



## Fiscal Estimate Narratives

DOR 2/16/2009

|   |                  |                     |               |               |                 |
|---|------------------|---------------------|---------------|---------------|-----------------|
| LRB Number  | <b>09-0574/1</b> | Introduction Number | <b>SB-010</b> | Estimate Type | <b>Original</b> |
| <b>Description</b><br>The income and franchise tax credit that supplements the federal historic rehabilitation tax credit |                  |                     |               |               |                 |

### Assumptions Used in Arriving at Fiscal Estimate

Current federal law allows a credit, equal to 20% of certain expenditures, to substantially rehabilitate certified historic buildings for use in a trade or business. In Wisconsin, a supplement to the federal historic rehabilitation credit, equal to 5% of qualified rehabilitation expenditures, can be claimed for projects that are eligible for the federal credit.

Wisconsin claimants must currently submit evidence to the Department of Revenue that the rehabilitation work was approved by the Secretary of the Interior before construction began. Additionally, for partners in a partnership or members of a limited liability company, the credit is apportioned according to each partner's ownership interest.

Under this bill, beginning in tax year 2008, claimants must submit evidence to the Department of Revenue that the rehabilitation work was recommended by the state historic preservation officer for approval before construction began and that the rehabilitation work was approved by the Secretary of the Interior. This would allow construction to begin before approval is granted by the Secretary of the Interior. The bill also allows partners in a partnership or members of a limited liability company, to apportion the credit according to a specified agreement of the partners.

The fiscal effect of the bill is unknown, but expected to be a minimal revenue loss.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

|  |   |  |                 |
|--|---|--|-----------------|
| <b>LRB Number</b> 09-0574/1  |   | <b>Introduction Number</b> SB-010              |                 |
| <b>Description</b><br>The income and franchise tax credit that supplements the federal historic rehabilitation tax credit                                  |   |  |                 |
| <b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>                                |   |  |                 |
| <b>II. Annualized Costs:</b>   |   | <b>Annualized Fiscal Impact on funds from:</b> |                 |
|  |   | Increased Costs                                | Decreased Costs |
| <b>A. State Costs by Category</b>  |   |  |                 |
|  | State Operations - Salaries and Fringes | \$   | \$              |
|  | (FTE Position Changes)                  |  |                 |
|  | State Operations - Other Costs          |  |                 |
|  | Local Assistance                        |  |                 |
|  | Aids to Individuals or Organizations    |  |                 |
|  | <b>TOTAL State Costs by Category</b>    | <b>\$</b>                                      | <b>\$</b>       |
| <b>B. State Costs by Source of Funds</b>   |   |  |                 |
|  | GPR                                     |  |                 |
|  | FED                                     |  |                 |
|  | PRO/PRS                                 |  |                 |
|  | SEG/SEG-S                               |  |                 |
| <b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)</b> |   |  |                 |
|  |   | Increased Rev                                  | Decreased Rev   |
|  | GPR Taxes                               | \$   | \$              |
|  | GPR Earned                              |  |                 |
|  | FED                                     |  |                 |
|  | PRO/PRS                                 |  |                 |
|  | SEG/SEG-S                               |  |                 |
|  | <b>TOTAL State Revenues</b>             | <b>\$</b>                                      | <b>\$</b>       |
| <b>NET ANNUALIZED FISCAL IMPACT</b>  |   |  |                 |
|  |   | State  | Local           |
|  | NET CHANGE IN COSTS                     | \$   | \$              |
|  | NET CHANGE IN REVENUE                   | \$See Text                                     | \$              |
| <b>Agency/Prepared By</b>  |   |  |                 |
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|  |   |  | <b>Date</b>     |
|  |   |  | 2/16/2009       |