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 **Advocacy Digest | December 2019**

 **Brad Boycks, Executive Director**

**2020 Workforce Housing Proposal**

With the passage and implementation of [2019 Wisconsin Act 38](https://docs.legis.wisconsin.gov/2019/related/acts/38.pdf), we now turn our efforts to address the issue of making more workforce housing units available. WBA is working with the Wisconsin Realtors Association, the Wisconsin Economic Development Association, Representative Rob Brooks, and Senator Dan Feyen to roll out a package of reforms to encourage the construction of more workforce housing units.

There are several items that are being considered for a package to be rolled out in January. They include:

* changes to make TIF more available for workforce housing
* incentives for local units of government to reduce fees and red tape to encourage single family and small multifamily units that would be available to a broader range of buyers
* levy limit flexibility for municipalities that encourage more workforce housing to be constructed.

Rep. Brooks and Sen. Feyen are working hard to get those that represent builders, realtors, economic development entities, and municipalities, in agreement on the provisions in this bill before it is introduced.

There will be some challenges to passing this bill prior to the end of the legislative session which is anticipated to be sometime in March. There have been some members of the state Senate that have objected to the expansion of TIF to help aid as an additional economic development or as a tool to expand workforce housing options. A concerted lobbying effort will be needed to have a chance to get this bill signed into law in 2020.

**Electrical Code Changes**

After a delayed effective date and some additional review time requested by standing committees of the legislature, the updated electrical code for one- and two-family homes will go into effect on January 2, 2020. The updated code for the commercial building code has been in effect since 2018 and electricians throughout the state have likely been trained on the updates to both the commercial and single-family electrical code in 2018 and 2019.

The Department of Safety and Professional Services recently published a document highlighting the changes that can be [found here](https://static1.squarespace.com/static/59e64f7aa803bb12f450bd3a/t/5de7df31f4450873e666fe84/1575477042084/Highlighted%2BUDC%2BElectrical%2BChanges.pdf).

**NAHB Launches New Podcast**

Recently, the National Association of Home Builders (NAHB) announced a new podcast called the “Housing Developments Podcast.”

The podcast is presented by NAHB CEO Jerry Howard and NAHB Chief Lobbyist Jim Tobin and includes topics on housing affordability, housing economics, workforce development issues, and the state of the residential construction industry.

[Click here](https://www.nahb.org/news-and-publications/publications/housing-developments-podcast.aspx) to access the podcast or search for it on any of the platforms that you chose for podcasts for great up to date information on what NAHB is up to on your behalf in Washington D.C.

**From NAHB: Congress Poised to Revive Expired Tax Extenders, Make Other Key Tax Changes**

Recently congressional and White House negotiators agreed to a package of tax changes that include a number of provisions sought by NAHB, including a series of temporary tax provisions known as “tax extenders.” Congress is expected to approve the package in the coming days and send it for the president’s expected signature.

The tax extenders section of the bill contains a number of temporary tax items that expired at the end of 2017. The legislation would retroactively reinstate in 2018 and 2019, and extend the following tax provisions through 2020:

* **Deduction for Mortgage Insurance.** Allows taxpayers, subject to an income cap beginning at $100,000, to deduct premiums paid for private mortgage insurance and FHA/RHA/VA insurance premiums.
* **Section 45L Tax Credit for Energy-Efficient New Homes**. Provides builders a $2,000 tax credit for the construction of homes exceeding heating and cooling energy standards by 50%. The base energy code is the 2006 International Energy Conservation Code plus supplements. Builders must have [tax basis](https://www.irs.gov/irb/2008-12_IRB/ar14.html) in the home to claim the credit (i.e., they must own and then sell/lease the residence).
* **Section 25C Tax Credit for Qualified Energy-Efficiency Improvements**. Offers a credit worth up to $500 (subject to a $500 lifetime cap), with lower caps for certain products, such as windows, for consumers to install qualified energy-efficient upgrades.
* **Mortgage Forgiveness Tax Relief**. Eliminates any taxes home owners might face because of renegotiating the terms of a home loan, which result in forgiving or canceling a portion of the outstanding loan balance, particularly in connection with short sales. It applies only to principal residences.
* **Section 179D Energy-Efficient Commercial Buildings Deduction**. Provides a deduction of up to $1.80 per square foot for commercial and multifamily buildings that exceed specific energy-efficiency requirements under ASHRAE 2007.

The legislation also includes the Setting Every Community Up for Retirement Enhancement (SECURE) Act, which passed the House earlier this year. The SECURE Act is intended to reduce the administrative costs of small businesses offering their employees retirement savings plans. The SECURE Act will give small businesses a more cost-effective tool to offer retirement benefits by combining their buying power in the form of Open Multiple Employer Plans.

The bill further provides temporary tax relief for individuals and businesses in federally declared disaster areas occurring between Jan. 1, 2018, and 30 days following the enactment of the legislation. These provisions allow certain early penalty-free withdrawals from retirement plans, provide an employee retention tax credit for employers, and offer automatic adjustments to tax filing deadlines, among other changes. The bill also includes a provision to provide additional low-income housing tax credit allocations related to certain 2017 and 2018 California disasters.

The tax package will also repeal a provision related to certain [employee transportation fringe benefits](http://nahbnow.com/2018/03/new-tax-regulations-affect-transportation-subsidies/) offered by non-profit organizations, including trade associations. The Tax Cuts and Jobs Act of 2017 imposed the corporate tax rate of 21% on the value of employer-provided transportation benefits, including parking, or certain other subsidy programs. The bill repeals that tax change for non-profit employers retroactively, which should allow non-profit entities to collect back any taxes paid in 2018.

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