DAVE ARMSTRONG

STATE REPRESENTATIVE • 67TH ASSEMBLY DISTRICT

Testimony on Assembly Bill 280
August 21, 2025

Thank you for the opportunity today to testify on behalf of Assembly Bill 280.

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. AB 280, which 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.

AB 280 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, AB 280 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 AB 280 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

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 Assembly Committee on Ways and Means
From: Sen. Dan Feyen
Re: Assembly Bill 280

Hello Chair O'Connor and members of the committee, thank you for taking the time to hear testimony on AB 280.

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.

AB 280 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.

Testimony on Assembly Bill 280 before the

Assembly Committee on Ways and Means

August 21, 2025

Wisconsin Economic Development Association

Good morning, Chairman O'Connor 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 Assembly Bill 280. 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 Rep. Armstrong and Sen. Feyen 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.

Assembly Bill 280 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. AB 280 broadens this framework by allowing businesses to earn credits for investments in third-party housing and childcare projects, including through community development revolving loan funds. This ensures businesses can contribute to meaningful projects without having to own or operate them outright.

The bill also removes the requirement that BTC-supported housing and childcare programs serve only the employees of a BTC-eligible business. This critical change will extend the benefits of the tax credit to entire communities, expanding access to affordable housing and childcare for many Wisconsin families—not just those employed by participating companies.

By lowering barriers to BTC participation, AB 280 empowers businesses across Wisconsin to make smarter, more impactful, and community-minded investments. In today's highly competitive labor market, the ability to attract and retain workers is vital to our state's economic success. Assembly Bill 280 provides a stronger tool to meet that challenge.

In closing, WEDA respectfully requests your support for AB 280. Thank you for your time and consideration.

Habitat for Humanity®
of Wisconsin

TO: Chairman O'Connor and Members of the Assembly Committee on Ways and Means
DATE: August 21, 2025
RE: Testimony in support of Assembly Bill 280

Good morning, Chairman O'Connor and Members of the Assembly Committee on Ways and Means. Thank you for the opportunity to testify today on Assembly Bill 280 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 Representative Armstrong and Senator Feyen 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, AB 280 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.

Testimony on AB 280 Workforce Housing Tax Credit Bill - Thursday, August 21, 2025

Good morning. My name is Lorrie Heinemann and I am the President & CEO of Madison Development Corporation, a non-profit Economic Development Corp established in 1977 in the City of Maidson. A/K/A "MDC". MDC develops, owns, and manages affordable workforce housing projects across Dane County. In the past few years, MDC expanded our lending products to include a Workforce Housing Fund that provides critical "gap financing" for new multi-family workforce housing developments in the area. This effort was led by local Employers whose new employees could not find housing in the area.

In 2020, we raised ~ $12 million for our first Dane Workforce Housing Fund, LLC. Our investors are all local Employers (companies). Over the period of 3 years, our Fund I provided over $10.6 million dollars to 7 projects, which helped build 747 new units of workforce housing in Dane County. (The loan sizes ranged from $500K to $2.5 million and were "hard debt" in a subordinated mortgage position with a LURA – Land Use Restriction Agreement).

In 2024, we raised another $13 million for Fund II (a Total of $25 million) million to help build more affordable workforce housing developments. In the past five years, our Dane Workforce Housing Funds have helped finance the construction of over 1,000 units of workforce housing in Dane County. Our target is households whose incomes range 50% to 80% of the Area Median Income ("AMI") for Dane County, but we are considering going as high as 120% of County AMI depending on the need. We anticipate that Fund II will help build at least another 500 affordable units in the next 2 years and that we may be raising Fund III in 2026.

Our "social impact fund" has been recognized by the Urban Land Institute (ULI, based in Washington DC) as a best practice in social impact investing.

We are generally in support of the idea of providing a 15% tax credit for Employers (Local businesses including banks and other business entities) who want to see more workforce housing built in their County. Banks currently receive CRA credits for their social impact investing; a bonus 15% credit could increase their interest.

Our model could be replicated across the state. The 15% financial tax credit incentive created by Employers investing in Funds could help accelerate the building of more workforce housing in rural areas. The Fund's critical "last dollars in" could get more projects built, just like our Funds.

WHEDA does an excellent job providing Loans and Tax Credits to Low Income Housing Tax Credit Projects across the State. However, it is still very hard to get projects to pencil out. Therefore, we believe that 15% tax credit would incent more Employers to invest in Regional Workforce Housing Funds, as long as those Funds are professionally managed by a Team with a strong track record. We believe we are that Team and we would be happy to share our story.

Best, Lorrie K. Heinemann, CCM, MBA, Lorrie@mdcorp.org, Madison Development Corporation
550 W. Washington Ave, Madison, WI 53703, 608-256-2799. Thorp, WI native.