



## 2001 SENATE BILL 316

November 14, 2001 - Introduced by Senators PLACHE, SCHULTZ, BURKE, BRESKE, ROSENZWEIG, GROBSCHMIDT and ROBSON, cosponsored by Representatives FREESE, BOCK, BIES, BOYLE, BERCEAU, FRISKE, GRONEMUS, HUBER, HUNDERTMARK, JESKEWITZ, LA FAVE, LASSA, M. LEHMAN, LEIBHAM, LOEFFELHOLZ, MCCORMICK, MONTGOMERY, OTT, POWERS, RILEY, RYBA, SERATTI, SHILLING, SUDER, SYKORA, TURNER and VRAKAS. Referred to Committee on Universities, Housing, and Government Operations.

1     **AN ACT** *to amend* 71.07 (9m) (c), 71.07 (9m) (f), 71.28 (6) (c), 71.28 (6) (f), 71.47  
2           (6) (c) and 71.47 (6) (f) of the statutes; **relating to:** the income and franchise tax  
3           credit that supplements the federal historic rehabilitation tax credit.

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### *Analysis by the Legislative Reference Bureau*

#### *Supplement to the federal historic rehabilitation tax credit*

Under current law, a person who owns an income-producing historic building may claim a federal income tax credit that is equal to 20% of certain costs to rehabilitate the historic building. To claim the credit, the building must be listed, or be eligible for listing, on the national register of historic places or located in certain national, state, or local historic districts and the rehabilitation work must comply with standards established by the secretary of the interior.

Under current law, a person who may claim the federal income tax credit for rehabilitating an income-producing historic building may also claim a state income tax or franchise tax credit that is equal to 5% of certain costs to rehabilitate the historic building. To claim the credit, the person must include with the person's tax return evidence that the secretary of the interior approved the rehabilitation work before the rehabilitation work began.

Under this bill, a person may claim the state income and franchise tax credit for rehabilitating an income-producing historic building, if the person includes with the person's tax return evidence that the state historic preservation officer recommended the rehabilitation work for approval by the secretary of the interior before the rehabilitation work began.

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Under current law, each partner in a partnership is allocated a portion of any tax credit that the partnership may claim, including the credit for rehabilitating a historic building, based on each partner's ownership interest. Under this bill, a partner may also be allocated a portion of the tax credit for rehabilitating a historic building in a manner specified in an agreement with the other partners.

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:*

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

2           71.07 **(9m)** (c) No person may claim the credit under this subsection unless the  
3 claimant includes with the claimant's return evidence that the rehabilitation was  
4 approved recommended by the state historic preservation officer for approval by the  
5 secretary of the interior under 36 CFR 67.6 before the physical work of construction,  
6 or destruction in preparation for construction, began.

7           **SECTION 2.** 71.07 (9m) (f) of the statutes is amended to read:

8           71.07 **(9m)** (f) A partnership, limited liability company, or tax-option  
9 corporation may not claim the credit under this subsection. ~~The individual partners~~  
10 of a partnership, members in of a limited liability company, or shareholders in a  
11 tax-option corporation may claim the credit under this subsection based on eligible  
12 costs incurred by the partnership, company, or tax-option corporation, in proportion  
13 to the ownership interest of each partner, member or shareholder. The Credits  
14 computed by a partnership, limited liability company, or tax-option corporation  
15 shall calculate the amount of the credit which may be claimed by each partner,  
16 member or shareholder and shall provide that information to the be allocated to  
17 partners, members, or shareholders as provided in a written agreement among the  
18 partners, members, or shareholders that is entered into no later than the last day of

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1 the taxable year of the partnership, company, or tax-option corporation. Any  
2 partner, member, or shareholder who claims the credit under this subsection shall  
3 attach a copy of the agreement to the tax return on which the credit is claimed.

4 **SECTION 3.** 71.28 (6) (c) of the statutes is amended to read:

5 71.28 (6) (c) No person may claim the credit under this subsection unless the  
6 claimant includes with the claimant's return evidence that the rehabilitation was  
7 approved recommended by the state historic preservation officer for approval by the  
8 secretary of the interior under 36 CFR 67.6 before the physical work of construction,  
9 or destruction in preparation for construction, began.

10 **SECTION 4.** 71.28 (6) (f) of the statutes is amended to read:

11 71.28 (6) (f) A partnership, limited liability company, or tax-option corporation  
12 may not claim the credit under this subsection. The individual partners of a  
13 partnership, members ~~in~~ of a limited liability company, or shareholders in a  
14 tax-option corporation may claim the credit under this subsection based on eligible  
15 costs incurred by the partnership, company, or tax-option corporation, ~~in proportion~~  
16 ~~to the ownership interest of each partner, member or shareholder. The Credits~~  
17 computed by a partnership, limited liability company, or tax-option corporation  
18 shall calculate the amount of the credit which may be claimed by each partner,  
19 ~~member or shareholder and shall provide that information to the~~ be allocated to  
20 partners, members, or shareholders as provided in a written agreement among the  
21 partners, members, or shareholders that is entered into no later than the last day of  
22 the taxable year of the partnership, company, or tax-option corporation. Any  
23 partner, member, or shareholder who claims the credit under this subsection shall  
24 attach a copy of the agreement to the tax return on which the credit is claimed.

25 **SECTION 5.** 71.47 (6) (c) of the statutes is amended to read:

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1           71.47 (6) (c) No person may claim the credit under this subsection unless the  
2 claimant includes with the claimant's return evidence that the rehabilitation was  
3 approved recommended by the state historic preservation officer for approval by the  
4 secretary of the interior under 36 CFR 67.6 before the physical work of construction,  
5 or destruction in preparation for construction, began.

6           **SECTION 6.** 71.47 (6) (f) of the statutes is amended to read:

7           71.47 (6) (f) A partnership, limited liability company, or tax-option corporation  
8 may not claim the credit under this subsection. The individual partners of a  
9 partnership, members ~~in~~ of a limited liability company, or shareholders in a  
10 tax-option corporation may claim the credit under this subsection based on eligible  
11 costs incurred by the partnership, company, or tax-option corporation, ~~in proportion~~  
12 ~~to the ownership interest of each partner, member or shareholder.~~ The. Credits  
13 computed by a partnership, limited liability company, or tax-option corporation  
14 shall calculate the amount of the credit which may be claimed by each partner,  
15 member or shareholder and shall provide that information to be allocated to  
16 partners, members, or shareholders as provided in a written agreement among the  
17 partners, members, or shareholders that is entered into no later than the last day of  
18 the taxable year of the partnership, company, or tax-option corporation. Any  
19 partner, member, or shareholder who claims the credit under this subsection shall  
20 attach a copy of the agreement to the tax return on which the credit is claimed.

21           **SECTION 7. Initial applicability.**

22           (1) SUPPLEMENT TO FEDERAL HISTORIC REHABILITATION CREDIT. This act first  
23 applies to taxable years beginning on January 1, 2001, and to property placed in  
24 service on January 1, 2001.

25           (END)