State of Wisconsin
2025 - 2026 LEGISLATURE

LRB-1175/P1
MDE:cdc

DOA:......Rice, BB0225 - State housing tax credit

FOR 2025-2027 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; **relating to:** the budget.

Analysis by the Legislative Reference Bureau

COMMERCE AND ECONOMIC DEVELOPMENT

ECONOMIC DEVELOPMENT

Low-income housing tax credit

Under current law, WHEDA may certify a person to claim, for a period of up to six years, a state tax credit if the person has an ownership interest in a low-income housing project in Wisconsin and qualifies for the federal low-income housing tax credit program. This bill increases the amount of credits that WHEDA may annually certify from $42,000,000 to $100,000,000. The bill also requires that the project be allocated the federal credit and financed with tax-exempt bonds that are not subject to the federal credit's volume cap—as opposed to *any* tax-exempt bonds, as required under current law—and allows WHEDA to waive these requirements to the extent that WHEDA anticipates that sufficient tax-exempt private activity bond volume cap under federal law will not be available to finance low-income housing projects in any year.

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)~~ described in section 42 (h) (4) (A) of the Internal Revenue Code, allocated the credit under section 42 of the Internal Revenue Code, and located in this state; except that the authority may waive, in the qualified allocation plan under section 42 (m) (1) (B) of the Internal Revenue Code, the requirements of tax-exempt bond financing and federal credit allocation to the extent the authority anticipates that sufficient volume cap under section 146 of the Internal Revenue Code will not be available to finance low-income housing projects in any year.

SECTION 2. 71.28 (8b) (a) 7. of the statutes is amended to read:

71.28 **(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)~~ described in section 42 (h) (4) (A) of the Internal Revenue Code, allocated the credit under section 42 of the Internal Revenue Code, and located in this state; except that the authority may waive, in the qualified allocation plan under section 42 (m) (1) (B) of the Internal Revenue Code, the requirements of tax-exempt bond financing and federal credit allocation to the extent the authority anticipates that sufficient volume cap under section 146 of the Internal Revenue Code will not be available to finance low-income housing projects in any year.

SECTION 3. 71.47 (8b) (a) 7. of the statutes is amended to read:

71.47 **(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)~~ described in section 42 (h) (4) (A) of the Internal Revenue Code, allocated the credit under section 42 of the Internal Revenue Code, and located in this state; except that the authority may waive, in the qualified allocation plan under section 42 (m) (1) (B) of the Internal

Revenue Code, the requirements of tax-exempt bond financing and federal credit allocation to the extent the authority anticipates that sufficient volume cap under section 146 of the Internal Revenue Code will not be available to finance low-income housing projects in any year.

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

76.639 **(1)** (g) "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)~~ described in section 42 (h) (4) (A) of the Internal Revenue Code, allocated the credit under section 42 of the Internal Revenue Code, and located in this state; except that the authority may waive, in the qualified allocation plan under section 42 (m) (1) (B) of the Internal Revenue Code, the requirements of tax-exempt bond financing and federal credit allocation to the extent the authority anticipates that sufficient volume cap under section 146 of the Internal Revenue Code will not be available to finance low-income housing projects in any year.

SECTION 5. 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)~~ described in section 42 (h) (4) (A) of the Internal Revenue Code, allocated the credit under section 42 of the Internal Revenue Code, and located in this state; except that the authority may waive, in the qualified allocation plan under section 42 (m) (1) (B) of the Internal Revenue Code, the requirements of tax-exempt bond financing and federal credit allocation to the extent the authority anticipates that sufficient volume cap under section 146 of the Internal Revenue Code will not be available to finance low-income housing projects in any year.

SECTION 6. 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.

(END)