



State of Wisconsin
2025 - 2026 LEGISLATURE

LRB-2483/1
JK&MDE:cdc

2025 SENATE BILL 178

April 3, 2025 - Introduced by Senators QUINN, JAMES, CARPENTER, DASSLER-ALFHEIM, HABUSH SINYKIN, KEYESKI, RATCLIFF, WALL and WIRCH, cosponsored by Representatives ARMSTRONG, GREEN, BARE, GOODWIN, GUNDRUM, B. JACOBSON, KITCHENS, KREIBICH, KRUG, PENTERMAN, PIWOWARCZYK, SUBECK and TENORIO. Referred to Committee on Insurance, Housing, Rural Issues and Forestry.

1 **AN ACT** *to renumber* 76.639 (3); *to amend* 71.07 (8b) (a) 7., 71.07 (8b) (c) 2.,
2 71.28 (8b) (a) 7., 71.28 (8b) (c) 2., 71.47 (8b) (a) 7., 71.47 (8b) (c) 2., 76.639 (1)
3 (g), 76.67 (2) and 234.45 (1) (e); *to create* 76.639 (3) (b), 234.45 (1) (em) and
4 234.45 (5m) of the statutes; **relating to:** changes to the low-income housing
5 tax credit.

Analysis by the Legislative Reference Bureau

Under current law, the Wisconsin Housing and Economic Development Authority administers a low-income housing tax credit program. Under that program, a person may claim as a credit against the person's income or franchise tax liability, or against the person's liability for fees imposed on an insurer, the amount allocated by WHEDA in an "allocation certificate" for a qualified low-income housing project.

The bill also requires that WHEDA, if possible, ensure that at least 35 percent of the tax credits it allocates each year under the program are for qualified low-income housing projects in rural areas in Wisconsin and removes the requirement that a qualified low-income housing project be financed with tax-exempt bonds.

Finally, the bill makes a technical change to the credit for insurers so that an

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insurer who is a shareholder of a tax-option corporation, a partner of a partnership, or a member of a limited liability company may claim the credit.

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. 71.07 (8b) (a) 7. of the statutes is amended to read:

71.07 **(8b)** (a) 7. “Qualified development” means a qualified low-income housing project under section 42 (g) of the Internal Revenue Code that is ~~financed with tax exempt bonds, pursuant to section 42 (i) (2) of the Internal Revenue Code,~~ and located in this state.

SECTION 2. 71.07 (8b) (c) 2. of the statutes is amended to read:

71.07 **(8b)** (c) 2. A partnership, limited liability company, or tax-option corporation may not claim the credit under this subsection. The partners of a partnership, members of a limited liability company, or shareholders in a tax-option corporation may claim the credit under this subsection based on eligible costs incurred by the partnership, limited liability company, or tax-option corporation. The partnership, limited liability company, or tax-option corporation shall calculate the amount of the credit that may be claimed by each partner, member, or shareholder and shall provide that information to the partner, member, or shareholder. For shareholders of a tax-option corporation, the credit may be allocated in proportion to the ownership interest of each shareholder. Credits computed by a partnership or limited liability company may be claimed in proportion to the ownership interests of the partners or members or allocated to partners or members as provided in a written agreement among the partners or

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1 members that is entered into no later than the last day of the taxable year of the
2 partnership or limited liability company, for which the credit is claimed. Any
3 partner or member who claims the credit as allocated by a written agreement shall
4 provide a copy of the agreement with the tax return on which the credit is claimed.
5 ~~A- Except as provided in s. 71.745, a person claiming the credit as provided under~~
6 ~~this subdivision is solely responsible for any tax liability arising from a dispute with~~
7 ~~the department of revenue related to claiming the credit.~~

8 **SECTION 3.** 71.28 (8b) (a) 7. of the statutes is amended to read:

9 71.28 (8b) (a) 7. “Qualified development” means a qualified low-income
10 housing project under section 42 (g) of the Internal Revenue Code that is ~~financed~~
11 ~~with tax-exempt bonds, pursuant to section 42 (i) (2) of the Internal Revenue Code,~~
12 ~~and~~ located in this state.

13 **SECTION 4.** 71.28 (8b) (c) 2. of the statutes is amended to read:

14 71.28 (8b) (c) 2. A partnership, limited liability company, or tax-option
15 corporation may not claim the credit under this subsection. The partners of a
16 partnership, members of a limited liability company, or shareholders in a tax-option
17 corporation may claim the credit under this subsection based on eligible costs
18 incurred by the partnership, limited liability company, or tax-option corporation.
19 The partnership, limited liability company, or tax-option corporation shall calculate
20 the amount of the credit that may be claimed by each partner, member, or
21 shareholder and shall provide that information to the partner, member, or
22 shareholder. For shareholders of a tax-option corporation, the credit may be
23 allocated in proportion to the ownership interest of each shareholder. Credits
24 computed by a partnership or limited liability company may be claimed in

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1 proportion to the ownership interests of the partners or members or allocated to
2 partners or members as provided in a written agreement among the partners or
3 members that is entered into no later than the last day of the taxable year of the
4 partnership or limited liability company, for which the credit is claimed. Any
5 partner or member who claims the credit as allocated by a written agreement shall
6 provide a copy of the agreement with the tax return on which the credit is claimed.
7 ~~A- Except as provided in s. 71.745, a person claiming the credit as provided under~~
8 this subdivision is solely responsible for any tax liability arising from a dispute with
9 the department of revenue related to claiming the credit.

10 **SECTION 5.** 71.47 (8b) (a) 7. of the statutes is amended to read:

11 71.47 **(8b)** (a) 7. “Qualified development” means a qualified low-income
12 housing project under section 42 (g) of the Internal Revenue Code that is ~~financed~~
13 ~~with tax exempt bonds, pursuant to section 42 (i) (2) of the Internal Revenue Code,~~
14 ~~and~~ located in this state.

15 **SECTION 6.** 71.47 (8b) (c) 2. of the statutes is amended to read:

16 71.47 **(8b)** (c) 2. A partnership, limited liability company, or tax-option
17 corporation may not claim the credit under this subsection. The partners of a
18 partnership, members of a limited liability company, or shareholders in a tax-option
19 corporation may claim the credit under this subsection based on eligible costs
20 incurred by the partnership, limited liability company, or tax-option corporation.
21 The partnership, limited liability company, or tax-option corporation shall calculate
22 the amount of the credit that may be claimed by each partner, member, or
23 shareholder and shall provide that information to the partner, member, or
24 shareholder. For shareholders of a tax-option corporation, the credit may be

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1 allocated in proportion to the ownership interest of each shareholder. Credits
2 computed by a partnership or limited liability company may be claimed in
3 proportion to the ownership interests of the partners or members or allocated to
4 partners or members as provided in a written agreement among the partners or
5 members that is entered into no later than the last day of the taxable year of the
6 partnership or limited liability company, for which the credit is claimed. Any
7 partner or member who claims the credit as allocated by a written agreement shall
8 provide a copy of the agreement with the tax return on which the credit is claimed.
9 ~~A- Except as provided in s. 71.745, a person claiming the credit as provided under~~
10 ~~this subdivision is solely responsible for any tax liability arising from a dispute with~~
11 ~~the department of revenue related to claiming the credit.~~

12 **SECTION 7.** 76.639 (1) (g) of the statutes is amended to read:

13 76.639 (1) (g) “Qualified development” means a qualified low-income housing
14 project under section 42 (g) of the Internal Revenue Code that is ~~financed with tax-~~
15 ~~exempt bonds, pursuant to section 42 (i) (2) of the Internal Revenue Code, and~~
16 located in this state.

17 **SECTION 8.** 76.639 (3) of the statutes is renumbered 76.639 (3) (a).

18 **SECTION 9.** 76.639 (3) (b) of the statutes is created to read:

19 76.639 (3) (b) A partnership, limited liability company, or tax-option
20 corporation may not claim the credit under this section. An insurer, if a partner of
21 a partnership, member of a limited liability company, or shareholder in a tax-option
22 corporation, may claim the credit under this section based on eligible costs incurred
23 by the partnership, limited liability company, or tax-option corporation. The
24 partnership, limited liability company, or tax-option corporation shall calculate the

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1 amount of the credit that may be claimed by the insurer as a partner, member, or
2 shareholder and shall provide that information to the insurer. If an insurer is a
3 shareholder of a tax-option corporation, the credit may be allocated in proportion to
4 its ownership interest as a shareholder. If an insurer is a partner of a partnership
5 or member of a limited liability company, credits may be claimed in proportion to
6 the insurer's ownership interest or allocated to the insurer as provided in a written
7 agreement among the partners or members that is entered into no later than the
8 last day of the taxable year of the partnership or limited liability company for which
9 the credit is claimed. Any insurer who claims the credit as allocated by a written
10 agreement shall provide a copy of the agreement with the tax return on which the
11 credit is claimed.

12 **SECTION 10.** 76.67 (2) of the statutes is amended to read:

13 76.67 (2) If any domestic insurer is licensed to transact insurance business in
14 another state, this state may not require similar insurers domiciled in that other
15 state to pay taxes greater in the aggregate than the aggregate amount of taxes that
16 a domestic insurer is required to pay to that other state for the same year less the
17 credits under ss. 76.635, 76.636, 76.637, 76.638, 76.639, and 76.655, except that the
18 amount imposed shall not be less than the total of the amounts due under ss. 76.65
19 (2) and 601.93 and, if the insurer is subject to s. 76.60, 0.375 percent of its gross
20 premiums, as calculated under s. 76.62, less offsets allowed under s. 646.51 (7) or
21 under ss. 76.635, 76.636, 76.637, 76.638, 76.639, and 76.655 against that total, and
22 except that the amount imposed shall not be less than the amount due under s.
23 601.93.

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1 **SECTION 11.** 234.45 (1) (e) of the statutes is amended to read:

2 234.45 (1) (e) “Qualified development” means a qualified low-income housing
3 project under section 42 (g) of the Internal Revenue Code that is ~~financed with tax-~~
4 ~~exempt bonds, pursuant to section 42 (i) (2) of the Internal Revenue Code, and~~
5 located in this state.

6 **SECTION 12.** 234.45 (1) (em) of the statutes is created to read:

7 234.45 (1) (em) “Rural area” means a city, village, or town in this state that
8 has a population of fewer than 10,000 and that is at least 10 miles from any city,
9 village, or town that has a population of at least 50,000.

10 **SECTION 13.** 234.45 (5m) of the statutes is created to read:

11 234.45 **(5m)** PREFERENCE FOR RURAL COMMUNITIES. (a) Beginning on
12 January 1, 2025, in approving applications for allocation certificates under sub. (3),
13 the authority shall ensure that at least 35 percent of the value of all state tax
14 credits the authority allocates each year are for qualified developments located in
15 rural areas.

16 (b) Paragraph (a) does not apply in any year in which the authority cannot
17 satisfy the 35 percent allocation threshold because the authority does not receive a
18 sufficient number of applications for allocation certificates for qualified
19 developments located in rural areas that have timely submitted complete
20 applications that meet all threshold requirements of the applicable qualified
21 allocation plan as determined by the authority.

22 **SECTION 14. Initial applicability.**

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(1) The treatment of ss. 71.07 (8b) (a) 7., 71.28 (8b) (a) 7., 71.47 (8b) (a) 7., and 76.639 (1) (g) first applies to taxable years beginning after December 31, 2024.

3 (END)