



2013 SENATE BILL 43

February 28, 2013 - Introduced by Senators LASSA, SHILLING, ERPENBACH, C. LARSON, MILLER, HANSEN and HARRIS, cosponsored by Representatives VRUWINK, BEWLEY, BARCA, KAHL, BILLINGS, BERCEAU, POPE, OHNSTAD, BERNARD SCHABER, BARNES, JORGENSEN, SINICKI, HESSELBEIN and SHANKLAND. Referred to Committee on Economic Development and Local Government.

1 **AN ACT** *to amend* 71.05 (6) (a) 15., 71.05 (6) (b) 47. b., 71.21 (4) (a), 71.26 (2) (a)
2 4., 71.34 (1k) (g), 71.45 (2) (a) 10., 76.67 (2) and 77.92 (4); and *to create* 71.07
3 (5p), 71.10 (4) (cs), 71.28 (5p), 71.30 (3) (dr), 71.47 (5p), 71.49 (1) (dr), 76.634 and
4 238.17 of the statutes; **relating to:** an income and franchise tax credit for
5 investments in a community development financial institution.

Analysis by the Legislative Reference Bureau

Under this bill, the Wisconsin Economic Development Corporation (WEDC) may certify a person who makes a qualified investment in a registered community development financial institution (CDFI) to receive a credit against state income and franchise taxes, for taxable years beginning after December 31, 2012, and before January 1, 2015, and against license fees paid by insurers. The bill defines a CDFI as an entity that is organized under the laws of this state and has been certified by the Community Development Financial Institutions Fund established under federal law (fund) as meeting certain eligibility requirements. The bill permits WEDC to register a CDFI that applies to WEDC and complies with annual reporting requirements. The bill defines a “qualified investment” as a loan or deposit that pays no interest of at least \$10,000 that is made for a minimum of 60 months and over which the CDFI retains complete control for the duration of the investment period.

WEDC may revoke the registration of a CDFI that fails to comply with annual reporting requirements or that no longer meets the eligibility requirement for certification by the fund. WEDC may certify up to \$1,000,000 in tax credits in any calendar year.

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A person certified to receive tax credits 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 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.

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. Except as provided under s. 71.07 (3p) (c) 5., the amount of the
3 credits computed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds),
4 (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (5e), (5f), (5h),
5 (5i), (5j), (5k), (5p), (5r), (5rm), (6n), and (8r) and not passed through by a partnership,
6 limited liability company, or tax-option corporation that has added that amount to
7 the partnership's, company's, or tax-option corporation's income under s. 71.21 (4)
8 or 71.34 (1k) (g).

9 **SECTION 2.** 71.05 (6) (b) 47. b. of the statutes is amended to read:

10 71.05 **(6)** (b) 47. b. With respect to partners and members of limited liability
11 companies, for taxable years beginning after December 31, 2010, for 2 consecutive
12 taxable years beginning with the taxable year in which the partnership's or limited
13 liability company's business locates to this state from another state or another
14 country and begins doing business in this state, as defined in s. 71.22 (1r), and subject
15 to the limitations provided under subd. 47. d. and e., the partner's or member's

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1 distributive share of taxable income as calculated under section 703 of the Internal
2 Revenue Code; plus the items of income and gain under section 702 of the Internal
3 Revenue Code, including taxable state and municipal bond interest and excluding
4 nontaxable interest income or dividend income from federal government obligations;
5 minus the items of loss and deduction under section 702 of the Internal Revenue
6 Code, except items that are not deductible under s. 71.21; plus guaranteed payments
7 to partners under section 707 (c) of the Internal Revenue Code; plus the credits
8 claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy),
9 (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (5e), (5f), (5g), (5h), (5i),
10 (5j), (5k), (5p), (5r), (5rm), and (8r); and plus or minus, as appropriate, transitional
11 adjustments, depreciation differences, and basis differences under s. 71.05 (13), (15),
12 (16), (17), and (19), multiplied by the apportionment fraction determined in s. 71.04
13 (4) and subject to s. 71.04 (7) or by separate accounting. No amounts subtracted
14 under this subd. 47. b. may be included in the modification under par. (b) 9. or 9m.

15 **SECTION 3.** 71.07 (5p) of the statutes is created to read:

16 71.07 **(5p)** STEVE HILGENBERG COMMUNITY DEVELOPMENT CREDIT. (a) *Definition.*
17 In this subsection, “claimant” means a person who files a claim under this subsection.

18 (b) *Filing claims.* Subject to the limitations provided under this subsection and
19 the requirements under s. 238.17, for taxable years beginning after December 31,
20 2012, and before January 1, 2015, except as provided under s. 238.17 (5) (cm), a
21 claimant may claim as a credit against the tax imposed under s. 71.02, up to the
22 amount of the tax, for the taxable year in which the investment is made, an amount
23 equal to 10 percent of the claimant’s qualified investment in a community
24 development financial institution, if the investment is at least \$10,000, but not more
25 than \$150,000, or 12 percent of the claimant’s qualified investment in a community

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1 development financial institution, if the investment is more than \$150,000, but not
2 more than \$500,000.

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

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

20 3. A claimant who withdraws a qualified investment from a community
21 development financial institution prior to the date of withdrawal specified in the
22 written notice provided to the claimant under s. 238.17 (5) (b) and who does not
23 immediately reinvest the proceeds of the qualified investment as a qualified
24 investment in another community development financial institution shall add to the

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1 claimant's liability for taxes imposed under s. 71.02 one of the following percentages
2 of the amount of the credits received under this subsection:

3 a. If the withdrawal occurs during the first year after the date on which the
4 claimant made the qualified investment, 100 percent.

5 b. If the withdrawal occurs during the 2nd year after the date on which the
6 claimant made the qualified investment, 75 percent.

7 c. If the withdrawal occurs during the 3rd year after the date on which the
8 claimant made the qualified investment, 50 percent.

9 d. If the withdrawal occurs during the 4th year after the date on which the
10 claimant made the qualified investment, 25 percent.

11 e. If the withdrawal occurs during the 5th year after the date on which the
12 claimant made the qualified investment, 10 percent.

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

15 **SECTION 4.** 71.10 (4) (cs) of the statutes is created to read:

16 71.10 (4) (cs) Steve Hilgenberg community development credit under s. 71.07
17 (5p).

18 **SECTION 5.** 71.21 (4) (a) of the statutes is amended to read:

19 71.21 (4) (a) The amount of the credits computed by a partnership under s.
20 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p),
21 (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5p), (5r),
22 (5rm), (6n), and (8r) and passed through to partners shall be added to the
23 partnership's income.

24 **SECTION 6.** 71.26 (2) (a) 4. of the statutes is amended to read:

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1 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),
2 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r),
3 (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5p), (5r), (5rm), (6n), (8r),
4 and (9s) and not passed through by a partnership, limited liability company, or
5 tax-option corporation that has added that amount to the partnership's, limited
6 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k)
7 (g).

8 **SECTION 7.** 71.28 (5p) of the statutes is created to read:

9 71.28 (5p) STEVE HILGENBERG COMMUNITY DEVELOPMENT CREDIT. (a) *Definition.*
10 In this subsection, "claimant" means a person who files a claim under this subsection.

11 (b) *Filing claims.* Subject to the limitations provided under this subsection and
12 the requirements under s. 238.17, for taxable years beginning after December 31,
13 2012, and before January 1, 2015, except as provided under s. 238.17 (5) (cm), a
14 claimant may claim as a credit against the tax imposed under s. 71.23, up to the
15 amount of the tax, for the taxable year in which the investment is made, an amount
16 equal to 10 percent of the claimant's qualified investment in a community
17 development financial institution, if the investment is at least \$10,000, but not more
18 than \$150,000, or 12 percent of the claimant's qualified investment in a community
19 development financial institution, if the investment is more than \$150,000, but not
20 more than \$500,000.

21 (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option
22 corporations may not claim the credit under this subsection, but the eligibility for,
23 and the amount of, the credit are based on their payment of amounts under par. (b).
24 A partnership, limited liability company, or tax-option corporation shall compute
25 the amount of credit that each of its partners, members, or shareholders may claim

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1 and shall provide that information to each of them. Partners, members of limited
2 liability companies, and shareholders of tax-option corporations may claim the
3 credit in proportion to their ownership interests.

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

13 3. A claimant who withdraws a qualified investment from a community
14 development financial institution prior to the date of withdrawal specified in the
15 written notice provided to the claimant under s. 238.17 (5) (b) and who does not
16 immediately reinvest the proceeds of the qualified investment as a qualified
17 investment in another community development financial institution shall add to the
18 claimant's liability for taxes imposed under s. 71.23 one of the following percentages
19 of the amount of the credits received under this subsection:

20 a. If the withdrawal occurs during the first year after the date on which the
21 claimant made the qualified investment, 100 percent.

22 b. If the withdrawal occurs during the 2nd year after the date on which the
23 claimant made the qualified investment, 75 percent.

24 c. If the withdrawal occurs during the 3rd year after the date on which the
25 claimant made the qualified investment, 50 percent.

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

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

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

7 **SECTION 8.** 71.30 (3) (dr) of the statutes is created to read:

8 71.30 (3) (dr) Steve Hilgenberg community development credit under s. 71.28
9 (5p).

10 **SECTION 9.** 71.34 (1k) (g) of the statutes is amended to read:

11 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
12 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),
13 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j),
14 (5k), (5p), (5r), (5rm), (6n), and (8r) and passed through to shareholders.

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

16 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
17 computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn),
18 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5p), (5r), (5rm), (6n), (8r), and (9s) and not
19 passed through by a partnership, limited liability company, or tax-option
20 corporation that has added that amount to the partnership's, limited liability
21 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and
22 the amount of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

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

24 71.47 (5p) STEVE HILGENBERG COMMUNITY DEVELOPMENT CREDIT. (a) *Definition.*

25 In this subsection, "claimant" means a person who files a claim under this subsection.

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1 (b) *Filing claims.* Subject to the limitations provided under this subsection and
2 the requirements under s. 238.17, for taxable years beginning after December 31,
3 2012, and before January 1, 2015, except as provided under s. 238.17 (5) (cm), a
4 claimant may claim as a credit against the tax imposed under s. 71.43, up to the
5 amount of the tax, for the taxable year in which the investment is made, an amount
6 equal to 10 percent of the claimant's qualified investment in a community
7 development financial institution, if the investment is at least \$10,000, but not more
8 than \$150,000, or 12 percent of the claimant's qualified investment in a community
9 development financial institution, if the investment is more than \$150,000, but not
10 more than \$500,000.

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

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

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1 contractual term and reinvested in a community development financial institution
2 in order to claim a credit under this subsection.

3 3. A claimant who withdraws a qualified investment from a community
4 development financial institution prior to the date of withdrawal specified in the
5 written notice provided to the claimant under s. 238.17 (5) (b) and who does not
6 immediately reinvest the proceeds of the qualified investment as a qualified
7 investment in another community development financial institution shall add to the
8 claimant's liability for taxes imposed under s. 71.43 one of the following percentages
9 of the amount of the credits received under this subsection:

10 a. If the withdrawal occurs during the first year after the date on which the
11 claimant made the qualified investment, 100 percent.

12 b. If the withdrawal occurs during the 2nd year after the date on which the
13 claimant made the qualified investment, 75 percent.

14 c. If the withdrawal occurs during the 3rd year after the date on which the
15 claimant made the qualified investment, 50 percent.

16 d. If the withdrawal occurs during the 4th year after the date on which the
17 claimant made the qualified investment, 25 percent.

18 e. If the withdrawal occurs during the 5th year after the date on which the
19 claimant made the qualified investment, 10 percent.

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

22 **SECTION 12.** 71.49 (1) (dr) of the statutes is created to read:

23 71.49 (1) (dr) Steve Hilgenberg community development credit under s. 71.47
24 (5p).

25 **SECTION 13.** 76.634 of the statutes is created to read:

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1 **76.634 Steve Hilgenberg community development credit. (1) FILING**
2 CLAIMS. Subject to the limitations provided under this subsection and the
3 requirements under s. 238.17, for taxable years beginning after December 31, 2012,
4 and before January 1, 2015, except as provided under s. 238.17 (5) (cm), an insurer
5 may claim as a credit against the fees due under s. 76.60, 76.63, 76.65, 76.66, or 76.67
6 for the taxable year in which the investment is made, an amount equal to 10 percent
7 of the insurer's qualified investment in a community development financial
8 institution, if the investment is at least \$10,000, but not more than \$150,000, or 12
9 percent of the insurer's qualified investment in a community development financial
10 institution, if the investment is more than \$150,000, but not more than \$500,000.

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

17 **(3) LIMITATIONS.** (a) No credit may be allowed under this section unless the
18 insurer includes with the insurer's annual return under s. 76.64 a copy of the
19 insurer's certification for tax benefits under s. 238.17 (5) (b).

20 (b) An insurer who makes an investment in a community development
21 financial institution in a taxable year, withdraws the investment in that taxable
22 year, and immediately reinvests the proceeds into another community development
23 financial institution may claim only one credit under this section for that taxable
24 year, based on the lesser of all such investments in that taxable year. Investments
25 in a community development financial institution made before the effective date of

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1 this paragraph [LRB inserts date], may not be withdrawn prior to the end of their
2 contractual term and reinvested in a community development financial institution
3 in order to claim a credit under this section.

4 (4) REPAYMENT. An insurer who claims a credit under this section and who
5 withdraws a qualified investment from a community development financial
6 institution prior to the date of withdrawal specified in the written notice provided to
7 the insurer under s. 238.17 (5) (b) and does not immediately reinvest the proceeds
8 of the qualified investment as a qualified investment in another community
9 development financial institution shall add to the insurer's liability for fees imposed
10 under s. 76.60, 76.63, 76.65, 76.66, or 76.67 one of the following percentages of the
11 amount of the credits received under this subsection:

12 (a) If the withdrawal occurs during the first year after the date on which the
13 insurer made the qualified investment, 100 percent.

14 (b) If the withdrawal occurs during the 2nd year after the date on which the
15 insurer made the qualified investment, 75 percent.

16 (c) If the withdrawal occurs during the 3rd year after the date on which the
17 insurer made the qualified investment, 50 percent.

18 (d) If the withdrawal occurs during the 4th year after the date on which the
19 insurer made the qualified investment, 25 percent.

20 (e) If the withdrawal occurs during the 5th year after the date on which the
21 insurer made the qualified investment, 10 percent.

22 **SECTION 14.** 76.67 (2) of the statutes is amended to read:

23 76.67 (2) If any domestic insurer is licensed to transact insurance business in
24 another state, this state may not require similar insurers domiciled in that other
25 state to pay taxes greater in the aggregate than the aggregate amount of taxes that

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1 a domestic insurer is required to pay to that other state for the same year less the
2 credits under ss. 76.634, 76.635, 76.636, 76.637, 76.638, and 76.655, except that the
3 amount imposed shall not be less than the total of the amounts due under ss. 76.65
4 (2) and 601.93 and, if the insurer is subject to s. 76.60, 0.375% of its gross premiums,
5 as calculated under s. 76.62, less offsets allowed under s. 646.51 (7) or under ss.
6 76.634, 76.635, 76.636, 76.637, 76.638, and 76.655 against that total, and except that
7 the amount imposed shall not be less than the amount due under s. 601.93.

8 **SECTION 15.** 77.92 (4) of the statutes is amended to read:

9 77.92 (4) "Net business income," with respect to a partnership, means taxable
10 income as calculated under section 703 of the Internal Revenue Code; plus the items
11 of income and gain under section 702 of the Internal Revenue Code, including taxable
12 state and municipal bond interest and excluding nontaxable interest income or
13 dividend income from federal government obligations; minus the items of loss and
14 deduction under section 702 of the Internal Revenue Code, except items that are not
15 deductible under s. 71.21; plus guaranteed payments to partners under section 707
16 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
17 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r),
18 (3rm), (3rn), (3s), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), (5p), (5r), (5rm),
19 (6n), and (8r); and plus or minus, as appropriate, transitional adjustments,
20 depreciation differences, and basis differences under s. 71.05 (13), (15), (16), (17), and
21 (19); but excluding income, gain, loss, and deductions from farming. "Net business
22 income," with respect to a natural person, estate, or trust, means profit from a trade
23 or business for federal income tax purposes and includes net income derived as an
24 employee as defined in section 3121 (d) (3) of the Internal Revenue Code.

25 **SECTION 16.** 238.17 of the statutes is created to read:

SENATE BILL 43**SECTION 16****1 238.17 Certification of investments in community development****2 financial institutions. (1) DEFINITIONS.** In this section:

3 (a) "Community development financial institution" means an entity that
4 satisfies all of the following:

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

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

9 3. The entity uses qualified investments for which a person may be certified for
10 tax credits under sub. (2) (a) for projects that are based in this state.

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

13 (c) 1. Subject to subd. 2., "qualified investment" means a deposit or loan that
14 pays no interest to the person who made the deposit or loan, if the deposit or loan has
15 a value of at least \$10,000 and is made for a period of at least 60 months.

16 2. A community development financial institution that receives an investment
17 described under subd. 1. shall have complete control over the entire investment
18 amount, including any interest earned on the investment, for the duration of the
19 investment period, but the investment may be subject to any additional terms and
20 conditions of the investment agreement between the community development
21 financial institution and the investor which are not inconsistent with the
22 requirements of this section.

23 **(2) CERTIFICATION; REGISTRATION AND REPORTING REQUIRED.** (a) Subject to the
24 limits under sub. (4), the corporation may certify a person under this section to claim
25 tax credits under s. 71.07 (5p), 71.28 (5p), 71.47 (5p), or 76.634 if the person applies

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1 to the corporation on a form prepared by the corporation and submits evidence
2 satisfactory to the corporation that the person has made a qualified investment in
3 a community development financial institution that is registered under par. (b).

4 (b) 1. The corporation may register a community development financial
5 institution if the community development financial institution applies to the
6 corporation on a form prepared by the corporation. The corporation may revoke the
7 registration of a community development financial institution if the entity no longer
8 meets the eligibility requirements for certification as a community development
9 financial institution by the fund or fails to comply with the requirements of this
10 paragraph.

11 2. A community development financial institution registered under this section
12 shall annually, within 90 days after the last day of the preceding calendar year,
13 submit a report containing financial statements of the community development
14 financial institution, prepared according to generally accepted accounting principles
15 and including all of the following information for the preceding calendar year, to the
16 corporation:

17 a. The material events certification form required by the federal department
18 of the treasury.

19 b. Certification, in the form and manner prescribed by the corporation, that the
20 community development financial institution satisfies the criteria under sub. (1) (a)
21 1. to 3.

22 c. Any other information the corporation considers relevant.

23 **(3) ELIGIBILITY.** (a) Except as provided in par. (b), a person certified under sub.
24 (2) (a) is eligible to claim tax credits under s. 71.07 (5p), 71.28 (5p), 71.47 (5p), or
25 76.634.

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1 (b) If the registration of a community development financial institution in
2 which a person certified under sub. (2) (a) has made a qualified investment is revoked
3 by the corporation, and not reinstated by the corporation within 120 days following
4 the revocation, or if the entity fails to meet the eligibility requirements for more than
5 120 consecutive days for certification as a community development financial
6 institution by the fund, the person certified under sub. (2) (a) may do any of the
7 following:

8 1. Subject to s. 71.07 (5p) (c) 3., 71.28 (5p) (c) 3., 71.47 (5p) (c) 3., or 76.634 (4),
9 withdraw the qualified investment.

10 2. Immediately reinvest the proceeds of the qualified investment as a qualified
11 investment in another community development financial institution for the duration
12 of the investment period.

13 (4) LIMITS. No more than \$1,000,000 in tax benefits may be claimed under this
14 section in any calendar year.

15 (5) DUTIES OF THE CORPORATION. The corporation shall do all of the following:

16 (a) Notify the department of revenue of every certification issued under sub.
17 (2) (a) and include the dates on which any such certification is granted and the date
18 on which the applicant may withdraw a qualified investment made in a community
19 development financial institution, which date shall be no earlier than the first day
20 of the 61st month after the qualified investment was made.

21 (b) Provide to each applicant for certification under sub. (2) (a) a dated written
22 notice indicating the corporation's decision to grant or deny certification. If
23 certification is granted, the notice shall include the date on which the applicant may
24 withdraw the qualified investment, which date shall be no earlier than the first day
25 of the 61st month after the qualified investment was made.

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1 (c) Notify the department of revenue of each community development financial
2 institution registered under sub. (2) (b).

3 (cm) Determine whether to certify persons to claim tax credits under ss. 71.07
4 (5p), 71.28 (5p), 71.47 (5p), and 76.634 for taxable years beginning after December
5 31, 2014, and to notify the department of revenue of that determination.

6 (d) Establish policies to administer this section.

7

(END)