From: Rep. Dave Armstrong & Sen. Dan Feyen

Re: Co-Sponsorship of LRB 1836 & 3023 – Changes to the Business Development Tax Credit

DEADLINE: Thursday, May 15, at 5:00 PM

Last session, the Legislature passed 2023 AB 627, which was signed into law as Act 143. Act 143 made several changes to the Business Development Tax Credit (BDTC), as well as to the Enterprise Zone Tax Credit. One of the changes to the BDTC allowed businesses to claim credits for investments in workforce housing and childcare programs, both of which are sorely needed in Wisconsin.

Since Act 143 took effect, our office has heard concerns from employers that WEDC was interpreting the act to mean that businesses had to *own* – not just invest in – the workforce housing and childcare programs in order to qualify for the credits under the BDTC program. That was not the intent of Act 143's lead authors, and LRB 1836/3023 addresses that issue.

LRB 1836/3023 removes the requirement that the workforce housing or childcare programs in which a person invests be for the benefit of "employees". (It does not change the definition of "workforce housing" for BDTC purposes.) LRB 1836/3023 also allows businesses to make contributions to third parties that will be responsible for building or rehabilitating the workforce housing or establishing the childcare programs. Contributions to local revolving loan programs also qualify.

By clarifying the law and in the process making it more flexible, more businesses may be willing to invest in workforce housing and childcare programs.

If you would like to sign on to LRB 1836/3023, please reply to this e-mail or call Representative Armstrong's office (9167) or Senator Feyen's office (6-5300) by **5:00 PM on Thursday, May 15.** Cosponsors will be added to both the Assembly and Senate bills unless otherwise requested.

Analysis by the Legislative Reference Bureau

This bill makes adjustments to the workforce housing investment and child care investment awards under the business development tax credit. Under current law, a person may claim tax benefits of an amount equal to up to 15 percent of the person's investment in workforce housing for employees and up to 15 percent of the person's investment in establishing an employee child care program for employees. Under current law, such investments may only include capital expenditures made by the person. Under the bill, the investments in workforce housing and child care for which a person may receive tax benefits may include contributions made to a third party for building or rehabilitating workforce housing or establishing a child care program, including contributions made to a local revolving loan fund program. The bill also removes the requirement that the workforce housing and child care program for which a person may receive tax benefits for investing in be for employees.

For further information see the state fiscal estimate, which will be printed as an appendix to this bill.