

**2015 DRAFTING REQUEST**

**Bill**

Received: **8/10/2015** Received By: **mgallagh**  
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**Pre Topic:**

No specific pre topic given

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**Topic:**

Community development financial institution tax credit

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**Instructions:**

Same as 2013 AB 63 (LRB-1336/1) but remove WEDC

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 8/11/2015	anienaja 8/11/2015	_____			
/P1	jkreye 1/20/2016		_____	wjackson 8/11/2015		State
/1		jdyer	_____	mbarman	mbarman	State

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
		1/21/2016	_____	1/21/2016	1/28/2016	

FE Sent For:

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*2/1/16*

<END>



State of Wisconsin  
2015 - 2016 LEGISLATURE

LRB 0517/1  
JK&FFK:sac

*Handwritten initials/signature*

2891/91

SAV

2015 BILL

Today

Insert

D-N

Regent

1 AN ACT to amend 71.05 (6) (a) 15., 71.21 (4) (a), 71.26 (2) (a) 4., 71.34 (1k) (g),  
2 71.45 (2) (a) 10. and 76.67 (2); and to create 71.07 (5p), 71.10 (4) (cs), 71.28 (5p),  
3 71.30 (3) (dr), 71.47 (5p), 71.49 (1) (dr), 76.634 and 238.18 of the statutes;  
4 relating to: an income and franchise tax credit for investments in a community  
5 development financial institution.

**Analysis by the Legislative Reference Bureau**

W 47

Under this bill, the Wisconsin Economic Development Corporation (WEDC) may certify a person who makes a qualified investment in a registered community development financial institution (CDFI) to receive a credit against state income and franchise taxes, for taxable years beginning after December 31, 2014, and before January 1, 2017, and against license fees paid by insurers. The bill defines a CDFI as an entity that is organized under the laws of this state and has been certified by the Community Development Financial Institutions Fund established under federal law (fund) as meeting certain eligibility requirements. The bill permits WEDC to register a CDFI that applies to WEDC and complies with annual reporting requirements. The bill defines a "qualified investment" as a loan or deposit that pays no interest of at least \$10,000 that is made for a minimum of 60 months and over which the CDFI retains complete control for the duration of the investment period.

WEDC may revoke the registration of a CDFI that fails to comply with annual reporting requirements or that no longer meets the eligibility requirement for certification by the fund. WEDC may certify up to \$1,000,000 in tax credits in any calendar year.

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A person certified to receive tax credits may claim 10 percent of the person's qualified investment, if the investment is at least \$10,000, but not more than \$150,000, or 12 percent of the person's qualified investment, if the investment is more than \$150,000, but not more than \$500,000. If the person withdraws the qualified investment from the CDFI before the end of the investment period and does not reinvest the qualified investment in another CDFI, the person must repay a portion of the credit amounts that the person received by adding the portion to the person's tax or fee liability in a subsequent year. However, the portion that the person must repay depends on when the person withdraws the investment during the investment period. The portion that the person must repay decreases the longer the person holds the investment during the investment period.

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:*

*as affected by 2015 Wisconsin Act 55,*

1 SECTION 1. 71.05 (6) (a) 15. of the statutes is amended to read:

2 71.05 (6) (a) 15. Except as provided under s. 71.07 (3p) (c) 5., the amount of the  
3 credits computed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds),  
4 (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (4k), (4n), (5e),  
5 (5f), (5h), (5i), (5j), (5k), (5p), (5r), (5rm), (6n), and (8r) and not passed through by a  
6 partnership, limited liability company, or tax-option corporation that has added that  
7 amount to the partnership's, company's, or tax-option corporation's income under s.  
8 71.21 (4) or 71.34 (1k) (g).

9 SECTION 2. 71.07 (5p) of the statutes is created to read:

10 71.07 (5p) STEVE HILGENBERG COMMUNITY DEVELOPMENT CREDIT. (a) *Definition.*

11 In this subsection, "claimant" means a person who files a claim under this subsection.

12 (b) *Filing claims.* Subject to the limitations provided under this subsection and  
13 the requirements under s. 238.18, for taxable years beginning after December 31,  
14 2014, and before January 1, 2017, except as provided under s. 238.18 (5) (cm), a  
15 claimant may claim as a credit against the tax imposed under s. 71.02, up to the

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1 amount of the tax, for the taxable year in which the investment is made, an amount  
2 equal to 10 percent of the claimant's qualified investment in a community  
3 development financial institution, if the investment is at least \$10,000, but not more  
4 than \$150,000, or 12 percent of the claimant's qualified investment in a community  
5 development financial institution, if the investment is more than \$150,000, but not  
6 more than \$500,000.

7 (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option  
8 corporations may not claim the credit under this subsection, but the eligibility for,  
9 and the amount of, the credit are based on their payment of amounts under par. (b).  
10 A partnership, limited liability company, or tax-option corporation shall compute  
11 the amount of credit that each of its partners, members, or shareholders may claim  
12 and shall provide that information to each of them. Partners, members of limited  
13 liability companies, and shareholders of tax-option corporations may claim the  
14 credit in proportion to their ownership interests.

15 2. A person who makes an investment in a community development financial  
16 institution in a taxable year, withdraws the investment in that taxable year, and  
17 immediately reinvests the proceeds into another community development financial  
18 institution may claim only one credit under this subsection for that taxable year,  
19 based on the lesser of all such investments in that taxable year. Investments in a  
20 community development financial institution made before the effective date of this  
21 subdivision .... [LRB inserts date], may not be withdrawn prior to the end of their  
22 contractual term and reinvested in a community development financial institution  
23 in order to claim a credit under this subsection.

24 3. A claimant who withdraws a qualified investment from a community  
25 development financial institution prior to the date of withdrawal specified in the

first day of the 61st month after the  
qualified investment was made

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1 written notice provided to the claimant under s. 238.18 (5) (b) and who does not  
 2 immediately reinvest the proceeds of the qualified investment as a qualified  
 3 investment in another community development financial institution shall add to the  
 4 claimant's liability for taxes imposed under s. 71.02 one of the following percentages  
 5 of the amount of the credits received under this subsection:

6 a. If the withdrawal occurs during the first year after the date on which the  
 7 claimant made the qualified investment, 100 percent.

8 b. If the withdrawal occurs during the 2nd year after the date on which the  
 9 claimant made the qualified investment, 75 percent.

10 c. If the withdrawal occurs during the 3rd year after the date on which the  
 11 claimant made the qualified investment, 50 percent.

12 d. If the withdrawal occurs during the 4th year after the date on which the  
 13 claimant made the qualified investment, 25 percent.

14 e. If the withdrawal occurs during the 5th year after the date on which the  
 15 claimant made the qualified investment, 10 percent.

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

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

19 71.10 (4) (cs) Steve Hilgenberg community development credit under s. 71.07  
 20 (5p). *, as affected by 2015 Wisconsin Act 55,*

21 **SECTION 4.** 71.21 (4) (a) of the statutes is amended to read:

22 71.21 (4) (a) The amount of the credits computed by a partnership under s.  
 23 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p),  
 24 (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (4k), (4n), (5e), (5f), (5g), (5h), (5i), (5j), (5k),

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1 (5p), (5r), (5rm), (6n), and (8r) and passed through to partners shall be added to the  
2 partnership's income.

as affected by Wisconsin Act 55,

3 **SECTION 5.** 71.26 (2) (a) 4. of the statutes is amended to read:

4 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),  
5 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r),  
6 (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5p), (5rm), (6n), (8r),  
7 and (9s) and not passed through by a partnership, limited liability company, or  
8 tax-option corporation that has added that amount to the partnership's, limited  
9 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k)  
10 (g).

11 **SECTION 6.** 71.28 (5p) of the statutes is created to read:

12 71.28 (5p) STEVE HILGENBERG COMMUNITY DEVELOPMENT CREDIT. (a) *Definition.*

13 In this subsection, "claimant" means a person who files a claim under this subsection.

14 (b) *Filing claims.* (Subject to the limitations provided under this subsection and  
15 the requirements under s. 238.18, for taxable years beginning after December 31,  
16 2014, and before January 1, 2017, except as provided under s. 238.18 (5) (cm), a  
17 claimant may claim as a credit against the tax imposed under s. 71.23, up to the  
18 amount of the tax, for the taxable year in which the investment is made, an amount  
19 equal to 10 percent of the claimant's qualified investment in a community  
20 development financial institution, if the investment is at least \$10,000, but not more  
21 than \$150,000, or 12 percent of the claimant's qualified investment in a community  
22 development financial institution, if the investment is more than \$150,000, but not  
23 more than \$500,000.

24 (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option  
25 corporations may not claim the credit under this subsection, but the eligibility for,

Insert 5-13

**BILL**

**SECTION 6**

1 and the amount of, the credit are based on their payment of amounts under par. (b).  
 2 A partnership, limited liability company, or tax-option corporation shall compute  
 3 the amount of credit that each of its partners, members, or shareholders may claim  
 4 and shall provide that information to each of them. Partners, members of limited  
 5 liability companies, and shareholders of tax-option corporations may claim the  
 6 credit in proportion to their ownership interests.

7 2. A person who makes an investment in a community development financial  
 8 institution in a taxable year, withdraws the investment in that taxable year, and  
 9 immediately reinvests the proceeds into another community development financial  
 10 institution may claim only one credit under this subsection for that taxable year,  
 11 based on the lesser of all such investments in that taxable year. Investments in a  
 12 community development financial institution made before the effective date of this  
 13 subdivision ... [LRB inserts date], may not be withdrawn prior to the end of their  
 14 contractual term and reinvested in a community development financial institution  
 15 in order to claim a credit under this subsection.

16 3. A claimant who withdraws a qualified investment from a community  
 17 development financial institution prior to the date of withdrawal specified in the  
 18 written notice provided to the claimant under s. 238.18 (5) (b) and who does not  
 19 immediately reinvest the proceeds of the qualified investment as a qualified  
 20 investment in another community development financial institution shall add to the  
 21 claimant's liability for taxes imposed under s. 71.23 one of the following percentages  
 22 of the amount of the credits received under this subsection:

23 a. If the withdrawal occurs during the first year after the date on which the  
 24 claimant made the qualified investment, 100 percent.

the first day of the first month after the qualified investment was made



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1 b. If the withdrawal occurs during the 2nd year after the date on which the  
2 claimant made the qualified investment, 75 percent.

3 c. If the withdrawal occurs during the 3rd year after the date on which the  
4 claimant made the qualified investment, 50 percent.

5 d. If the withdrawal occurs during the 4th year after the date on which the  
6 claimant made the qualified investment, 25 percent.

7 e. If the withdrawal occurs during the 5th year after the date on which the  
8 claimant made the qualified investment, 10 percent.

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

11 **SECTION 7.** 71.30 (3) (dr) of the statutes is created to read:

12 71.30 (3) (dr) Steve Hilgenberg community development credit under s. 71.28  
13 (5p).

14 **SECTION 8.** 71.34 (1k) (g) of the statutes is amended to read:

15 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option  
16 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),  
17 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (4), (5), (5e), (5f), (5g), (5h),  
18 (5i), (5j), (5k), (5p), (5r), (5rm), (6n), and (8r) and passed through to shareholders.

19 **SECTION 9.** 71.45 (2) (a) 10. of the statutes is amended to read:

20 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit  
21 computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn),  
22 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5p), (5r), (5rm), (6n), (8r), and (9s) and not  
23 passed through by a partnership, limited liability company, or tax-option  
24 corporation that has added that amount to the partnership's, limited liability

**BILL**

**SECTION 9**

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

3 **SECTION 10.** 71.47 (5p) of the statutes is created to read:

5-8 + 10-11

4 71.47 (5p) STEVE HILGENBERG COMMUNITY DEVELOPMENT CREDIT. (a) *Definition.*

5 In this subsection, "claimant" means a person who files a claim under this subsection.

6 (b) *Filing claims.* Subject to the limitations provided under this subsection and

7 the requirements under s. 238.18, for taxable years beginning after December 31,

8 2014, and before January 1, 2017, except as provided under s. 238.18 (5) (cm), a

9 claimant may claim as a credit against the tax imposed under s. 71.43, up to the

10 amount of the tax, for the taxable year in which the investment is made, an amount

11 equal to 10 percent of the claimant's qualified investment in a community

12 development financial institution, if the investment is at least \$10,000, but not more

13 than \$150,000, or 12 percent of the claimant's qualified investment in a community

14 development financial institution, if the investment is more than \$150,000, but not

15 more than \$500,000.

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 amounts under par. (b).

19 A partnership, limited liability company, or tax-option corporation shall compute

20 the amount of credit that each of its partners, members, or shareholders may claim

21 and shall provide that information to each of them. Partners, members of limited

22 liability companies, and shareholders of tax-option corporations may claim the

23 credit in proportion to their ownership interests.

24 2. A person who makes an investment in a community development financial

25 institution in a taxable year, withdraws the investment in that taxable year, and

**BILL**

1 immediately reinvests the proceeds into another community development financial  
2 institution may claim only one credit under this subsection for that taxable year,  
3 based on the lesser of all such investments in that taxable year. Investments in a  
4 community development financial institution made before the effective date of this  
5 subdivision .... [LRB inserts date], may not be withdrawn prior to the end of their  
6 contractual term and reinvested in a community development financial institution  
7 in order to claim a credit under this subsection.

8 3. A claimant who withdraws a qualified investment from a community  
9 development financial institution prior to the date of withdrawal specified in the  
10 written notice provided to the claimant under s. 238.18 (5) (b) and who does not  
11 immediately reinvest the proceeds of the qualified investment as a qualified  
12 investment in another community development financial institution shall add to the  
13 claimant's liability for taxes imposed under s. 71.43 one of the following percentages  
14 of the amount of the credits received under this subsection:

15 a. If the withdrawal occurs during the first year after the date on which the  
16 claimant made the qualified investment, 100 percent.

17 b. If the withdrawal occurs during the 2nd year after the date on which the  
18 claimant made the qualified investment, 75 percent.

19 c. If the withdrawal occurs during the 3rd year after the date on which the  
20 claimant made the qualified investment, 50 percent.

21 d. If the withdrawal occurs during the 4th year after the date on which the  
22 claimant made the qualified investment, 25 percent.

23 e. If the withdrawal occurs during the 5th year after the date on which the  
24 claimant made the qualified investment, 10 percent.

first day of the 61st month after the qualified investment was made

**BILL**

1 (d) *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 11.** 71.49 (1) (dr) of the statutes is created to read:

4 71.49 (1) (dr) Steve Hilgenberg community development credit under s. 71.47  
5 (5p).

6 **SECTION 12.** 76.634 of the statutes is created to read:

Insert 10-7  
m

7 **76.634 Steve Hilgenberg community development credit.** (1) FILING

8 CLAIMS. Subject to the limitations provided under this section and the requirements

9 under s. 238.18, for taxable years beginning after December 31, 2014, and before  
10 January 1, 2017, except as provided under s. 238.18 (5) (cm), an insurer may claim

11 as a credit against the fees due under s. 76.60, 76.63, 76.65, 76.66, or 76.67 for the  
12 taxable year in which the investment is made, an amount equal to 10 percent of the  
13 insurer's qualified investment in a community development financial institution, if  
14 the investment is at least \$10,000, but not more than \$150,000, or 12 percent of the  
15 insurer's qualified investment in a community development financial institution, if  
16 the investment is more than \$150,000, but not more than \$500,000.

17 (2) CARRY-FORWARD. If the credit under sub. (1) is not entirely offset against the  
18 fees under s. 76.60, 76.63, 76.65, 76.66, or 76.67 otherwise due, the unused balance  
19 may be carried forward and credited against those fees for the following 15 years to  
20 the extent that it is not offset by those fees otherwise due in all the years between  
21 the year in which the expense was made and the year in which the carry-forward  
22 credit is claimed.

23 (3) LIMITATIONS. (a) No credit may be allowed under this section unless the  
24 insurer includes with the insurer's annual return under s. 76.64 a copy of the  
25 insurer's certification for tax benefits under s. 238.18 (5) (b).

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1 (b) An insurer who makes an investment in a community development  
 2 financial institution in a taxable year, withdraws the investment in that taxable  
 3 year, and immediately reinvests the proceeds into another community development  
 4 financial institution may claim only one credit under this section for that taxable  
 5 year, based on the lesser of all such investments in that taxable year. Investments  
 6 in a community development financial institution made before the effective date of  
 7 this paragraph .... [LRB inserts date], may not be withdrawn prior to the end of their  
 8 contractual term and reinvested in a community development financial institution  
 9 in order to claim a credit under this section.

10 (4) REPAYMENT. An insurer who claims a credit under this section and who  
 11 withdraws a qualified investment from a community development financial  
 12 institution prior to the date of withdrawal specified in the written notice provided to  
 13 the insurer under s. 238.18 (5) (b) and <sup>who</sup> does not immediately reinvest the proceeds  
 14 of the qualified investment as a qualified investment in another community  
 15 development financial institution shall add to the insurer's liability for fees imposed  
 16 under s. 76.60, 76.63, 76.65, 76.66, or 76.67 one of the following percentages of the  
 17 amount of the credits received under this section:

18 (a) If the withdrawal occurs during the first year after the date on which the  
 19 insurer made the qualified investment, 100 percent.

20 (b) If the withdrawal occurs during the 2nd year after the date on which the  
 21 insurer made the qualified investment, 75 percent.

22 (c) If the withdrawal occurs during the 3rd year after the date on which the  
 23 insurer made the qualified investment, 50 percent.

24 (d) If the withdrawal occurs during the 4th year after the date on which the  
 25 insurer made the qualified investment, 25 percent.

first day of the first month after the qualified investment was made

2015-2016 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-2891/P1ins  
MPG:...

INSERT 2-11

- 1           1. "Claimant" means a person who files a claim under this subsection.
- 2           2. "Community development financial institution" means an entity that
- 3 satisfies all of the following:
- 4           a. The entity is certified by the fund under 12 CFR 1805.201 as meeting the
- 5 eligibility requirements for a community development financial institution under 12
- 6 CFR 1805.200 and 1805.201 (b).
- 7           b. The entity is organized under the laws of this state.
- 8           c. The entity uses qualified investments for projects that are based in this state.
- 9           3. "Fund" means the Community Development Financial Institutions Fund
- 10 established under 12 USC 4703 (a). *e Subd. 4.*
- 11           4. a. Subject to subparagraph b., "qualified investment" means a deposit or
- 12 loan that pays no interest to the person who made the deposit or loan, <sup>g</sup>if the deposit
- 13 or loan has a value of at least \$10,000 and is made for a period of at least 60 months.
- 14           b. A community development financial institution that receives an investment
- 15 described under subparagraph <sup>e Subd. 4.</sup> a. shall have complete control over the entire
- 16 investment amount, including any interest earned on the investment, for the
- 17 duration of the investment period, but the investment may be subject to any
- 18 additional terms and conditions of the investment agreement between the
- 19 community development financial institution and the investor which <sup>e that</sup> are not
- 20 inconsistent with the requirements of this section.

END INSERT 2-11

INSERT 5-13

- 21           1. "Claimant" means a person who files a claim under this subsection.

1           2. "Community development financial institution" means an entity that  
2 satisfies all of the following:

3           a. The entity is certified by the fund under 12 CFR 1805.201 as meeting the  
4 eligibility requirements for a community development financial institution under 12  
5 CFR 1805.200 and 1805.201 (b).

6           b. The entity is organized under the laws of this state.

7           c. The entity uses qualified investments for projects that are based in this state.

8           3. "Fund" means the Community Development Financial Institutions Fund  
9 established under 12 USC 4703 (a).

10          4. a. Subject to subparagraph b., "qualified investment" means a deposit or  
11 loan that pays no interest to the person who made the deposit or loan, if the deposit  
12 or loan has a value of at least \$10,000 and is made for a period of at least 60 months.

13          b. A community development financial institution that receives an investment  
14 described under subparagraph a. shall have complete control over the entire  
15 investment amount, including any interest earned on the investment, for the  
16 duration of the investment period, but the investment may be subject to any  
17 additional terms and conditions of the investment agreement between the  
18 community development financial institution and the investor which are not  
19 inconsistent with the requirements of this section. *that*

END INSERT 5-13

INSERT 8-5

20          1. "Claimant" means a person who files a claim under this subsection.

21          2. "Community development financial institution" means an entity that  
22 satisfies all of the following:

1 a. The entity is certified by the fund under 12 CFR 1805.201 as meeting the  
2 eligibility requirements for a community development financial institution under 12  
3 CFR 1805.200 and 1805.201 (b).

4 b. The entity is organized under the laws of this state.

5 c. The entity uses qualified investments for projects that are based in this state.

6 3. "Fund" means the Community Development Financial Institutions Fund  
7 established under 12 USC 4703 (a). *e subd. 4.*

8 4. a. Subject to subparagraph b., "qualified investment" means a deposit or  
9 loan that pays no interest to the person who made the deposit or loan, if the deposit  
10 or loan has a value of at least \$10,000 and is made for a period of at least 60 months.

11 b. A community development financial institution that receives an investment  
12 described under subparagraph a. *e subd. 4.* shall have complete control over the entire  
13 investment amount, including any interest earned on the investment, for the  
14 duration of the investment period, but the investment may be subject to any  
15 additional terms and conditions of the investment agreement between the  
16 community development financial institution and the investor which *e that* are not  
17 inconsistent with the requirements of this section.

END INSERT 8-5

INSERT 10-7

18 (1) DEFINITIONS. In this section:

19 (a) "Community development financial institution" means an entity that  
20 satisfies all of the following:



1           1. The entity is certified by the fund under 12 CFR 1805.201 as meeting the  
2 eligibility requirements for a community development financial institution under 12  
3 CFR 1805.200 and 1805.201 (b).

4           2. The entity is organized under the laws of this state.

5           3. The entity uses qualified investments for projects that are based in this state.

6           (b) "Fund" means the Community Development Financial Institutions Fund  
7 established under 12 USC 4703 (a).

8           (c) 1. Subject to subd. 2., "qualified investment" means a deposit or loan that  
9 pays no interest to the person who made the deposit or loan, if the deposit or loan has  
10 a value of at least \$10,000 and is made for a period of at least 60 months.

11           2. A community development financial institution that receives an investment  
12 described under <sup>subd. 1.</sup> subparagraph a. shall have complete control over the entire  
13 investment amount, including any interest earned on the investment, for the  
14 duration of the investment period, but the investment may be subject to any  
15 additional terms and conditions of the investment agreement between the  
16 community development financial institution and the investor which <sup>o</sup> are not <sup>that</sup>  
17 inconsistent with the requirements of this section.

END INSERT 10-7

**BILL**

1 (e) If the withdrawal occurs during the 5th year after the date on which the  
2 insurer made the qualified investment, 10 percent.

3 **SECTION 13.** 76.67 (2) of the statutes is amended to read:

4 76.67 (2) If any domestic insurer is licensed to transact insurance business in  
5 another state, this state may not require similar insurers domiciled in that other  
6 state to pay taxes greater in the aggregate than the aggregate amount of taxes that  
7 a domestic insurer is required to pay to that other state for the same year less the  
8 credits under ss. 76.634, 76.635, 76.636, 76.637, 76.638, and 76.655, except that the  
9 amount imposed shall not be less than the total of the amounts due under ss. 76.65  
10 (2) and 601.93 and, if the insurer is subject to s. 76.60, 0.375% of its gross premiums,  
11 as calculated under s. 76.62, less offsets allowed under s. 646.51 (7) or under ss.  
12 76.634, 76.635, 76.636, 76.637, 76.638, and 76.655 against that total, and except that  
13 the amount imposed shall not be less than the amount due under s. 601.93.

14 **SECTION 14.** 238.18 of the statutes is created to read:

15 **238.18 Certification of investments in community development**  
16 **financial institutions.** (1) DEFINITIONS. In this section:

17 (a) "Community development financial institution" means an entity that  
18 satisfies all of the following:

19 1. The entity is certified by the fund under 12 CFR 1805.201 as meeting the  
20 eligibility requirements for a community development financial institution under 12  
21 CFR 1805.200 and 1805.201 (b).

22 2. The entity is organized under the laws of this state.

23 3. The entity uses qualified investments for which a person may be certified for  
24 tax credits under sub. (2) (a) for projects that are based in this state.

**BILL**

1 (b) "Fund" means the Community Development Financial Institutions Fund  
2 established under 12 USC 4703 (a).

3 (c) 1. Subject to subd. 2., "qualified investment" means a deposit or loan that  
4 pays no interest to the person who made the deposit or loan, if the deposit or loan has  
5 a value of at least \$10,000 and is made for a period of at least 60 months.

6 2. A community development financial institution that receives an investment  
7 described under subd. 1. shall have complete control over the entire investment  
8 amount, including any interest earned on the investment, for the duration of the  
9 investment period, but the investment may be subject to any additional terms and  
10 conditions of the investment agreement between the community development  
11 financial institution and the investor which are not inconsistent with the  
12 requirements of this section.

13 **(2) CERTIFICATION; REGISTRATION AND REPORTING REQUIRED.** (a) Subject to the  
14 limits under sub. (4), the corporation may certify a person under this section to claim  
15 tax credits under s. 71.07 (5p), 71.28 (5p), 71.47 (5p), or 76.634 if the person applies  
16 to the corporation on a form prepared by the corporation and submits evidence  
17 satisfactory to the corporation that the person has made a qualified investment in  
18 a community development financial institution that is registered under par. (b).

19 (b) 1. The corporation may register a community development financial  
20 institution if the community development financial institution applies to the  
21 corporation on a form prepared by the corporation. The corporation may revoke the  
22 registration of a community development financial institution if the entity no longer  
23 meets the eligibility requirements for certification as a community development  
24 financial institution by the fund or fails to comply with the requirements of this  
25 paragraph.

**BILL**

1           2. A community development financial institution registered under this section  
2 shall annually, within 90 days after the last day of the preceding calendar year,  
3 submit a report containing financial statements of the community development  
4 financial institution, prepared according to generally accepted accounting principles  
5 and including all of the following information for the preceding calendar year, to the  
6 corporation:

7           a. The material events certification form required by the federal department  
8 of the treasury.

9           b. Certification, in the form and manner prescribed by the corporation, that the  
10 community development financial institution satisfies the criteria under sub. (1) (a)  
11 1. to 3.

12           c. Any other information the corporation considers relevant.

13           **(3) ELIGIBILITY.** (a) Except as provided in par. (b), a person certified under sub.  
14 (2) (a) is eligible to claim tax credits under s. 71.07 (5p), 71.28 (5p), 71.47 (5p), or  
15 76.634.

16           (b) If the registration of a community development financial institution in  
17 which a person certified under sub. (2) (a) has made a qualified investment is revoked  
18 by the corporation, and not reinstated by the corporation within 120 days following  
19 the revocation, or if the entity fails for more than 120 consecutive days to meet the  
20 eligibility requirements for certification as a community development financial  
21 institution by the fund, the person certified under sub. (2) (a) may do any of the  
22 following:

23           1. Subject to s. 71.07 (5p) (c) 3., 71.28 (5p) (c) 3., 71.47 (5p) (c) 3., or 76.634 (4),  
24 withdraw the qualified investment.

**BILL**

1           2. Immediately reinvest the proceeds of the qualified investment as a qualified  
2 investment in another community development financial institution for the duration  
3 of the investment period.

4           (4) LIMITS. No more than \$1,000,000 in tax benefits may be claimed under this  
5 section in any calendar year.

6           (5) DUTIES OF THE CORPORATION. The corporation shall do all of the following:

7           (a) Notify the department of revenue of every certification issued under sub.  
8 (2) (a) and include the dates on which any such certification is granted and the date  
9 on which the applicant may withdraw a qualified investment made in a community  
10 development financial institution, which date shall be no earlier than the first day  
11 of the 61st month after the qualified investment was made.

12           (b) Provide to each applicant for certification under sub. (2) (a) a dated written  
13 notice indicating the corporation's decision to grant or deny certification. If  
14 certification is granted, the notice shall include the date on which the applicant may  
15 withdraw the qualified investment, which date shall be no earlier than the first day  
16 of the 61st month after the qualified investment was made.

17           (c) Notify the department of revenue of each community development financial  
18 institution registered under sub. (2) (b).

19           (cm) Determine whether to certify persons to claim tax credits under ss. 71.07  
20 (5p), 71.28 (5p), 71.47 (5p), and 76.634 for taxable years beginning after December  
21 31, 2016, and to notify the department of revenue of that determination.

22           (d) Establish policies to administer this section.

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

*P1*  
LRB-2891/?dn

JK:...

*amr*

*- Date -*

Senator Lassa:

I removed the provision that limits the aggregate amount of the tax credits that all tax credits may claim in a calendar year because, without prior certification, that provision will be difficult for DOR to enforce. Please let me know if that is consistent with your intent.

Joseph T. Kreye  
Legal Services Manager  
(608) 266-2263  
joseph.kreye@legis.wisconsin.gov

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-2891/P1dn  
JK:amn

August 11, 2015

Senator Lassa:

I removed the provision that limits the aggregate amount of the tax credits that all tax credits may claim in a calendar year because, without prior certification, that provision will be difficult for DOR to enforce. Please let me know if that is consistent with your intent.

Joseph T. Kreye  
Legal Services Manager  
(608) 266-2263  
joseph.kreye@legis.wisconsin.gov

## Kreye, Joseph

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**From:** Sen.Lassa  
**Sent:** Wednesday, January 20, 2016 5:03 PM  
**To:** Kreye, Joseph  
**Subject:** FW: Draft review: LRB -2891/P1 Topic: Community development financial institution tax credit  
**Attachments:** 15-2891/P1.pdf; DraftersNote1.pdf

Would you please draft /1 of this bill?

Thank you,

**Danielle Williams**

Policy Analyst, Office of State Senator Julie Lassa  
State Capitol  
P.O. Box 7882  
Madison, WI 53707-7882  
(608) 266-3123  
[danielle.williams@legis.wi.gov](mailto:danielle.williams@legis.wi.gov)

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**From:** LRB.Legal  
**Sent:** Tuesday, August 11, 2015 5:48 PM  
**To:** Sen.Lassa <Sen.Lassa@legis.wisconsin.gov>  
**Subject:** Draft review: LRB -2891/P1 Topic: Community development financial institution tax credit

**Following is the PDF version of draft LRB -2891/P1 and drafter's note.**





State of Wisconsin  
2015 - 2016 LEGISLATURE

LRB-2891/P1

JK:amn

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**

*no changes*

*due Thursday  
1-21*

*Regen*

x  
1 AN ACT *to amend* 71.05 (6) (a) 15., 71.21 (4) (a), 71.26 (2) (a) 4., 71.34 (1k) (g),  
2 71.45 (2) (a) 10. and 76.67 (2); and *to create* 71.07 (5p), 71.10 (4) (cs), 71.28 (5p),  
3 71.30 (3) (dr), 71.47 (5p), 71.49 (1) (dr) and 76.634 of the statutes; **relating to:**  
4 an income and franchise tax credit for investments in a community  
5 development financial institution.

***Analysis by the Legislative Reference Bureau***

Under this bill, a person who makes a qualified investment in a registered community development financial institution (CDFI) may receive a credit against state income and franchise taxes, for taxable years beginning after December 31, 2014, and before January 1, 2017, and against license fees paid by insurers. The bill defines a CDFI as an entity that is organized under the laws of this state and has been certified by the Community Development Financial Institutions Fund established under federal law (fund) as meeting certain eligibility requirements. The bill defines a "qualified investment" as a loan or deposit that pays no interest of at least \$10,000 that is made for a minimum of 60 months and over which the CDFI retains complete control for the duration of the investment period.

A person may claim 10 percent of the person's qualified investment, if the investment is at least \$10,000, but not more than \$150,000, or 12 percent of the person's qualified investment, if the investment is more than \$150,000, but not more than \$500,000. If the person withdraws the qualified investment from the CDFI before the end of the investment period and does not reinvest the qualified

investment in another CDFI, the person must repay a portion of the credit amounts that the person received by adding the portion to the person's tax or fee liability in a subsequent year. However, the portion that the person must repay depends on when the person withdraws the investment during the investment period. The portion that the person must repay decreases the longer the person holds the investment during the investment period.

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.** 71.05 (6) (a) 15. of the statutes, as affected by 2015 Wisconsin Act  
2 55, is amended to read:

3           71.05 (6) (a) 15. Except as provided under s. 71.07 (3p) (c) 5., the amount of the  
4 credits computed under s. 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r),  
5 (3rm), (3rn), (3s), (3t), (3w), (3y), (4k), (4n), (5e), (5f), (5h), (5i), (5j), (5k), (5p), (5r),  
6 (5rm), (6n), and (8r) and not passed through by a partnership, limited liability  
7 company, or tax-option corporation that has added that amount to the partnership's,  
8 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

9           **SECTION 2.** 71.07 (5p) of the statutes is created to read:

10           71.07 (5p) **STEVE HILGENBERG COMMUNITY DEVELOPMENT CREDIT.** (a) *Definitions.*

11 In this subsection:

12           1. "Claimant" means a person who files a claim under this subsection.

13           2. "Community development financial institution" means an entity that  
14 satisfies all of the following:

15           a. The entity is certified by the fund under 12 CFR 1805.201 as meeting the  
16 eligibility requirements for a community development financial institution under 12  
17 CFR 1805.200 and 1805.201 (b).

18           b. The entity is organized under the laws of this state.

1 c. The entity uses qualified investments for projects that are based in this state.

2 3. “Fund” means the Community Development Financial Institutions Fund  
3 established under 12 USC 4703 (a).

4 4. a. Subject to subd. 4. b., “qualified investment” means a deposit or loan that  
5 pays no interest to the person who made the deposit or loan if the deposit or loan has  
6 a value of at least \$10,000 and is made for a period of at least 60 months.

7 b. A community development financial institution that receives an investment  
8 described under subd. 4. a. shall have complete control over the entire investment  
9 amount, including any interest earned on the investment, for the duration of the  
10 investment period, but the investment may be subject to any additional terms and  
11 conditions of the investment agreement between the community development  
12 financial institution and the investor that are not inconsistent with the  
13 requirements of this section.

14 (b) *Filing claims.* For taxable years beginning after December 31, 2014, and  
15 before January 1, 2017, a claimant may claim as a credit against the tax imposed  
16 under s. 71.02, up to the amount of the tax, for the taxable year in which the  
17 investment is made, an amount equal to 10 percent of the claimant’s qualified  
18 investment in a community development financial institution, if the investment is  
19 at least \$10,000, but not more than \$150,000, or 12 percent of the claimant’s qualified  
20 investment in a community development financial institution, if the investment is  
21 more than \$150,000, but not more than \$500,000.

22 (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option  
23 corporations may not claim the credit under this subsection, but the eligibility for,  
24 and the amount of, the credit are based on their payment of amounts under par. (b).  
25 A partnership, limited liability company, or tax-option corporation shall compute

1 the amount of credit that each of its partners, members, or shareholders may claim  
2 and shall provide that information to each of them. Partners, members of limited  
3 liability companies, and shareholders of tax-option corporations may claim the  
4 credit in proportion to their ownership interests.

5 2. A person who makes an investment in a community development financial  
6 institution in a taxable year, withdraws the investment in that taxable year, and  
7 immediately reinvests the proceeds into another community development financial  
8 institution may claim only one credit under this subsection for that taxable year,  
9 based on the lesser of all such investments in that taxable year. Investments in a  
10 community development financial institution made before the effective date of this  
11 subdivision .... [LRB inserts date], may not be withdrawn prior to the end of their  
12 contractual term and reinvested in a community development financial institution  
13 in order to claim a credit under this subsection.

14 3. A claimant who withdraws a qualified investment from a community  
15 development financial institution prior to the first day of the 61st month after the  
16 qualified investment was made and who does not immediately reinvest the proceeds  
17 of the qualified investment as a qualified investment in another community  
18 development financial institution shall add to the claimant's liability for taxes  
19 imposed under s. 71.02 one of the following percentages of the amount of the credits  
20 received under this subsection:

21 a. If the withdrawal occurs during the first year after the date on which the  
22 claimant made the qualified investment, 100 percent.

23 b. If the withdrawal occurs during the 2nd year after the date on which the  
24 claimant made the qualified investment, 75 percent.

1 c. If the withdrawal occurs during the 3rd year after the date on which the  
2 claimant made the qualified investment, 50 percent.

3 d. If the withdrawal occurs during the 4th year after the date on which the  
4 claimant made the qualified investment, 25 percent.

5 e. If the withdrawal occurs during the 5th year after the date on which the  
6 claimant made the qualified investment, 10 percent.

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

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

10 71.10 (4) (cs) Steve Hilgenberg community development credit under s. 71.07  
11 (5p).

12 **SECTION 4.** 71.21 (4) (a) of the statutes, as affected by 2015 Wisconsin Act 55,  
13 is amended to read:

14 71.21 (4) (a) The amount of the credits computed by a partnership under s.  
15 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w),  
16 (3y), (4k), (4n), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5p), (5r), (5rm), (6n), and (8r) and  
17 passed through to partners shall be added to the partnership's income.

18 **SECTION 5.** 71.26 (2) (a) 4. of the statutes, as affected by 2015 Wisconsin Act 55,  
19 is amended to read:

20 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dm),  
21 (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h),  
22 (5i), (5j), (5k), (5r), (5p), (5rm), (6n), (8r), and (9s) and not passed through by a  
23 partnership, limited liability company, or tax-option corporation that has added that  
24 amount to the partnership's, limited liability company's, or tax-option corporation's  
25 income under s. 71.21 (4) or 71.34 (1k) (g).

1           **SECTION 6.** 71.28 (5p) of the statutes is created to read:

2           **71.28 (5p) STEVE HILGENBERG COMMUNITY DEVELOPMENT CREDIT.** (a) *Definitions.*

3           In this subsection:

4           1. “Claimant” means a person who files a claim under this subsection.

5           2. “Community development financial institution” means an entity that  
6           satisfies all of the following:

7           a. The entity is certified by the fund under 12 CFR 1805.201 as meeting the  
8           eligibility requirements for a community development financial institution under 12  
9           CFR 1805.200 and 1805.201 (b).

10          b. The entity is organized under the laws of this state.

11          c. The entity uses qualified investments for projects that are based in this state.

12          3. “Fund” means the Community Development Financial Institutions Fund  
13          established under 12 USC 4703 (a).

14          4. a. Subject to subd. 4. b., “qualified investment” means a deposit or loan that  
15          pays no interest to the person who made the deposit or loan if the deposit or loan has  
16          a value of at least \$10,000 and is made for a period of at least 60 months.

17          b. A community development financial institution that receives an investment  
18          described under subd. 4. a. shall have complete control over the entire investment  
19          amount, including any interest earned on the investment, for the duration of the  
20          investment period, but the investment may be subject to any additional terms and  
21          conditions of the investment agreement between the community development  
22          financial institution and the investor that are not inconsistent with the  
23          requirements of this section.

24          (b) *Filing claims.* For taxable years beginning after December 31, 2014, and  
25          before January 1, 2017, a claimant may claim as a credit against the tax imposed

1 under s. 71.23, up to the amount of the tax, for the taxable year in which the  
2 investment is made, an amount equal to 10 percent of the claimant's qualified  
3 investment in a community development financial institution, if the investment is  
4 at least \$10,000, but not more than \$150,000, or 12 percent of the claimant's qualified  
5 investment in a community development financial institution, if the investment is  
6 more than \$150,000, but not more than \$500,000.

7 (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option  
8 corporations may not claim the credit under this subsection, but the eligibility for,  
9 and the amount of, the credit are based on their payment of amounts under par. (b).  
10 A partnership, limited liability company, or tax-option corporation shall compute  
11 the amount of credit that each of its partners, members, or shareholders may claim  
12 and shall provide that information to each of them. Partners, members of limited  
13 liability companies, and shareholders of tax-option corporations may claim the  
14 credit in proportion to their ownership interests.

15 2. A person who makes an investment in a community development financial  
16 institution in a taxable year, withdraws the investment in that taxable year, and  
17 immediately reinvests the proceeds into another community development financial  
18 institution may claim only one credit under this subsection for that taxable year,  
19 based on the lesser of all such investments in that taxable year. Investments in a  
20 community development financial institution made before the effective date of this  
21 subdivision .... [LRB inserts date], may not be withdrawn prior to the end of their  
22 contractual term and reinvested in a community development financial institution  
23 in order to claim a credit under this subsection.

24 3. A claimant who withdraws a qualified investment from a community  
25 development financial institution prior to the first day of the 61st month after the

1 qualified investment was made and who does not immediately reinvest the proceeds  
2 of the qualified investment as a qualified investment in another community  
3 development financial institution shall add to the claimant's liability for taxes  
4 imposed under s. 71.23 one of the following percentages of the amount of the credits  
5 received under this subsection:

6 a. If the withdrawal occurs during the first year after the date on which the  
7 claimant made the qualified investment, 100 percent.

8 b. If the withdrawal occurs during the 2nd year after the date on which the  
9 claimant made the qualified investment, 75 percent.

10 c. If the withdrawal occurs during the 3rd year after the date on which the  
11 claimant made the qualified investment, 50 percent.

12 d. If the withdrawal occurs during the 4th year after the date on which the  
13 claimant made the qualified investment, 25 percent.

14 e. If the withdrawal occurs during the 5th year after the date on which the  
15 claimant made the qualified investment, 10 percent.

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

18 **SECTION 7.** 71.30 (3) (dr) of the statutes is created to read:

19 71.30 (3) (dr) Steve Hilgenberg community development credit under s. 71.28  
20 (5p).

21 **SECTION 8.** 71.34 (1k) (g) of the statutes, as affected by 2015 Wisconsin Act 55,  
22 is amended to read:

23 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option  
24 corporation under s. 71.28 (1dm), (1dx), (1dy), (3), (3g), (3h), (3n), (3p), (3q), (3r),



1 (3rm), (3rn), (3t), (3w), (3y), (4), (5), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5p), (5r), (5rm),  
2 (6n), and (8r) and passed through to shareholders.

3 **SECTION 9.** 71.45 (2) (a) 10. of the statutes, as affected by 2015 Wisconsin Act  
4 55, is amended to read:

5 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit  
6 computed under s. 71.47 (1dm) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn),  
7 (3w), (3y), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5p), (5r), (5rm), (6n), (8r), and (9s) and  
8 not passed through by a partnership, limited liability company, or tax-option  
9 corporation that has added that amount to the partnership's, limited liability  
10 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and  
11 the amount of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

12 **SECTION 10.** 71.47 (5p) of the statutes is created to read:

13 71.47 (5p) STEVE HILGENBERG COMMUNITY DEVELOPMENT CREDIT. (a) *Definitions.*  
14 In this subsection:

- 15 1. "Claimant" means a person who files a claim under this subsection.
- 16 2. "Community development financial institution" means an entity that  
17 satisfies all of the following:
- 18 a. The entity is certified by the fund under 12 CFR 1805.201 as meeting the  
19 eligibility requirements for a community development financial institution under 12  
20 CFR 1805.200 and 1805.201 (b).
- 21 b. The entity is organized under the laws of this state.
- 22 c. The entity uses qualified investments for projects that are based in this state.
- 23 3. "Fund" means the Community Development Financial Institutions Fund  
24 established under 12 USC 4703 (a).

1           4. a. Subject to subd. 4. b., “qualified investment” means a deposit or loan that  
2           pays no interest to the person who made the deposit or loan if the deposit or loan has  
3           a value of at least \$10,000 and is made for a period of at least 60 months.

4           b. A community development financial institution that receives an investment  
5           described under subd. 4. a. shall have complete control over the entire investment  
6           amount, including any interest earned on the investment, for the duration of the  
7           investment period, but the investment may be subject to any additional terms and  
8           conditions of the investment agreement between the community development  
9           financial institution and the investor that are not inconsistent with the  
10          requirements of this section.

11          (b) *Filing claims.* For taxable years beginning after December 31, 2014, and  
12          before January 1, 2017, a claimant may claim as a credit against the tax imposed  
13          under s. 71.43, up to the amount of the tax, for the taxable year in which the  
14          investment is made, an amount equal to 10 percent of the claimant’s qualified  
15          investment in a community development financial institution, if the investment is  
16          at least \$10,000, but not more than \$150,000, or 12 percent of the claimant’s qualified  
17          investment in a community development financial institution, if the investment is  
18          more than \$150,000, but not more than \$500,000.

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

1 liability companies, and shareholders of tax-option corporations may claim the  
2 credit in proportion to their ownership interests.

3 2. A person who makes an investment in a community development financial  
4 institution in a taxable year, withdraws the investment in that taxable year, and  
5 immediately reinvests the proceeds into another community development financial  
6 institution may claim only one credit under this subsection for that taxable year,  
7 based on the lesser of all such investments in that taxable year. Investments in a  
8 community development financial institution made before the effective date of this  
9 subdivision .... [LRB inserts date], may not be withdrawn prior to the end of their  
10 contractual term and reinvested in a community development financial institution  
11 in order to claim a credit under this subsection.

12 3. A claimant who withdraws a qualified investment from a community  
13 development financial institution prior to the first day of the 61st month after the  
14 qualified investment was made and who does not immediately reinvest the proceeds  
15 of the qualified investment as a qualified investment in another community  
16 development financial institution shall add to the claimant's liability for taxes  
17 imposed under s. 71.43 one of the following percentages of the amount of the credits  
18 received under this subsection:

19 a. If the withdrawal occurs during the first year after the date on which the  
20 claimant made the qualified investment, 100 percent.

21 b. If the withdrawal occurs during the 2nd year after the date on which the  
22 claimant made the qualified investment, 75 percent.

23 c. If the withdrawal occurs during the 3rd year after the date on which the  
24 claimant made the qualified investment, 50 percent.

1           d. If the withdrawal occurs during the 4th year after the date on which the  
2 claimant made the qualified investment, 25 percent.

3           e. If the withdrawal occurs during the 5th year after the date on which the  
4 claimant made the qualified investment, 10 percent.

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

7           **SECTION 11.** 71.49 (1) (dr) of the statutes is created to read:

8           71.49 (1) (dr) Steve Hilgenberg community development credit under s. 71.47  
9 (5p).

10          **SECTION 12.** 76.634 of the statutes is created to read:

11          **76.634 Steve Hilgenberg community development credit. (1)**

12          DEFINITIONS. In this section:

13           (a) “Community development financial institution” means an entity that  
14 satisfies all of the following:

15           1. The entity is certified by the fund under 12 CFR 1805.201 as meeting the  
16 eligibility requirements for a community development financial institution under 12  
17 CFR 1805.200 and 1805.201 (b).

18           2. The entity is organized under the laws of this state.

19           3. The entity uses qualified investments for projects that are based in this state.

20           (b) “Fund” means the Community Development Financial Institutions Fund  
21 established under 12 USC 4703 (a).

22           (c) 1. Subject to subd. 2., “qualified investment” means a deposit or loan that  
23 pays no interest to the person who made the deposit or loan if the deposit or loan has  
24 a value of at least \$10,000 and is made for a period of at least 60 months.

1           2. A community development financial institution that receives an investment  
2 described under subd. 1. shall have complete control over the entire investment  
3 amount, including any interest earned on the investment, for the duration of the  
4 investment period, but the investment may be subject to any additional terms and  
5 conditions of the investment agreement between the community development  
6 financial institution and the investor that are not inconsistent with the  
7 requirements of this section.

8           **(1m) FILING CLAIMS.** For taxable years beginning after December 31, 2014, and  
9 before January 1, 2017, an insurer may claim as a credit against the fees due under  
10 s. 76.60, 76.63, 76.65, 76.66, or 76.67 for the taxable year in which the investment  
11 is made, an amount equal to 10 percent of the insurer's qualified investment in a  
12 community development financial institution, if the investment is at least \$10,000,  
13 but not more than \$150,000, or 12 percent of the insurer's qualified investment in  
14 a community development financial institution, if the investment is more than  
15 \$150,000, but not more than \$500,000.

16           **(2) CARRY-FORWARD.** If the credit under sub. (1) is not entirely offset against the  
17 fees under s. 76.60, 76.63, 76.65, 76.66, or 76.67 otherwise due, the unused balance  
18 may be carried forward and credited against those fees for the following 15 years to  
19 the extent that it is not offset by those fees otherwise due in all the years between  
20 the year in which the expense was made and the year in which the carry-forward  
21 credit is claimed.

22           **(3) LIMITATIONS.** An insurer who makes an investment in a community  
23 development financial institution in a taxable year, withdraws the investment in  
24 that taxable year, and immediately reinvests the proceeds into another community  
25 development financial institution may claim only one credit under this section for

1 that taxable year, based on the lesser of all such investments in that taxable year.  
2 Investments in a community development financial institution made before the  
3 effective date of this paragraph .... [LRB inserts date], may not be withdrawn prior  
4 to the end of their contractual term and reinvested in a community development  
5 financial institution in order to claim a credit under this section.

6 (4) REPAYMENT. An insurer who claims a credit under this section and who  
7 withdraws a qualified investment from a community development financial  
8 institution prior to the first day of the 61st month after the qualified investment was  
9 made and who does not immediately reinvest the proceeds of the qualified  
10 investment as a qualified investment in another community development financial  
11 institution shall add to the insurer's liability for fees imposed under s. 76.60, 76.63,  
12 76.65, 76.66, or 76.67 one of the following percentages of the amount of the credits  
13 received under this section:

14 (a) If the withdrawal occurs during the first year after the date on which the  
15 insurer made the qualified investment, 100 percent.

16 (b) If the withdrawal occurs during the 2nd year after the date on which the  
17 insurer made the qualified investment, 75 percent.

18 (c) If the withdrawal occurs during the 3rd year after the date on which the  
19 insurer made the qualified investment, 50 percent.

20 (d) If the withdrawal occurs during the 4th year after the date on which the  
21 insurer made the qualified investment, 25 percent.

22 (e) If the withdrawal occurs during the 5th year after the date on which the  
23 insurer made the qualified investment, 10 percent.

24 **SECTION 13.** 76.67 (2) of the statutes is amended to read:

1           76.67 (2) If any domestic insurer is licensed to transact insurance business in  
2 another state, this state may not require similar insurers domiciled in that other  
3 state to pay taxes greater in the aggregate than the aggregate amount of taxes that  
4 a domestic insurer is required to pay to that other state for the same year less the  
5 credits under ss. 76.634, 76.635, 76.636, 76.637, 76.638, and 76.655, except that the  
6 amount imposed shall not be less than the total of the amounts due under ss. 76.65  
7 (2) and 601.93 and, if the insurer is subject to s. 76.60, 0.375% of its gross premiums,  
8 as calculated under s. 76.62, less offsets allowed under s. 646.51 (7) or under ss.  
9 76.634, 76.635, 76.636, 76.637, 76.638, and 76.655 against that total, and except that  
10 the amount imposed shall not be less than the amount due under s. 601.93.

11

(END)

**Parisi, Lori**

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**From:** Williams, Danielle  
**Sent:** Thursday, January 28, 2016 11:12 AM  
**To:** LRB.Legal  
**Subject:** Draft Review: LRB -2891/1

Please Jacket LRB -2891/1 for the SENATE.