



State of Wisconsin  
2025 - 2026 LEGISLATURE

LRB-0651/1  
JK&MDE:cdc

## 2025 BILL

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), 234.45 (1) (e) and 234.45 (4); *to create* 76.639 (3) (b), 234.45 (1)  
4           (em) and 234.45 (5m) of the statutes; **relating to:** changes to the low-income  
5           housing tax credit.

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### *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 annual amount of tax credits WHEDA certifies under the program may not exceed \$42,000,000. The bill increases that annual cap to \$100,000,000.

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 and removes the requirement that a qualified low-income housing project be financed with tax-exempt bonds.

**BILL****SECTION 1**

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.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1       **SECTION 1.** 71.07 (8b) (a) 7. of the statutes is amended to read:

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

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

7       71.07 **(8b)** (c) 2. A partnership, limited liability company, or tax-option  
8       corporation may not claim the credit under this subsection. The partners of a  
9       partnership, members of a limited liability company, or shareholders in a tax-option  
10      corporation may claim the credit under this subsection based on eligible costs  
11      incurred by the partnership, limited liability company, or tax-option corporation.  
12      The partnership, limited liability company, or tax-option corporation shall calculate  
13      the amount of the credit that may be claimed by each partner, member, or  
14      shareholder and shall provide that information to the partner, member, or  
15      shareholder. For shareholders of a tax-option corporation, the credit may be  
16      allocated in proportion to the ownership interest of each shareholder. Credits  
17      computed by a partnership or limited liability company may be claimed in  
18      proportion to the ownership interests of the partners or members or allocated to

**BILL****SECTION 2**

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

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

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

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

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

**BILL****SECTION 4**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**BILL**

except that the amount imposed shall not be less than the amount due under s. 601.93.

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

234.45 (1) (e) “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 12.** 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 10 miles from any city, village, or town that has a population of at least 50,000.

**SECTION 13.** 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~~ \$100,000,000, 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 14.** 234.45 (5m) of the statutes is created to read:

234.45 (5m) PREFERENCE FOR RURAL COMMUNITIES. (a) Beginning on January 1, 2025, in approving applications for allocation certificates under sub. (3),

**BILL****SECTION 14**

1 the authority shall ensure that at least 35 percent of the value of all state tax  
2 credits the authority allocates each year are for qualified developments located in  
3 rural areas.

4 (b) Paragraph (a) does not apply in any year in which the authority cannot  
5 satisfy the 35 percent allocation threshold because the authority does not receive a  
6 sufficient number of applications for allocation certificates for qualified  
7 developments located in rural areas that have timely submitted complete  
8 applications that meet all threshold requirements of the applicable qualified  
9 allocation plan as determined by the authority.

10 **SECTION 15. Initial applicability.**

11 (1) The treatment of ss. 71.07 (8b) (a) 7., 71.28 (8b) (a) 7., 71.47 (8b) (a) 7., and  
12 76.639 (1) (g) first applies to taxable years beginning after December 31, 2024.

13 **(END)**