



State of Wisconsin  
2017 - 2018 LEGISLATURE

LRB-1330/P5  
AJM&JK:emw

DOA:.....Quinn, BB0179 - Capping annual credit awards for the historic rehabilitation tax credit

**FOR 2017-2019 BUDGET -- NOT READY FOR INTRODUCTION**

**AN ACT ...; relating to:** the budget.

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*Analysis by the Legislative Reference Bureau*  
**COMMERCE AND ECONOMIC DEVELOPMENT**

**ECONOMIC DEVELOPMENT**

This bill specifies that WEDC may certify no more than \$10,000,000 of tax credits under the historic rehabilitation tax credit each year. The bill also requires that the tax credits be awarded competitively, based on the potential to create jobs, the benefit to the state of certifying the credit relative to the cost of the credit, the projected impact on the local economy, the likelihood that the activity would occur without the credit, and the number of historic rehabilitation tax credits certified in the same county or municipality in prior years. In addition, the bill provides that if the activity for which the person claims a credit creates fewer full-time jobs than projected, as reported to DOR, the person must repay to DOR the amount of the credit claimed in proportion to the number of full-time jobs created compared to the number of full-time jobs projected.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

**SECTION 1.** 71.07 (9m) (i) of the statutes is created to read:

71.07 **(9m)** (i) 1. a. Except as provided in subd. 1. b., if the activity for which a person claims a credit under this subsection creates fewer full-time jobs than projected under s. 238.17 (3) (a), as reported to the department under s. 238.17 (4), the person who claimed the credit shall repay to the department any amount of the credit claimed, as determined by the department, in proportion to the number of full-time jobs created compared to the number of full-time jobs projected.

b. For purposes of subd. 1. a., the person who initially sells or transfers a credit under par. (h) is responsible for repaying the credit.

2. If a person who claims a credit under this subsection and a credit under section 47 of the Internal Revenue Code for the same qualified rehabilitation expenditures is required to repay any amount of the credit claimed under section 47 of the Internal Revenue Code, the person shall repay to the department a proportionate amount of the credit claimed under this subsection.

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

71.28 **(6)** (i) 1. a. Except as provided in subd. 1. b., if the activity for which a person claims a credit under this subsection creates fewer full-time jobs than projected under s. 238.17 (3) (a), as reported to the department under s. 238.17 (4), the person who claimed the credit shall repay to the department any amount of the credit claimed, as determined by the department, in proportion to the number of full-time jobs created compared to the number of full-time jobs projected.

b. For purposes of subd. 1. a., the person who initially sells or transfers a credit under par. (h) is responsible for repaying the credit.

2. If a person who claims a credit under this subsection and a credit under section 47 of the Internal Revenue Code for the same qualified rehabilitation

expenditures is required to repay any amount of the credit claimed under section 47 of the Internal Revenue Code, the person shall repay to the department a proportionate amount of the credit claimed under this subsection.

**SECTION 3.** 71.47 (6) (i) of the statutes is created to read:

71.47 (6) (i) 1. a. Except as provided in subd. 1. b., if the activity for which a person claims a credit under this subsection creates fewer full-time jobs than projected under s. 238.17 (3) (a), as reported to the department under s. 238.17 (4), the person who claimed the credit shall repay to the department any amount of the credit claimed, as determined by the department, in proportion to the number of full-time jobs created compared to the number of full-time jobs projected.

b. For purposes of subd. 1. a., the person who initially sells or transfer a credit under par. (h) is responsible for repaying the credit.

2. If a person who claims a credit under this subsection and a credit under section 47 of the Internal Revenue Code for the same qualified rehabilitation expenditures is required to repay any amount of the credit claimed under section 47 of the Internal Revenue Code, the person shall repay to the department a proportionate amount of the credit claimed under this subsection.

**SECTION 4.** 238.17 of the statutes is renumbered 238.17 (1) and amended to read:

238.17 (1) For taxable years beginning after December 31, 2013, the corporation may certify a person to claim a tax credit under s. 71.07 (9m), 71.28 (6), or 71.47 (6), if the corporation determines that the person is conducting an eligible activity under s. 71.07 (9m), 71.28 (6), or 71.47 (6). No person may claim a tax credit under s. 71.07 (9m), 71.28 (6), or 71.47 (6) without first being certified under this ~~section~~ subsection.

**SECTION 5.** 238.17 (2) of the statutes is created to read:

238.17 (2) (a) For the calendar year 2017, the tax credits certified under sub.

(1) may total no more than whichever of the following is greater:

1. \$10,000,000.

2. The amount certified by the corporation between January 1, 2017, and the effective date of this subdivision .... [LRB inserts date].

(b) Beginning in the calendar year 2018, the tax credits certified under sub. (1) may total no more than \$10,000,000 annually.

**SECTION 6.** 238.17 (3) of the statutes is created to read:

238.17 (3) The corporation shall use a competitive process to certify a person to claim tax credits under sub. (1), based on all of the following criteria:

(a) The eligible activity's potential to create jobs.

(b) The economic benefit to the state of certifying the tax credit relative to the cost to the state of the tax credit.

(c) The projected impact of the eligible activity on the local economy.

(d) Whether the eligible activity would occur absent the credit.

(e) The number of historic rehabilitation tax credits certified under sub. (1) in the same county or municipality in prior years.

**SECTION 7.** 238.17 (4) of the statutes is created to read:

238.17 (4) For 4 years following receipt of a tax credit under sub. (1), the original claimant shall report to the corporation the total number of full-time jobs created by the activity for which the credit was claimed. The corporation shall report to the department of revenue, at least once each calendar quarter, any claimant whose activity created fewer full-time jobs than projected under sub. (3) (a). The corporation shall report to the department of revenue the name, address, and tax

identification number of the claimant, and the number of full-time jobs projected and created.

**SECTION 8.** 238.17 (5) of the statutes is created to read:

238.17 (5) The corporation shall adopt policies and procedures for the administration of this section, including all of the following:

- (a) Process by which applicants may apply for certification under sub. (1).
- (b) Certification of the tax credit, in accordance with sub. (3).
- (c) Reporting requirements for certified claimants.
- (d) Process and criteria for revocation of certification.

**(END)**