



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-1724/P2
JK:kjf&amn

DOA:.....Quinn, BB0257 - Historic rehabilitation credit modifications
FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

1. Historical rehabilitation credit

Current law authorizes WEDC to certify a person to receive a tax credit equal to 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. WEDC may also certify a person to receive a similar credit for the rehabilitation expenses for qualified rehabilitated buildings, as defined under the federal Internal Revenue Code, that are not certified historic structures. Finally, current law prohibits WEDC from certifying persons to claim more than \$3,500,000 in all such credits for all projects undertaken on the same parcel.

This bill eliminates the credit for qualified rehabilitated buildings and prohibits WEDC from certifying persons to claim more than \$3,500,000 in tax credits for any project involving the rehabilitation of certified historic structures, regardless of the number of parcels on which the project is undertaken.

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) 3. of the statutes is amended to read:

71.07 **(9m)** (a) 3. For taxable years beginning after December 31, 2013, 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 qualified rehabilitated buildings, as defined in section 47 (c) (1) of the Internal Revenue Code, on property located in this state, if the cost of the person's qualified rehabilitation expenditures is at least \$50,000 and the rehabilitated property is placed in service after December 31, 2013, and regardless of whether the rehabilitated property is used for multiple or revenue-producing purposes. No credit may be claimed under this subdivision for property listed as a contributing building in the state register of historic places or in the national register of historic places and no credit may be claimed under this subdivision for nonhistoric, nonresidential property converted into housing if the property has been previously used for housing.

SECTION 2. 71.07 (9m) (cn) (intro.) of the statutes is amended to read:

71.07 **(9m)** (cn) (intro.) For taxable years beginning after December 31, 2014, and before January 1, 2019, the Wisconsin Economic Development Corporation shall certify a person to claim a credit under par. (a) 3. if all of the following apply:

SECTION 3. 71.07 (9m) (e) of the statutes is renumbered 71.07 (9m) (e) 1.

SECTION 4. 71.07 (9m) (e) 2. of the statutes is created to read:

71.07 **(9m)** (e) 2. No credit may be claimed under par. (a) 3. for taxable years beginning after December 31, 2018. Credits under par. (a) 3. for taxable years that begin before January 1, 2019, may be carried forward to taxable years that begin after December 31, 2018.

SECTION 5. 71.28 (6) (a) 3. of the statutes is amended to read:

71.28 (6) (a) 3. For taxable years beginning after December 31, 2013, and before January 1, 2019, any person may claim as a credit against taxes otherwise due under s. 71.23, 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 qualified rehabilitated buildings, as defined in section 47 (c) (1) of the Internal Revenue Code, on property located in this state, if the cost of the person's qualified rehabilitation expenditures is at least \$50,000 and the rehabilitated property is placed in service after December 31, 2013, and regardless of whether the rehabilitated property is used for multiple or revenue-producing purposes. No credit may be claimed under this subdivision for property listed as a contributing building in the state register of historic places or in the national register of historic places and no credit may be claimed under this subdivision for nonhistoric, nonresidential property converted into housing if the property has been previously used for housing.

SECTION 6. 71.28 (6) (cn) (intro.) of the statutes is amended to read:

71.28 (6) (cn) (intro.) For taxable years beginning after December 31, 2014, and before January 1, 2019, the Wisconsin Economic Development Corporation shall certify a person to claim a credit under par. (a) 3. if all of the following apply:

SECTION 7. 71.28 (6) (e) of the statutes is renumbered 71.28 (6) (e) 1.

SECTION 8. 71.28 (6) (e) 2. of the statutes is created to read:

71.28 (6) (e) 2. No credit may be claimed under par. (a) 3. for taxable years beginning after December 31, 2018. Credits under par. (a) 3. for taxable years that begin before January 1, 2019, may be carried forward to taxable years that begin after December 31, 2018.

SECTION 9. 71.47 (6) (a) 3. of the statutes is amended to read:

71.47 (6) (a) 3. For taxable years beginning after December 31, 2013, and before January 1, 2019, any person may claim as a credit against taxes otherwise due under s. 71.43, 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 qualified rehabilitated buildings, as defined in section 47 (c) (1) of the Internal Revenue Code, on property located in this state, if the cost of the person's qualified rehabilitation expenditures is at least \$50,000 and the rehabilitated property is placed in service after December 31, 2013, and regardless of whether the rehabilitated property is used for multiple or revenue-providing purposes. No credit may be claimed under this subdivision for property listed as a contributing building in the state register of historic places or in the national register of historic places and no credit may be claimed under this subdivision for nonhistoric, nonresidential property converted into housing if the property has been previously used for housing.

SECTION 10. 71.47 (6) (cn) (intro.) of the statutes is amended to read:

71.47 (6) (cn) (intro.) For taxable years beginning after December 31, 2014, and before January 1, 2019, the Wisconsin Economic Development Corporation shall certify a person to claim a credit under par. (a) 3. if all of the following apply:

SECTION 11. 71.47 (6) (e) of the statutes is renumbered 71.47 (6) (e) 1.

SECTION 12. 71.47 (6) (e) 2. of the statutes is created to read:

71.47 (6) (e) 2. No credit may be claimed under par. (a) 3. for taxable years beginning after December 31, 2018. Credits under par. (a) 3. for taxable years that begin before January 1, 2019, may be carried forward to taxable years that begin after December 31, 2018.

SECTION 13. 238.17 (1) of the statutes is renumbered 238.17 (1) (a) and amended to read:

238.17 (1) (a) ~~For~~ Except as provided in par. (b), 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 subsection.

SECTION 14. 238.17 (1) (b) of the statutes is created to read:

238.17 (1) (b) The corporation may not certify a person to claim a tax credit under s. 71.07 (9m) (a) 3., 71.28 (6) (a) 3., or 71.47 (6) (a) 3. for taxable years beginning after December 31, 2018.

SECTION 15. 238.17 (2) of the statutes is amended to read:

238.17 (2) Beginning July 1, 2018, and ending on June 30, 2019, the corporation may not certify persons to claim more than a total of \$3,500,000 in tax credits for all projects undertaken on the same parcel. Beginning July 1, 2019, the corporation may not certify persons to claim more than a total of \$3,500,000 in tax credits for any project, regardless of the number of parcels on which the project is undertaken.

(END)