



State of Wisconsin  
2023 - 2024 LEGISLATURE

LRB-0899/1  
KP:amn

## 2023 ASSEMBLY BILL 1155

March 6, 2024 - Introduced by Representatives SHANKLAND, CONLEY, CONSIDINE, JOERS, MOORE OMOKUNDE, OHNSTAD, RATCLIFF, SINICKI, STUBBS and SUBECK, cosponsored by Senators SMITH, LARSON, SPREITZER and AGARD. Referred to Committee on Ways and Means.

\*\*\*AUTHORS SUBJECT TO CHANGE\*\*\*

1     **AN ACT to amend** 71.05 (6) (a) 15., 71.21 (4) (a), 71.26 (2) (a) 4., 71.34 (1k) (g),  
2           71.45 (2) (a) 10. and 76.67 (2); and **to create** 71.07 (5p), 71.10 (4) (ct), 71.28 (5p),  
3           71.30 (3) (dr), 71.47 (5p), 71.49 (1) (dr) and 76.634 of the statutes; **relating to:**  
4           a tax credit for investments in a community development financial institution.

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### *Analysis by the Legislative Reference Bureau*

Under this bill, a person who makes a qualified investment in a registered community development financial institution (CDFI) may receive a credit against state income and franchise taxes for taxable years beginning after December 31, 2022, and before January 1, 2025, and against license fees paid by insurers for that same period. The bill defines a CDFI as an entity that is organized under the laws of this state, uses qualified investments for projects that are based in this state, and has been certified by the Community Development Financial Institutions Fund established under federal law as meeting certain eligibility requirements. The bill defines a “qualified investment” as a loan or deposit that has a value of at least \$10,000, pays no interest to the person making the loan or deposit, and is made for a minimum of 60 months. The CDFI retains complete control of the loan or deposit for the duration of the investment period.

A person may claim 10 percent of the person’s qualified investment, if the investment is at least \$10,000 but not more than \$150,000, or 12 percent of the person’s qualified investment, if the investment is more than \$150,000 but not more than \$500,000. If the person withdraws the qualified investment from the CDFI before the end of the investment period and does not reinvest the qualified

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investment in another CDFI, the person must repay a portion of the credit amounts that the person received by adding the portion to the person's tax or fee liability in a subsequent year. However, the portion that the person must repay depends on when the person withdraws the investment during the investment period. The portion that the person must repay decreases the longer the person holds the investment during the investment period.

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.** 71.05 (6) (a) 15. of the statutes is amended to read:

2           71.05 **(6)** (a) 15. The amount of the credits computed under s. 71.07 (2dm),  
3 (2dx), (2dy), (3g), (3h), (3n), (3q), (3s), (3t), (3w), (3wm), (3y), (4k), (4n), (5e), (5i), (5j),  
4 (5k), (5p), (5r), (5rm), (6n), and (10) and not passed through by a partnership, limited  
5 liability company, or tax-option corporation that has added that amount to the  
6 partnership's, company's, or tax-option corporation's income under s. 71.21 (4) or  
7 71.34 (1k) (g).

8           **SECTION 2.** 71.07 (5p) of the statutes is created to read:

9           71.07 **(5p)** STEVE HILGENBERG COMMUNITY DEVELOPMENT CREDIT. (a) *Definitions.*

10          In this subsection:

11           1. "Claimant" means a person who files a claim under this subsection.

12           2. "Community development financial institution" means an entity that  
13 satisfies all of the following:

14           a. The entity is certified by the fund under 12 CFR 1805.201 as meeting the  
15 eligibility requirements for a community development financial institution under 12  
16 CFR 1805.200 and 1805.201 (b).

17           b. The entity is organized under the laws of this state.

18           c. The entity uses qualified investments for projects that are based in this state.

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1           3. “Fund” means the Community Development Financial Institutions Fund  
2 established under 12 USC 4703 (a).

3           4. “Qualified investment” means a deposit or loan that satisfies all of the  
4 following:

5           a. The deposit or loan pays no interest to the person who made the deposit or  
6 loan.

7           b. The deposit or loan has a value of at least \$10,000.

8           c. The deposit or loan is made for a period of at least 60 months.

9           d. The community development financial institution that receives the deposit  
10 or loan has complete control over the entire deposit or loan amount, including any  
11 interest earned on the deposit or loan, for the duration of the investment period, but  
12 the deposit or loan may be subject to any additional terms and conditions of the  
13 investment agreement between the community development financial institution  
14 and the investor that are not inconsistent with the requirements of this subsection.

15           (b) *Filing claims.* For taxable years beginning after December 31, 2022, and  
16 before January 1, 2025, a claimant may claim as a credit against the tax imposed  
17 under s. 71.02, up to the amount of the tax, for the taxable year in which the  
18 investment is made, an amount equal to 10 percent of the claimant’s qualified  
19 investment in a community development financial institution, if the investment is  
20 at least \$10,000 but not more than \$150,000, or 12 percent of the claimant’s qualified  
21 investment in a community development financial institution, if the investment is  
22 more than \$150,000 but not more than \$500,000.

23           (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option  
24 corporations may not claim the credit under this subsection, but the eligibility for,  
25 and the amount of, the credit are based on their investment of amounts under par.

**ASSEMBLY BILL 1155****SECTION 2**

1 (b). A partnership, limited liability company, or tax-option corporation shall  
2 compute the amount of credit that each of its partners, members, or shareholders  
3 may claim and shall provide that information to each of them. Partners, members  
4 of limited liability companies, and shareholders of tax-option corporations may  
5 claim the credit in proportion to their ownership interests.

6 2. A person who makes an investment in a community development financial  
7 institution in a taxable year, withdraws the investment in that taxable year, and  
8 immediately reinvests the proceeds into another community development financial  
9 institution may claim only one credit under this subsection for that taxable year,  
10 based on the lesser of all such investments in that taxable year. Investments in a  
11 community development financial institution made before the effective date of this  
12 subdivision ... [LRB inserts date], may not be withdrawn prior to the end of their  
13 contractual term and reinvested in a community development financial institution  
14 in order to claim a credit under this subsection.

15 3. A claimant who withdraws a qualified investment from a community  
16 development financial institution prior to the first day of the 61st month after the  
17 qualified investment was made and who does not, within 60 days, reinvest the  
18 proceeds of the qualified investment as a qualified investment in another community  
19 development financial institution shall, in the taxable year in which the investment  
20 is withdrawn, add to the claimant's liability for taxes imposed under s. 71.02 one of  
21 the following percentages of the amount of the credits received under this subsection:

22 a. If the withdrawal occurs within one year after the date on which the claimant  
23 made the qualified investment, 100 percent.

24 b. If the withdrawal occurs within 2 years after the date on which the claimant  
25 made the qualified investment, 75 percent.

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1 c. If the withdrawal occurs within 3 years after the date on which the claimant  
2 made the qualified investment, 50 percent.

3 d. If the withdrawal occurs within 4 years after the date on which the claimant  
4 made the qualified investment, 25 percent.

5 e. If the withdrawal occurs within 5 years after the date on which the claimant  
6 made the qualified investment, 10 percent.

7 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under  
8 s. 71.28 (4), applies to the credit under this subsection.

9 **SECTION 3.** 71.10 (4) (ct) of the statutes is created to read:

10 71.10 (4) (ct) Steve Hilgenberg community development credit under s. 71.07  
11 (5p).

12 **SECTION 4.** 71.21 (4) (a) of the statutes is amended to read:

13 71.21 (4) (a) The amount of the credits computed by a partnership under s.  
14 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3q), (3s), (3t), (3w), (3wm), (3y), (4k), (4n),  
15 (5e), (5g), (5i), (5j), (5k), (5p), (5r), (5rm), (6n), and (10) and passed through to  
16 partners shall be added to the partnership's income.

17 **SECTION 5.** 71.26 (2) (a) 4. of the statutes is amended to read:

18 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dm),  
19 (1dx), (1dy), (3g), (3h), (3n), (3q), (3t), (3w), (3wm), (3y), (5e), (5g), (5i), (5j), (5k), (5p),  
20 (5r), (5rm), (6n), and (10) and not passed through by a partnership, limited liability  
21 company, or tax-option corporation that has added that amount to the partnership's,  
22 limited liability company's, or tax-option corporation's income under s. 71.21 (4) or  
23 71.34 (1k) (g).

24 **SECTION 6.** 71.28 (5p) of the statutes is created to read:

**ASSEMBLY BILL 1155****SECTION 6**

1           71.28 (5p) STEVE HILGENBERG COMMUNITY DEVELOPMENT CREDIT. (a) *Definitions.*

2           In this subsection:

3           1. "Claimant" means a person who files a claim under this subsection.

4           2. "Community development financial institution" means an entity that  
5           satisfies all of the following:

6           a. The entity is certified by the fund under 12 CFR 1805.201 as meeting the  
7           eligibility requirements for a community development financial institution under 12  
8           CFR 1805.200 and 1805.201 (b).

9           b. The entity is organized under the laws of this state.

10          c. The entity uses qualified investments for projects that are based in this state.

11          3. "Fund" means the Community Development Financial Institutions Fund  
12          established under 12 USC 4703 (a).

13          4. "Qualified investment" means a deposit or loan that satisfies all of the  
14          following:

15          a. The deposit or loan pays no interest to the person who made the deposit or  
16          loan.

17          b. The deposit or loan has a value of at least \$10,000.

18          c. The deposit or loan is made for a period of at least 60 months.

19          d. The community development financial institution that receives the deposit  
20          or loan has complete control over the entire deposit or loan amount, including any  
21          interest earned on the deposit or loan, for the duration of the investment period, but  
22          the deposit or loan may be subject to any additional terms and conditions of the  
23          investment agreement between the community development financial institution  
24          and the investor that are not inconsistent with the requirements of this subsection.

**ASSEMBLY BILL 1155****SECTION 6**

1           (b) *Filing claims.* For taxable years beginning after December 31, 2022, and  
2 before January 1, 2025, a claimant may claim as a credit against the tax imposed  
3 under s. 71.23, up to the amount of the tax, for the taxable year in which the  
4 investment is made, an amount equal to 10 percent of the claimant's qualified  
5 investment in a community development financial institution, if the investment is  
6 at least \$10,000 but not more than \$150,000, or 12 percent of the claimant's qualified  
7 investment in a community development financial institution, if the investment is  
8 more than \$150,000 but not more than \$500,000.

9           (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option  
10 corporations may not claim the credit under this subsection, but the eligibility for,  
11 and the amount of, the credit are based on their investment of amounts under par.  
12 (b). A partnership, limited liability company, or tax-option corporation shall  
13 compute the amount of credit that each of its partners, members, or shareholders  
14 may claim and shall provide that information to each of them. Partners, members  
15 of limited liability companies, and shareholders of tax-option corporations may  
16 claim the credit in proportion to their ownership interests.

17           2. A person who makes an investment in a community development financial  
18 institution in a taxable year, withdraws the investment in that taxable year, and  
19 immediately reinvests the proceeds into another community development financial  
20 institution may claim only one credit under this subsection for that taxable year,  
21 based on the lesser of all such investments in that taxable year. Investments in a  
22 community development financial institution made before the effective date of this  
23 subdivision ... [LRB inserts date], may not be withdrawn prior to the end of their  
24 contractual term and reinvested in a community development financial institution  
25 in order to claim a credit under this subsection.

**ASSEMBLY BILL 1155****SECTION 6**

1           3. A claimant who withdraws a qualified investment from a community  
2 development financial institution prior to the first day of the 61st month after the  
3 qualified investment was made and who does not, within 60 days, reinvest the  
4 proceeds of the qualified investment as a qualified investment in another community  
5 development financial institution shall, in the taxable year in which the investment  
6 is withdrawn, add to the claimant's liability for taxes imposed under s. 71.23 one of  
7 the following percentages of the amount of the credits received under this subsection:

8           a. If the withdrawal occurs within one year after the date on which the claimant  
9 made the qualified investment, 100 percent.

10           b. If the withdrawal occurs within 2 years after the date on which the claimant  
11 made the qualified investment, 75 percent.

12           c. If the withdrawal occurs within 3 years after the date on which the claimant  
13 made the qualified investment, 50 percent.

14           d. If the withdrawal occurs within 4 years after the date on which the claimant  
15 made the qualified investment, 25 percent.

16           e. If the withdrawal occurs within 5 years after the date on which the claimant  
17 made the qualified investment, 10 percent.

18           (d) *Administration.* Subsection (4) (e) to (h), as it applies to the credit under  
19 sub. (4), applies to the credit under this subsection.

20           **SECTION 7.** 71.30 (3) (dr) of the statutes is created to read:

21           71.30 (3) (dr) Steve Hilgenberg community development credit under s. 71.28  
22 (5p).

23           **SECTION 8.** 71.34 (1k) (g) of the statutes is amended to read:

24           71.34 (1k) (g) An addition shall be made for credits computed by a tax-option  
25 corporation under s. 71.28 (1dm), (1dx), (1dy), (3), (3g), (3h), (3n), (3q), (3t), (3w),



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1 (3wm), (3y), (4), (5), (5e), (5g), (5i), (5j), (5k), (5p), (5r), (5rm), (6n), and (10) and passed  
2 through to shareholders.

3 **SECTION 9.** 71.45 (2) (a) 10. of the statutes is amended to read:

4 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit  
5 computed under s. 71.47 (1dm) to (1dy), (3g), (3h), (3n), (3q), (3w), (3y), (5e), (5g), (5i),  
6 (5j), (5k), (5p), (5r), (5rm), (6n), and (10) and not passed through by a partnership,  
7 limited liability company, or tax-option corporation that has added that amount to  
8 the partnership's, limited liability company's, or tax-option corporation's income  
9 under s. 71.21 (4) or 71.34 (1k) (g) and the amount of credit computed under s. 71.47  
10 (3), (3t), (4), (4m), and (5).

11 **SECTION 10.** 71.47 (5p) of the statutes is created to read:

12 71.47 (5p) STEVE HILGENBERG COMMUNITY DEVELOPMENT CREDIT. (a) *Definitions.*

13 In this subsection:

- 14 1. "Claimant" means a person who files a claim under this subsection.
- 15 2. "Community development financial institution" means an entity that  
16 satisfies all of the following:
- 17 a. The entity is certified by the fund under 12 CFR 1805.201 as meeting the  
18 eligibility requirements for a community development financial institution under 12  
19 CFR 1805.200 and 1805.201 (b).
- 20 b. The entity is organized under the laws of this state.
- 21 c. The entity uses qualified investments for projects that are based in this state.
- 22 3. "Fund" means the Community Development Financial Institutions Fund  
23 established under 12 USC 4703 (a).
- 24 4. "Qualified investment" means a deposit or loan that satisfies all of the  
25 following:

**ASSEMBLY BILL 1155****SECTION 10**

1           a. The deposit or loan pays no interest to the person who made the deposit or  
2 loan.

3           b. The deposit or loan has a value of at least \$10,000.

4           c. The deposit or loan is made for a period of at least 60 months.

5           d. The community development financial institution that receives the deposit  
6 or loan has complete control over the entire deposit or loan amount, including any  
7 interest earned on the deposit or loan, for the duration of the investment period, but  
8 the deposit or loan may be subject to any additional terms and conditions of the  
9 investment agreement between the community development financial institution  
10 and the investor that are not inconsistent with the requirements of this subsection.

11           (b) *Filing claims.* For taxable years beginning after December 31, 2022, and  
12 before January 1, 2025, a claimant may claim as a credit against the tax imposed  
13 under s. 71.43, up to the amount of the tax, for the taxable year in which the  
14 investment is made, an amount equal to 10 percent of the claimant's qualified  
15 investment in a community development financial institution, if the investment is  
16 at least \$10,000 but not more than \$150,000, or 12 percent of the claimant's qualified  
17 investment in a community development financial institution, if the investment is  
18 more than \$150,000 but not more than \$500,000.

19           (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option  
20 corporations may not claim the credit under this subsection, but the eligibility for,  
21 and the amount of, the credit are based on their investment of amounts under par.

22           (b). A partnership, limited liability company, or tax-option corporation shall  
23 compute the amount of credit that each of its partners, members, or shareholders  
24 may claim and shall provide that information to each of them. Partners, members

**ASSEMBLY BILL 1155****SECTION 10**

1 of limited liability companies, and shareholders of tax-option corporations may  
2 claim the credit in proportion to their ownership interests.

3 2. A person who makes an investment in a community development financial  
4 institution in a taxable year, withdraws the investment in that taxable year, and  
5 immediately reinvests the proceeds into another community development financial  
6 institution may claim only one credit under this subsection for that taxable year,  
7 based on the lesser of all such investments in that taxable year. Investments in a  
8 community development financial institution made before the effective date of this  
9 subdivision ... [LRB inserts date], may not be withdrawn prior to the end of their  
10 contractual term and reinvested in a community development financial institution  
11 in order to claim a credit under this subsection.

12 3. A claimant who withdraws a qualified investment from a community  
13 development financial institution prior to the first day of the 61st month after the  
14 qualified investment was made and who does not, within 60 days, reinvest the  
15 proceeds of the qualified investment as a qualified investment in another community  
16 development financial institution shall, in the taxable year in which the investment  
17 is withdrawn, add to the claimant's liability for taxes imposed under s. 71.43 one of  
18 the following percentages of the amount of the credits received under this subsection:

19 a. If the withdrawal occurs within one year after the date on which the claimant  
20 made the qualified investment, 100 percent.

21 b. If the withdrawal occurs within 2 years after the date on which the claimant  
22 made the qualified investment, 75 percent.

23 c. If the withdrawal occurs within 3 years after the date on which the claimant  
24 made the qualified investment, 50 percent.

**ASSEMBLY BILL 1155****SECTION 10**

1 d. If the withdrawal occurs within 4 years after the date on which the claimant  
2 made the qualified investment, 25 percent.

3 e. If the withdrawal occurs within 5 years after the date on which the claimant  
4 made the qualified investment, 10 percent.

5 4. No person may claim a credit under this subsection and s. 76.634 for the same  
6 qualified investment.

7 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under  
8 s. 71.28 (4), applies to the credit under this subsection.

9 **SECTION 11.** 71.49 (1) (dr) of the statutes is created to read:

10 71.49 (1) (dr) Steve Hilgenberg community development credit under s. 71.47  
11 (5p).

12 **SECTION 12.** 76.634 of the statutes is created to read:

13 **76.634 Steve Hilgenberg community development credit. (1)**

14 **DEFINITIONS.** In this section:

15 (a) “Community development financial institution” means an entity that  
16 satisfies all of the following:

17 1. The entity is certified by the fund under 12 CFR 1805.201 as meeting the  
18 eligibility requirements for a community development financial institution under 12  
19 CFR 1805.200 and 1805.201 (b).

20 2. The entity is organized under the laws of this state.

21 3. The entity uses qualified investments for projects that are based in this state.

22 (b) “Fund” means the Community Development Financial Institutions Fund  
23 established under 12 USC 4703 (a).

24 (c) “Qualified investment” means a deposit or loan that satisfies all of the  
25 following:

**ASSEMBLY BILL 1155****SECTION 12**

1           1. The deposit or loan pays no interest to the person who made the deposit or  
2 loan.

3           2. The deposit or loan has a value of at least \$10,000.

4           3. The deposit or loan is made for a period of at least 60 months.

5           4. The community development financial institution that receives the deposit  
6 or loan has complete control over the entire deposit or loan amount, including any  
7 interest earned on the deposit or loan, for the duration of the investment period, but  
8 the deposit or loan may be subject to any additional terms and conditions of the  
9 investment agreement between the community development financial institution  
10 and the investor that are not inconsistent with the requirements of this section.

11           **(1m) FILING CLAIMS.** For taxable years beginning after December 31, 2022, and  
12 before January 1, 2025, an insurer may claim as a credit against the fees due under  
13 s. 76.60, 76.63, 76.65, 76.66, or 76.67, for the taxable year in which the investment  
14 is made, an amount equal to 10 percent of the insurer's qualified investment in a  
15 community development financial institution, if the investment is at least \$10,000  
16 but not more than \$150,000, or 12 percent of the insurer's qualified investment in  
17 a community development financial institution, if the investment is more than  
18 \$150,000 but not more than \$500,000.

19           **(2) CARRY-FORWARD.** If the credit under sub. (1m) is not entirely offset against  
20 the fees under s. 76.60, 76.63, 76.65, 76.66, or 76.67 otherwise due, the unused  
21 balance may be carried forward and credited against those fees for the following 15  
22 years to the extent that it is not offset by those fees otherwise due in all the years  
23 between the year in which the investment was made and the year in which the  
24 carry-forward credit is claimed.

**ASSEMBLY BILL 1155****SECTION 12**

1           **(3) LIMITATIONS.** (a) An insurer who makes an investment in a community  
2 development financial institution in a taxable year, withdraws the investment in  
3 that taxable year, and immediately reinvests the proceeds into another community  
4 development financial institution may claim only one credit under this section for  
5 that taxable year, based on the lesser of all such investments in that taxable year.  
6 Investments in a community development financial institution made before the  
7 effective date of this paragraph .... [LRB inserts date], may not be withdrawn prior  
8 to the end of their contractual term and reinvested in a community development  
9 financial institution in order to claim a credit under this section.

10           (b) No person may claim a credit under this section and s. 71.47 (5p) for the  
11 same qualified investment.

12           **(4) REPAYMENT.** An insurer who claims a credit under this section and who  
13 withdraws a qualified investment from a community development financial  
14 institution prior to the first day of the 61st month after the qualified investment was  
15 made and who does not, within 60 days, reinvest the proceeds of the qualified  
16 investment as a qualified investment in another community development financial  
17 institution shall, in the taxable year in which the investment is withdrawn, add to  
18 the insurer's liability for fees imposed under s. 76.60, 76.63, 76.65, 76.66, or 76.67  
19 one of the following percentages of the amount of the credits received under this  
20 section:

21           (a) If the withdrawal occurs within one year after the date on which the insurer  
22 made the qualified investment, 100 percent.

23           (b) If the withdrawal occurs within 2 years after the date on which the insurer  
24 made the qualified investment, 75 percent.

**ASSEMBLY BILL 1155****SECTION 12**

1 (c) If the withdrawal occurs within 3 years after the date on which the insurer  
2 made the qualified investment, 50 percent.

3 (d) If the withdrawal occurs within 4 years after the date on which the insurer  
4 made the qualified investment, 25 percent.

5 (e) If the withdrawal occurs within 5 years after the date on which the insurer  
6 made the qualified investment, 10 percent.

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

8 76.67 (2) If any domestic insurer is licensed to transact insurance business in  
9 another state, this state may not require similar insurers domiciled in that other  
10 state to pay taxes greater in the aggregate than the aggregate amount of taxes that  
11 a domestic insurer is required to pay to that other state for the same year less the  
12 credits under ss. 76.634, 76.635, 76.636, 76.637, 76.638, and 76.655, except that the  
13 amount imposed shall not be less than the total of the amounts due under ss. 76.65  
14 (2) and 601.93 and, if the insurer is subject to s. 76.60, 0.375 percent of its gross  
15 premiums, as calculated under s. 76.62, less offsets allowed under s. 646.51 (7) or  
16 under ss. 76.634, 76.635, 76.636, 76.637, 76.638, 76.639, and 76.655 against that  
17 total, and except that the amount imposed shall not be less than the amount due  
18 under s. 601.93.

19

(END)