
Wisconsin Legislative Council

AMENDMENT MEMO



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2021 Assembly Bill 156

**Assembly Substitute
Amendment 1 as Amended by
Assembly Amendments 2 and 3**

2021 ASSEMBLY BILL 156

2021 Assembly Bill 156 would create a state income tax credit program for workforce housing, to be administered by the Wisconsin Housing and Economic Development Authority (WHEDA). Under the bill, WHEDA may award up to \$42 million in credits each year, including all amounts each person is eligible to claim for each year of the credit. Generally, WHEDA may certify a person to claim the credit if the following conditions are satisfied:

- The person has an ownership interest in a qualified housing development, defined as residential rental property in the state wherein at least 25 percent of the rental units are occupied by individuals whose income is between 61 percent and 100 percent of the area gross median income. Rent for such units may not exceed 30 percent of area median income.
- A finding that the credit is necessary for the financial feasibility of the development.
- Presence of a restrictive covenant requiring operation of the development as a qualified housing development for at least 10 years.
- Issuance of the certification in accordance with a qualified allocation plan established by WHEDA.

In its award of credits, the bill directs WHEDA to give preference to developments in municipalities with populations below 150,000, provides for increase of the annual allocation limit for unused or revoked credit allocations, and requires WHEDA to submit an annual report on the program to the Legislature.

ASSEMBLY SUBSTITUTE AMENDMENT 1

Assembly Substitute Amendment 1 makes several changes to the administration of the tax credit program created by the bill, including:

- Revision of the length of the restrictive covenant requirement to 15 years.
- Revision of the preference for developments in small communities to a requirement that 50 percent of credits must be awarded in municipalities with populations under 150,000.
- Revision of the allowed increase in annual allocation limit to account for credits that go unused by small communities.
- Amendment of the existing low-income housing tax credit as applied to insurers. Under the substitute amendment, an insurer that is a partner or member of a partnership or limited liability company that directly or indirectly owns a qualified housing development may claim the low -

income housing tax credit in proportion to the insurer's interest or in accordance with the allocation of credits pursuant to a timely written agreement among the partners or members.

ASSEMBLY AMENDMENT 2 TO SUBSTITUTE AMENDMENT 1

Assembly Amendment 2 to Substitute Amendment 1 makes several changes to the substitute amendment, including:

- Calculation of credit qualifications using the term “eligible basis” as defined for purposes of the federal low-income housing tax credit, rather than “adjusted basis.”
- Revision of the definition of qualified tenant income to be “greater than 60%” rather than “at least 61%” of area median income.
- Revision of limits on the allowable rent of a rent-restricted unit to refer to imputed income, rather than area median income. The amendment specifies that WHEDA may establish an imputed income limit on each qualified unit in its allocation plan, but that the authority may not use the composition of imputed income limitations as scoring criteria.
- Elimination of limits on claiming the workforce housing credit while also claiming income tax credits related to historic rehabilitation.
- Creation of a provision relating to shifts in income, which specifies the circumstances in which a rental unit may remain a qualified unit for purposes of the credit following changes in income of the unit's occupants.

ASSEMBLY AMENDMENT 3 TO SUBSTITUTE AMENDMENT 1

Assembly Amendment 3 to Substitute Amendment 1 sunsets the tax credit program by specifying that WHEDA may not issue an allocation certificate after the first day of the 61st month after the effective date of the bill.

BILL HISTORY

Representative Summerfield introduced Assembly Bill 156 on March 10, 2021, and offered Assembly Substitute Amendment 1 to the bill on May 10, 2021. On October 11, 2021, Representative Summerfield offered Assembly Amendment 2 to the substitute amendment. On October 12, 2021, the Assembly Committee on Ways and Means recommended adoption of Assembly Amendment 2 to Assembly Substitute Amendment 1 on a vote of Ayes, 13; Noes, 0; and recommended adoption of the substitute amendment on a vote of Ayes, 12; Noes, 1. The committee then recommended passage of Assembly Bill 156, as amended, on a vote of Ayes, 10; Noes, 3.

On October 21, 2021, Representative Brooks offered Assembly Amendment 3 to Assembly Substitute Amendment 1. On October 26, 2021, the Assembly adopted Assembly Amendments 2 and 3 to Assembly Substitute Amendment 1, adopted Assembly Substitute Amendment 1, and passed Assembly Bill 156 on a vote of Ayes, 95; Noes, 0.

SG:jal