

7/22 Today *Truckee!*



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-3547/P2
MPG&EKL:kjf

P3

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

by WHEDA
The housing is intended for persons and families at low and moderate income under standards established by WHEDA

and community development block grant funding

Insert

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 (8f), 71.10 (4) (fd), 71.28 (8f),
3 71.30 (3) (cu), 71.47 (8f), 71.49 (1) (cu), 76.6395 and 234.045 of the statutes;
4 relating to: workforce housing tax credits

Analysis by the Legislative Reference Bureau

This bill creates a workforce housing tax credit program 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 project for which the credit is issued is an eligible workforce housing project. Under the bill, a project is an eligible workforce housing project only if the project is for the construction or renovation of residential real property located in a county with a population density of less than 155 persons per square mile, there is a need for additional manufacturing workers in the area in which the project is located, and a lack of adequate housing in the area is a barrier to filling that need.

2. The person ~~either~~ is a lender financing an eligible workforce housing project ~~or is a business carrying out such a project~~

3. The person has exhausted all funding available for the project from community development block grants, local assistance, including tax incremental financing, and other assistance available from WHEDA.

Under the bill, WHEDA may not certify a person to claim a workforce housing tax credit in an amount that exceeds 50 percent of the total cost of the eligible

the developer of the project or the business for which the project is being carried out

4

Additionally

2019 - 2020 Legislature

(2)

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the bill includes contacting and tax credit revocation requirements and

workforce housing project. Additionally, WHEDA may not award more than \$10,000,000 in workforce housing tax credits and no credit may be awarded after December 31, 2021. The bill requires WHEDA to transfer \$10,000,000 from its surplus fund to the state's general fund as an offset against the tax credits WHEDA awards under the program.

Finally, the bill requires WHEDA to coordinate with the Wisconsin Economic Development Corporation to administer the tax credit program and WHEDA must submit a report on the program to the Joint Committee on Finance no later than September 31, 2022.

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:

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

71.05 (6) (a) 15. Except as provided under s. 71.07 (3p) (c) 5., the amount of the credits computed under s. 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (3wm), (3y), (4k), (4n), (5e), (5f), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8f), (8r), and (10) and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership's, company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

SECTION 2. 71.07 (8f) of the statutes is created to read:

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

1. "Allocation certificate" means an allocation certificate issued by the Wisconsin Housing and Economic Development Authority under s. 234.045 (3) (a).

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

(b) *Filing claims.* For taxable years beginning after December 31, 2019, subject to the limitations provided in this subsection and in s. 234.045, a claimant may claim

is proposed for 2022

Finally the bill also requires the Department of Administration to submit a report to the Joint Committee on Finance estimating the funding that will be available under the community development block grant program administered by DOAG

1 as a credit against the tax imposed under s. 71.02, up to the amount of the tax, the
2 amount specified in the allocation certificate.

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 2. A partnership, limited liability company, or tax-option corporation may not
6 claim the credit under this subsection, but the eligibility for and amount of the credit
7 are based on the amount specified in the allocation certificate. A partnership, limited
8 liability company, or tax-option corporation shall compute the amount of credit that
9 each of its partners, members, or shareholders may claim and shall provide that
10 information to each of them. Partners, members, and shareholders may claim the
11 credit in proportion to their ownership interests.

12 (d) *Carry-forward credit.* If the credit that a claimant may claim under par.
13 (b) is not entirely offset against Wisconsin income or franchise taxes otherwise due,
14 the unused balance shall be carried forward and credited against Wisconsin income
15 or franchise taxes otherwise due for the following 10 taxable years to the extent not
16 offset by these taxes in all intervening years between the year in which the credit is
17 allowed under the allocation certificate and the year in which the carry-forward
18 credit is claimed.

19 (e) *Transfer.* Any person may sell or otherwise transfer the credit under par.
20 (b), in whole or in part, to another person who is subject to the taxes or fees imposed
21 under s. 71.02, 71.23, or 71.43 or subch. III of ch. 76 if the person notifies the
22 department of the transfer and submits with the notification a copy of the transfer
23 documents, and the department certifies the change in the credit's ownership.

24 (f) *Administration.* Section 71.28 (4) (e), (g), and (h), as it applies to the credit
25 under s. 71.28 (4), applies to the credit under this subsection.

SECTION 3

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

2 71.10 (4) (fd) Workforce housing credit under s. 71.07 (8f).

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

4 71.21 (4) (a) The amount of the credits computed by a partnership under s.
5 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w),
6 (3wm), (3y), (4k), (4n), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8f), (8r),
7 and (10) and passed through to partners shall be added to the partnership's income.

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

9 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dm),
10 (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (3wm), (3y), (5e),
11 (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8f), (8r), (9s), and (10) and not passed
12 through by a partnership, limited liability company, or tax-option corporation that
13 has added that amount to the partnership's, limited liability company's, or
14 tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

15 **SECTION 6.** 71.28 (8f) of the statutes is created to read:

16 71.28 (8f) WORKFORCE HOUSING CREDIT. (a) *Definitions.* In this subsection:

17 1. "Allocation certificate" means an allocation certificate issued by the
18 Wisconsin Housing and Economic Development Authority under s. 234.045 (3) (a).

19 2. "Claimant" means a person who files a claim under this subsection.

20 (b) *Filing claims.* For taxable years beginning after December 31, 2019, subject
21 to the limitations provided in this subsection and in s. 234.045, a claimant may claim
22 as a credit against the tax imposed under s. 71.23, up to the amount of the tax, the
23 amount specified in the allocation certificate.

24 (c) *Limitations.* 1. No person may claim the credit under par. (b) unless the
25 claimant includes with the claimant's return a copy of the allocation certificate.

1 2. A partnership, limited liability company, or tax-option corporation may not
2 claim the credit under this subsection, but the eligibility for and amount of the credit
3 are based on the amount specified in the allocation certificate. A partnership, limited
4 liability company, or tax-option corporation shall compute the amount of credit that
5 each of its partners, members, or shareholders may claim and shall provide that
6 information to each of them. Partners, members, and shareholders may claim the
7 credit in proportion to their ownership interests.

8 (d) *Carry-forward credit.* If the credit that a claimant may claim under par.
9 (b) is not entirely offset against Wisconsin income or franchise taxes otherwise due,
10 the unused balance shall be carried forward and credited against Wisconsin income
11 or franchise taxes otherwise due for the following 10 taxable years to the extent not
12 offset by these taxes in all intervening years between the year in which the credit is
13 allowed under the allocation certificate and the year in which the carry-forward
14 credit is claimed.

15 (e) *Transfer.* Any person may sell or otherwise transfer the credit under par.
16 (b), in whole or in part, to another person who is subject to the taxes or fees imposed
17 under s. 71.02, 71.23, or 71.43 or subch. III of ch. 76 if the person notifies the
18 department of the transfer and submits with the notification a copy of the transfer
19 documents, and the department certifies the change in the credit's ownership.

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

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

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

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

1 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
2 corporation under s. 71.28 (1dm), (1dx), (1dy), (3), (3g), (3h), (3n), (3p), (3q), (3r),
3 (3rm), (3rn), (3t), (3w), (3wm), (3y), (4), (5), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r),
4 (5rm), (6n), (8f), (8r), and (10) and passed through to shareholders.

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

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

13 **SECTION 10.** 71.47 (8f) of the statutes is created to read:

14 71.47 (8f) WORKFORCE HOUSING CREDIT. (a) *Definitions.* In this subsection:

15 1. "Allocation certificate" means an allocation certificate issued by the
16 Wisconsin Housing and Economic Development Authority under s. 234.045 (3) (a).

17 2. "Claimant" means a person who files a claim under this subsection.

18 (b) *Filing claims.* For taxable years beginning after December 31, 2019, subject
19 to the limitations provided in this subsection and in s. 234.045, a claimant may claim
20 as a credit against the tax imposed under s. 71.43, up to the amount of the tax, the
21 amount specified in the allocation certificate.

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 2. A partnership, limited liability company, or tax-option corporation may not
25 claim the credit under this subsection, but the eligibility for and amount of the credit

1 are based on the amount specified in the allocation certificate. A partnership, limited
2 liability company, or tax-option corporation shall compute the amount of credit that
3 each of its partners, members, or shareholders may claim and shall provide that
4 information to each of them. Partners, members, and shareholders may claim the
5 credit in proportion to their ownership interests.

6 (d) *Carry-forward credit.* If the credit that a claimant may claim under par.
7 (b) is not entirely offset against Wisconsin income or franchise taxes otherwise due,
8 the unused balance shall be carried forward and credited against Wisconsin income
9 or franchise taxes otherwise due for the following 10 taxable years to the extent not
10 offset by these taxes in all intervening years between the year in which the credit is
11 allowed under the allocation certificate and the year in which the carry-forward
12 credit is claimed.

13 (e) *Transfer.* Any person may sell or otherwise transfer the credit under par.
14 (b), in whole or in part, to another person who is subject to the taxes or fees imposed
15 under s. 71.02, 71.23, or 71.43 or subch. III of ch. 76 if the person notifies the
16 department of the transfer and submits with the notification a copy of the transfer
17 documents, and the department certifies the change in the credit's ownership.

18 (f) *Administration.* Section 71.28 (4) (e), (g), and (h), as it applies to the credit
19 under s. 71.28 (4), applies to the credit under this subsection.

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

21 71.49 (1) (cu) Workforce housing credit under s. 71.47 (8f).

22 **SECTION 12.** 76.6395 of the statutes is created to read:

23 **76.6395 Workforce housing credit. (1) DEFINITIONS.** In this section:

24 (a) "Allocation certificate" means an allocation certificate issued by the
25 Wisconsin Housing and Economic Development Authority under s. 234.045 (3) (a).

1 (b) "Claimant" means a person who files a claim under this subsection.

2 (2) FILING CLAIMS. For taxable years beginning after December 31, 2019,
3 subject to the limitations provided in this section and in s. 234.045, a claimant may
4 claim as a credit against the fees imposed under s. 76.60, 76.63, 76.65, 76.66, or 76.67
5 the amount specified in the allocation certificate.

6 (3) LIMITATIONS. No person may claim the credit under sub. (2) unless the
7 claimant includes with the claimant's return a copy of the allocation certificate.

8 (4) CARRY-FORWARD. If the credit that a claimant may claim under sub. (2) is
9 not entirely offset against the fees under s. 76.60, 76.63, 76.65, 76.66, or 76.67
10 otherwise due, the unused balance shall be carried forward and credited against
11 those fees for the following 10 taxable years to the extent not offset by the fees in all
12 intervening years between the year in which the credit is allowed under the
13 allocation certificate and the year in which the carry-forward credit is claimed.

14 (5) TRANSFER. Any person may sell or otherwise transfer the credit under sub.
15 (2), in whole or in part, to another person who is subject to the taxes or fees imposed
16 under s. 71.02, 71.23, 71.43, 76.60, 76.63, 76.65, 76.66, or 76.67 if the person notifies
17 the department of the transfer and submits with the notification a copy of the
18 transfer documents, and the department certifies the change in the credit's
19 ownership.

20 **SECTION 13.** 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

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 14. 234.045 of the statutes is created to read:

8 **234.045 Workforce housing tax credits. (1) DEFINITIONS.** In this section:

9 (a) "Allocation certificate" means a statement issued by the authority certifying
10 that an eligible recipient may claim tax benefits and specifying the amount of the tax
11 benefits that the eligible recipient may claim.

12 (b) "Business" means any business other than a lender.

13 (c) "Lender" means any banking institution, savings bank, savings and loan
14 association, or credit union organized under the laws of this state.

15 (d) "Tax benefits" means the tax credit under ss. 71.07 (8f), 71.28 (8f), 71.47 (8f),
16 and 76.6395.

17 (2) ESTABLISHMENT OF PROGRAM. The authority shall establish and administer
18 a program under this section for the award of tax benefits to encourage the creation
19 of workforce housing in this state.

20 (3) CERTIFICATIONS. (a) The authority may certify a person to claim tax benefits
21 in an amount determined by the authority by issuing the person an allocation
22 certificate. The allocation certificate shall state the amount the authority
23 determines the person is eligible to claim.

b

c

1 (b) The authority may issue an allocation certificate under par. (a) only to a
2 lender financing an eligible workforce housing project or to the business carrying out
3 that project, but not both.

4 (c) A project is an eligible workforce housing project under par. (b) only if all of
5 the following requirements are satisfied:

Insert 10-3

6 1. The project is for the construction or renovation of residential real property
7 that is located in a county with a population density of less than 155 persons per
8 square mile.

9 2. The lender or business applying for tax benefits demonstrates to the
10 satisfaction of the authority that there is a need for additional manufacturing
11 workers in the area in which the project is located and that a lack of adequate housing
12 in the area is a barrier to filling that need.

21-01-43-5-5-5-5-5

13 (d) The authority may not issue an allocation certificate to a lender or business
14 under par. (b) unless the lender or business demonstrates to the satisfaction of the
15 authority that the lender or business has exhausted all funding available from the
16 following:

- 17 1. Community development block grants.
- 18 2. Local assistance, including tax incremental financing.
- 19 3. Other assistance under programs administered by the authority.

20 (4) LIMITATIONS. (a) The authority may not certify a person to claim tax benefits
21 under sub. (3) in an amount that exceeds 50 percent of the total cost of the eligible
22 workforce housing project.

23 (b) The aggregate amount of all tax benefits for which the authority certifies
24 persons in allocation certificates issued under sub. (3) may not exceed \$10,000,000.

Insert 10-19

Insert 10-24

(a)

1 (5) COORDINATION. In administering this section, the authority shall coordinate
2 with the Wisconsin Economic Development Corporation.

3 (6) REPORT. No later than September 31, 2022, the authority shall submit a
4 report to the joint committee on finance that includes all of the following:

- 5 (a) A summary of all awards of tax benefits.
- 6 (b) The number of applications for tax benefits the authority received.
- 7 (c) A description of how much workforce housing was created as a result of the
- 8 program.
- 9 (d) The number of workers who received housing as a result of the program.
- 10 (e) The authority's assessment, including relevant data, of the overall success
- 11 of the program.

12 (7) SUNSET. The authority may not issue an allocation certificate under sub.
13 (3) after December 31, 2021.

14 **SECTION 15. Nonstatutory provisions.**

15 (1) Notwithstanding s. 234.165 (2) (c), no later than June 30, 2020, the
16 Wisconsin Housing and Economic Development Authority shall pay \$10,000,000
17 from the authority's surplus fund to the secretary of administration for deposit in the
18 general fund.

Payment to the general fund.

19 (END)

Insert 11-18

INSERT 10-3

1 (b) With respect to any eligible workforce housing project, the authority may
2 issue an allocation certificate under par. (a) to only one of the following:

- 3 1. The lender financing the project.
- 4 2. The business for which the project is being carried out.
- 5 3. The developer of the project.

END INSERT 10-3

INSERT 10-12

6 3. The housing being constructed or renovated is intended for persons and
7 families of low and moderate income.

END INSERT 10-12

INSERT 10-19

8 (e) The authority may charge a fee to applicants for allocation certificates under
9 par. (a) for the authority's administrative costs under this section.

END INSERT 10-19

INSERT 10-24

10 (5) CONTRACT AND REVOCATION REQUIREMENTS. (a) The authority shall contract
11 with each recipient of an allocation certificate under sub. (3) (a). The contract shall
12 establish the terms and conditions under which the recipient may claim tax benefits.

13 (b) The authority shall revoke a person's allocation certificate, and the person
14 shall repay to the authority all tax benefits already claimed by the person, if the
15 person does any of the following:

1 1. Supplies false or misleading information to obtain an allocation certificate
2 under sub. (3) (a).

3 2. Supplies false or misleading information to obtain tax benefits.

4 3. Breaches the person's contract with the authority under par. (a).

5 **(6) POLICIES AND PROCEDURES.** The authority, in consultation with the
6 department of revenue, shall establish policies and procedures to administer this
7 section. The authority shall issue allocation certificates annually, on a rolling basis,
8 based on eligibility, as determined by the authority, except that the authority may
9 develop a competitive process to award allocation certificates.

 ****NOTE: This language is similar to the rule-making language for the low-income
housing tax credit under s. 234.45 (7). MPG

END INSERT 10-24

INSERT 11-18

10 **(0) REPORT ON COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM.** No later than
11 June 30, 2020, the department of administration shall submit a report to the joint
12 committee on finance estimating the total amount of funding the department
13 anticipates will be available for programs under s. 16.309 as of February 1, 2021.

 ****NOTE: Let me know if this provision does not achieve your intent, or if you would
like to require a different date for the report. MPG

END INSERT 11-18

Gallagher, Michael

From: Hurlburt, Waylon
Sent: Monday, July 22, 2019 4:10 PM
To: Gallagher, Michael
Cc: Lunder, Erika
Subject: RE: Draft review: LRB -3547/P1

I left you a voice mail. I think on page 9, lines 8 and 9 should be changed. I don't want WHEDA to think this is just another low-income program so we should set the income limits more specifically. Maybe we set them at the income limits for first time

homebuyers? file:///C:/Users/whurlbur/Downloads/Income%20PP%20Limits%20May%2014%202019%20(2).pdf.

↳ S. 234.59

On page 11, the CDBG report is too broad. I would like the language to focus on the CDBG-CLOSE program. This should also be an annual report to be submitted each March 15th.

Call if you have questions.

Thanks.

From: Gallagher, Michael <Michael.Gallagher@legis.wisconsin.gov>
Sent: Friday, July 19, 2019 1:05 PM
To: Hurlburt, Waylon <Waylon.Hurlburt@legis.wisconsin.gov>
Cc: Lunder, Erika <Erika.Lunder@legis.wisconsin.gov>
Subject: Re: Draft review: LRB -3547/P1

Got it. This will go out early next week.

Mike

Sent from my iPhone

On Jul 19, 2019, at 8:19 AM, Hurlburt, Waylon <Waylon.Hurlburt@legis.wisconsin.gov> wrote:

WHEDA's standards adjusted annually please.

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From: Gallagher, Michael
Sent: Tuesday, July 16, 12:15 PM
Subject: RE: Draft review: LRB -3547/P1
To: Hurlburt, Waylon
Cc: Lunder, Erika

Waylon: With respect to income limits, do you want to incorporate the limits that apply with respect to the low income housing tax credit program (see section 42 (i) (2) of the Internal Revenue Code), or do you want to incorporate the income limits generally applicable to WHEDA's other housing programs (see definition of "persons and families of low and moderate income) under s. 234.01 (10))? The latter are adjusted by WHEDA on an ongoing basis.

Thanks.

Mike

From: Hurlburt, Waylon <Waylon.Hurlburt@legis.wisconsin.gov>
Sent: Wednesday, July 10, 2019 2:36 PM
To: Gallagher, Michael <Michael.Gallagher@legis.wisconsin.gov>
Cc: Lunder, Erika <Erika.Lunder@legis.wisconsin.gov>
Subject: RE: Draft review: LRB -3547/P1

Thanks for meeting with me today.

From: Gallagher, Michael <Michael.Gallagher@legis.wisconsin.gov>
Sent: Monday, July 8, 2019 7:40 AM
To: Hurlburt, Waylon <Waylon.Hurlburt@legis.wisconsin.gov>
Cc: Lunder, Erika <Erika.Lunder@legis.wisconsin.gov>
Subject: Re: Draft review: LRB -3547/P1

Waylon, I will be in at noon and will be in touch after that.

Mike

Sent from my iPhone

On Jul 5, 2019, at 4:53 PM, Hurlburt, Waylon <Waylon.Hurlburt@legis.wisconsin.gov> wrote:

Sounds good. Thanks.
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On Fri, Jul 5, 2019 at 4:40 PM -0500, "Gallagher, Michael" <Michael.Gallagher@legis.wisconsin.gov> wrote:

I may have inadvertently left the transfer out. I will get a redraft to you on Monday with analysis. I am out today but generally available next week. Let's touch base on Monday to set up a meeting.

Mike
Sent from my iPhone

On Jul 5, 2019, at 10:40 AM, Hurlburt, Waylon <Waylon.Hurlburt@legis.wisconsin.gov> wrote:

Thanks for turning this around. In regards to the notes in the draft, on page 7 the answer is yes. Let's allow the credit to offset these insurer fees as is allowed for the LIHTCs. On page 9, your current language in regards to WEDC is fine as is.

Am I missing the transfer of \$10 million from the WHEDA surplus balance to the General Fund to offset the cost of this tax credit?

Thanks for updating this.

Can I set up a time to walk through the bill draft with you all?

I am free most of next week. Let me know the best time if that will work.

Thanks,

Waylon Hurlburt
Office of Representative John Nygren
Co-Chair, Joint Committee on Finance
608-266-2343

From: Rep.Nygren
<Rep.Nygren@legis.wisconsin.gov>
Sent: Wednesday, July 3, 2019 2:56 PM
To: Hurlburt, Waylon
<Waylon.Hurlburt@legis.wisconsin.gov>
Subject: FW: Draft review: LRB -3547/P1

From: LRB.Legal <lrblegal@legis.wisconsin.gov>
Sent: Wednesday, July 03, 2019 2:13 PM
To: Rep.Nygren
<Rep.Nygren@legis.wisconsin.gov>
Subject: Draft review: LRB -3547/P1

**Following is the PDF version of draft LRB -
3547/P1.**

<19-3547_P1.pdf>

of Wisconsin
/home.aspx)
artment of Administration
/home.aspx)

CDBG-CLOSE Program

CDBG-CLOSE Program - Approved by HUD

*****Check back frequently for more information as this page is under development*****

Background

Community Development Block Grant - CLOSE (CDBG-CLOSE) is designed to provide the necessary regulatory and financial flexibility for communities to address local needs while simultaneously addressing the U.S. Department of Housing and Urban Development's (HUD) concerns regarding Revolving Loan Funds. The Department has determined that the best course of action is to liquidate the remaining funding and to ultimately close all Revolving Loan Funds (RLF).

Under the CLOSE program, all locally held Economic Development Revolving Loan Funds as well as current Economic Development RLF accounts receivable will be held for communities to have non-competitive access to as grants. Communities that buy out all outstanding loans may apply for up to three (3) projects totaling the amount of their RLF Closeout Account. Communities that assign all outstanding loans to DEHCR may apply for up to two (2) projects totaling the amount of their RLF Closeout Account. In addition, UGLG's may submit an application for up to one (1) additional Planning project. Depending upon the RLF Closeout Account balance, some communities may be eligible to apply for more projects.

[CDBG-CLOSE Program - Approved by HUD \(/DECHR/WI%20Substantial%20Amendment%203_FINAL.pdf\)](#)

Eligible Applicants

Only existing Units of General Local Government (UGLG) that hold a CDBG RLF-ED fund may apply for funding.

Eligible Activities

Eligible recipients may utilize their RLF Closeout grant award for the currently authorized programs as outlined in the State of Wisconsin 2015-2019 Consolidated Plan without the matching funds requirement:

1. Public Facilities;
2. Housing Rehabilitation Conversion;
3. Economic Development projects;
4. Public Facilities for Economic Development projects;
5. Planning projects








In addition to the programs identified above, the RLF Closeout Account can be used for the following special purposes:

6. Broadband/high speed internet access for low and moderate income (LMI) residents. Grant funds can be used by the Unit of General Local Government (UGLG) for public infrastructure projects to expand broadband internet access. Examples of eligible expenses include the purchase of materials and installation.
7. Mitigation measures specifically those that address natural hazard risks; must connect the mitigation development or action to address impacts on LMI residents.
8. Public services.

What types of projects can the UGLG undertake with the funds?

All projects must meet the national objective of Low-and Moderate-Income benefit or the prevention and elimination of slum and blight. If a project meets one of the above national objectives, eligible activities include comprehensive plans, downtown or redevelopment plans, housing plans, curb and gutter improvements, street and sidewalk expansion or improvement, wastewater treatment facilities, wells and other water facilities, sewer and water system improvements, community centers, libraries, senior centers, fire stations, ADA accessibility improvements to public buildings, blighted building acquisition and demolition or rehabilitation, environmental remediation, business grants, workforce housing, job training, food pantries, drug rehabilitation, healthcare or dental clinics, and literacy programs.

Closeout Report and Application Documents

-  [Closeout Report \(/DECHR/CDBG%20CLOSE%20Completion%20Report.xlsx\)](/DECHR/CDBG%20CLOSE%20Completion%20Report.xlsx)
-  [Repayment Agreement \(/DECHR/CDBG-CLOSE%20Repayment%20Agreement.docx\)](/DECHR/CDBG-CLOSE%20Repayment%20Agreement.docx)
 - Complete along with the Closeout Report only if open loans will not be bought out by the UGLG
-  [Payment Remittance Form \(/DECHR/Remittance%20Form.xlsx\)](/DECHR/Remittance%20Form.xlsx)
-  [UGLG Self-Certification for Pre-1992 Status \(/DECHR/UGLG%20Self-Certification%20for%20Pre-1992%20Status.docx\)](/DECHR/UGLG%20Self-Certification%20for%20Pre-1992%20Status.docx)
 - Complete only if all RLF-ED Funds were capitalized prior to 1992 and applying for defederalization of funds
-  [Economic Development CLOSE Application \(/DECHR/Economic%20Development%20CLOSE%20%28CL-ED%29%20Application v2019-04-17.docx\)](/DECHR/Economic%20Development%20CLOSE%20%28CL-ED%29%20Application v2019-04-17.docx)
-  [Housing CLOSE Application \(/DECHR/Housing%20CLOSE%20%28CL-Hsg%29%20Application v2019-04-17.docx\)](/DECHR/Housing%20CLOSE%20%28CL-Hsg%29%20Application v2019-04-17.docx)
-  [Planning CLOSE Application \(/DECHR/Planning%20CLOSE%20%28CL-PLNG%29%20Application v2019-04-17.docx\)](/DECHR/Planning%20CLOSE%20%28CL-PLNG%29%20Application v2019-04-17.docx)

- [☐ Public Facilities CLOSE Application \(/DECHR/Public%20Facilities%20CLOSE%20%28CL-PF%29%20Application v2019-04-17.docx\)](#)
- [☐ Public Facilities for Economic Development CLOSE Application \(/DECHR/Public%20Facilities%20for%20EconDev%20%28CL-PFED%29%20Application v2019-04-17.docx\)](#)
- [☐ Public Service CLOSE Application \(/DECHR/Public%20Service%20CLOSE%20%28CL-PS%29%20Application v2019-04-17.docx\)](#)
- Application Attachments - please modify samples as needed for each program type
 - [☐ Sample Adopting Resolution of the Citizen Participation Plan \(/DECHR/Sample Adopting Resolution CPP.docx\)](#)
 - [☐ Sample Citizen Participation Plan \(/DECHR/Sample CPP.docx\)](#)
 - [☐ Citizen Participation Public Hearing Notice \(/DECHR/Sample Public Hearing Notice PF.docx\)](#)
 - [☐ Citizen Participation Public Hearing Certification \(/DECHR/Citizen Participation Certification.docx\)](#)
 - [☐ Service Area Demographic Profile Form \(/DECHR/Service Area Demographic Profile%20Form.doc\)](#)
 - [☐ Potential Fair Housing Actions \(/DECHR/Potential Fair Housing Actions.doc\)](#)
 - [☐ Sample Adopting Resolution of the Fair Housing Ordinance \(/DECHR/Sample Resolution Adopting Fair Housing Ordinance.docx\)](#)
 - [☐ Sample Fair Housing Ordinance \(/DECHR/Sample Fair Housing Ordinance.docx\)](#)
 - [☐ Slum and Blight Certification \(/DECHR/Sample Slum Blight Certification.docx\)](#) (if applicable)
 - [☐ Sample Residential Anti-Displacement and Relocation Assistance Plan \(RADRAP\) \(/DECHR/Sample Relocation Plan.docx\)](#)
 - [☐ Acquisition/Relocation/Demolition Questionnaire \(/DECHR/ARD Questionnaire.doc\)](#) (if applicable)
 - [☐ Authorizing Resolution for Application Submission \(/DECHR/Authorizing Resolution App.docx\)](#)
 - [☐ Statement of Assurances \(/DECHR/Statement of Assurances.doc\)](#)
 - [☐ Lobbying Certification \(/DECHR/Lobbying Certification.docx\)](#)
 - [☐ Sample Resolution to Adopt Policy Prohibiting Excessive Use of Force/Barring Entrances and Exits for Non-Violent Civil Rights Demonstrations \(/DECHR/Sample Resolution Use of Force.docx\)](#)
 - [☐ Sample Detailed Project Cost Estimate \(/DECHR/Sample%20Detailed%20Project%20Cost%20Estimate v2019-01-02.pdf\)](#)
 - [☐ Sample Authorizing Resolution to Commit Other Funds \(/DECHR/Authorizing%20Resolution%20to%20Commit%20Other%20Funds.docx\)](#)
- [☐ Income Survey Guide \(/DECHR/Income%20Survey%20Guide%20%28v.04-01-2019%29.docx\)](#)

Additional Information

DEHCR hosted a webinar for interested persons to learn more about the program's goals, eligible recipients and projects and how interested persons may stay informed and involved with the development of the program.

CDBG CLOSE Program Approval and Update Webinar Dece...



CDBG CLOSE Report and Application Training - January 23



Income Survey Training

DEHCR released a PowerPoint training presentation on CDBG Income Surveys after U.S. Housing and Urban Development (HUD) policy updates. This training replaces the previous CDBG Income Survey trainings by DEHCR in January-February 2019.

[CDBG Income Survey Training \(v.04/01/2019\) \(/DECHR/CDBG%20Income%20Survey%20Training%20%28v.04-01-2019%29%20Slide%20Show.ppsx\)](#)

[Contact Us \(/Pages/AboutDOA/ContactUs.aspx\)](#)

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[/www.facebook.com](https://www.facebook.com)

WHEDA Income Limits

County (City)	First-Time Home Buyer, MCC, VALOR Effective May 14, 2019				Conventional & FHA Effective May 14, 2019				Home Improvement Effective May 14, 2019		
	non-target		target		non-target		non-target		non-target		
	1-2 Person	3+	1-2	3+	1-2	3+	1-2	3+	1-2	3+	3+
Adams	\$77,500	\$89,125	-	-	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	\$89,125
Ashland	-	-	\$93,000	\$108,500	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	\$89,125
Barron	-	-	\$93,000	\$108,500	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	\$89,125
Bayfield	-	-	\$93,000	\$108,500	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	\$89,125
Brown	\$81,800	\$94,070	-	-	\$94,070	\$110,430	\$81,800	\$94,070	\$81,800	\$94,070	\$94,070
<i>Green Bay*</i>	-	-	\$98,160	\$114,520	-	-	-	-	-	-	-
Buffalo	\$77,500	\$89,125	-	-	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	\$89,125
Burnett	-	-	\$93,000	\$108,500	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	\$89,125
Calumet	\$83,800	\$96,370	-	-	\$96,370	\$113,130	\$83,800	\$96,370	\$83,800	\$96,370	\$96,370
Chippewa	\$77,500	\$89,125	-	-	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	\$89,125
Clark	-	-	\$93,000	\$108,500	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	\$89,125
Columbia	\$78,300	\$90,045	-	-	\$90,045	\$105,705	\$78,300	\$90,045	\$78,300	\$90,045	\$90,045
Crawford	-	-	\$93,000	\$108,500	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	\$89,125
Dane	\$100,400	\$115,460	-	-	\$115,460	\$135,540	\$100,400	\$115,460	\$100,400	\$115,460	\$115,460
<i>Madison*</i>	-	-	\$120,480	\$140,560	-	-	-	-	-	-	-
Dodge	\$77,500	\$89,125	-	-	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	\$89,125
Door	\$77,500	\$89,125	-	-	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	\$89,125
Douglas	\$77,500	\$89,125	-	-	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	\$89,125
<i>Superior*</i>	-	-	\$93,000	\$108,500	-	-	-	-	-	-	-
Dunn	\$77,500	\$89,125	-	-	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	\$89,125
Eau Claire	\$77,500	\$89,125	-	-	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	\$89,125
<i>Augusta*</i>	-	-	\$93,000	\$108,500	-	-	-	-	-	-	-
<i>Eau Claire*</i>	-	-	\$93,000	\$108,500	-	-	-	-	-	-	-
Florence	\$77,500	\$89,125	-	-	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	\$89,125
Fond Du Lac	\$77,500	\$89,125	-	-	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	\$89,125
Forest	\$77,500	\$89,125	-	-	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	\$89,125
Grant	\$77,500	\$89,125	-	-	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	\$89,125
Green	\$77,500	\$89,125	-	-	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	\$89,125

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* Designated target areas within a city/village. See link below.

WHEDA Income Limits

County (City)	First-Time Home Buyer, MCC, VALOR Effective May 14, 2019				Conventional & FHA Effective May 14, 2019				Home Improvement Effective May 14, 2019		
	non-target		target		non-target		non-target		non-target		
	1-2 Person	3+	1-2	3+	1-2	3+	1-2	3+	1-2	3+	
Green Lake	\$77,500	\$89,125	-	-	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	
Iowa	\$77,500	\$89,125	-	-	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	
Iron	-	-	\$93,000	\$108,500	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	
Jackson	-	-	\$93,000	\$108,500	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	
Jefferson	\$77,500	\$89,125	-	-	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	
Juneau	-	-	\$93,000	\$108,500	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	
Kenosha	\$81,600	\$93,840	-	-	\$93,840	\$110,160	\$81,600	\$93,840	\$81,600	\$93,840	
<i>Kenosha*</i>	-	-	\$97,920	\$114,240	-	-	-	-	-	-	
Kewaunee	\$81,800	\$94,070	-	-	\$94,070	\$110,430	\$81,800	\$94,070	\$81,800	\$94,070	
La Crosse	\$78,600	\$90,390	-	-	\$90,390	\$106,110	\$78,600	\$90,390	\$78,600	\$90,390	
<i>La Crosse*</i>	-	-	\$94,320	\$110,040	-	-	-	-	-	-	
Lafayette	\$77,500	\$89,125	-	-	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	
Langlade	\$77,500	\$89,125	-	-	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	
Lincoln	\$77,500	\$89,125	-	-	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	
Manitowoc	\$77,500	\$89,125	-	-	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	
Marathon	\$77,500	\$89,125	-	-	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	
<i>Wausau*</i>	-	-	\$93,000	\$108,500	-	-	-	-	-	-	
Marinette	-	-	\$93,000	\$108,500	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	
Marquette	-	-	\$93,000	\$108,500	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	
Menominee	\$77,500	\$89,125	-	-	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	
<i>Partial County*</i>	-	-	\$93,000	\$108,500	-	-	-	-	-	-	
Milwaukee	\$82,300	\$94,645	-	-	\$94,645	\$111,105	\$82,300	\$94,645	\$82,300	\$94,645	
<i>Milwaukee*</i>	-	-	\$98,760	\$115,220	-	-	-	-	-	-	
Monroe	\$77,500	\$89,125	-	-	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	
Oconto	-	-	\$93,000	\$108,500	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	
Oneida	\$77,500	\$89,125	-	-	\$89,125	\$104,625	\$77,500	\$89,125	\$77,500	\$89,125	
Outagamie	\$83,800	\$96,370	-	-	\$96,370	\$113,130	\$83,800	\$96,370	\$83,800	\$96,370	
Ozaukee	\$82,300	\$94,645	-	-	\$94,645	\$111,105	\$82,300	\$94,645	\$82,300	\$94,645	

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	non-target		target		non-target		non-target		non-target			
	1-2 Person	3+	1-2	3+	1-2	3+	1-2	3+	1-2	3+		
Pepin	\$77,500	\$89,125	-	-	\$89,125	-	\$104,625	\$77,500	\$89,125	\$104,625	\$77,500	\$89,125
Pierce	\$100,000	\$115,000	-	-	\$115,000	-	\$135,000	\$100,000	\$115,000	\$135,000	\$100,000	\$115,000
Polk	\$77,500	\$89,125	-	-	\$89,125	-	\$104,625	\$77,500	\$89,125	\$104,625	\$77,500	\$89,125
<i>Clear Lake*</i>	-	-	\$93,000	\$108,500	-	-	-	-	-	-	-	-
Portage	\$77,500	\$89,125	-	-	\$89,125	-	\$104,625	\$77,500	\$89,125	\$104,625	\$77,500	\$89,125
Price	\$77,500	\$89,125	-	-	\$89,125	-	\$104,625	\$77,500	\$89,125	\$104,625	\$77,500	\$89,125
Racine	\$77,500	\$89,125	-	-	\$89,125	-	\$104,625	\$77,500	\$89,125	\$104,625	\$77,500	\$89,125
<i>Racine*</i>	-	-	\$93,000	\$108,500	-	-	-	-	-	-	-	-
Richland	\$77,500	\$89,125	-	-	\$89,125	-	\$104,625	\$77,500	\$89,125	\$104,625	\$77,500	\$89,125
Rock	\$77,500	\$89,125	-	-	\$89,125	-	\$104,625	\$77,500	\$89,125	\$104,625	\$77,500	\$89,125
<i>Beloit*</i>	-	-	\$93,000	\$108,500	-	-	-	-	-	-	-	-
<i>Janesville*</i>	-	-	\$93,000	\$108,500	-	-	-	-	-	-	-	-
Rusk	-	-	\$93,000	\$108,500	\$89,125	-	\$104,625	\$77,500	\$89,125	\$104,625	\$77,500	\$89,125
Sauk	\$77,500	\$89,125	-	-	\$89,125	-	\$104,625	\$77,500	\$89,125	\$104,625	\$77,500	\$89,125
Sawyer	-	-	\$93,000	\$108,500	\$89,125	-	\$104,625	\$77,500	\$89,125	\$104,625	\$77,500	\$89,125
Shawano	\$77,500	\$89,125	-	-	\$89,125	-	\$104,625	\$77,500	\$89,125	\$104,625	\$77,500	\$89,125
Sheboygan	\$77,500	\$89,125	-	-	\$89,125	-	\$104,625	\$77,500	\$89,125	\$104,625	\$77,500	\$89,125
<i>Sheboygan*</i>	-	-	\$93,000	\$108,500	-	-	-	-	-	-	-	-
St. Croix	\$100,000	\$115,000	-	-	\$115,000	-	\$135,000	\$100,000	\$115,000	\$135,000	\$100,000	\$115,000
Taylor	\$77,500	\$89,125	-	-	\$89,125	-	\$104,625	\$77,500	\$89,125	\$104,625	\$77,500	\$89,125
Trempeleau	-	-	\$93,000	\$108,500	\$89,125	-	\$104,625	\$77,500	\$89,125	\$104,625	\$77,500	\$89,125
Vernon	\$77,500	\$89,125	-	-	\$89,125	-	\$104,625	\$77,500	\$89,125	\$104,625	\$77,500	\$89,125
<i>La Farge*</i>	-	-	\$93,000	\$108,500	-	-	-	-	-	-	-	-
Vilas	\$77,500	\$89,125	-	-	\$89,125	-	\$104,625	\$77,500	\$89,125	\$104,625	\$77,500	\$89,125
Walworth	\$78,300	\$90,045	-	-	\$90,045	-	\$105,705	\$78,300	\$90,045	\$105,705	\$78,300	\$90,045
Washburn	\$77,500	\$89,125	-	-	\$89,125	-	\$104,625	\$77,500	\$89,125	\$104,625	\$77,500	\$89,125
Washington	\$82,300	\$94,645	-	-	\$94,645	-	\$111,105	\$82,300	\$94,645	\$111,105	\$82,300	\$94,645
Waukesha	\$82,300	\$94,645	-	-	\$94,645	-	\$111,105	\$82,300	\$94,645	\$111,105	\$82,300	\$94,645

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WHEDA Income Limits

County (City)	First-Time Home Buyer, MCC, VALOR Effective May 14, 2019			Conventional & FHA Effective May 14, 2019			Home Improvement Effective May 14, 2019		
	non-target		target	non-target		3+	non-target		3+
	1-2 Person	3+	1-2	1-2	1-2	3+	1-2	1-2	3+
Waukesha*	-	-	\$98,760	\$115,220	-	-	-	-	-
Waupaca	\$77,500	\$89,125	-	-	\$89,125	\$104,625	\$77,500	\$89,125	\$89,125
Waushara	\$77,500	\$89,125	-	-	\$89,125	\$104,625	\$77,500	\$89,125	\$89,125
Winnebago	\$78,200	\$89,930	-	-	\$89,930	\$105,570	\$78,200	\$89,930	\$89,930
Wood	\$77,500	\$89,125	-	-	\$89,125	\$104,625	\$77,500	\$89,125	\$89,125

Applicants do not have to be first-time home buyers in designated target areas.

* [Click here to view target areas](#)

The combined income of all individuals who will occupy the property cannot exceed the limit for the area in which the property is located.

* Designated target areas within a city/village. See link below.

WHEDA Purchase Price and Loan Limits

First-Time Home Buyer, MCC, VALOR Purchase Price Limits		Target Area	
Non-Target Area		Effective April 8, 2019	
1 Unit	2-4 Unit	1 Unit	2-4 Unit
\$283,348	\$362,818	\$346,315	\$443,445

FHA Loan Limits			Conventional Loan Limit
Effective January 1, 2019			Effective January 1, 2019
County	1 Unit	2 Unit	
Columbia	\$316,250	\$404,850	\$484,350
Dane	\$316,250	\$404,850	
Green	\$316,250	\$404,850	
Iowa	\$316,250	\$404,850	
Kenosha	\$368,000	\$471,100	
Milwaukee	\$327,750	\$419,550	
Ozaukee	\$327,750	\$419,550	
Pierce	\$366,850	\$469,600	
St. Croix	\$366,850	\$469,600	
Washington	\$327,750	\$419,550	
Waukesha	\$327,750	\$419,550	
All Other Counties	\$314,827	\$403,125	



PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

Insert

1/24

economic development revolving loan funds

workforce housing tax credits

Ital. d. B

Sub-sub

- 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 234.045 of the statutes;
- 3 relating to: workforce housing tax credits and community development block
- 4 grant funding.

Analysis by the Legislative Reference Bureau

This bill creates a workforce housing tax credit program 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 project for which the credit is issued is an eligible workforce housing project. Under the bill, a project is an eligible workforce housing project only if the project is for the construction or renovation of residential real property located in a county with a population density of less than 155 persons per square mile, there is a need for additional manufacturing workers in the area in which the project is located, and a lack of adequate housing in the area is a barrier to filling that need.

2. The person is a lender financing an eligible workforce housing project, the developer of the project, or the business for which the project is being carried out.

3. The person has exhausted all funding available for the project from community development block grants, local assistance, including tax incremental financing, and other assistance available from WHEDA. otherwise

4. The housing is intended for persons and families of low and moderate income under standards established by WHEDA.

whose part?

Insert A-1

Under the bill, WHEDA may not certify a person to claim a workforce housing tax credit in an amount that exceeds 50 percent of the total cost of the eligible workforce housing project. Additionally, WHEDA may not award more than \$10,000,000 in workforce housing tax credits and no credit may be awarded after December 31, 2021. The bill requires WHEDA to transfer \$10,000,000 from its surplus fund to the state's general fund as an offset against the tax credits WHEDA awards under the program.

Additionally, the bill includes ^{certain} contracting and tax credit revocation requirements and requires WHEDA to coordinate with the Wisconsin Economic Development Corporation to administer the tax credit program. WHEDA must submit a report on the program to the Joint Committee on Finance no later than September 31, 2022.

Finally, the bill also requires the Department of Administration to submit a report to the Joint Committee on Finance estimating the funding that will be available as of February 1, 2021, under the community development block grant program administered by DOA.

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

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

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

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

3 1. "Allocation certificate" means an allocation certificate issued by the
4 Wisconsin Housing and Economic Development Authority under s. 234.045 (3) (a).

5 2. "Claimant" means a person who files a claim under this subsection.

6 (b) *Filing claims*. For taxable years beginning after December 31, 2019, subject
7 to the limitations provided in this subsection and in s. 234.045, a claimant may claim
8 as a credit against the tax imposed under s. 71.02, up to the amount of the tax, the
9 amount specified in the allocation certificate.

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.

Insert A-2
Insert

Insert 2-1

1 2. A partnership, limited liability company, or tax-option corporation may not
2 claim the credit under this subsection, but the eligibility for and amount of the credit
3 are based on the amount specified in the allocation certificate. A partnership, limited
4 liability company, or tax-option corporation shall compute the amount of credit that
5 each of its partners, members, or shareholders may claim and shall provide that
6 information to each of them. Partners, members, and shareholders may claim the
7 credit in proportion to their ownership interests.

8 (d) *Carry-forward credit.* If the credit that a claimant may claim under par.
9 (b) is not entirely offset against Wisconsin income or franchise taxes otherwise due,
10 the unused balance shall be carried forward and credited against Wisconsin income
11 or franchise taxes otherwise due for the following 10 taxable years to the extent not
12 offset by these taxes in all intervening years between the year in which the credit is
13 allowed under the allocation certificate and the year in which the carry-forward
14 credit is claimed.

15 (e) *Transfer.* Any person may sell or otherwise transfer the credit under par.
16 (b), in whole or in part, to another person who is subject to the taxes or fees imposed
17 under s. 71.02, 71.23, or 71.43 or subch. III of ch. 76 if the person notifies the
18 department of the transfer and submits with the notification a copy of the transfer
19 documents, and the department certifies the change in the credit's ownership.

20 (f) *Administration.* Section 71.28 (4) (e), (g), and (h), as it applies to the credit
21 under s. 71.28 (4), applies to the credit under this subsection.

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

23 71.10 (4) (fd) Workforce housing credit under s. 71.07 (8f).

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

25 71.28 (8f) WORKFORCE HOUSING CREDIT. (a) *Definitions.* In this subsection:

1 1. “Allocation certificate” means an allocation certificate issued by the
2 Wisconsin Housing and Economic Development Authority under s. 234.045 (3) (a).

3 2. “Claimant” means a person who files a claim under this subsection.

4 (b) *Filing claims.* For taxable years beginning after December 31, 2019, subject
5 to the limitations provided in this subsection and in s. 234.045, a claimant may claim
6 as a credit against the tax imposed under s. 71.23, up to the amount of the tax, the
7 amount specified in the allocation certificate.

8 (c) *Limitations.* 1. No person may claim the credit under par. (b) unless the
9 claimant includes with the claimant’s return a copy of the allocation certificate.

10 2. A partnership, limited liability company, or tax-option corporation may not
11 claim the credit under this subsection, but the eligibility for and amount of the credit
12 are based on the amount specified in the allocation certificate. A partnership, limited
13 liability company, or tax-option corporation shall compute the amount of credit that
14 each of its partners, members, or shareholders may claim and shall provide that
15 information to each of them. Partners, members, and shareholders may claim the
16 credit in proportion to their ownership interests.

17 (d) *Carry-forward credit.* If the credit that a claimant may claim under par.
18 (b) is not entirely offset against Wisconsin income or franchise taxes otherwise due,
19 the unused balance shall be carried forward and credited against Wisconsin income
20 or franchise taxes otherwise due for the following 10 taxable years to the extent not
21 offset by these taxes in all intervening years between the year in which the credit is
22 allowed under the allocation certificate and the year in which the carry-forward
23 credit is claimed.

24 (e) *Transfer.* Any person may sell or otherwise transfer the credit under par.
25 (b), in whole or in part, to another person who is subject to the taxes or fees imposed

1 under s. 71.02, 71.23, or 71.43 or subch. III of ch. 76 if the person notifies the
2 department of the transfer and submits with the notification a copy of the transfer
3 documents, and the department certifies the change in the credit's ownership.

4 (f) *Administration.* Subsection (4) (e), (g), and (h), as it applies to the credit
5 under sub. (4), applies to the credit under this subsection.

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

7 71.30 (3) (cu) Workforce housing credit under s. 71.28 (8f).

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

9 71.47 (8f) WORKFORCE HOUSING CREDIT. (a) *Definitions.* In this subsection:

10 1. "Allocation certificate" means an allocation certificate issued by the
11 Wisconsin Housing and Economic Development Authority under s. 234.045 (3) (a).

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

13 (b) *Filing claims.* For taxable years beginning after December 31, 2019, subject
14 to the limitations provided in this subsection and in s. 234.045, a claimant may claim
15 as a credit against the tax imposed under s. 71.43, up to the amount of the tax, the
16 amount specified in the allocation certificate.

17 (c) *Limitations.* 1. No person may claim the credit under par. (b) unless the
18 claimant includes with the claimant's return a copy of the allocation certificate.

19 2. A partnership, limited liability company, or tax-option corporation may not
20 claim the credit under this subsection, but the eligibility for and amount of the credit
21 are based on the amount specified in the allocation certificate. A partnership, limited
22 liability company, or tax-option corporation shall compute the amount of credit that
23 each of its partners, members, or shareholders may claim and shall provide that
24 information to each of them. Partners, members, and shareholders may claim the
25 credit in proportion to their ownership interests.

1 (d) *Carry-forward credit.* If the credit that a claimant may claim under par.
2 (b) is not entirely offset against Wisconsin income or franchise taxes otherwise due,
3 the unused balance shall be carried forward and credited against Wisconsin income
4 or franchise taxes otherwise due for the following 10 taxable years to the extent not
5 offset by these taxes in all intervening years between the year in which the credit is
6 allowed under the allocation certificate and the year in which the carry-forward
7 credit is claimed.

8 (e) *Transfer.* Any person may sell or otherwise transfer the credit under par.
9 (b), in whole or in part, to another person who is subject to the taxes or fees imposed
10 under s. 71.02, 71.23, or 71.43 or subch. III of ch. 76 if the person notifies the
11 department of the transfer and submits with the notification a copy of the transfer
12 documents, and the department certifies the change in the credit's ownership.

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

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

16 71.49 (1) (cu) Workforce housing credit under s. 71.47 (8f).

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

18 **76.6395 Workforce housing credit. (1) DEFINITIONS.** In this section:

19 (a) "Allocation certificate" means an allocation certificate issued by the
20 Wisconsin Housing and Economic Development Authority under s. 234.045 (3) (a).

21 (b) "Claimant" means a person who files a claim under this subsection.

22 **(2) FILING CLAIMS.** For taxable years beginning after December 31, 2019,
23 subject to the limitations provided in this section and in s. 234.045, a claimant may
24 claim as a credit against the fees imposed under s. 76.60, 76.63, 76.65, 76.66, or 76.67
25 the amount specified in the allocation certificate.

1 (3) LIMITATIONS. No person may claim the credit under sub. (2) unless the
2 claimant includes with the claimant's return a copy of the allocation certificate.

3 (4) CARRY-FORWARD. If the credit that a claimant may claim under sub. (2) is
4 not entirely offset against the fees under s. 76.60, 76.63, 76.65, 76.66, or 76.67
5 otherwise due, the unused balance shall be carried forward and credited against
6 those fees for the following 10 taxable years to the extent not offset by the fees in all
7 intervening years between the year in which the credit is allowed under the
8 allocation certificate and the year in which the carry-forward credit is claimed.

9 (5) TRANSFER. Any person may sell or otherwise transfer the credit under sub.
10 (2), in whole or in part, to another person who is subject to the taxes or fees imposed
11 under s. 71.02, 71.23, 71.43, 76.60, 76.63, 76.65, 76.66, or 76.67 if the person notifies
12 the department of the transfer and submits with the notification a copy of the
13 transfer documents, and the department certifies the change in the credit's
14 ownership.

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

16 76.67 (2) If any domestic insurer is licensed to transact insurance business in
17 another state, this state may not require similar insurers domiciled in that other
18 state to pay taxes greater in the aggregate than the aggregate amount of taxes that
19 a domestic insurer is required to pay to that other state for the same year less the
20 credits under ss. 76.635, 76.636, 76.637, 76.638, 76.639, 76.6395, and 76.655, except
21 that the amount imposed shall not be less than the total of the amounts due under
22 ss. 76.65 (2) and 601.93 and, if the insurer is subject to s. 76.60, 0.375 percent of its
23 gross premiums, as calculated under s. 76.62, less offsets allowed under s. 646.51 (7)
24 or under ss. 76.635, 76.636, 76.637, 76.638, 76.639, 76.6395, and 76.655 against that

1 total, and except that the amount imposed shall not be less than the amount due
2 under s. 601.93.

3 SECTION 9. 234.045 of the statutes is created to read:

4 **234.045 Workforce housing tax credits.** (1) DEFINITIONS. In this section:

5 (a) "Allocation certificate" means a statement issued by the authority certifying
6 that an eligible recipient may claim tax benefits and specifying the amount of the tax
7 benefits that the eligible recipient may claim.

8 (b) "Lender" means any banking institution, savings bank, savings and loan
9 association, or credit union organized under the laws of this state.

10 (c) "Tax benefits" means the tax credit under ss. 71.07 (8f), 71.28 (8f), 71.47 (8f),
11 and 76.6395.

12 (2) ESTABLISHMENT OF PROGRAM. The authority shall establish and administer
13 a program under this section for the award of tax benefits to encourage the creation
14 of workforce housing in this state.

15 (3) CERTIFICATIONS. (a) The authority may certify a person to claim tax benefits
16 in an amount determined by the authority by issuing the person an allocation
17 certificate. The allocation certificate shall state the amount the authority
18 determines the person is eligible to claim.

19 (b) With respect to any eligible workforce housing project, the authority may
20 issue an allocation certificate under par. (a) to only one of the following:

21 1. The lender financing the project.

22 2. The business for which the project is being carried out.

23 3. The developer of the project.

whose benefit

24 (c) A project is an eligible workforce housing project under par. (b) only if all of
25 the following requirements are satisfied:

1 1. The project is for the construction or renovation of residential real property
2 that is located in a county with a population density of less than 155 persons per
3 square mile.

4 2. The person applying for tax benefits demonstrates to the satisfaction of the
5 authority that there is a need for additional manufacturing workers in the area in
6 which the project is located and that a lack of adequate housing in the area is a
7 barrier to filling that need.

8 3. The housing being constructed or renovated is intended for persons and
9 families of low and moderate income.

10 (d) The authority may not issue an allocation certificate to a person under par.
11 (b) unless the person demonstrates to the satisfaction of the authority that the
12 person has exhausted all funding available from the following:

- 13 1. Community development block grants.
- 14 2. Local assistance, including tax incremental financing.
- 15 3. Other assistance under programs administered by the authority.

otherwise available

16 (e) The authority may charge a fee to applicants for allocation certificates under
17 par. (a) for the authority's administrative costs under this section.

18 **(4) LIMITATIONS.** (a) The authority may not certify a person to claim tax benefits
19 under sub. (3) (a) in an amount that exceeds 50 percent of the total cost of the eligible
20 workforce housing project.

21 (b) The aggregate amount of all tax benefits for which the authority certifies
22 persons in allocation certificates issued under sub. (3) (a) may not exceed
23 \$10,000,000.

Insert

All

1 **(5) CONTRACT AND REVOCATION REQUIREMENTS.** (a) The authority shall contract
2 with each recipient of an allocation certificate under sub. (3) (a). The contract shall
3 establish the terms and conditions under which the recipient may claim tax benefits.

4 (b) The authority shall revoke a person's allocation certificate, and the person
5 shall repay to the authority all tax benefits already claimed by the person, if the
6 person does any of the following:

7 1. Supplies false or misleading information to obtain an allocation certificate
8 under sub. (3) (a).

9 2. Supplies false or misleading information to obtain tax benefits.

10 3. Breaches the person's contract with the authority under par. (a).

11 **(6) POLICIES AND PROCEDURES.** The authority, in consultation with the
12 department of revenue, shall establish policies and procedures to administer this
13 section. The authority shall issue allocation certificates annually, on a rolling basis,
14 based on eligibility, as determined by the authority, except that the authority may
15 develop a competitive process to award allocation certificates.

****NOTE: This language is similar to the rule-making language for the low-income
housing tax credit under s. 234.45 (7). MPG

16 **(7) COORDINATION.** In administering this section, the authority shall coordinate
17 with the Wisconsin Economic Development Corporation.

18 **(8) REPORT.** No later than September 31, 2022, the authority shall submit a
19 report to the joint committee on finance that includes all of the following:

20 (a) A summary of all awards of tax benefits.

21 (b) The number of applications for tax benefits the authority received.

22 (c) A description of how much workforce housing was created as a result of the
23 program.

1 (d) The number of workers who received housing as a result of the program.

2 (e) The authority's assessment, including relevant data, of the overall success
3 of the program.

4 (9) SUNSET. The authority may not issue an allocation certificate under sub.
5 (3) after December 31, 2021.

6 **SECTION 10. Nonstatutory provisions.**

7 (1) PAYMENT TO THE GENERAL FUND. Notwithstanding s. 234.165 (2) (c), no later
8 than June 30, 2020, the Wisconsin Housing and Economic Development Authority
9 shall pay \$10,000,000 from the authority's surplus fund to the secretary of
10 administration for deposit in the general fund.

11 (2) REPORT ON COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM. No later than
12 June 30, 2020, the department of administration shall submit a report to the joint
13 committee on finance estimating the total amount of funding the department
14 anticipates will be available for programs under s. 16.309 as of February 1, 2021.

***NOTE: Let me know if this provision does not achieve your intent, or if you would
like to require a different date for the report. MPG

(END)

INSERT A-1

4. The occupants of the housing being constructed or renovated will have a household income that satisfies the income limitations applicable for the homeownership mortgage loan program administered by WHEDA.

END INSERT A-1

INSERT A-2

Reports on economic development revolving loan funds

This bill also requires the Department of Administration to submit an annual report to the Joint Committee on Finance concerning moneys held by DOA in connection with economic development revolving loan funds funded by federally funded community development block grants administered by DOA, including all moneys derived from the liquidation and close-out of such a revolving loan fund. The report must include the balance of the account associated with each revolving loan fund, the accounts receivable for each such account, and a detailed description of all expenditures from the account, including a description of each project funded by a grant awarded from the account.

END INSERT A-2

INSERT 2-1

1 **SECTION 1.** 16.309 (4) of the statutes is created to read:

2 16.309 (4) (a) In this subsection, "revolving loan fund account" means all
3 moneys held by the department in connection with each economic development
4 revolving loan fund that is funded by a community development block grant under
5 this section, including all moneys derived from the liquidation and close-out of the
6 revolving loan fund.

7 (b) Annually, no later than March 15, the department shall submit a report to
8 the joint committee on finance that includes all of the following information for each
9 revolving loan fund account:

- 10 1. The account balance.
- 11 2. All accounts receivable, if any.

1 3. A detailed description of all account expenditures, including a description
2 of each project funded by a grant awarded from the account.

END INSERT 2-1

INSERT 9-7

3 3. The occupants of the housing being constructed or renovated will have a
4 household income that satisfies the income limitations applicable for home
5 ownership mortgage loans under s. 234.59.

END INSERT 9-7

Gallagher, Michael

From: Hurlburt, Waylon
Sent: Monday, August 12, 2019 4:31 PM
To: Gallagher, Michael
Cc: Lunder, Erika
Subject: RE: Draft

Couple changes to the draft please:

- Can we ensure that the language requiring DOA to submit a report to the JCF on the CDBG grants allows the JCF to object to the funding allocation by DOA so the JCF could reallocate funding as long as it is allowable under federal law?
- WHEDA will be administering the program and it is likely that there will be more applications than available funding. Could we require WHEDA to score all applications and have as the highest scoring priority be the number of jobs created, amount of matching funds available, and readiness to proceed.

Thanks,

Waylon

From: Hurlburt, Waylon
Sent: Friday, July 26, 2019 8:28 AM
To: Gallagher, Michael <Michael.Gallagher@legis.wisconsin.gov>
Cc: Lunder, Erika <Erika.Lunder@legis.wisconsin.gov>
Subject: RE: Draft

Thanks Mike. Have fun.

From: Gallagher, Michael <Michael.Gallagher@legis.wisconsin.gov>
Sent: Friday, July 26, 2019 8:28 AM
To: Hurlburt, Waylon <Waylon.Hurlburt@legis.wisconsin.gov>
Cc: Lunder, Erika <Erika.Lunder@legis.wisconsin.gov>
Subject: Draft

Waylon, I am going to be out of the office for a couple of weeks—vacation and then the NCSL summit. I will be checking email periodically, but contact Erika if you need anything on the draft we have been working on for you.

Thanks.

Mike

Michael P. Gallagher
Senior Legislative Attorney
Wisconsin Legislative Reference Bureau
(608) 504-5811

