



State of Wisconsin  
2019 - 2020 LEGISLATURE

LRB-4299/1  
MPG&EKL:kjf

## 2019 SENATE BILL 484

October 10, 2019 - Introduced by Senators TESTIN, BERNIER and FEYEN, cosponsored by Representatives NYGREN, TRANEL, SUMMERFIELD, BORN, DITTRICH, FELZKOWSKI, KERKMAN, KITCHENS, KULP, KURTZ, MURSAU, OLDENBURG, PETRYK, PLUMER, QUINN, ROHRKASTE, TUSLER and ZIMMERMAN. Referred to Committee on Utilities and Housing.

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.

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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:***

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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

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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.

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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

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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

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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.

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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

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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.

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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.

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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.

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

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

