State of Wisconsin
2021 - 2022 LEGISLATURE

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2021 SENATE BILL 830

January 6, 2022 - Introduced by Senator FEYEN, cosponsored by Representatives ARMSTRONG and KURTZ. Referred to Committee on Housing, Commerce and Trade.

AUTHORS SUBJECT TO CHANGE

AN ACT ***to renumber*** 76.639 (3); ***to amend*** 71.07 (8b) (a) 5., 71.28 (8b) (a) 5., 71.47 (8b) (a) 5., 76.639 (1) (e), 234.45 (1) (c) and 234.45 (4); and ***to create*** 76.639 (3) (b), 234.45 (1) (em) and 234.45 (5m) of the statutes; **relating to:** changes to the low-income housing 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 person may claim the credit for six years, beginning with the year in which the project is placed in service. This bill extends the credit period from six years to 10 years.

Also, under current law, the annual amount of tax credits WHEDA certifies under the program may not exceed $42,000,000. The bill increases that annual cap to $70,000,000. 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.

Finally, the bill makes a technical change to the credit for insurers so that an 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) 5. of the statutes is amended to read:

71.07 **(8b)** (a) 5. "Credit period" means the period of ~~6~~ <u>10</u> taxable years beginning with the taxable year in which a qualified development is placed in service. For purposes of this subdivision, if a qualified development consists of more than one building, the qualified development is placed in service in the taxable year in which the last building of the qualified development is placed in service.

SECTION 2. 71.28 (8b) (a) 5. of the statutes is amended to read:

71.28 **(8b)** (a) 5. "Credit period" means the period of ~~6~~ <u>10</u> taxable years beginning with the taxable year in which a qualified development is placed in service. For purposes of this subdivision, if a qualified development consists of more than one building, the qualified development is placed in service in the taxable year in which the last building of the qualified development is placed in service.

SECTION 3. 71.47 (8b) (a) 5. of the statutes is amended to read:

71.47 **(8b)** (a) 5. "Credit period" means the period of ~~6~~ <u>10</u> taxable years beginning with the taxable year in which a qualified development is placed in service. For purposes of this subdivision, if a qualified development consists of more than one building, the qualified development is placed in service in the taxable year in which the last building of the qualified development is placed in service.

SECTION 4. 76.639 (1) (e) of the statutes is amended to read:

76.639 **(1)** (e) "Credit period" means the period of ~~6~~ <u>10</u> taxable years beginning with the taxable year in which a qualified development is placed in service. For purposes of this paragraph, if a qualified development consists of more than one building, the qualified development is placed in service in the taxable year in which the last building of the qualified development is placed in service.

SECTION 5. 76.639 (3) of the statutes is renumbered 76.639 (3) (a).

SECTION 6. 76.639 (3) (b) of the statutes is created to read:

76.639 **(3)** (b) A partnership, limited liability company, or tax-option corporation may not claim the credit under this section. An insurer, if a partner of a partnership, member of a limited liability company, or shareholder in a tax-option corporation, may claim the credit under this section 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 the insurer as a partner, member, or shareholder and shall provide that information to the insurer. If an insurer is a shareholder of a tax-option corporation, the credit may be allocated in proportion to its ownership interest as a shareholder. If an insurer is a partner of a partnership or member of a limited liability company, credits may be claimed in proportion to the insurer's ownership interest or allocated to the insurer as provided in a written agreement among the partners or members that is entered into no later than the last day of the taxable year of the partnership or limited liability company for which the credit is claimed. Any insurer who claims the credit as allocated by a written agreement shall provide a copy of the agreement with the tax return on which the credit is claimed.

SECTION 7. 234.45 (1) (c) of the statutes is amended to read:

234.45 **(1)** (c) "Credit period" means the period of ~~6~~ 10 taxable years beginning with the taxable year in which a qualified development is placed in service. For purposes of this paragraph, if a qualified development consists of more than one building, the qualified development is placed in service in the taxable year in which the last building of the qualified development is placed in service.

SECTION 8. 234.45 (1) (em) of the statutes is created to read:

234.45 **(1)** (em) "Rural area" means a city, village, or town in this state that has a population of fewer than 10,000 and that is at least 25 miles from any city, village, or town that has a population of at least 50,000.

SECTION 9. 234.45 (4) of the statutes is amended to read:

234.45 **(4)** ALLOCATION LIMITS. In any calendar year, the aggregate amount of all state tax credits for which the authority certifies persons in allocation certificates issued under sub. (3) in that year may not exceed ~~$42,000,000~~ $70,000,000, including all amounts each person is eligible to claim for each year of the credit period, plus the total amount of all unallocated state tax credits from previous calendar years and plus the total amount of all previously allocated state tax credits that have been revoked or cancelled or otherwise recovered by the authority.

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

234.45 **(5m)** PREFERENCE FOR RURAL COMMUNITIES. (a) Beginning on January 1, 2022, in approving applications for allocation certificates under sub. (3), the authority shall ensure that at least 35 percent of the value of all state tax credits the authority allocates each year are for qualified developments located in rural areas.

(b) Paragraph (a) does not apply in any year in which the authority cannot satisfy the 35 percent allocation threshold because the authority does not receive a sufficient number of applications for allocation certificates for qualified developments located in rural areas that the authority determines are complete and financially prudent.

(END)