DAN FEYEN
STATE SENATOR

20th Senate District
(608) 266-5300, (888) 736-8720
Sen.Feyen@legis.wi.gov

PO Box 7882, Madison, WI 53707-7882
www.SenatorFeyen.com

To: The Senate Committee on Agriculture and Revenue
From: Sen. Dan Feyen
Re: Senate Bill 286

Hello members of the committee, thank you for taking the time to hear testimony on SB 286.

Last session, the Legislature passed Act 143 which provided much needed reforms to the Business Development Tax Credit. These reforms included allowing businesses to claim credits of up to 15 percent of their capital investments into workforce housing and childcare programs. Unfortunately, due to a differing interpretation of the bill, many businesses are being told they must "own" the housing or childcare program for their investment to qualify. This was not the intent of either Representative Armstrong or myself. This bill aims to fix that problem.

SB 286 removes the requirement that the investment is made for the benefit of "employees". This will clear the way for businesses to make investments in workforce housing and childcare in their local communities, benefiting everyone in the area.

This bill also considers contributions to local revolving loan programs as qualified investments. This will allow communities to pool resources from area businesses in order to boost childcare and workforce housing availability.

These two changes will help to clarify the process and provide flexibility to the program. This should help to spur more investments from the business community into local workforce housing and childcare programs.

Thank you again for taking the time to hear this bill.

DAVE ARMSTRONG

STATE REPRESENTATIVE • 67TH ASSEMBLY DISTRICT

Testimony on Senate Bill 286
August 28, 2025

Thank you for the opportunity today to testify on behalf of Senate Bill 286.

Last session, the Legislature passed 2023 Act 143, which made several changes to the Business Development Tax Credit. These include allowing businesses to claim the credit for up to 15% of their investments in workforce housing and childcare. The goal was to incentivize Wisconsin employers to help address Wisconsin's housing and childcare shortages, both of which have serious effects on the state economy.

After Act 143 took effect, I began to hear concerns from businesses that the Wisconsin Economic Development Corporation, which administers the BTC, was interpreting it too narrowly, preventing some employers from receiving the credit for their housing and childcare expenditures. SB 286, which Senator Feyen and I worked on with input from WEDC and other stakeholders, including the Wisconsin Economic Development Association, brings the BTC provisions into line with the intent behind Act 143.

SB 286 clarifies that a business's investment in workforce housing or establishing a childcare program need not necessarily be for the benefit of that business's own employees in order to qualify for the credit. Instead, a business would be able to invest in workforce housing or childcare more generally. Similarly, SB 286 allows eligible expenditures to include not only capital expenditures made by a business itself, but also contributions a business makes to a third party for the purpose of building workforce housing or establishing a childcare program. This includes contributions made to a local revolving loan fund.

While I am sure that many businesses will want to prioritize projects that are likely to benefit their own employees directly, others may recognize the value to their communities and the economy of expanding access to workforce housing and childcare, regardless of who lives in the homes or who sends their kids for care. Some businesses may want the responsibility of building and owning housing or childcare facilities, but others may feel it's best to leave the details to others. As a legislator and as an economic development director, my priority is to get more money into housing and childcare, and SB 286 increases flexibility for businesses who want to help.

Thank you for your consideration.

P.O. Box 8952 • Madison, WI 53708-8952 • (608) 237-9167 • Toll-Free: (888) 534-0067 • Fax: (608) 282-3667
Rep.Armstrong@legis.wi.gov

Testimony on Senate Bill 286 before the

Senate Committee on Agriculture and Revenue

August 28, 2025

Wisconsin Economic Development Association

Good morning, Chairman Testin and members of the committee. My name is Michael Welsh, and I serve as the Legislative Affairs Director for the Wisconsin Economic Development Association (WEDA). Thank you for the opportunity to testify today in favor of Senate Bill 286. This proposal will enhance the Business Development Tax Credit (BTC) to encourage greater workforce housing and childcare investment by BTC eligible businesses and ultimately help remove obstacles to workforce participation.

I would also like to thank Sen. Feyen and Rep. Armstrong for authoring this important legislation.

By way of background, WEDA is a statewide association representing over 400 public and private sector economic development professionals. We are dedicated to advancing economic prosperity in Wisconsin and providing our members with the necessary tools to encourage business expansion, promote private investment, and strengthen the state's workforce.

During the 2023-24 session, legislation was passed into law (2023 WI Act 143) to better align the state's Business Development Tax Credit (BTC) with current economic realities and challenges. In addition to modifying BTC eligibility to emphasis and encourage capital investment in Wisconsin, Act 143 created a tax credit "sweetener" for BTC-eligible businesses that invest in workforce housing and childcare programs for their employees.

However, the current incentives are too narrow and company centric. Because they are limited to direct, employer-specific investments, they do little to address broader community housing shortages or childcare deserts that affect the wider workforce.

Senate Bill 286 is a business-forward proposal that improves upon last session's reforms. By expanding eligibility beyond capital expenditures, the bill gives employers the flexibility to make creative, community-oriented investments in partnership with local organizations. This approach will more effectively address workforce challenges, strengthen local economies, and help businesses attract and retain talent.

Under current law, only direct capital expenditures made by BTC-eligible businesses for their own employees qualify for the housing and childcare tax incentives. SB 286 broadens this

Habitat for Humanity®
of Wisconsin

TO: Chairman Testin and Members of the Senate Committee on Agriculture and Revenue
DATE: August 28, 2025
RE: Testimony in support of Senate Bill 286

Good morning, Chairman Testin and Members of the Senate Committee on Agriculture and Revenue. Thank you for the opportunity to testify today on Senate Bill 286 regarding workforce housing and childcare awards under the business development tax credit.

My name is Peter Lewandowski and I am the CEO of Habitat for Humanity of Wisconsin. Each year, Habitat affiliates across Wisconsin partner with several hundred low-income families to build safe and affordable housing. While we are proud of what has been accomplished, we know that with increased collaboration and stronger statewide efforts, we can do even more to address Wisconsin's housing challenges.

We applaud the work being done to encourage corporate partnerships to increase starter home supply through the proposed changes in SB 286/AB 280. This bill moves us in the right direction and we are grateful to Senator Feyen and Representative Armstrong for leading this effort. We also want to thank Representative(s) Knodl and Rivera-Wagner, as well as Senator(s) James and Johnson, on a workforce housing bill we are working on as well.

As you continue to refine this proposal, we would encourage you to consider several changes that would allow organizations like Habitat for Humanity to increase production. **First, we believe it should be clear that third-party organizations and revolving loan funds include Habitat affiliates and other nonprofit homebuilders and developers. Second, lowering the minimum contribution amount to $50,000 would make the program more accessible to smaller corporations, including those in manufacturing, health care, and transportation. Third, increasing the tax credit percentage beyond the currently stated 15 percent would better incentivize corporate investment. Other states have proven this works: Florida dedicates nearly $29 million annually with credits up to 50 percent, and Indiana recently launched a $4 million program with a 50 percent credit that has already spurred participation. Fourth, we encourage allowing financial institutions to contribute, as they have been strong partners in housing initiatives. Finally, we ask you to consider making tax credits available for in-kind contributions such as building materials, professional services, and land, which are critical components of homebuilding.**

With these changes, SB 286 can be transformative. Habitat for Humanity of Wisconsin is eager to work with the authors of this bill and the members of this committee to strengthen the program and ensure its success. Thank you for your time and your commitment to advancing affordable housing in our state.

605 Schoenherr Dr. Unit A• West Bend, WI • 53090
www.habitatwisconsin.org

Wisconsin Department of
Children and Families

Governor Tony Evers
Secretary Jeff Pertl
dcf.wisconsin.gov

TO: Chair Testin, Vice-Chair Tomczyk, and Honorable Members of the Senate Committee on Agriculture and Revenue

FROM: Jeff Pertl, Secretary-designee

DATE: August 28, 2025

SUBJECT: 2025 Senate Bills 286, 291 and 376 – for information only

---

Thank you Chairman Testin, Vice Chair Tomczyk, and members of the committee for the opportunity to discuss business incentives and tax strategies that support child care.

On the heels of the bipartisan state budget, there is momentum around the state and in the capitol to expand child care access, affordability and quality for Wisconsin's working families. These child care policy conversations have centered four main areas:

- **Direct provider investments**, such as child care counts and the new bridge payment program;
- **Support for working families,** such as Wisconsin Shares and the recently adopted enhanced payments for infants and toddlers;
- **Tax incentives, deductions and credits** for businesses and working families, including expansion of the state child tax credit and the Partner Up! program; and
- **Regulatory review and capacity building**, including streamlining afterschool care rules, flexibility for family providers to serve older kids, and a pilot program around ratios.

The results of these conversations are reflected in our bipartisan, historic child care investments in the 2025-27 biennial budget. Thanks to the leadership of Governor Evers and bipartisan majorities in the legislature, we have $360 million in new child care funding, including $110 million in Child Care Bridge Payments that DCF began distributing to providers around the state this month. These resources are a vital step forward for working families, providers, and employers across our state.

However, we know the work is not done. To be competitive, we know we need multiple strategies to strengthen the child care system – including smart and scalable tax policy – that can complement the critical direct budget investments made in the state budget.

In discussions with business, community and child care leaders across the state, it is clear businesses are looking for simpler, smarter, more scalable ways to support their employees' child care needs. Moreover, while flexibility is valued, too many small programs and pilots can create confusion, undermine the effectiveness of incentives and foster overly complex systems.

Three of the bills before you today would leverage tax policy in an effort to create greater access to affordable child care. I want to thank the authors for their work and their efforts to find solutions and strategies that can help expand access and bring down costs.

While I do not intend to address the bills individually, I wanted to take the opportunity to talk with the committee more broadly about what an overarching child care tax strategy could look like for Wisconsin businesses and families – and the scale that would be needed for that strategy to be meaningful.

Limitations to onsite care or purchasing slots: While there are several notable businesses that provide onsite child care, they are small percentage and tend to be larger employers. As a state, we certainly want to support and sustain this strategy, but realistically it is more of a boutique strategy that doesn't scale well statewide.

Simply put, most business leaders want to support their employees in accessing child care, but do not want to be in the business of running a child care directly. As a result, many of the existing federal and state tax credits or deductions for capital investments are under-utilized.

Beyond our current efforts, we need to develop a business tax incentive strategy that is feasible for our wide array of employers —particularly for small and medium business, non-profits organizations and public employers.

Incentivizing Dependent Care Flexible Spending Accounts (DC-FSAs). As an employer, the State of Wisconsin participates in the federal Dependent Care–Flexible Spending Account (DC-FSA) program, which is governed by the Internal Revenue Service (IRS). It functions just like a Health Savings Accounts (HSA) or similar flexible spending account, but for dependent care.

The federal maximum contribution for DC-FSAs was recently increased from $5,000 to $7,500, reflecting bipartisan interest in this strategy. Unfortunately, many employers don't offer DC-FSAs as a benefit to employees.

We are talking with business leaders and human resources professionals to promote this strategy, but I would encourage us to think about a more robust strategy that would include (1) encouraging businesses to offer DC-FSAs; (2) incentivizing business contributions to employee's DC-FSAs; and (3) working with federal policy makers to increase the maximum DC-FSA contribution.

Administrative feasibility and scale. Legislative hearings are an important part of working through program design considerations, especially at the intersection of economic development, tax policy, child care strategy and workforce development. These policy conversations allow us to consider how business incentives align with the state's subsidy strategy, family tax benefits and child care providers investments to build a stronger, more affordable child care system.

A strong, sustainable child care system will rely on all four of the major policy strategies identified: direct provider investment, family subsidies, tax incentives and regulatory review. However, within that framework, investing more significantly in the most impactful programs at scale will yield far greater returns for Wisconsin families and our economy.

In closing, I'm grateful for the opportunity to be with you today and to continue this important dialogue. It's critical that leaders from across business, child care, and government continue to partner together to find workable, scalable, and sustainable tax policy solutions that can complement our direct investments to providers and working families. I look forward to continuing to partner with you to keep the momentum from our historic biennial budget going. I'm happy to answer any questions you might have.