

2013 DRAFTING REQUEST

Bill

Received: 1/22/2013 Received By: jkreye
Wanted: As time permits Same as LRB:
For: Chad Weininger (608) 266-5840 By/Representing: kirsten
May Contact: Drafter: jkreye
Subject: Tax, Business - credits Addl. Drafters:
Extra Copies:

Submit via email: YES
Requester's email: Rep.Weininger@legis.wisconsin.gov
Carbon copy (CC) to: joseph.kreye@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Increase the supplement to federal historic rehabilitation credit

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 1/24/2013			_____			
/P1	jkreye 2/18/2013	evinz 2/7/2013	jmurphy 2/7/2013	_____	sbasford 2/7/2013		State
/P2	jkreye 2/22/2013	evinz 2/19/2013	jmurphy 2/20/2013	_____	srose 2/20/2013		State
/P3	jkreye	evinz	jmurphy	_____	sbasford		State

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	2/25/2013	jdyer 2/25/2013	jfrantze 2/25/2013	_____	srose 2/25/2013	srose 2/25/2013	State

FE Sent For:

1 2-27-13
per Weininger's
office

<END>

~~_____~~

2013 DRAFTING REQUEST

Bill

Received: 1/22/2013 Received By: jkreye
Wanted: As time permits Same as LRB:
For: Chad Weininger (608) 266-5840 By/Representing: kirsten
May Contact: Drafter: jkreye
Subject: Tax, Business - credits Addl. Drafters:
Extra Copies:

Submit via email: YES
Requester's email: Rep.Weininger@legis.wisconsin.gov
Carbon copy (CC) to: joseph.kreye@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Increase the supplement to federal historic rehabilitation credit

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 1/24/2013			_____			
/P1	jkreye 2/18/2013	evinz 2/7/2013	jmurphy 2/7/2013	_____	sbasford 2/7/2013		State
/P2	jkreye 2/22/2013	evinz 2/19/2013	jmurphy 2/20/2013	_____	srose 2/20/2013		State
/P3	jkreye	evinz	jmurphy	_____	sbasford		State

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	2/25/2013	2/22/2013	2/25/2013	_____	2/25/2013		
/1		jdyer 2/25/2013	jfrantze 2/25/2013	_____	srose 2/25/2013		State

FE Sent For:

<END>

2013 DRAFTING REQUEST

Bill

Received: **1/22/2013** Received By: **jkreye**
Wanted: **As time permits** Same as LRB:
For: **Chad Weinger (608) 266-5840** By/Representing: **kirsten**
May Contact: Drafter: **jkreye**
Subject: **Tax, Business - credits** Addl. Drafters:
Extra Copies: *Please jacket
part 1*
Submit via email: **YES**
Requester's email: **Rep.Weinger@legis.wisconsin.gov**
Carbon copy (CC) to: **joseph.kreye@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Increase the supplement to federal historic rehabilitation credit

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 1/24/2013	<i>1/25 jld</i>	<i>jk</i>	<i>2/25</i>			
/P1	jkreye 2/18/2013	evinz 2/7/2013	jmurphy 2/7/2013		sbasford 2/7/2013		State
/P2	jkreye 2/22/2013	evinz 2/19/2013	jmurphy 2/20/2013		srose 2/20/2013		State
/P3		evinz	jmurphy		sbasford		State

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
		2/22/2013	2/25/2013	_____	2/25/2013		

FE Sent For:

<END>

2013 DRAFTING REQUEST

Bill

Received: 1/22/2013 Received By: jkreye
 Wanted: As time permits Same as LRB:
 For: Chad Weininger (608) 266-5840 By/Representing: kirsten
 May Contact: Drafter: jkreye
 Subject: Tax, Business - credits Addl. Drafters:
 Extra Copies:

Submit via email: YES
 Requester's email: Rep.Weininger@legis.wisconsin.gov
 Carbon copy (CC) to: joseph.kreye@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Increase the supplement to federal historic rehabilitation credit

Instructions:

See attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	jkreye 1/24/2013			_____			
/P1	jkreye 2/18/2013	evinz 2/7/2013	jmurphy 2/7/2013	_____	sbasford 2/7/2013		State
/P2		evinz 2/19/2013	jmurphy 2/20/2013	_____	srose 2/20/2013		State

Handwritten notes:
 /P3 ev 2/20/13 gm 2/22
 jkreye 2/22

FE Sent For:

<END>

2013 DRAFTING REQUEST

Bill

Received: 1/22/2013 Received By: jkreye
 Wanted: As time permits Same as LRB:
 For: Chad Weininger (608) 266-5840 By/Representing: kirsten
 May Contact: Drafter: jkreye
 Subject: Tax, Business - credits Addl. Drafters:
 Extra Copies:

Submit via email: YES
 Requester's email: Rep.Weininger@legis.wisconsin.gov
 Carbon copy (CC) to: joseph.kreye@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Increase the supplement to federal historic rehabilitation credit

Instructions:

See attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	jkreye 1/24/2013			_____			
/P1		evinz 2/7/2013	jmurphy 2/7/2013	_____	sbasford 2/7/2013		State
FE Sent For:		/p2 evv 2/19/13 jmv 2/19		jmv + jk 2/20			

<END>

2013 DRAFTING REQUEST

Bill

Received: 1/22/2013 Received By: jkreye
 Wanted: As time permits Same as LRB:
 For: Chad Weininger (608) 266-5840 By/Representing: kirsten
 May Contact: Drafter: jkreye
 Subject: Tax, Business - credits Addl. Drafters:
 Extra Copies:

Submit via email: YES
 Requester's email: Rep.Weininger@legis.wisconsin.gov
 Carbon copy (CC) to: joseph.kreye@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Increase the supplement to federal historic rehabilitation credit

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
1/2	jkreye	1/21/13	2/7/13				

FE Sent For:

<END>

Kreye, Joseph

From: Seeman, Kirsten
Sent: Tuesday, January 22, 2013 4:02 PM
To: Kreye, Joseph
Subject: Historic tax credit

Hi, Joe:

Representative Chad Weininger would be looking to have historic tax credit legislation drafted. Currently, the state's HTC is 5%, and we would like to change that to 20%, the same as the federal matching.

Please let me know if you have any questions.

Thank you!

Kirsten Seeman
Research Assistant
Office of State Representative Chad Weininger
4th Assembly District
125 West, State Capitol
608-266-1184 / kirsten.seeman@legis.wi.gov

71.07 (9m)
71.28 (6)
71.47 (6)

Kreye, Joseph

From: Seeman, Kirsten
Sent: Wednesday, January 23, 2013 2:55 PM
To: Kreye, Joseph
Subject: RE: Historic tax credit

Yes, the 20% credit would expire. But with the commission to do the economic study by 2016, if it's a program that's working, they would have two years to determine whether to extend the program or not.

Kirsten Seeman
Research Assistant
Office of State Representative Chad Weininger
4th Assembly District
125 West, State Capitol
608-266-1184 / kirsten.seeman@legis.wi.gov

From: Kreye, Joseph
Sent: Wednesday, January 23, 2013 2:53 PM
To: Seeman, Kirsten
Subject: RE: Historic tax credit

What policy? Do you mean that the 20 percent credit would expire?

Joe

Joseph Kreye
Senior Legislative Attorney
Legislative Reference Bureau
608 266-2263

From: Seeman, Kirsten
Sent: Wednesday, January 23, 2013 2:52 PM
To: Kreye, Joseph
Subject: RE: Historic tax credit

Hey, Joe:

I believe what the intent of that part is to have the policy be on the books for 5 years and sunset in FY 2018.

Thanks!

Kirsten Seeman
Research Assistant
Office of State Representative Chad Weininger
4th Assembly District
125 West, State Capitol
608-266-1184 / kirsten.seeman@legis.wi.gov

From: Kreye, Joseph
Sent: Wednesday, January 23, 2013 9:21 AM

To: Seeman, Kirsten
Subject: RE: Historic tax credit

Kirsten,

I don't understand this part: "retain submitted policy for a five-year operation that sunsets in FY 2018". Please elaborate.

Thanks,
Joe

Joseph Kreye
Senior Legislative Attorney
Legislative Reference Bureau
608 266-2263

From: Seeman, Kirsten
Sent: Wednesday, January 23, 2013 9:06 AM
To: Kreye, Joseph
Subject: RE: Historic tax credit

Hey, Joseph:

Couple more things to add to the HTC bill:

In addition to changing the 5% to the 20% HTC match, we would also like the bill to allow for transfer of immediately unusable credit.

We would like to hold the current position of having no project or annual aggregate cap, retain submitted policy for a five-year operation that sunsets in FY 2018, and to commission an economic impact study in 2016. We would also like the have project eligibility criteria to include a minimum capital of \$5 million, buildings must be at least 50% vacant and buildings must be renovated for a minimum of 25% commercial use.

This bill is being primarily modeled after Minnesota's HTC program, if that helps you.

Thanks, and if there are any questions, just let me know!

Kirsten Seeman
Research Assistant
Office of State Representative Chad Weininger
4th Assembly District
125 West, State Capitol
608-266-1184 / kirsten.seeman@legis.wi.gov

From: Seeman, Kirsten
Sent: Tuesday, January 22, 2013 4:02 PM
To: Kreye, Joseph
Subject: Historic tax credit

Hi, Joe:

Representative Chad Weininger would be looking to have historic tax credit legislation drafted. Currently, the state's HTC is 5%, and we would like to change that to 20%, the same as the federal matching.

Please let me know if you have any questions.

Thank you!

Kirsten Seeman
Research Assistant
Office of State Representative Chad Weininger
4th Assembly District
125 West, State Capitol
608-266-1184 / kirsten.seeman@legis.wi.gov



PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

SAN
xref ✓

m 1-23-13

D-N

gen cat

1 AN ACT ^{gen cat}; relating to: increasing the amount of the supplement to the federal
2 historic rehabilitation tax credit.

Analysis by the Legislative Reference Bureau

Under current law, a person may claim a [^]income and franchise tax credit for 5* percent of the qualified rehabilitation expenditures, as defined under the federal Internal Revenue Code, for certified historic structures on property located in this state, if construction begins after December 31, 1988, and the rehabilitated property is placed in service after June 30, 1989. The credit is a supplement to the federal tax credit for 20 percent of the qualified rehabilitation expenditures for certified historic structures. The federal credit, and the supplemental state credit, applies to nonresidential real property and residential rental property. ^{Apply}

Under this bill, a person may claim a [^]income and franchise tax credit for 20* percent of the qualified rehabilitation expenses, as defined under the federal Internal Revenue Code, for certified historic structures on property located in this state, if the cost of the person's qualified rehabilitation expenditures is at least \$5,000,000, the interior space of the certified historic structure is at least 50 percent unoccupied before construction begins, the rehabilitated property is placed in service after December 31, 2012, and before January 1, 2019, and at least 25 percent of the interior space of the rehabilitated property is used for commercial purposes.

Under the bill, the Department of Revenue, in conjunction with the State Historical Society, must submit a report to the Joint Committee on Finance, no later than June 30, 2016, describing the economic impact of the tax credits and making a recommendation as to whether the tax credits should continue. The (JCF)

recommendation, however, may be implemented only upon approval of the committee. JCF

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:

SECTION 1. 71.07 (9m) (a) of the statutes is renumbered 71.07 (9m) (a) 1. and amended to read:

71.07 (9m) (a) 1. Any For taxable years beginning before January 1, 2019, any person may credit against taxes otherwise due under this chapter, up to the amount of those taxes, an amount equal to 5% of the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the internal revenue code, for certified historic structures on property located in this state if the physical work of construction or destruction in preparation for construction begins after December 31, 1988, and the rehabilitated property is placed in service after June 30, 1989, and before January 1, 2013.

History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27 ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9, 10, 32; 1999 a. 150 s. 672; 1999 a. 198; 2001 a. 16, 109; 2003 a. 72, 99, 135, 183, 255, 267, 326; 2005 a. 25, 49, 72, 74, 97, 177, 254, 361, 387, 479, 483, 487; 2007 a. 11, 20, 96, 97, 100; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; 2011 a. 15, 32, 67, 212, 213, 232, 237; 2011 a. 260 s. 80; s. 35.17 correction in (2dr) (a), (5n) (a) (intro.).

SECTION 2. 71.07 (9m) (a) 2. of the statutes is created to read:

71.07 (9m) (a) 2. For taxable years beginning after December 31, 2012, and before January 1, 2019, any person ^{may} claim as a credit against taxes otherwise due under s. 71.02, up to the amount of those taxes, an amount equal to 20 percent of the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for certified historic structures on property located in this state, if the cost of the person's qualified rehabilitation expenditures is at least \$5,000,000, the interior space of the certified historic structure is at least 50 percent unoccupied before the physical work of construction or destruction in preparation for

1 construction begins, the rehabilitated property is placed in service after December
2 31, 2012, and before January 1, 2019, and at least 25 percent of the interior space of
3 the rehabilitated property is used for commercial purposes.

4 **SECTION 3.** 71.07[✓](9m) (h) of the statutes is created to read:

5 **71.07 (9m)** (h) A person who is eligible to claim the credit under par. (a)[✓] 2. may
6 sell or otherwise transfer the credit to another person who is subject to the taxes
7 imposed under s. 71.02[✓], 71.23[✓], or 71.43[✓], if the person notifies the department of the
8 transfer and submits with the notification a copy of the transfer documents.

9 **SECTION 4.** 71.28[✗] (6) (a) of the statutes is renumbered 71.28 (6) (a) 1. and
10 amended to read:

11 71.28 (6) (a) 1. Any For taxable years beginning before January 1, 2019, any
12 person may credit against taxes otherwise due under this chapter, up to the amount
13 of those taxes, an amount equal to 5% of the costs of qualified rehabilitation
14 expenditures, as defined in section 47 (c) (2) of the internal revenue code, for certified
15 historic structures on property located in this state if the physical work of
16 construction or destruction in preparation for construction begins after December
17 31, 1988, and the rehabilitated property is placed in service after June 30, 1989, and
18 before January 1, 2013.

History: 1987 a. 312; 1987 a. 411 ss. 88, 130 to 139; 1987 a. 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292; 1993 a. 16, 112, 232, 491; 1995 a. 2; 1995 a. 27 ss. 3399r to 3404c, 9116 (5); 1995 a. 209, 227; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; 2007 a. 20, 96, 97, 100; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; 2011 a. 3, 15, 32, 67, 212, 213, 232, 237; 2011 a. 260 s. 80; s. 35.17 correction in (1dm) (a) 1.

19 **SECTION 5.** 71.28 (6) (a) 2. of the statutes is created to read:

20 71.28 (6) (a) 2. For taxable years beginning after December 31, 2012, and before
21 January 1, 2019, any person ^{may} claim as a credit against taxes otherwise due under s.
22 71.23[✓], up to the amount of those taxes, an amount equal to 20 percent of the costs of
23 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal

1 Revenue Code, for certified historic structures on property located in this state, if the
2 cost of the person's qualified rehabilitation expenditures is at least \$5,000,000, the
3 interior space of the certified historic structure is at least 50 percent unoccupied
4 before the physical work of construction or destruction in preparation for
5 construction begins, the rehabilitated property is placed in service after December
6 31, 2012, and before January 1, 2019, and at least 25 percent of the interior space of
7 the rehabilitated property is used for commercial purposes.

8 SECTION 6. 71.28[✓] (6) (h) of the statutes is created to read:

9 71.28 (6) (h) A person who is eligible to claim the credit under par. (a) 2. may
10 sell or otherwise transfer the credit to another person who is subject to the taxes
11 imposed under s. 71.02, 71.23, or 71.43, if the person notifies the department of the
12 transfer and submits with the notification a copy of the transfer documents.

13 SECTION 7. 71.47[✗] (6) (a) of the statutes is renumbered 71.47 (6) (a) 1. and
14 amended to read:

15 71.47 (6) (a) 1. Any For taxable years beginning before January 1, 2019, any
16 person may credit against taxes otherwise due under this chapter, up to the amount
17 of those taxes, an amount equal to 5% of the costs of qualified rehabilitation
18 expenditures, as defined in section 47 (c) (2) of the internal revenue code, for certified
19 historic structures on property located in this state if the physical work of
20 construction or destruction in preparation for construction begins after December
21 31, 1988, and the rehabilitated property is placed in service after June 30, 1989, and
22 before January 1, 2013.

History: 1987 a. 312, 411, 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292, 315; 1993 a. 16, 112; 1995 a. 27 ss. 3407m to 3412m, 9116 (5); 1995 a. 209, 227, 417;
1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; 2007 a. 20, 96, 97, 100; 2009 a. 2, 11,
28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 407; 2011 a. 3, 15, 32, 67, 212, 213, 232, 237; 2011 a. 260 ss. 80, 81.

23 SECTION 8. 71.47 (6) (a) 2. of the statutes is created to read:

1 71.47 (6) (a) 2. For taxable years beginning after December 31, 2012, and before
2 January 1, 2019, any person ^{may} claim as a credit against taxes otherwise due under s.
3 71.23, up to the amount of those taxes, an amount equal to 20 percent of the costs of
4 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal
5 Revenue Code, for certified historic structures on property located in this state, if the
6 cost of the person's qualified rehabilitation expenditures is at least \$5,000,000, the
7 interior space of the certified historic structure is at least 50 percent unoccupied
8 before the physical work of construction or destruction in preparation for
9 construction begins, the rehabilitated property is placed in service after December
10 31, 2012, and before January 1, 2019, and at least 25 percent of the interior space of
11 the rehabilitated property is used for commercial purposes.

12 **SECTION 9.** 71.47 (6) (h) of the statutes is [√]created to read:

13 71.47 (6) (h) A person who is eligible to claim the credit under par. [√](a) 2. ^gmay
14 sell or otherwise transfer the credit to another person who is subject to the taxes
15 imposed under s. 71.02, 71.23, or 71.43, if the person notifies the department of the
16 transfer and submits with the notification a copy of the transfer documents.

17 **SECTION 10. Nonstatutory provisions.**

18 (1) JOINT FINANCE REVIEW. No later than June 30, 2016, the department of
19 revenue, in conjunction with the state historical society, shall submit to the joint
20 committee on finance a report describing the economic impact of the tax credits
21 under sections 71.07 (9m) (a) 2., 71.28 (6) (a) 2., and 71.47 (6) (a) 2. of the statutes,
22 as affected by this act, and shall make a recommendation to the committee as to
23 whether the tax credits should continue. The report shall also specify the number
24 and type of claimants who have claimed the credits under sections 71.07 (9m) (a) 2.,
25 71.28 (6) (a) 2., and 71.47 (6) (a) 2. of the statutes, as affected by this act, and the

1 commercial purposes for which the rehabilitated properties are used. Within 14
2 working days after the submittal date of the report, the cochairpersons of the
3 committee shall notify the department of revenue and the state historical society
4 that the committee has scheduled a meeting for the purpose of reviewing the
5 recommendation. The recommendation may be implemented only upon approval of
6 the committee.

7 (END)

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1274/P1dn

JK:.....

leev

date

Representative Weininger:

Please review this draft carefully to ensure that it is consistent with your intent. Because taxpayers file on both a fiscal year basis and on a calendar year basis (and on short year variations), the tax credit sunsets with taxable years beginning before January 1, 2019, rather than taxable years beginning before July 1, 2019. DOR typically prefers that tax credit programs begin and end based on calendar year filings.

Joseph T. Kreye
Senior Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.wisconsin.gov

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1274/P1dn
JK:eev:jm

February 7, 2013

Representative Weininger:

Please review this draft carefully to ensure that it is consistent with your intent. Because taxpayers file on both a fiscal year basis and on a calendar year basis (and on short year variations), the tax credit sunsets with taxable years beginning before January 1, 2019, rather than taxable years beginning before July 1, 2019. DOR typically prefers that tax credit programs begin and end based on calendar year filings.

Joseph T. Kreye
Senior Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.wisconsin.gov

Kreye, Joseph

From: Seeman, Kirsten
Sent: Monday, February 18, 2013 11:02 AM
To: Kreye, Joseph
Subject: Historic tax credit legislation

Hi, Joe:

I would like to make some changes to LRB-1274/P1, the historic tax credit legislation. Also, just to clarify, my name is KIRsten, not Kristen – I get it all the time, so don't worry about it!

Below are the changes I would like to make, please contact me with any questions or concerns.

- Decouple the federal tax credit from the state tax credit – the state tax credit would then allow for a minimum investment of \$50,000 (instead of \$5 million).
 - Individuals would be eligible for both the federal tax credit of 20% and the Wisconsin state tax credit of 20%, but should they not meet the federal tax credit adjusted cost basis, they would be eligible to apply for only the Wisconsin tax credit, which has a minimum of \$50,000 investment.
- Get rid of the vacancy clause of at least 50% vacant and get rid of the 25% commercial use clause.
- Require preapproval to be eligible for tax credits – this is already done for state tax credits, but would like to expand to federal tax credits as well, so both state and federal historic tax credits would need to be preapproved by the Wisconsin Historical Society. I don't believe this will be an issue for the federal tax credit, since most of the work goes through the state before being eligible for the fed. credit.
- Create a fee-making authority for the purpose of historic tax credits, allowing the Wisconsin Historical Society to create fees for the increase in project requests that will occur with the raising of the matching credit amounts.
- An addition to the bill: the federal government currently has a 10% tax credit for those buildings built pre-1936, we would like to offer a state match of 10% for those buildings along the same lines as the current historic tax credit. They will need to meet federal criteria in order to receive these funds, just like the historic tax credit.
 - If a building is a historic building and is eligible for the historic tax credit, they cannot apply for the pre-1936 building renovation tax credit, instead, they would need to apply for the historic tax credit.
- Instead of a 5 year sunset, we would like to have a 10 year sunset – “for taxable years beginning before January 1, 2023”
- Instead of the economic impact study being done three years out, we would like to have it commissioned five years out.

I'm also wondering about some sections of the bill draft that still have 5% in the statutes – if you could give me a call on those, I would appreciate it.

Representative Weinger would like to move quickly on this bill now that we've collected the above changes; would it be possible to receive the updated draft back today or tomorrow?

Thank you!

Kirsten Seeman
Research Assistant
Office of State Representative Chad Weinger
4th Assembly District
125 West, State Capitol
608-266-1184 / kirsten.seeman@legis.wi.gov

*look into fed
if self-insured
basis*

*Twenty
of least
50K*

*Whatever fed
includes or not
level*



stays RMR

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

in Mon 2-18

due Thurs 2-21

D-N

no you

1 AN ACT *to renumber and amend* 71.07 (9m) (a), 71.28 (6) (a) and 71.47 (6) (a);
2 and *to create* 71.07 (9m) (a) 2., 71.07 (9m) (h), 71.28 (6) (a) 2., 71.28 (6) (h), 71.47
3 (6) (a) 2. and 71.47 (6) (h) of the statutes; **relating to:** increasing the amount
4 of the supplement to the federal historic rehabilitation tax credit.

\$50,000 and

Analysis by the Legislative Reference Bureau

Under current law, a person may claim an income and franchise tax credit for 5 percent of the qualified rehabilitation expenditures, as defined under the federal Internal Revenue Code, for certified historic structures on property located in this state, if construction begins after December 31, 1988, and the rehabilitated property is placed in service after June 30, 1989. The credit is a supplement to the federal tax credit for 20 percent of the qualified rehabilitation expenditures for certified historic structures. The federal credit, and the supplemental state credit, apply to nonresidential real property and residential rental property.

Under this bill, a person may claim an income and franchise tax credit for 20 percent of the qualified rehabilitation expenses, as defined under the federal Internal Revenue Code, for certified historic structures on property located in this state, if the cost of the person's qualified rehabilitation expenditures is at least \$5,000,000, the interior space of the certified historic structure is at least 50 percent unoccupied before construction begins, the rehabilitated property is placed in service after December 31, 2012, and before January 1, 2019, and at least 25 percent of the interior space of the rehabilitated property is used for commercial purposes.

Under the bill, the Department of Revenue, in conjunction with the State Historical Society, must submit a report to the Joint Committee on Finance (JCF),

Insert A

2023

2018

no later than June 30, 2016, describing the economic impact of the tax credits and making a recommendation as to whether the tax credits should continue. The recommendation, however, may be implemented only upon approval of JCF.

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:

SECTION 1. 71.07 (9m) (a) of the statutes is renumbered 71.07 (9m) (a) 1. and amended to read:

71.07 (9m) (a) 1. ~~Any~~ For taxable years beginning before January 1, 2019, any person may credit against taxes otherwise due under this chapter, up to the amount of those taxes, an amount equal to 5% of the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the internal revenue code, for certified historic structures on property located in this state if the physical work of construction or destruction in preparation for construction begins after December 31, 1988, and the rehabilitated property is placed in service after June 30, 1989, and before January 1, 2013.

SECTION 2. 71.07 (9m) (a) 2. of the statutes is created to read:

71.07 (9m) (a) 2. For taxable years beginning after December 31, 2012, and before January 1, 2019, any person may claim as a credit against taxes otherwise due under s. 71.02, up to the amount of those taxes, an amount equal to 20 percent of the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for certified historic structures on property located in this state, if the cost of the person's qualified rehabilitation expenditures is at least \$5,000,000, the interior space of the certified historic structure is at least 50 percent unoccupied before the physical work of construction or destruction in preparation for

Insert 2-1

2013

13

\$5,000,000, the interior space of the certified historic structure is at least 50 percent unoccupied before the physical work of construction or destruction in preparation for

\$50,000 and

Amend
3-3

1 construction begins, the rehabilitated property is placed in service after December
2 31, 2012, and before January 1, 2019, and at least 25 percent of the interior space of
3 the rehabilitated property is used for commercial purposes.

2023

4 SECTION 3. 71.07 (9m) (h) of the statutes is created to read:

5 71.07 (9m) (h) A person who is eligible to claim the credit under par. (a) 2. may
6 sell or otherwise transfer the credit to another person who is subject to the taxes
7 imposed under s. 71.02, 71.23, or 71.43, if the person notifies the department of the
8 transfer and submits with the notification a copy of the transfer documents.

9 SECTION 4. 71.28 (6) (a) of the statutes is renumbered 71.28 (6) (a) 1. and
10 amended to read:

11 71.28 (6) (a) 1. Any For taxable years beginning before January 1, 2019, any
12 person may credit against taxes otherwise due under this chapter, up to the amount
13 of those taxes, an amount equal to 5% of the costs of qualified rehabilitation
14 expenditures, as defined in section 47 (c) (2) of the internal revenue code, for certified
15 historic structures on property located in this state if the physical work of
16 construction or destruction in preparation for construction begins after December
17 31, 1988, and the rehabilitated property is placed in service after June 30, 1989, and
18 before January 1, 2013.

2013

19 SECTION 5. 71.28 (6) (a) 2. of the statutes is created to read:

20 71.28 (6) (a) 2. For taxable years beginning after December 31, 2012, and before
21 January 1, 2019, any person may claim as a credit against taxes otherwise due under
22 s. 71.23, up to the amount of those taxes, an amount equal to 20 percent of the costs
23 of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal
24 Revenue Code, for certified historic structures on property located in this state, if the
25 cost of the person's qualified rehabilitation expenditures is at least \$5,000,000, the

\$5,000,000

\$50,000 and

9

1 interior space of the certified historic structure is at least 50 percent unoccupied
 2 before the physical work of construction or destruction in preparation for
 3 construction begins, the rehabilitated property is placed in service after December
 4 31, 2012, and before January 1, 2019, and at least 25 percent of the interior space of
 5 the rehabilitated property is used for commercial purposes.

6 SECTION 6. 71.28 (6) (h) of the statutes is created to read:

7 71.28 (6) (h) A person who is eligible to claim the credit under par. (a) 2. may
 8 sell or otherwise transfer the credit to another person who is subject to the taxes
 9 imposed under s. 71.02, 71.23, or 71.43, if the person notifies the department of the
 10 transfer and submits with the notification a copy of the transfer documents.

11 SECTION 7. 71.47 (6) (a) of the statutes is renumbered 71.47 (6) (a) 1. and
12 amended to read:

13 71.47 (6) (a) 1. Any For taxable years beginning before January 1, 2019, any
 14 person may credit against taxes otherwise due under this chapter, up to the amount
 15 of those taxes, an amount equal to 5% of the costs of qualified rehabilitation
 16 expenditures, as defined in section 47 (c) (2) of the internal revenue code, for certified
 17 historic structures on property located in this state if the physical work of
 18 construction or destruction in preparation for construction begins after December
 19 31, 1988, and the rehabilitated property is placed in service after June 30, 1989, and
 20 before January 1, 2013.

21 SECTION 8. 71.47 (6) (a) 2. of the statutes is created to read:

22 71.47 (6) (a) 2. For taxable years beginning after December 31, 2012, and before
 23 January 1, 2019, any person may claim as a credit against taxes otherwise due under
 24 s. 71.23, up to the amount of those taxes, an amount equal to 20 percent of the costs
 25 of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal

4-5

2023

or 3.

2013

\$50,000 and

Amend
5-7

1 Revenue Code, for certified historic structures on property located in this state, if the
2 cost of the person's qualified rehabilitation expenditures is at least \$50,000, the
3 interior space of the certified historic structure is at least 50 percent unoccupied
4 before the physical work of construction or destruction in preparation for
5 construction begins, the rehabilitated property is placed in service after December
6 31, 2012, and before January 1, 2019, and at least 25 percent of the interior space of
7 the rehabilitated property is used for commercial purposes.

2023

8 SECTION 9. 71.47 (6) (h) of the statutes is created to read:

9 71.47 (6) (h) A person who is eligible to claim the credit under par. (a) 2. may
10 sell or otherwise transfer the credit to another person who is subject to the taxes
11 imposed under s. 71.02, 71.23, or 71.43, if the person notifies the department of the
12 transfer and submits with the notification a copy of the transfer documents.

13 SECTION 10. Nonstatutory provisions.

2018

14 (1) JOINT FINANCE REVIEW. No later than June 30, 2016, the department of
15 revenue, in conjunction with the state historical society, shall submit to the joint
16 committee on finance a report describing the economic impact of the tax credits
17 under sections 71.07 (9m) (a) 2., 71.28 (6) (a) 2., and 71.47 (6) (a) 2. of the statutes,
18 as affected by this act, and shall make a recommendation to the committee as to
19 whether the tax credits should continue. The report shall also specify the number
20 and type of claimants who have claimed the credits under sections 71.07 (9m) (a) 2.,
21 71.28 (6) (a) 2., and 71.47 (6) (a) 2. of the statutes, as affected by this act, and the
22 commercial purposes for which the rehabilitated properties are used. Within 14
23 working days after the submittal date of the report, the cochairpersons of the
24 committee shall notify the department of revenue and the state historical society
25 that the committee has scheduled a meeting for the purpose of reviewing the

and 3.

and 3.

and 3.

1 recommendation. The recommendation may be implemented only upon approval of
2 the committee.

3 (END)