



2019 BILL

1 **AN ACT** *to create* 77.54 (69) and 234.47 of the statutes; **relating to:** creating a
2 sales tax exemption for materials used to construct workforce housing
3 developments.

Analysis by the Legislative Reference Bureau

This bill creates a sales and use tax exemption for the sale of building materials, supplies, and equipment and landscaping and lawn maintenance services if the property or service is acquired solely for, or used solely in, the construction or development of a workforce housing development. The bill defines “workforce housing development” to mean a housing development in Wisconsin that meets all of the following conditions:

1. It consists of land proposed for newly platted residential use.
2. The housing costs for households occupying the development’s residential units do not exceed, or are not expected to exceed, 30 percent of the median household income for the county in which the development is located.
3. The residential units are intended for initial occupancy by households whose income is at least 60 percent, but not more than 120 percent, of the county’s median household income.

Under the bill, the tax exemption may only be claimed by a person holding an exemption certificate issued by the Wisconsin Housing and Economic Development Authority. In order to receive an exemption certificate, a person must submit an application to WHEDA that includes a description of the housing development, certification that the development is a workforce housing development, and documentation of the housing costs for the development’s initial occupants.

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The bill requires WHEDA to issue an exemption certificate to a person who submits a completed application if WHEDA determines that the person is constructing or developing a workforce housing development. WHEDA must notify the person of its determination no later than 15 days after receiving the person's application. If WHEDA does not notify the applicant within the 15 days, the application is automatically approved and WHEDA must issue an exemption certificate to the person.

Under the bill, the sales and use tax exemption may not be claimed for property and services acquired for or used in the construction or development of property for public use within the development. The bill defines "property for public use" to include sidewalks, wastewater collection and treatment systems, drinking water systems, storm sewers, utility extensions, telecommunications infrastructure, streets, roads, bridges, and parking ramps.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

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:

1 **SECTION 1.** 77.54 (69) of the statutes is created to read:

2 77.54 **(69)** The sales price from the sale of building materials, supplies, and
3 equipment and the sale of services described in s. 77.52 (2) (a) 20., and the storage,
4 use, or other consumption of the same property and services, to a person holding an
5 exemption certificate issued under s. 234.47 if the property or service is acquired
6 solely for, or used solely in, the construction or development of a workforce housing
7 development, as defined in s. 234.47 (1) (d). This subsection does not apply to
8 property and services acquired for or used in the construction or development of
9 property for public use, as defined in s. 234.47 (1) (c), within the development.

10 **SECTION 2.** 234.47 of the statutes is created to read:

11 **234.47 Workforce housing sales tax exemption. (1) DEFINITIONS.** In this
12 section:

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1 (a) "Exemption certificate" means a certificate issued by the authority that
2 authorizes the person holding the certificate to claim the tax exemption under s.
3 77.54 (69).

4 (b) "Housing costs" has the meaning given in s. 16.301 (3) (a) and (b).

5 (c) "Property for public use" includes sidewalks, wastewater collection and
6 treatment systems, drinking water systems, storm sewers, utility extensions,
7 telecommunications infrastructure, streets, roads, bridges, and parking ramps.

8 (d) "Workforce housing development" means a housing development in this
9 state that meets all of the following conditions:

10 1. It consists of land proposed for newly platted residential use.

11 2. The housing costs for each household occupying a residential unit in the
12 development do not exceed, or are not expected to exceed, 30 percent of the median
13 household income in the county in which the development is located, based on the
14 American community survey 5-year estimates produced by the U.S. bureau of the
15 census.

16 3. The residential units in the development are intended for initial occupancy
17 by individuals whose household income is at least 60 percent, but not more than 120
18 percent, of the median household income in the county in which the development is
19 located, based on the American community survey 5-year estimates produced by the
20 U.S. bureau of the census.

21 **(2) CERTIFICATION TO CLAIM TAX EXEMPTION.** The authority shall establish and
22 administer a program to issue exemption certificates for purposes of claiming the tax
23 exemption under s. 77.54 (69). A person who wishes to be issued an exemption
24 certificate shall apply to the authority on a form prescribed by the authority. The
25 application shall contain all of the following:

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1 (a) A description of the project, including its location.

2 (b) A certification by the person that the project is a workforce housing
3 development.

4 (c) Documentation showing the housing costs, or expected housing costs, of the
5 initial occupant of each residential unit in the development.

6 **(3) APPROVAL.** The authority shall issue an exemption certificate to a person
7 who submits a completed application under sub. (2) if the authority determines that
8 the person is constructing or developing a workforce housing development. No later
9 than 15 days after receipt of an application under sub. (2), the authority shall
10 determine whether to approve the application, notify the applicant of the authority's
11 determination, and, if the application is approved, issue an exemption certificate to
12 the applicant. If the authority does not notify the applicant within 15 days of receipt
13 of the application, the application shall be approved and the authority shall issue the
14 person an exemption certificate.

15 **(4) PUBLIC USE PROPERTY.** A person may not use the exemption certificate issued
16 under sub. (3) to claim an exemption under s. 77.54 (69) for property and services
17 acquired for or used in the construction or development of property for public use
18 within the workforce housing development.

19 **(5) INFORMATION SHARING.** The authority shall provide to the department of
20 revenue a copy of each exemption certificate issued under sub. (3) and, upon request
21 by the department, a copy of any application submitted under sub. (2).

22 **(6) POLICIES AND PROCEDURES.** The authority, in consultation with the
23 department of revenue, shall establish policies and procedures to administer this
24 section.

25 **(END)**