



Trades!

LRB-3547/P4  
MPG&EKL:kjf

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**

185

1 AN ACT to amend 76.67 (2); and to create 16.309 (4), 71.07 (8f), 71.10 (4) (fd),  
2 71.28 (8f), 71.30 (3) (cu), 71.47 (8f), 71.49 (1) (cu), 76.6395 and 234.045 of the  
3 statutes; relating to: workforce housing tax credits and economic development  
4 revolving loan funds.

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*Analysis by the Legislative Reference Bureau*

*Workforce housing tax credits*

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 whose benefit 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 assistance otherwise available from WHEDA.

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.

under current law

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.

**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 federal 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.

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

all of the following:

Insert A-2

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

- 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.

Handwritten note: "Insert 3-7" with an arrow pointing to line 8.

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

- 4 1. The account balance.
- 5 2. All accounts receivable, if any.
- 6 3. A detailed description of all account expenditures, including a description  
7 of each project funded by a grant awarded from the account.

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

9 71.07 (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. 71.02, 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 3.** 71.10 (4) (fd) of the statutes is created to read:

16 71.10 (4) (fd) Workforce housing credit under s. 71.07 (8f).

17 **SECTION 4.** 71.28 (8f) of the statutes is created to read:

18 71.28 (8f) WORKFORCE HOUSING CREDIT. (a) *Definitions.* In this subsection:

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

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

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

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

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

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

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

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

24           **SECTION 5.** 71.30 (3) (cu) of the statutes is created to read:

25           71.30 (3) (cu) Workforce housing credit under s. 71.28 (8f).

1           **SECTION 6.** 71.47 (8f) of the statutes is created to read:

2           **71.47 (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. 71.43, 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.

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

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

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

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

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

9           71.49 (1) (cu) Workforce housing credit under s. 71.47 (8f).

10          **SECTION 8.** 76.6395 of the statutes is created to read:

11          **76.6395 Workforce housing credit. (1) DEFINITIONS.** In this section:

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

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

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

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

21          **(4) CARRY-FORWARD.** If the credit that a claimant may claim under sub. (2) is  
22 not entirely offset against the fees under s. 76.60, 76.63, 76.65, 76.66, or 76.67  
23 otherwise due, the unused balance shall be carried forward and credited against  
24 those fees for the following 10 taxable years to the extent not offset by the fees in all

1 intervening years between the year in which the credit is allowed under the  
2 allocation certificate and the year in which the carry-forward credit is claimed.

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

9 SECTION 9. 76.67 (2) of the statutes is amended to read:

10 76.67 (2) If any domestic insurer is licensed to transact insurance business in  
11 another state, this state may not require similar insurers domiciled in that other  
12 state to pay taxes greater in the aggregate than the aggregate amount of taxes that  
13 a domestic insurer is required to pay to that other state for the same year less the  
14 credits under ss. 76.635, 76.636, 76.637, 76.638, 76.639, 76.6395, and 76.655, except  
15 that the amount imposed shall not be less than the total of the amounts due under  
16 ss. 76.65 (2) and 601.93 and, if the insurer is subject to s. 76.60, 0.375 percent of its  
17 gross premiums, as calculated under s. 76.62, less offsets allowed under s. 646.51 (7)  
18 or under ss. 76.635, 76.636, 76.637, 76.638, 76.639, 76.6395, and 76.655 against that  
19 total, and except that the amount imposed shall not be less than the amount due  
20 under s. 601.93.

21 SECTION 10. 234.045 of the statutes is created to read:

22 **234.045 Workforce housing tax credits.** (1) DEFINITIONS. In this section:

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



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

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

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

8           **(3) CERTIFICATIONS.** (a) The authority may certify a person to claim tax benefits  
9 in an amount determined by the authority by issuing the person an allocation  
10 certificate. The allocation certificate shall state the amount the authority  
11 determines the person is eligible to claim.

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

- 14           1. The lender financing the project.
- 15           2. The business for whose benefit the project is being carried out.
- 16           3. The developer of the project.

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

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

- 22           2. The person applying for tax benefits demonstrates to the satisfaction of the  
23 authority that there is a need for additional manufacturing workers in the area in  
24 which the project is located and that a lack of adequate housing in the area is a  
25 barrier to filling that need.

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

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

- 7           1. Community development block grants.
- 8           2. Local assistance, including tax incremental financing.
- 9           3. All assistance otherwise available under programs administered by the  
10 authority.

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

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

16           (b) The aggregate amount of all tax benefits for which the authority certifies  
17 persons in allocation certificates issued under sub. (3) (a) may not exceed  
18 \$10,000,000.

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

22           (b) The authority shall revoke a person's allocation certificate, and the person  
23 shall repay to the authority all tax benefits already claimed by the person, if the  
24 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).

Insert 11-9

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.

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

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

- 14 (a) A summary of all awards of tax benefits.
- 15 (b) The number of applications for tax benefits the authority received.
- 16 (c) A description of how much workforce housing was created as a result of the  
17 program.
- 18 (d) The number of workers who received housing as a result of the program.
- 19 (e) The authority's assessment, including relevant data, of the overall success  
20 of the program.

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

23 **SECTION 11. Nonstatutory provisions.**

24 **(1) PAYMENT TO THE GENERAL FUND.** Notwithstanding s. 234.165 (2) (c), no later  
25 than June 30, 2020, the Wisconsin Housing and Economic Development Authority

1 shall pay \$10,000,000 from the authority's surplus fund to the secretary of  
2 administration for deposit in the general fund.

3 (END)

**2019-2020 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-3547/P5ins  
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**INSERT A-1**

The bill requires WHEDA to establish a competitive process for the award of tax credits that gives priority to all of the following:

1. The number of jobs that will be created in connection with the eligible workforce housing project.
2. The amount of matching funds secured by the applicant.
3. The applicant's readiness to proceed with the project.

**END INSERT A-1**

**INSERT A-2**

1. The balance of the account associated with each revolving loan fund.
2. The accounts receivable for each such account.
3. A detailed description of all expenditures from the account, including a description of each project funded by a grant awarded from the account.
4. A detailed description of all expenditures from the account DOA intends to make before March 15 of the year following the report. Under the bill, if JCF objects to any such intended expenditure, JCF may reallocate the moneys consistent with federal requirements for expenditure of the moneys.

**END INSERT A-2**

**INSERT 3-7**

1           4. A detailed description of all account expenditures the department intends  
2 to make before March 15 of the year following the report.

3           (c) If the joint committee on finance objects to any intended expenditure of  
4 moneys detailed under par. (b) 4., the committee may reallocate those moneys  
5 consistent with federal requirements for expenditure of the moneys.

**END INSERT 3-7**

**INSERT 11-9**

6           (b) The policies and procedures under par. (a) shall establish a competitive  
7 process for the award of allocation certificates under sub. (3) (a) that gives priority  
8 to all of the following:

1           1. The number of jobs that will be created in connection with the eligible  
2 workforce housing project.

      \*\*\*\*NOTE: Is job creation the right metric here, where the draft encourages  
workforce housing? Should it be "jobs filled"? MPG

3           2. The amount of additional funding for the project the applicant has secured  
4 from nonstate sources.

5           3. The applicant's readiness to proceed with the project.

**END INSERT 11-9**

*1/b Transfers from monies  
already approved for other  
Expenditures. under s.  
234.165(c)(b)*



9/9 Today, Before Noon  
State of Wisconsin  
2019 - 2020 LEGISLATURE

LRB-3547/P5  
MPG&EKL:kjf  
TRACES!  
1/P6

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4 revolving loan funds.

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

***Workforce housing tax credits***

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 whose benefit 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 assistance otherwise available from WHEDA.

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 under current law.

The bill requires WHEDA to establish a competitive process for the award of tax credits that gives priority to all of the following:

1. The number of jobs that will be created in connection with the eligible workforce housing project.

2. The amount of matching funds secured by the applicant.

3. The applicant's readiness to proceed with the project.

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.

### ***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 federal 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 all of the following:

1. The balance of the account associated with each revolving loan fund.

2. The accounts receivable for each such account.

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

4. A detailed description of all expenditures from the account DOA intends to make before March 15 of the year following the report. Under the bill, if JCF objects to any such intended expenditure, JCF may reallocate the moneys consistent with federal requirements for expenditure of the moneys.

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.** 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.

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

14           4. A detailed description of all account expenditures the department intends  
15 to make before March 15 of the year following the report.

16           (c) If the joint committee on finance objects to any intended expenditure of  
17 moneys detailed under par. (b) 4., the committee may reallocate those moneys  
18 consistent with federal requirements for expenditure of the moneys.

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

20           71.07 (8f) **WORKFORCE HOUSING CREDIT.** (a) *Definitions.* In this subsection:

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

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

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

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.

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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.

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

4           71.28 (8f) WORKFORCE HOUSING CREDIT. (a) *Definitions.* In this subsection:

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

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

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

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

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

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

1 allowed under the allocation certificate and the year in which the carry-forward  
2 credit is claimed.

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

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

10 **SECTION 5.** 71.30 (3) (cu) of the statutes is created to read:

11 71.30 (3) (cu) Workforce housing credit under s. 71.28 (8f).

12 **SECTION 6.** 71.47 (8f) of the statutes is created to read:

13 71.47 (8f) WORKFORCE HOUSING CREDIT. (a) *Definitions*. In this subsection:

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

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

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

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

23 2. A partnership, limited liability company, or tax-option corporation may not  
24 claim the credit under this subsection, but the eligibility for and amount of the credit  
25 are based on the amount specified in the allocation certificate. A partnership, limited

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

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

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

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

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

20 71.49 (1) (cu) Workforce housing credit under s. 71.47 (8f).

21 **SECTION 8.** 76.6395 of the statutes is created to read:

22 **76.6395 Workforce housing credit. (1) DEFINITIONS.** In this section:

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

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

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

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

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

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

19           **SECTION 9.** 76.67 (2) of the statutes is amended to read:

20           **76.67 (2)** If any domestic insurer is licensed to transact insurance business in  
21 another state, this state may not require similar insurers domiciled in that other  
22 state to pay taxes greater in the aggregate than the aggregate amount of taxes that  
23 a domestic insurer is required to pay to that other state for the same year less the  
24 credits under ss. 76.635, 76.636, 76.637, 76.638, 76.639, 76.6395, and 76.655, except  
25 that the amount imposed shall not be less than the total of the amounts due under

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

6 **SECTION 10.** 234.045 of the statutes is created to read:

7 **234.045 Workforce housing tax credits.** (1) DEFINITIONS. In this section:

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

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

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

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

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

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

24 1. The lender financing the project.

25 2. The business for whose benefit the project is being carried out.

1           3. The developer of the project.

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

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

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

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

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

17           1. Community development block grants.

18           2. Local assistance, including tax incremental financing.

19           3. All assistance otherwise available under programs administered by the  
20 authority.

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

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



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

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

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

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

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

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

14 (6) POLICIES AND PROCEDURES. (a) The authority, in consultation with the  
15 department of revenue, shall establish policies and procedures to administer this  
16 section.

17 (b) The policies and procedures under par. (a) shall establish a competitive  
18 process for the award of allocation certificates under sub. (3) (a) that gives priority  
19 to all of the following:

20 1. The number of jobs that will be created in connection with the eligible  
21 workforce housing project.

\*\*\*\*NOTE: Is job creation the right metric here, where the draft encourages  
workforce housing? Should it be "jobs filled"? MPG

22 2. The amount of additional funding for the project the applicant has secured  
23 from nonstate sources.

3. The applicant's readiness to proceed with the project.

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

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

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

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

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

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

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

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

**SECTION 11. Nonstatutory provisions.**

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

(END)

*and specified in  
s. 234.165 (1)*

*Insert 12-19*

**2019-2020 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-3547/P6ins  
MPG:kjf

**INSERT 12-19**

1           The payment under this subsection is not subject to s. 234.165 (2) (c) and may,  
2           at the discretion of the Wisconsin Housing and Economic Development Authority,  
3           include surplus amounts previously approved for expenditure for another purpose  
4           under ~~under~~ s. 234.165 (2) (b).

**END INSERT 12-19**



State of Wisconsin  
2019 - 2020 LEGISLATURE

LRB-3547/P6  
MPG&EKL:kjf

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

11  
NO  
changes

1 AN ACT *to amend* 76.67 (2); and *to create* 16.309 (4), 71.07 (8f), 71.10 (4) (fd),  
2 71.28 (8f), 71.30 (3) (cu), 71.47 (8f), 71.49 (1) (cu), 76.6395 and 234.045 of the  
3 statutes; **relating to:** workforce housing tax credits and economic development  
4 revolving loan funds.

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*Analysis by the Legislative Reference Bureau*

***Workforce housing tax credits***

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 whose benefit 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 assistance otherwise available from WHEDA.

