

2001 DRAFTING REQUEST

Assembly Amendment (AA-AB624)

Received: 01/22/2002

Received By: jkreye

Wanted: As time permits

Identical to LRB: 01a1105/2

For: Tom Sykora (608) 266-1194

By/Representing: martha

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax Credits - miscellaneous

Extra Copies:

Submit via email: NO

Pre Topic:

No specific pre topic given

Topic:

Changes to the historic rehabilitation tax 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	jkreye 01/22/2002	gilfokm 01/22/2002	pgreensl 01/22/2002	_____	lrb_docadmin 01/22/2002	lrb_docadmin 01/22/2002	

FE Sent For:

<END>

2001 DRAFTING REQUEST

Assembly Amendment (AA-AB624)

Received: 01/22/2002

Received By: jkreye

Wanted: As time permits

Identical to LRB: 01a1105/2

For: Tom Sykora (608) 266-1194

By/Representing: martha

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax Credits - miscellaneous

Extra Copies:

Submit via email: NO

Pre Topic:

No specific pre topic given

Topic:

Changes to the historic rehabilitation tax 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	jkreye	1-1/22 King	1/22 ps	1/22 self.			

FE Sent For:

<END>

Kreye, Joseph

From: Matthias, Mary
Sent: Tuesday, January 22, 2002 10:57 AM
To: Kreye, Joseph
Cc: Hess, Martha
Subject: AB 624-Historic Pres. tax Credit

Hi Joe-

The A. Housing Committee voted on Thursday to have all 4 amendments to the bill (1064/1, 10665/1, 1104/1 and 1107/1) rolled into one simple amendment to the bill, and voted to introduce it as a Committee amendment (and voted to recommend adoption.) Could you please draft it and send the stripes to Martha in Sykora's office?

thanks.

Mary Matthias
Senior Staff Attorney
Legislative Council Staff
ph.(608)266-0932;fax (608)266-3830
mary.matthias@legis.state.wi.us

2001 ASSEMBLY BILL 624

November 8, 2001 - Introduced 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, cosponsored by Senators PLACHE, SCHULTZ, BURKE, BRESKE, GROBSCHMIDT, ROBSON and ROSENZWEIG. Referred to Committee on Housing.

- 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.

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.

ASSEMBLY BILL 624

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.

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

ASSEMBLY BILL 624

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:

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 the 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.

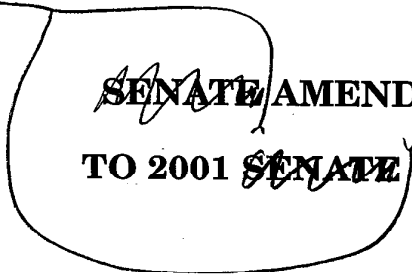
21 **SECTION 7. Initial applicability.**

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)

ASSEMBLY



~~SENATE~~ AMENDMENT,
TO 2001 ~~SENATE~~ BILL ~~210~~ 624

RM not R

m 1-22-02
TODAY

1 At the locations indicated, amend the bill as follows:

2 ✓ 1. Page 2, line 6: after that line insert:

3 "SECTION 1m. 71.07 (9m) (cm) of the statutes is created to read:

4 71.07 (9m) (cm) Any credit claimed under this subsection for Wisconsin
5 purposes shall be claimed at the same time as for federal purposes."

6 ✓ 2. Page 2, line 8: delete the material beginning with that line and ending with
7 page 3, line 3, and substitute:

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. For
13 shareholders of a tax-option corporation, the credit may be allocated in proportion

1 to the ownership interest of each partner, member or shareholder. The partnership,
2 limited liability company, or tax-option corporation shall calculate the amount of the
3 credit which may be claimed by each partner, member, or shareholder and shall
4 provide that information to the partner, member, or shareholder. Credits computed
5 by a partnership or limited liability company shall be allocated to partners or
6 members as provided in a written agreement among the partners or members that
7 is entered into no later than the last day of the taxable year of the partnership or
8 limited liability company. Any partner or member who claims the credit as provided
9 under this subsection shall attach a copy of the agreement to the tax return on which
10 the credit is claimed. A person claiming the credit as provided under this paragraph
11 is solely responsible for any tax liability arising from a dispute with the department
12 of revenue related to claiming the credit.”.

13 ✓ **3.** Page 3, line 9: after that line insert:

14 “SECTION 3m. 71.28 (6) (cm) of the statutes is created to read:

15 71.28 (6) (cm) Any credit claimed under this subsection for Wisconsin purposes
16 shall be claimed at the same time as for federal purposes.”.

17 ✓ **4.** Page 3, line 11: delete lines 11 to 24 and substitute:

18 “71.28 (6) (f) A partnership, limited liability company, or tax-option
19 corporation may not claim the credit under this subsection. The individual partners
20 of a partnership, members in of a limited liability company, or shareholders in a
21 tax-option corporation may claim the credit under this subsection based on eligible
22 costs incurred by the partnership, company, or tax-option corporation. For
23 shareholders of a tax-option corporation, the credit may be allocated in proportion
24 to the ownership interest of each partner, member or shareholder. The partnership,

1 limited liability company, or tax-option corporation shall calculate the amount of the
2 credit which may be claimed by each partner, member, or shareholder and shall
3 provide that information to the partner, member, or shareholder. Credits computed
4 by a partnership or limited liability company shall be allocated to partners or
5 members as provided in a written agreement among the partners or members that
6 is entered into no later than the last day of the taxable year of the partnership or
7 limited liability company. Any partner or member who claims the credit as provided
8 under this subsection shall attach a copy of the agreement to the tax return on which
9 the credit is claimed. A person claiming the credit as provided under this paragraph
10 is solely responsible for any tax liability arising from a dispute with the department
11 of revenue related to claiming the credit.”.

12 ✓ **5.** Page 4, line 5: after that line insert:

13 “SECTION 5m. 71.47 (6) (cm) of the statutes is created to read:

14 71.47 (6) (cm) Any credit claimed under this subsection for Wisconsin purposes
15 shall be claimed at the same time as for federal purposes.”.

16 ✓ **6.** Page 4, line 7: delete lines 7 to 20 and substitute:

17 “71.47 (6) (f) A partnership, limited liability company, or tax-option
18 corporation may not claim the credit under this subsection. The individual partners
19 of a partnership, members in of a limited liability company, or shareholders in a
20 tax-option corporation may claim the credit under this subsection based on eligible
21 costs incurred by the partnership, company, or tax-option corporation. For
22 shareholders of a tax-option corporation, the credit may be allocated in proportion
23 to the ownership interest of each partner, member or shareholder. The partnership,
24 limited liability company, or tax-option corporation shall calculate the amount of the

1 credit which may be claimed by each partner, member, or shareholder and shall
2 provide that information to the partner, member, or shareholder. Credits computed
3 by a partnership or limited liability company shall be allocated to partners or
4 members as provided in a written agreement among the partners or members that
5 is entered into no later than the last day of the taxable year of the partnership or
6 limited liability company. Any partner or member who claims the credit as provided
7 under this subsection shall attach a copy of the agreement to the tax return on which
8 the credit is claimed. A person claiming the credit as provided under this paragraph
9 is solely responsible for any tax liability arising from a dispute with the department
10 of revenue related to claiming the credit.”.

11 **7.** Page 4, line 23: on lines 23 and 24, delete “2001” and substitute “2002”.

12 (END)