apply if the reduction in qualified basis for the  
17 taxable year is by reason of a casualty loss if the loss is restored by reconstruction  
18 or replacement within a reasonable period; a minimal change in floor space; or a  
19 disposition of an interest in the qualified housing development if it is reasonably  
20 expected that the development will continue to be operated as a qualified housing  
21 development for the remainder of the compliance period.

22 3. In the event that the recapture of a credit is required in a taxable year, the  
23 taxpayer shall include the recaptured amount on the return submitted for the  
24 taxable year in which the recapture event is identified.

25 4. The department shall promulgate rules to implement this paragraph.

**SENATE BILL 786**

1 (e) *Administration*. Section 71.28 (4) (e) to (h), as it applies to the credit under  
2 s. 71.28 (4), applies to the credit under this subsection.

3 **SECTION 2.** 71.10 (4) (fd) of the statutes is created to read:

4 71.10 (4) (fd) State workforce housing credit under s. 71.07 (8f).

5 **SECTION 3.** 71.28 (8f) of the statutes is created to read:

6 71.28 (8f) STATE WORKFORCE HOUSING CREDIT. (a) *Definitions*. In this subsection:

7 1. "Allocation certificate" means a statement issued by the authority certifying  
8 that a qualified housing development is eligible for a credit under this subsection and  
9 specifying the amount of the credit that the owners of the qualified housing  
10 development may claim for each taxable year of the credit period.

11 2. "Area median gross income" has the meaning as used for purposes of 26 USC  
12 42.

13 3. "Authority" means the Wisconsin Housing and Economic Development  
14 Authority.

15 4. "Claimant" means a person who has an ownership interest in a qualified  
16 housing development and who files a claim under this subsection.

17 5. "Compliance period" means the 10-year period beginning with the first  
18 taxable year of the credit period.

19 6. "Credit period" means the 6-year period beginning with the taxable year in  
20 which a qualified housing development is placed in service. For purposes of this  
21 subdivision, if a qualified housing development consists of more than one building,  
22 the qualified housing development is placed in service in the taxable year in which  
23 the last building is placed in service.

24 7. "Qualified basis" means the amount equal to the applicable fraction of the  
25 adjusted basis of the qualified housing development as of the close of the first taxable

**SENATE BILL 786**

1 year of the credit period. The applicable fraction is the smaller of a fraction whose  
2 numerator is the number of qualified units in the qualified housing development and  
3 denominator is the total number of residential rental units in the qualified housing  
4 development or a fraction whose numerator is the total floor space of the qualified  
5 units in the qualified housing development and denominator is the total floor space  
6 of all the residential rental units in the qualified housing development. In  
7 calculating the applicable fraction, the number of qualified units and residential  
8 rental units and the amount of floor space shall be determined as of the close of the  
9 taxable year.

10 8. “Qualified housing development” means a residential rental property  
11 development located in this state if at least 25 percent of the residential rental units  
12 are rent-restricted units and occupied by individuals whose tenant income is at least  
13 61 percent but not more than 100 percent of area median gross income.

14 9. “Qualified unit” means a rent-restricted unit that is occupied by individuals  
15 whose tenant income is at least 61 percent but not more than 100 percent of area  
16 median gross income.

17 10. “Rent-restricted unit” means a residential rental unit if the gross rent with  
18 respect to the unit does not exceed 30 percent of area median gross income,  
19 determined as if the unit is occupied by one individual in a unit without a separate  
20 bedroom and 1.5 individuals for each separate bedroom in any other unit.

21 11. “Tenant income” means the income determined under 26 USC 142 (d) (2)  
22 (B) of individuals occupying a residential rental unit.

23 (b) *Filing claims.* Subject to the limitations provided in this subsection and in  
24 s. 234.46, for taxable years beginning after December 31, 2019, a claimant may claim  
25 as a credit against the taxes imposed under s. 71.23, up to the amount of the tax, the

**SENATE BILL 786****SECTION 3**

1 amount allocated to the claimant by the authority under s. 234.46 for each taxable  
2 year within the credit period.

3 (c) *Limitations.* 1. No person may claim the credit under par. (b) unless the  
4 claimant includes with the claimant's return a copy of the allocation certificate  
5 issued for the qualified housing development.

6 2. A partnership, limited liability company, or tax-option corporation may not  
7 claim the credit under this subsection. The partners of a partnership, members of  
8 a limited liability company, or shareholders in a tax-option corporation may claim  
9 the credit under this subsection based on eligible costs incurred by the partnership,  
10 limited liability company, or tax-option corporation. The partnership, limited  
11 liability company, or tax-option corporation shall calculate the amount of the credit  
12 that may be claimed by each partner, member, or shareholder and shall provide that  
13 information to each of them. Credits computed by a partnership or limited liability  
14 company may be claimed in proportion to the ownership interests of the partners or  
15 members or allocated to partners or members as provided in a written agreement  
16 among the partners or members that is entered into no later than the last day of the  
17 taxable year of the partnership or limited liability company for which the credit is  
18 claimed. Any partner or member who claims the credit as allocated by a written  
19 agreement shall provide a copy of the agreement with the tax return on which the  
20 credit is claimed. For shareholders of a tax-option corporation, the credit may be  
21 allocated in proportion to the ownership interest of each shareholder. A person  
22 claiming the credit as provided under this subdivision is solely responsible for any  
23 tax liability arising from a dispute with the department related to claiming the  
24 credit.



**SENATE BILL 786**

1           (d) *Recapture*. 1. As of the last day of any taxable year during the compliance  
2           period, if the qualified basis of a qualified housing development with respect to a  
3           claimant is less than the qualified basis as of the last day of the previous taxable year,  
4           the amount of the claimant's tax liability under this subchapter shall be increased  
5           by an amount equal to the excess of the aggregate credit claimed under this  
6           subsection in prior taxable years over the aggregate credit that would be claimed in  
7           those years if the full credit amount allocated to the claimant for the credit period  
8           was claimed ratably over 10 years, plus interest at the overpayment rate established  
9           under 26 USC 6621.

10           2. Subdivision 1. does not apply if the reduction in qualified basis for the  
11           taxable year is by reason of a casualty loss if the loss is restored by reconstruction  
12           or replacement within a reasonable period; a minimal change in floor space; or the  
13           disposition of an interest in the qualified housing development if it is reasonably  
14           expected that the development will continue to be operated as a qualified housing  
15           development for the remainder of the compliance period.

16           3. In the event that the recapture of a credit is required in a taxable year, the  
17           taxpayer shall include the recaptured amount on the return submitted for the  
18           taxable year in which the recapture event is identified.

19           4. The department shall promulgate rules to implement this paragraph.

20           (e) *Administration*. Subsection (4) (e) to (h), as it applies to the credit under  
21           sub. (4), applies to the credit under this subsection.

22           **SECTION 4.** 71.30 (3) (cu) of the statutes is created to read:

23           71.30 (3) (cu) State workforce housing credit under s. 71.28 (8f).

24           **SECTION 5.** 71.47 (8f) of the statutes is created to read:

25           71.47 (8f) STATE WORKFORCE HOUSING CREDIT. (a) *Definitions*. In this subsection:

**SENATE BILL 786****SECTION 5**

1           1. “Allocation certificate” means a statement issued by the authority certifying  
2 that a qualified housing development is eligible for a credit under this subsection and  
3 specifying the amount of the credit that the owners of the qualified housing  
4 development may claim for each taxable year of the credit period.

5           2. “Area median gross income” has the meaning as used for purposes of 26 USC  
6 42.

7           3. “Authority” means the Wisconsin Housing and Economic Development  
8 Authority.

9           4. “Claimant” means a person who has an ownership interest in a qualified  
10 housing development and who files a claim under this subsection.

11           5. “Compliance period” means the 10-year period beginning with the first  
12 taxable year of the credit period.

13           6. “Credit period” means the 6-year period beginning with the taxable year in  
14 which a qualified housing development is placed in service. For purposes of this  
15 subdivision, if a qualified housing development consists of more than one building,  
16 the qualified housing development is placed in service in the taxable year in which  
17 the last building is placed in service.

18           7. “Qualified basis” means the amount equal to the applicable fraction of the  
19 adjusted basis of the qualified housing development as of the close of the first taxable  
20 year of the credit period. The applicable fraction is the smaller of a fraction whose  
21 numerator is the number of qualified units in the qualified housing development and  
22 denominator is the total number of residential rental units in the qualified housing  
23 development or a fraction whose numerator is the total floor space of the qualified  
24 units in the qualified housing development and denominator is the total floor space  
25 of all the residential rental units in the qualified housing development. In

**SENATE BILL 786**

1 calculating the applicable fraction, the number of qualified units and residential  
2 rental units and the amount of floor space shall be determined as of the close of the  
3 taxable year.

4 8. "Qualified housing development" means a residential rental property  
5 development located in this state if at least 25 percent of the residential rental units  
6 are rent-restricted units and occupied by individuals whose tenant income is at least  
7 61 percent but not more than 100 percent of area median gross income.

8 9. "Qualified unit" means a rent-restricted unit that is occupied by individuals  
9 whose tenant income is at least 61 percent but not more than 100 percent of area  
10 median gross income.

11 10. "Rent-restricted unit" means a residential rental unit if the gross rent with  
12 respect to the unit does not exceed 30 percent of area median gross income,  
13 determined as if the unit is occupied by one individual in a unit without a separate  
14 bedroom and 1.5 individuals for each separate bedroom in any other unit.

15 11. "Tenant income" means the income determined under 26 USC 142 (d) (2)  
16 (B) of individuals occupying a residential rental unit.

17 (b) *Filing claims.* Subject to the limitations provided in this subsection and in  
18 s. 234.46, for taxable years beginning after December 31, 2019, a claimant may claim  
19 as a credit against the taxes imposed under s. 71.43, up to the amount of the tax, the  
20 amount allocated to the claimant by the authority under s. 234.46 for each taxable  
21 year within the credit period.

22 (c) *Limitations.* 1. No person may claim the credit under par. (b) unless the  
23 claimant includes with the claimant's return a copy of the allocation certificate  
24 issued for the qualified housing development.

**SENATE BILL 786****SECTION 5**

1           2. A partnership, limited liability company, or tax-option corporation may not  
2 claim the credit under this subsection. The partners of a partnership, members of  
3 a limited liability company, or shareholders in a tax-option corporation may claim  
4 the credit under this subsection based on eligible costs incurred by the partnership,  
5 limited liability company, or tax-option corporation. The partnership, limited  
6 liability company, or tax-option corporation shall calculate the amount of the credit  
7 that may be claimed by each partner, member, or shareholder and shall provide that  
8 information to each of them. Credits computed by a partnership or limited liability  
9 company may be claimed in proportion to the ownership interests of the partners or  
10 members or allocated to partners or members as provided in a written agreement  
11 among the partners or members that is entered into no later than the last day of the  
12 taxable year of the partnership or limited liability company for which the credit is  
13 claimed. Any partner or member who claims the credit as allocated by a written  
14 agreement shall provide a copy of the agreement with the tax return on which the  
15 credit is claimed. For shareholders of a tax-option corporation, the credit may be  
16 allocated in proportion to the ownership interest of each shareholder. A person  
17 claiming the credit as provided under this subdivision is solely responsible for any  
18 tax liability arising from a dispute with the department related to claiming the  
19 credit.

20           (d) *Recapture.* 1. As of the last day of any taxable year during the compliance  
21 period, if the qualified basis of a qualified housing development with respect to a  
22 claimant is less than the qualified basis as of the last day of the previous taxable year,  
23 the amount of the claimant's tax liability under this subchapter shall be increased  
24 by an amount equal to the excess of the aggregate credit claimed under this  
25 subsection in prior taxable years over the aggregate credit that would be claimed in

**SENATE BILL 786**

1 those years if the full credit amount allocated to the claimant for the credit period  
2 was claimed ratably over 10 years, plus interest at the overpayment rate established  
3 under 26 USC 6621.

4 2. Subdivision 1. does not apply if the reduction in qualified basis for the  
5 taxable year is by reason of a casualty loss if the loss is restored by reconstruction  
6 or replacement within a reasonable period; a minimal change in floor space; or a  
7 disposition of an interest in the qualified housing development if it is reasonably  
8 expected that the development will continue to be operated as a qualified housing  
9 development for the remainder of the compliance period.

10 3. In the event that the recapture of a credit is required in a taxable year, the  
11 taxpayer shall include the recaptured amount on the return submitted for the  
12 taxable year in which the recapture event is identified.

13 4. The department shall promulgate rules to implement this paragraph.

14 (e) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under  
15 s. 71.28 (4), applies to the credit under this subsection.

16 **SECTION 6.** 71.49 (1) (cu) of the statutes is created to read:

17 71.49 (1) (cu) State workforce housing credit under s. 71.47 (8f).

18 **SECTION 7.** 76.6395 of the statutes is created to read:

19 **76.6395 State workforce housing credit. (1) DEFINITIONS.** In this section:

20 (a) "Allocation certificate" means a statement issued by the authority certifying  
21 that a qualified housing development is eligible for a credit under this section and  
22 specifying the amount of the credit that the owners of the qualified housing  
23 development may claim for each taxable year of the credit period.

24 (b) "Area median gross income" has the meaning as used for purposes of 26 USC  
25 42.

**SENATE BILL 786****SECTION 7**

1           (c) “Authority” means the Wisconsin Housing and Economic Development  
2 Authority.

3           (d) “Claimant” means a person who has an ownership interest in a qualified  
4 housing development and who files a claim under this section.

5           (e) “Compliance period” means the 10-year period beginning with the first  
6 taxable year of the credit period.

7           (f) “Credit period” means the 6-year period beginning with the taxable year in  
8 which a qualified housing development is placed in service. For purposes of this  
9 paragraph, if a qualified housing development consists of more than one building,  
10 the qualified housing development is placed in service in the taxable year in which  
11 the last building is placed in service.

12           (g) “Qualified basis” means the amount equal to the applicable fraction of the  
13 adjusted basis of the qualified housing development as of the close of the first taxable  
14 year of the credit period. The applicable fraction is the smaller of a fraction whose  
15 numerator is the number of qualified units in the qualified housing development and  
16 denominator is the total number of residential rental units in the qualified housing  
17 development or a fraction whose numerator is the total floor space of the qualified  
18 units in the qualified housing development and denominator is the total floor space  
19 of all the residential rental units in the qualified housing development. In  
20 calculating the applicable fraction, the number of qualified units and residential  
21 rental units and the amount of floor space shall be determined as of the close of the  
22 taxable year.

23           (h) “Qualified housing development” means a residential rental property  
24 development located in this state if at least 25 percent of the residential rental units

**SENATE BILL 786**

1 are rent-restricted units and occupied by individuals whose tenant income is at least  
2 61 percent but not more than 100 percent of area median gross income.

3 (i) "Qualified unit" means a rent-restricted unit that is occupied by individuals  
4 whose tenant income is at least 61 percent but not more than 100 percent of area  
5 median gross income.

6 (j) "Rent-restricted unit" means a residential rental unit if the gross rent with  
7 respect to the unit does not exceed 30 percent of area median gross income,  
8 determined as if the unit is occupied by one individual in a unit without a separate  
9 bedroom and 1.5 individuals for each separate bedroom in any other unit.

10 (k) "Tenant income" means the income determined under 26 USC 142 (d) (2)  
11 (B) of individuals occupying a residential rental unit.

12 **(2) FILING CLAIMS.** Subject to the limitations provided in this section and in s.  
13 234.46, for taxable years beginning after December 31, 2019, a claimant may claim  
14 as a credit against the fees imposed under s. 76.60, 76.63, 76.65, 76.66, or 76.67 the  
15 amount allocated to the claimant by the authority under s. 234.46 for each taxable  
16 year within the credit period.

17 **(3) LIMITATIONS.** No insurer may claim the credit under sub. (2) unless the  
18 claimant includes with the claimant's return a copy of the allocation certificate  
19 issued for the qualified housing development.

20 **(4) RECAPTURE.** (a) As of the last day of any taxable year during the compliance  
21 period, if the qualified basis of a qualified housing development with respect to a  
22 claimant is less than the qualified basis as of the last day of the previous taxable year,  
23 the amount of the claimant's tax liability under s. 76.60, 76.63, 76.65, 76.66, or 76.67  
24 shall be increased by an amount equal to the excess of the aggregate credit claimed  
25 under this section in prior taxable years over the aggregate credit that would be

**SENATE BILL 786****SECTION 7**

1 claimed in those years if the full credit amount allocated to the claimant for the credit  
2 period was claimed ratably over 10 years, plus interest at the overpayment rate  
3 established under 26 USC 6621.

4 (b) Paragraph (a) does not apply if the reduction in qualified basis for the  
5 taxable year is by reason of a casualty loss if the loss is restored by reconstruction  
6 or replacement within a reasonable period; a de minimis change in floor space; or a  
7 disposition of an interest in the qualified housing development if it is reasonably  
8 expected that the development will continue to be operated as a qualified housing  
9 development for the remainder of the compliance period.

10 (c) In the event that the recapture of a credit is required in a taxable year, the  
11 taxpayer shall include the recaptured amount of the credit on the return submitted  
12 for the taxable year in which the recapture event is identified.

13 (d) The department shall promulgate rules to implement this subsection.

14 **(5) CARRY-FORWARD.** If the credit under sub. (2) is not entirely offset against the  
15 fees under s. 76.60, 76.63, 76.65, 76.66, or 76.67 otherwise due, the unused balance  
16 may be carried forward and credited against those fees for the following 15 years to  
17 the extent that it is not offset by those fees otherwise due in all the years between  
18 the year in which the expense was made and the year in which the carry-forward  
19 credit is claimed.

20 **SECTION 8.** 76.67 (2) of the statutes is amended to read:

21 76.67 **(2)** If any domestic insurer is licensed to transact insurance business in  
22 another state, this state may not require similar insurers domiciled in that other  
23 state to pay taxes greater in the aggregate than the aggregate amount of taxes that  
24 a domestic insurer is required to pay to that other state for the same year less the  
25 credits under ss. 76.635, 76.636, 76.637, 76.638, 76.639, 76.6395, and 76.655, except



**SENATE BILL 786**

1 that the amount imposed shall not be less than the total of the amounts due under  
2 ss. 76.65 (2) and 601.93 and, if the insurer is subject to s. 76.60, 0.375 percent of its  
3 gross premiums, as calculated under s. 76.62, less offsets allowed under s. 646.51 (7)  
4 or under ss. 76.635, 76.636, 76.637, 76.638, 76.639, 76.6395, and 76.655 against that  
5 total, and except that the amount imposed shall not be less than the amount due  
6 under s. 601.93.

7 **SECTION 9.** 234.46 of the statutes is created to read:

8 **234.46 State workforce housing tax credits. (1) DEFINITIONS.** In this  
9 section:

10 (a) "Allocation certificate" means a statement issued by the authority certifying  
11 that a qualified housing development is eligible for a credit under this section and  
12 specifying the amount of the credit that the owners of the qualified housing  
13 development may claim for each taxable year of the credit period.

14 (b) "Area median gross income" has the meaning as used for purposes of 26 USC  
15 42.

16 (c) "Compliance period" means the 10-year period beginning with the first  
17 taxable year of the credit period.

18 (d) "Credit period" means the 6-year period beginning with the taxable year  
19 in which a qualified housing development is placed in service. For purposes of this  
20 paragraph, if a qualified housing development consists of more than one building,  
21 the qualified housing development is placed in service in the taxable year in which  
22 the last building is placed in service.

23 (e) "Qualified housing development" means a residential rental property  
24 development located in this state if at least 25 percent of the development's  
25 residential rental units are rent-restricted units and occupied by individuals whose

**SENATE BILL 786****SECTION 9**

1 tenant income is at least 61 percent but not more than 100 percent of area median  
2 gross income.

3 (f) "Qualified unit" means a rent-restricted unit that is occupied by individuals  
4 whose tenant income is at least 61 percent but not more than 100 percent of area  
5 median gross income.

6 (g) "Rent-restricted unit" means a residential rental unit if the gross rent with  
7 respect to the unit does not exceed 30 percent of area median gross income,  
8 determined as if the unit is occupied by one individual in a unit without a separate  
9 bedroom and 1.5 individuals for each separate bedroom in any other unit.

10 (h) "State tax credit" means a tax credit under s. 71.07 (8f), 71.28 (8f), 71.47 (8f),  
11 or 76.6395.

12 (i) "Tenant income" means the income determined under 26 USC 142 (d) (2) (B)  
13 of individuals occupying a residential rental unit.

14 **(2) ESTABLISHMENT OF PROGRAM.** The authority shall establish a program to  
15 certify persons to claim state tax credits, in amounts determined by the authority,  
16 under this section.

17 **(3) CERTIFICATION.** The authority may certify a person to claim a state tax credit  
18 by issuing the person an allocation certificate for the qualified housing development.  
19 The allocation certificate shall state the amount the authority determines the person  
20 is eligible to claim for each year of the credit period, the name and address of the  
21 person, the person's Wisconsin tax identification number, and any other information  
22 required by the authority or department of revenue. The authority shall provide a  
23 copy of the allocation certificate to the department of revenue. The authority shall  
24 issue allocation certificates annually, on a rolling basis, based on eligibility, as  
25 determined by the authority, except that the authority may develop a competitive

**SENATE BILL 786**

1 process to award allocation certificates as a part of its qualified allocation plan under  
2 sub. (4). The authority may issue an allocation certificate under this subsection only  
3 if all of the following conditions are satisfied:

4 (a) The allocation certificate is issued to a person who has an ownership  
5 interest in the qualified housing development.

6 (b) The state tax credit is necessary for the financial feasibility of the qualified  
7 housing development.

8 (c) The qualified housing development is the subject of a recorded restrictive  
9 covenant requiring that, for the compliance period or for a longer period agreed to  
10 by the authority and the owner of the qualified housing development, the  
11 development shall be maintained and operated as a qualified housing development  
12 and shall be in compliance with Title VIII of the federal Civil Rights Act of 1968, as  
13 amended.

14 (d) The allocation certificate is issued in accordance with the authority's  
15 qualified allocation plan under sub. (4).

16 **(4) ALLOCATION PLAN.** The authority shall develop a qualified allocation plan  
17 that sets forth selection criteria to determine housing priorities for individuals  
18 whose income is at least 61 percent but not more 100 percent of area median gross  
19 income. The housing priorities shall be appropriate for local conditions. The  
20 selection criteria shall include project location, housing needs characteristics,  
21 project characteristics, sponsor characteristics, tenant populations with special  
22 housing needs, tenant populations of individuals with children, projects intended for  
23 eventual tenant ownership, the energy efficiency of the project, and the historic  
24 nature of the project. The plan shall include procedures to monitor noncompliance  
25 with this section and with habitability standards.

**SENATE BILL 786****SECTION 9**

1           **(5) ALLOCATION LIMITS.** In any calendar year, the aggregate amount of all state  
2 tax credits for which the authority certifies persons in allocation certificates issued  
3 under sub. (3) in that year may not exceed \$42,000,000, including all amounts each  
4 person is eligible to claim for each year of the credit period, plus the total amount of  
5 all unallocated state tax credits from previous calendar years and plus the total  
6 amount of all previously allocated state tax credits that have been revoked or  
7 cancelled or otherwise recovered by the authority.

8           **(6) PREFERENCE FOR SMALLER MUNICIPALITIES.** In issuing allocation certificates  
9 under sub. (3), the authority shall give preference to qualified housing developments  
10 located in a city, village, or town with a population of fewer than 150,000.

11           **(7) REPORT.** No later than December 31 of each year, the authority shall submit  
12 a report to the legislature under s. 13.172 (2) that includes all of the following:

13           (a) A description of each qualified housing development for which the authority  
14 issued an allocation certificate that year, including the development's geographic  
15 location, the household type and any specific demographic information available  
16 concerning the residents intended to be served by the development, the income levels  
17 of residents intended to be served by the development, and the rents or set-asides  
18 authorized for the development.

19           (b) An analysis of housing market and demographic information that shows  
20 how the qualified housing developments for which the authority has issued  
21 allocation certificates at any time are addressing the need for affordable housing  
22 within the communities the developments are intended to serve and an analysis of  
23 remaining disparities in the affordability of housing within those communities.

