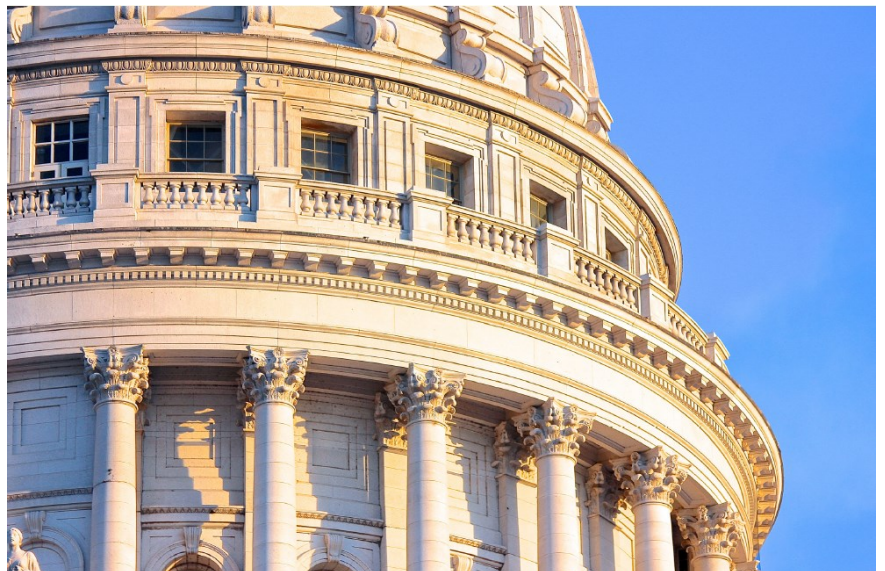
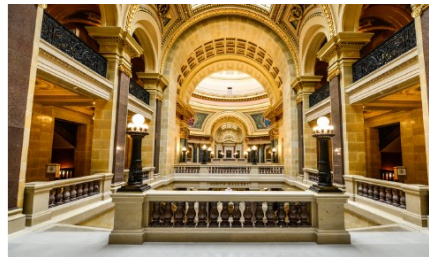


**WISCONSIN ECONOMIC
DEVELOPMENT ASSOCIATION**

WEDA

LEGISLATIVE REPORT

2023-24 Legislative Session Wrap-Up



As the “Voice of Economic Development” in Wisconsin, WEDA is committed to working with state lawmakers to promote pro-growth policies that encourage private investment, increase business productivity, and allow Wisconsin families to prosper. The WEDA 2023-24 Legislative Agenda was crafted to advance economic growth and prosperity across Wisconsin with specific proposals aimed at improving our business attraction and retention tools; strengthening the state’s workforce; building a competitive business climate; and making critical infrastructure investments.



Throughout the 2023-2024 legislative session, WEDA worked with the Legislature and Governor’s office to pass several key legislative initiatives that put Wisconsin on a path to greater economic success. With the strong grassroots advocacy support of WEDA members, the state’s economic development community had a successful 2023-24 legislative session.

WEDA LEGISLATIVE SESSION HIGHLIGHTS

While WEDA lobbied on and monitored numerous bills and budget initiative during the 2023-24 session, the bulk of our advocacy efforts were directed to advancing our top legislative priorities identified by members as part of the WEDA Legislative Agenda. We are pleased to report the following key initiatives important to the economic development community were passed into law:

- ✓ **Modernizing the Business Development Tax Credit**
- ✓ **Workforce Housing Revolving Loan Fund Programs**
 - ✓ *HOUSING INFRASTRUCTURE ACCESS LOAN PROGRAM*
 - ✓ *MAIN STREET HOUSING REHABILITATION LOAN PROGRAM*
 - ✓ *VACANT COMMERCIAL TO HOUSING DEVELOPMENT LOAN PROGRAM*
- ✓ **Data Warehouse Sales Tax Exemption**
- ✓ **Preserving the Manufacturing and Agriculture Tax Credit**
- ✓ **Elimination of the Personal Property Tax**



✓ Modernizing the Business Development Tax Credit

2023 Wisconsin Act 143 overhauls the state's Business Development Tax Credit (BTC), expanding it from a job-focused incentive to a more capital expenditure-centered program. The BTC, which was created as a performance-based, refundable income tax incentive designed to encourage business development, has been used successfully to attract new employers to Wisconsin, but it had lost considerable impact over time due to the state's changing economic environment. In fact, the outdated program put Wisconsin at a competitive disadvantage. Under previous law, BTC awards were based largely on job creation, which was a challenge considering the state's workforce shortage crisis. Act 143 makes the BTC program more flexible and competitive by steering primary eligibility for tax awards away from job creation and equally emphasizing capital investment. In addition, Act 143 makes the following changes to the BTC program:



- Creates an additional 15 percent tax credit for BTC eligible businesses who invest in workforce housing or childcare programs for their employees.
- Requires WEDC to approve or deny BTC applications within 90 days after receiving an application.
- Reduces the capital expenditure threshold for BTC eligibility to \$250,000. Under prior law, the eligibility threshold was \$1 million.

2023 Wisconsin Act 143 (Assembly Bill 627) | Date of Enactment: March 21, 2024

✓ Workforce Housing Revolving Loan Fund Programs

Wisconsin's housing crisis shortage has created quality-of-life concerns for Wisconsin residents and has magnified the significant workforce challenges faced by employers who are struggling to attract and retain employees. To help address these growing concerns, WEDA worked with numerous stakeholders on a sweeping workforce housing legislative initiative that provided \$475 million to fund the following three workforce housing revolving loan fund (RLF) programs to help increase access to affordable housing for working families across Wisconsin:

- **2023 Wisconsin Act 14** – Created a \$275 million RLF program to help provide funding for critical infrastructure, such as streets, sidewalks, water, and sewer for multi-family or single-family workforce housing developments, as well as senior housing. Developers can utilize the **Housing Infrastructure Access Loan Program** to fund up to 20 percent of an eligible housing development's total costs.

2023 Wisconsin Act 14 (Assembly Bill 264) | Date of Enactment: June 22, 2023

- **2023 Wisconsin Act 15** – Created a \$100 million RLF program to provide financing for the rehabilitation of residential rental housing above existing main-level



businesses that are at least 40 years old and have not been upgraded in the last 20 years. The **Main Street Housing Rehabilitation Loan Program** can be utilized for critical maintenance and improvements, including repairs to heating, electrical and plumbing systems, as well as upgrades to windows, flooring, and exteriors. Eligible projects can receive up to \$20,000 through the loan program.

2023 Wisconsin Act 15 (Assembly Bill 265) | Date of Enactment: June 22, 2023

- **2023 Wisconsin Act 18** – Created a \$100 million RLF program to help redevelop vacant commercial buildings into multi-family or single-family workforce housing or senior housing. The **Vacant Commercial to Housing Development Loan Program** provides financing of up to \$1 million per project for demolition and construction. Eligible housing developments must be new residential housing for rent or for sale and must consist of 16 or more dwelling units.

2023 Wisconsin Act 18 (Assembly Bill 268) | Date of Enactment: June 22, 2023

✓ **Data Warehouse Sales Tax Exemption**

The economic benefits of large-scale data center construction to meet the nation’s growing computing infrastructure demands are significant, as data centers attract investment, create jobs, and generate tax revenue. Unfortunately, Wisconsin’s economic development toolbox previously lacked the incentives to bring data centers to the state. That all changed with a

provision signed into law as part of the 2023-23 State Budget Bill that created a sales and use tax exemption for equipment or software used by eligible data centers for the processing, storage, retrieval, or communication of data. The new tax incentive will help Wisconsin compete for new data center investment and attract a high-tech labor force to the state. The tax incentive is aimed at attracting hyper-scale data centers that invest at least \$50 million in Wisconsin. The tax incentive program is administered by WEDC.



2023 Wisconsin Act 19 (Senate Bill 70 – State Budget Bill) | Date of Enactment: July 5, 2023

✓ **Preserving the Manufacturing and Agriculture Tax Credit**

As part of his recommended 2023-25 State Budget bill, Governor Tony Evers proposed reducing the Manufacturing and Agriculture Tax Credit by limiting the manufacturing portion of credit. WEDA opposed the measure that would have resulted in a \$650 million tax increase on Wisconsin manufacturers and worked successfully to preserve the key tax credit, which has served as a highly valuable business attraction and retention tool and has made Wisconsin a more desirable place to do business. State lawmakers ultimately removed the Governor’s provision during state budget deliberations, maintaining the Manufacturing and Agriculture Tax Credit in its current form and safeguarding Wisconsin’s economic development toolbox.



✓ **Elimination of the Personal Property Tax**

Nearly 200 years after Wisconsin (then a territory) imposed the personal property tax, the state Legislature has fully eliminated the onerous tax, which created financial and administrative burden for business – and local governments – across the state. Like homeowners, Wisconsin businesses pay property taxes for land and buildings, but they were also previously billed for personal property, such as office furniture, fixtures, and other business-related items. The elimination of the tax, which WEDA supported along with numerous key stakeholders, will not only improve Wisconsin's business climate, but will make us more competitive with neighboring states who do not impose a personal property tax. The personal property tax termination will take effect for the January 2024 assessment. Additional state aid payment to local governments will make them whole for the loss in personal property tax revenue.

2023 Wisconsin Act 12 (Assembly Bill 245) | Date of Enactment: June 20, 2023

