



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-3963/F1  
JK:kmg:kjf

Due  
Tues, 2/5

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

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in 1/22

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re you

1 AN ACT *to renumber* 71.10 (4) (dr); *to amend* 71.05 (6) (a) 15., 71.07 (5m) (a) 4.,  
 2 71.07 (9m) (a), 71.07 (9m) (c), 71.07 (9r) (a), 71.08 (1) (intro.), 71.21 (4), 71.26  
 3 (2) (a), 71.28 (6) (a), 71.28 (6) (c), 71.34 (1) (g), 71.45 (2) (a) 10., 71.47 (6) (a), 71.47  
 4 (6) (c) and 77.92 (4); and *to create* 44.02 (24d), 44.02 (24m), 71.07 (9m) (cm),  
 5 71.07 (9m) (g), 71.07 (9s), 71.10 (4) (gud), 71.28 (6) (cm), 71.28 (6) (g), 71.28 (6m),  
 6 71.30 (3) (epd), 71.47 (6) (cm), 71.47 (6) (g), 71.47 (6m) and 71.49 (1) (epd) of the  
 7 statutes; **relating to:** the supplement to the federal historic rehabilitation tax  
 8 credit, <sup>and</sup> the state historic rehabilitation tax credit, ~~and creating a culturally~~  
 9 ~~significant agricultural buildings tax credit.~~

**Analysis by the Legislative Reference Bureau**

This is a preliminary draft. An analysis will be provided in a later version.

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

**SECTION 1.** 44.02 (24d) of the statutes is created to read:

(INSERT  
1-9

1 44.02 (24d) (a) Promulgate by rule procedures, standards, and forms necessary  
 2 to certify, and shall certify, expenditures for preservation or rehabilitation of historic  
 3 property for the purposes of ss. 71.07 (9m) (cm), 71.28 (6) (cm), and 71.47 (6) (cm).  
 4 Such standards shall be substantially similar to the standards used by the secretary  
 5 of the interior to certify rehabilitations under 26 USC 47 (c) (2).

6 (b) Charge a fee for a certification under par. (a) equal to 1% of the qualified  
 7 rehabilitation expenditures for the historic property that is the subject of the  
 8 certification, except that no fee under this paragraph may ~~exceed~~ <sup>be less than \$150 nor more</sup> \$10,000 ~~and no fee~~ <sup>than</sup>  
 9 shall be charged for a certification if the qualified rehabilitation expenditures for the  
 10 ~~historic property that is the subject of the certification are less than \$20,000.~~

11 ~~SECTION 2. 44.02 (24m) of the statutes is created to read:~~

12 44.02 (24m) Promulgate by rule procedures, standards, and forms necessary  
 13 to certify, and shall certify, expenditures for preservation or rehabilitation of  
 14 agricultural buildings for the purposes of ss. 71.07 (9s), 71.28 (6m), and 71.47 (6m).

15 SECTION 3. 71.05 (6) (a) 15. of the statutes, as affected by 2001 Wisconsin Act  
 16 16, is amended to read:

17 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),  
 18 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), and (3s), and (9s) and not passed  
 19 through by a partnership, limited liability company, or tax-option corporation that  
 20 has added that amount to the partnership's, company's, or tax-option corporation's  
 21 income under s. 71.21 (4) or 71.34 (1) (g).

22 SECTION 4. 71.07 (5m) (a) 4. of the statutes is amended to read:

23 71.07 (5m) (a) 4. "Net tax liability" means a claimant's income tax liability after  
 24 he or she completes the computations listed in s. 71.10 (4) (a) to (dr) (dm).

25 SECTION 5. 71.07 (9m) (a) of the statutes is amended to read:

*historical*  
 the society shall collect the fee under this paragraph when an applicant applies for certification under par. (a).

1           71.07 (9m) (a) Any person may credit against taxes otherwise due under this  
2 chapter, up to the amount of those taxes, an amount equal to ~~5%~~ 20% of the costs of  
3 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the internal  
4 revenue code Internal Revenue Code, for certified historic structures on property  
5 located in this state if the physical work of construction or destruction in preparation  
6 for construction begins after December 31, 1988, and the rehabilitated property is  
7 placed in service after June 30, 1989.

8           **SECTION 6.** 71.07 (9m) (c) of the statutes is amended to read:

9           71.07 (9m) (c) ~~No~~ Except as provided in par. (cm), no person may claim the  
10 credit under this subsection unless the claimant includes with the claimant's return  
11 evidence that the rehabilitation was approved by the secretary of the interior under  
12 36 CFR 67.6 before the physical work of construction, or destruction in preparation  
13 for construction, began.

14           **SECTION 7.** 71.07 (9m) (cm) of the statutes is created to read:

15           71.07 (9m) (cm) A person whose qualified rehabilitation expenditures do not  
16 satisfy the adjusted basis requirement under section 47 (c) (1) of the Internal  
17 Revenue Code, but who otherwise would be eligible to claim the rehabilitation credit  
18 under section 47 of the Internal Revenue Code, may claim the credit under par. (a),  
19 if the person's qualified rehabilitation expenditures, as defined in section 47 (c) (2)  
20 of the Internal Revenue Code, are at least \$10,000; if the rehabilitation is approved  
21 by the state historical society before the physical work of construction, or destruction  
22 in preparation for construction, begins; and if the person includes evidence of such  
23 approval with the person's return.

24           **SECTION 8.** 71.07 (9m) (g) of the statutes is created to read:

1           71.07 (9m) (g) A person who has incurred qualified rehabilitation  
2 expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for  
3 certified historic structures located in this state, as described in par. (a), but who is  
4 not a resident of this state and who is not required to file a return under this chapter,  
5 may enter into an agreement with another person, with the department of revenue's  
6 approval and in the manner prescribed by the department, so that the other person  
7 may claim the credit under this subsection, if the other person is subject to the taxes  
8 imposed under s. 71.02.

9           **SECTION 9.** 71.07 (9r) (a) of the statutes is amended to read:

10           71.07 (9r) (a) For taxable years beginning on or after August 1, 1988, any  
11 natural person may credit against taxes otherwise due under s. 71.02 an amount  
12 equal to ~~25%~~ 30% of the costs of preservation or rehabilitation of historic property  
13 located in this state, including architectural fees and costs incurred in preparing  
14 nomination forms for listing in the national register of historic places in Wisconsin  
15 or the state register of historic places, if the nomination is made within 5 years prior  
16 to submission of a preservation or rehabilitation plan under par. (b) 3. b., and if the  
17 physical work of construction or destruction in preparation for construction begins  
18 after December 31, 1988, except that the credit may not exceed \$10,000, or \$5,000  
19 for married persons filing separately, for any preservation or rehabilitation project.

20           ~~**SECTION 10.** 71.07 (9s) of the statutes is created to read:~~

21           ~~71.07 (9s) CULTURALLY SIGNIFICANT AGRICULTURAL BUILDING REHABILITATION~~  
22 ~~CREDIT (a) Subject to the limitations provided under this subsection, a person may~~  
23 ~~claim as a credit against the taxes imposed under s. 71.02 an amount equal to 30%~~  
24 ~~of the costs to preserve or rehabilitate culturally significant agricultural buildings,~~  
25 ~~as defined by the state historical society, that are located in this state.~~

1 (b) The department of revenue shall approve the credit under this subsection  
2 if all of the following conditions are met:

3 1. The costs are incurred and the claim is submitted by the owner of the  
4 culturally significant agricultural building.

5 2. The state historical society certifies that the proposed preservation or  
6 rehabilitation plan complies with standards promulgated under s. 44.02 (24m) and  
7 the completed preservation or rehabilitation substantially complies with the  
8 proposed plan.

9 3. The preservation or rehabilitation work is completed within 2 years after the  
10 date that the physical work of construction or destruction in preparation for  
11 construction begins, except in the case of any preservation or rehabilitation which  
12 is initially planned for completion in phases, in which case the work shall be  
13 completed within 5 years after the date that the physical work of construction or  
14 destruction in preparation for construction begins.

15 4. The expenditures for preservation or rehabilitation of the culturally  
16 significant agricultural building, or culturally significant agricultural buildings  
17 located on the same parcel of property and owned by the same person, exceed  
18 \$10,000.

19 5. The costs are not incurred to acquire any building or interest in a building  
20 or to enlarge an existing building.

21 6. The costs were not incurred before the state historical society approved the  
22 proposed preservation or rehabilitation plan under subd. 2.

23 (c) The Wisconsin adjusted basis of any building that is the subject of a credit  
24 under this subsection shall be reduced by the amount of the credit. The Wisconsin  
25 adjusted basis of a partner's interest in a partnership, of a member's interest in a

1 limited liability company or of stock in a tax-option corporation shall be adjusted to  
2 reflect adjustments made under this paragraph.

3 (d) The provisions of s. 71.28 (4) (e), (f), (g), and (h), as they apply to the credit  
4 under s. 71.28 (4), apply to the credit under this subsection.

5 (e) A partnership, limited liability company, or tax-option corporation may not  
6 claim the credit under this subsection. The individual partners, members in a  
7 limited liability company, or shareholders in a tax-option corporation may claim the  
8 credit under this subsection based on eligible costs incurred by the partnership,  
9 company, or tax-option corporation, in proportion to the ownership interest of each  
10 partner, member, or shareholder. The partnership, limited liability company, or  
11 tax-option corporation shall calculate the amount of the credit which may be claimed  
12 by each partner, member, or shareholder and shall provide that information to the  
13 partner, member, or shareholder.

14 (f) No person may claim a credit under this subsection and under sub. (9m) or  
15 (9r) for the same expenses.

16 (g) If the property that is the subject of a credit under this subsection is owned  
17 by 2 or more persons that hold legal title or equitable title as a land contract vendee  
18 and are not joint tenants, tenants in common, or spouses owning marital property,  
19 the credit under this subsection may be claimed as follows:

20 1. For projects benefiting one owner, a person may claim the credit based on  
21 eligible costs incurred by the person.

22 2. For projects benefiting 2 or more owners, a person may claim the credit based  
23 on eligible costs incurred by the benefiting owners in proportion to the person's  
24 ownership interest.

1 (h) No person may claim the credit under this subsection for rehabilitation of  
2 property that was acquired by the person under an agreement requiring the person  
3 to sell or otherwise dispose of the property back to the previous owner within 5 years  
4 after the date that the property was acquired.

5 (i) A person who receives a credit under this subsection shall add to the person's  
6 liability for taxes imposed under s. 71.02 one of the following percentages of the  
7 amount of the credits received under this subsection for rehabilitating or preserving  
8 the property if, within 5 years after the date on which the preservation or  
9 rehabilitation work that was the basis of the credit is completed, the individual  
10 either sells or conveys the property by deed or land contract or the state historical  
11 society certifies to the department of revenue that the property has been altered to  
12 the extent that it does not comply with the standards promulgated under s. 44.02  
13 (24m):

14 1. If the sale, conveyance, or noncompliance occurs during the first year after  
15 the date on which the preservation or rehabilitation is completed, 100%.

16 2. If the sale, conveyance, or noncompliance occurs during the 2nd year after  
17 the date on which the preservation or rehabilitation is completed, 80%.

18 3. If the sale, conveyance, or noncompliance occurs during the 3rd year after  
19 the date on which the preservation or rehabilitation is completed, 60%.

20 4. If the sale, conveyance, or noncompliance occurs during the 4th year after  
21 the date on which the preservation or rehabilitation is completed, 40%.

22 5. If the sale, conveyance, or noncompliance occurs during the 5th year after  
23 the date on which the preservation or rehabilitation is completed, 20%.

24 SECTION 11. 71.08 (1) (intro.) of the statutes is amended to read:

1 <sup>and</sup> 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married  
 2 couple filing jointly, trust or estate under s. 71.02, not considering the credits under  
 3 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3s), (6) and,  
 4 (9e), (9r) and (9s), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and  
 5 (3) and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and  
 6 subchs. VIII and IX and payments to other states under s. 71.07 (7), is less than the  
 7 tax under this section, there is imposed on that natural person, married couple filing  
 8 jointly, trust or estate, instead of the tax under s. 71.02, an alternative minimum tax  
 9 computed as follows:

10 ~~SECTION 12. 71.10 (4) (dr) of the statutes is renumbered 71.10 (4) (gub).~~

11 ~~SECTION 13. 71.10 (4) (gud) of the statutes is created to read:~~

12 ~~71.10 (4) (gud) Culturally significant agricultural building rehabilitation~~  
 13 ~~credit under s. 71.07 (9s).~~

14 ~~SECTION 14. 71.21 (4) of the statutes, as affected by 2001 Wisconsin Act 16, is~~  
 15 ~~amended to read:~~

16 ~~71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),~~  
 17 ~~(2dj), (2dL), (2dm), (2ds), (2dx), (3g), and (3s), and (9s) and passed through to~~  
 18 ~~partners shall be added to the partnership's income.~~

19 ~~SECTION 15. 71.26 (2) (a) of the statutes, as affected by 2001 Wisconsin Act 16,~~  
 20 ~~is amended to read:~~

21 ~~71.26 (2) (a) Corporations in general. The "net income" of a corporation means~~  
 22 ~~the gross income as computed under the Internal Revenue Code as modified under~~  
 23 ~~sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit~~  
 24 ~~computed under s. 71.28 (1), (3), (4), (5), plus the amount of the credit computed~~  
 25 ~~under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), and (1dx), (3g) (1dx), and~~



1 ~~(6m)~~ and not passed through by a partnership, limited liability company, or  
2 tax-option corporation that has added that amount to the partnership's, limited  
3 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1)  
4 (g) plus the amount of losses from the sale or other disposition of assets the gain from  
5 which would be wholly exempt income, as defined in sub. (3) (L), if the assets were  
6 sold or otherwise disposed of at a gain and minus deductions, as computed under the  
7 Internal Revenue Code as modified under sub. (3), plus or minus, as appropriate, an  
8 amount equal to the difference between the federal basis and Wisconsin basis of any  
9 asset sold, exchanged, abandoned, or otherwise disposed of in a taxable transaction  
10 during the taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

11 **SECTION 16.** 71.28 (6) (a) of the statutes is amended to read:

12 71.28 (6) (a) Any person may credit against taxes otherwise due under this  
13 chapter, up to the amount of those taxes, an amount equal to ~~5%~~ 20% of the costs of  
14 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the ~~internal~~  
15 ~~revenue code~~ Internal Revenue Code, for certified historic structures on property  
16 located in this state if the physical work of construction or destruction in preparation  
17 for construction begins after December 31, 1988, and the rehabilitated property is  
18 placed in service after June 30, 1989.

19 **SECTION 17.** 71.28 (6) (c) of the statutes is amended to read:

20 71.28 (6) (c) ~~No~~ Except as provided in par. (cm), no person may claim the credit  
21 under this subsection unless the claimant includes with the claimant's return  
22 evidence that the rehabilitation was approved by the secretary of the interior under  
23 36 CFR 67.6 before the physical work of construction, or destruction in preparation  
24 for construction, began.

25 **SECTION 18.** 71.28 (6) (cm) of the statutes is created to read:

1           71.28 (6) (cm) A person whose qualified rehabilitation expenditures do not  
2 satisfy the adjusted basis requirement under section 47 (c) (1) of the Internal  
3 Revenue Code, but who otherwise would be eligible to claim the rehabilitation credit  
4 under section 47 of the Internal Revenue Code, may claim the credit under par. (a),  
5 if the person's qualified rehabilitation expenditures, as defined in section 47 (c) (2)  
6 of the Internal Revenue Code, are at least \$10,000; if the rehabilitation is approved  
7 by the state historical society before the physical work of construction, or destruction  
8 in preparation for construction, begins; and if the person includes evidence of such  
9 approval with the person's return.

10           **SECTION 19.** 71.28 (6) (g) of the statutes is created to read:

11           71.28 (6) (g) A person who has incurred qualified rehabilitation expenditures,  
12 as defined in section 47 (c) (2) of the Internal Revenue Code, for certified historic  
13 structures located in this state, as described in par. (a), but who is not a resident of  
14 this state and who is not required to file a return under this chapter, may enter into  
15 an agreement with another person, with the department of revenue's approval and  
16 in the manner prescribed by the department, so that the other person may claim the  
17 credit under this subsection, if the other person is subject to the taxes imposed under  
18 s. 71.23.

19           **SECTION 20.** 71.28 (6m) of the statutes is created to read:

20           71.28 (6m) **CULTURALLY SIGNIFICANT AGRICULTURAL BUILDING REHABILITATION**  
21 **CREDIT.** (a) Subject to the limitations provided under this subsection, a person may  
22 claim as a credit against the taxes imposed under s. 71.23 an amount equal to 30%  
23 of the costs to preserve or rehabilitate culturally significant agricultural buildings,  
24 as defined by the state historical society, that are located in this state.

1 (b) The department of revenue shall approve the credit under this subsection  
2 if all of the following conditions are met:

3 1. The costs are incurred and the claim is submitted by the owner of the  
4 culturally significant agricultural building.

5 2. The state historical society certifies that the proposed preservation or  
6 rehabilitation plan complies with standards promulgated under s. 44.02 (24m) and  
7 the completed preservation or rehabilitation substantially complies with the  
8 proposed plan.

9 3. The preservation or rehabilitation work is completed within 2 years after the  
10 date that the physical work of construction or destruction in preparation for  
11 construction begins, except in the case of any preservation or rehabilitation which  
12 is initially planned for completion in phases, in which case the work shall be  
13 completed within 5 years after the date that the physical work of construction or  
14 destruction in preparation for construction begins.

15 4. The expenditures for preservation or rehabilitation of the culturally  
16 significant agricultural building, or culturally significant agricultural buildings  
17 located on the same parcel of property and owned by the same person, exceed  
18 \$10,000.

19 5. The costs are not incurred to acquire any building or interest in a building  
20 or to enlarge an existing building.

21 6. The costs were not incurred before the state historical society approved the  
22 proposed preservation or rehabilitation plan under subd. 2.

23 (c) The Wisconsin adjusted basis of any building that is the subject of a credit  
24 under this subsection shall be reduced by the amount of the credit. The Wisconsin  
25 adjusted basis of a partner's interest in a partnership, of a member's interest in a

1 limited liability company, or of stock in a tax-option corporation shall be adjusted to  
2 reflect adjustments made under this paragraph.

3 (d) The provisions of sub. (4) (e), (f), (g), and (h), as they apply to the credit under  
4 sub. (4), apply to the credit under this subsection.

5 (e) A partnership, limited liability company, or tax-option corporation may not  
6 claim the credit under this subsection. The individual partners, members in a  
7 limited liability company, or shareholders in a tax-option corporation may claim the  
8 credit under this subsection based on eligible costs incurred by the partnership,  
9 company, or tax-option corporation, in proportion to the ownership interest of each  
10 partner, member, or shareholder. The partnership, limited liability company, or  
11 tax-option corporation shall calculate the amount of the credit which may be claimed  
12 by each partner, member, or shareholder and shall provide that information to the  
13 partner, member, or shareholder.

14 (f) No person may claim a credit under this subsection and under sub. (6) for  
15 the same expenses.

16 (g) If the property that is the subject of a credit under this subsection is owned  
17 by 2 or more persons that hold legal title or equitable title as a land contract vendee  
18 and are not joint tenants, tenants in common, or spouses owning marital property,  
19 the credit under this subsection may be claimed as follows:

20 1. For projects benefiting one owner, a person may claim the credit based on  
21 eligible costs incurred by the person.

22 2. For projects benefiting 2 or more owners, a person may claim the credit based  
23 on eligible costs incurred by the benefiting owners in proportion to the person's  
24 ownership interest.

1 (h) No person may claim the credit under this subsection for the rehabilitation  
2 of property that was acquired by the person under an agreement requiring the person  
3 to sell or otherwise dispose of the property back to the previous owner within 5 years  
4 after the date that the property was acquired.

5 (i) A person who receives a credit under this subsection shall add to the person's  
6 liability for taxes imposed under s. 71.23 one of the following percentages of the  
7 amount of the credits received under this subsection for rehabilitating or preserving  
8 the property if, within 5 years after the date on which the preservation or  
9 rehabilitation work that was the basis of the credit is completed, the individual  
10 either sells or conveys the property by deed or land contract or the state historical  
11 society certifies to the department of revenue that the property has been altered to  
12 the extent that it does not comply with the standards promulgated under s. 44.02  
13 (24m):

14 1. If the sale, conveyance, or noncompliance occurs during the first year after  
15 the date on which the preservation or rehabilitation is completed, 100%.

16 2. If the sale, conveyance, or noncompliance occurs during the 2nd year after  
17 the date on which the preservation or rehabilitation is completed, 80%.

18 3. If the sale, conveyance, or noncompliance occurs during the 3rd year after  
19 the date on which the preservation or rehabilitation is completed, 60%.

20 4. If the sale, conveyance, or noncompliance occurs during the 4th year after  
21 the date on which the preservation or rehabilitation is completed, 40%.

22 5. If the sale, conveyance, or noncompliance occurs during the 5th year after  
23 the date on which the preservation or rehabilitation is completed, 20%.

24 **SECTION 21.** 71.30 (3) (epd) of the statutes is created to read:

1 ~~71.30 (3) (epd) Culturally significant agricultural building rehabilitation~~  
2 ~~credit under s. 71.28 (6m).~~

3 **SECTION 22.** 71.34 (1) (g) of the statutes, as affected by 2001 Wisconsin Act 16,  
4 is amended to read:

5 71.34 (1) (g) An addition shall be made for credits computed by a tax-option  
6 corporation under s. ~~71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), and~~  
7 ~~(3g), and (6m)~~ and passed through to shareholders.

8 **SECTION 23.** 71.45 (2) (a) 10. of the statutes is amended to read:

9 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit  
10 computed under s. ~~71.47 (1dd) to (1dx), (3g), and (6m)~~ and not passed through by a  
11 partnership, limited liability company or tax-option corporation that has added that  
12 amount to the partnership's, limited liability company's or tax-option corporation's  
13 income under s. 71.21 (4) or 71.34 (1) (g) and the amount of credit computed under  
14 s. 71.47 (1), (3), (4) and (5).

15 **SECTION 24.** 71.47 (6) (a) of the statutes is amended to read:

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

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

24 71.47 (6) (c) ~~No~~ Except as provided in par. (cm), no person may claim the credit  
25 under this subsection unless the claimant includes with the claimant's return

1 evidence that the rehabilitation was approved by the secretary of the interior under  
2 36 CFR 67.6 before the physical work of construction, or destruction in preparation  
3 for construction, began.

4 **SECTION 26.** 71.47 (6) (cm) of the statutes is created to read:

5 71.47 (6) (cm) A person whose qualified rehabilitation expenditures do not  
6 satisfy the adjusted basis requirement under section 47 (c) (1) of the Internal  
7 Revenue Code, but who otherwise would be eligible to claim the rehabilitation credit  
8 under section 47 of the Internal Revenue Code, may claim the credit under par. (a),  
9 if the person's qualified rehabilitation expenditures, as defined in section 47 (c) (2)  
10 of the Internal Revenue Code, are at least \$10,000; if the rehabilitation is approved  
11 by the state historical society before the physical work of construction, or destruction  
12 in preparation for construction, begins; and if the person includes evidence of such  
13 approval with the person's return.

14 **SECTION 27.** 71.47 (6) (g) of the statutes is created to read:

15 71.47 (6) (g) A person who has incurred qualified rehabilitation expenditures,  
16 as defined in section 47 (c) (2) of the Internal Revenue Code, for certified historic  
17 structures located in this state, as described in par. (a), but who is not a resident of  
18 this state and who is not required to file a return under this chapter, may enter into  
19 an agreement with another person, with the department of revenue's approval and  
20 in the manner prescribed by the department, so that the other person may claim the  
21 credit under this subsection, if the other person is subject to the taxes imposed under  
22 s. 71.43.

23 **SECTION 28.** 71.47 (6m) of the statutes is created to read:

24 71.47 (6m) CULTURALLY SIGNIFICANT AGRICULTURAL BUILDING REHABILITATION  
25 CREDIT. (a) Subject to the limitations provided under this subsection, a person may

1 claim as a credit against the taxes imposed under s. 71.43 an amount equal to 30%  
2 of the costs to preserve or rehabilitate culturally significant agricultural buildings,  
3 as defined by the state historical society, that are located in this state.

4 (b) The department of revenue shall approve the credit under this subsection  
5 if all of the following conditions are met:

6 1. The costs are incurred and the claim is submitted by the owner of the  
7 culturally significant agricultural building.

8 2. The state historical society certifies that the proposed preservation or  
9 rehabilitation plan complies with standards promulgated under s. 44.02 (24m) and  
10 the completed preservation or rehabilitation substantially complies with the  
11 proposed plan.

12 3. The preservation or rehabilitation work is completed within 2 years after the  
13 date that the physical work of construction or destruction in preparation for  
14 construction begins, except in the case of any preservation or rehabilitation which  
15 is initially planned for completion in phases, in which case the work shall be  
16 completed within 5 years after the date that the physical work of construction or  
17 destruction in preparation for construction begins.

18 4. The expenditures for preservation or rehabilitation of the culturally  
19 significant agricultural building, or culturally significant agricultural buildings  
20 located on the same parcel of property and owned by the same person, exceed  
21 \$10,000.

22 5. The costs are not incurred to acquire any building or interest in a building  
23 or to enlarge an existing building.

24 6. The costs were not incurred before the state historical society approved the  
25 proposed preservation or rehabilitation plan under subd. 2.



1 (c) The Wisconsin adjusted basis of any building that is the subject of a credit  
2 under this subsection shall be reduced by the amount of the credit. The Wisconsin  
3 adjusted basis of a partner's interest in a partnership, of a member's interest in a  
4 limited liability company, or of stock in a tax-option corporation shall be adjusted to  
5 reflect adjustments made under this paragraph.

6 (d) The provisions of s. 71.28 (4) (e), (f), (g), and (h), as they apply to the credit  
7 under s. 71.28 (4), apply to the credit under this subsection.

8 (e) A partnership, limited liability company, or tax-option corporation may not  
9 claim the credit under this subsection. The individual partners, members in a  
10 limited liability company, or shareholders in a tax-option corporation may claim the  
11 credit under this subsection based on eligible costs incurred by the partnership,  
12 company, or tax-option corporation, in proportion to the ownership interest of each  
13 partner, member, or shareholder. The partnership, limited liability company or  
14 tax-option corporation shall calculate the amount of the credit which may be claimed  
15 by each partner, member, or shareholder and shall provide that information to the  
16 partner, member, or shareholder.

17 (f) No person may claim a credit under this subsection and under sub. (6) for  
18 the same expenses.

19 (g) If the property that is the subject of a credit under this subsection is owned  
20 by 2 or more persons that hold legal title or equitable title as a land contract vendee  
21 and are not joint tenants, tenants in common, or spouses owning marital property,  
22 the credit under this subsection may be claimed as follows:

23 1. For projects benefiting one owner, a person may claim the credit based on  
24 eligible costs incurred by the person.

1           2. For projects benefiting 2 or more owners, a person may claim the credit based  
2 on eligible costs incurred by the benefiting owners in proportion to the person's  
3 ownership interest.

4           (h) No person may claim the credit under this subsection for the rehabilitation  
5 of property that was acquired by the person under an agreement requiring the person  
6 to sell or otherwise dispose of the property back to the previous owner within 5 years  
7 after the date that the property was acquired.

8           (i) A person who receives a credit under this subsection shall add to the person's  
9 liability for taxes imposed under s. 71.43 one of the following percentages of the  
10 amount of the credits received under this subsection for rehabilitating or preserving  
11 the property if, within 5 years after the date on which the preservation or  
12 rehabilitation work that was the basis of the credit is completed, the individual  
13 either sells or conveys the property by deed or land contract or the state historical  
14 society certifies to the department of revenue that the property has been altered to  
15 the extent that it does not comply with the standards promulgated under s. 44.02  
16 (24m):

17           1. If the sale, conveyance, or noncompliance occurs during the first year after  
18 the date on which the preservation or rehabilitation is completed, 100%.

19           2. If the sale, conveyance, or noncompliance occurs during the 2nd year after  
20 the date on which the preservation or rehabilitation is completed, 80%.

21           3. If the sale, conveyance, or noncompliance occurs during the 3rd year after  
22 the date on which the preservation or rehabilitation is completed, 60%.

23           4. If the sale, conveyance, or noncompliance occurs during the 4th year after  
24 the date on which the preservation or rehabilitation is completed, 40%.

1 5. If the sale, conveyance, or noncompliance occurs during the 5th year after  
2 the date on which the preservation or rehabilitation is completed, 20%.

3 **SECTION 29.** 71.49 (1) (epd) of the statutes is created to read:

4 71.49 (1) (epd) Culturally significant agricultural building rehabilitation  
5 credit under s. 71.47 (6m).

6 **SECTION 30.** 77.92 (4) of the statutes, as affected by 2001 Wisconsin Act 16, is  
7 amended to read:

8 77.92 (4) "Net business income", with respect to a partnership, means taxable  
9 income as calculated under section 703 of the Internal Revenue Code; plus the items  
10 of income and gain under section 702 of the Internal Revenue Code, including taxable  
11 state and municipal bond interest and excluding nontaxable interest income or  
12 dividend income from federal government obligations; minus the items of loss and  
13 deduction under section 702 of the Internal Revenue Code, except items that are not  
14 deductible under s. 71.21; plus guaranteed payments to partners under section 707  
15 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),  
16 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), and (3g), and (3s), and (6m); and plus or  
17 minus, as appropriate, transitional adjustments, depreciation differences, and basis  
18 differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding income, gain,  
19 loss, and deductions from farming. "Net business income", with respect to a natural  
20 person, estate, or trust, means profit from a trade or business for federal income tax  
21 purposes and includes net income derived as an employee as defined in section 3121  
22 (d) (3) of the Internal Revenue Code.

23 **SECTION 31. Initial applicability.**

24 (1) This act first applies to taxable years beginning on January 1 of the year  
25 in which this subsection takes effect, except that if this subsection takes effect after

1 July 31 this act first applies to taxable years beginning on January 1 of the year  
2 following the year in which this subsection takes effect.

3 (END)

2001-2002 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-3963/P1ins  
.JK:kmg:kjf

INSERT 1 - 9

1 SECTION 1. 44.02 (24) of the statutes is renumbered 44.02 (24) (a).

2 SECTION 2. 44.02 (24) (b) of the statutes is created to read:

3 44.02 (24) (b) Charge a fee for a certification under par. (a) equal to 1% of the  
4 qualified rehabilitation expenditures for the historic property that is the subject of  
5 the certification, except that no fee under this paragraph may be less than \$150 nor  
6 more than \$10,000. The <sup>historical</sup> society shall collect the fee under this paragraph when an  
7 applicant applies for certification under par. (a).

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

LRB-3963/P/1dn P2  
.JK:kmg:kjf  
↑

January 10, 2002

Representative Schooff:

Please review this draft carefully to ensure that it is consistent with your intent. I assume, for purposes of the bill, that any certification fees collected by the state historical society will be deposited in the appropriation account under s. 20.245 (1) (g), which permits the deposit of admissions, sales, and *other receipts* for the purpose of general operations. ✓

program

Joseph T. Kreye  
Legislative Attorney  
Phone: (608) 266-2263  
E-mail: joseph.kreye@legis.state.wi.us

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

LRB-3963/P2dn  
JK:kmg:jf

January 10, 2002

Representative Schooff:

Please review this draft carefully to ensure that it is consistent with your intent. I assume, for purposes of the bill, that any certification fees collected by the state historical society will be deposited in the appropriation account under s. 20.245 (1) (g), which permits the deposit of admissions, sales, and *other receipts* for the purpose of general program operations.

Joseph T. Kreye  
Legislative Attorney  
Phone: (608) 266-2263  
E-mail: joseph.kreye@legis.state.wi.us

## Kreye, Joseph

---

**From:** Plona, Katie  
**Sent:** Wednesday, February 06, 2002 9:45 AM  
**To:** Kreye, Joseph  
**Subject:** FW: Historic tax credit bill

Joe,

I've forwarded you what we would like to do about the changes to statute that we talked about yesterday. These are the comments from the historical society, for whom we're drafting the legislation.

If you have any questions, please let me know. Otherwise, the first point here talks about the certification fee language for homeowners, and the second is for the dates on the properties. So, let's keep it at Dec 2001 and June 2002, like we discussed.

Thanks a lot, Katie

1. Perhaps we shouldn't put any amount in and leave it to the administrative rules to establish the fees for the homeowners program. This way the Society would have the ability to adjust the fee in the future when costs rise but will need to go through some formal action (change in Administrative Rules) to do so. Setting the exact amount is probably too specific for the statutes.
2. I think your suggested dates are good.





RM mtr R

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

in 2-6-02

due Friday  
2-8-02

Sen. Cat.

1 AN ACT to renumber 44.02 (24); to amend 71.07 (9m) (a), 71.07 (9m) (c), 71.07  
 2 (9r) (a), 71.08 (1) (intro.), 71.28 (6) (a), 71.28 (6) (c), 71.47 (6) (a) and 71.47 (6)  
 3 (c); and to create 44.02 (24) (b), 44.02 (24d), 71.07 (9m) (cm), 71.07 (9m) (g),  
 4 71.28 (6) (cm), 71.28 (6) (g), 71.47 (6) (cm) and 71.47 (6) (g) of the statutes;  
 5 relating to: the supplement to the federal historic rehabilitation tax credit and  
 6 the state historic rehabilitation tax credit.

INSERT  
A

**Analysis by the Legislative Reference Bureau**

~~This is a preliminary draft. An analysis will be provided in a later version.~~

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

7 SECTION 1. 44.02 (24) of the statutes is renumbered 44.02 (24) (a).

8 SECTION 2. 44.02 (24) (b) of the statutes is created to read:

9 44.02 (24) (b) Charge a fee for a certification under par. (a) equal to 1% of the  
 10 qualified rehabilitation expenditures for the historic property that is the subject of

*in an amount to be determined by rule by the historical society*

1 the certification, except that no fee under this paragraph may be less than \$150 nor

2 ~~more than \$10,000.~~ The historical society shall collect the fee under this paragraph

3 when an applicant applies for certification under par. (a).

4 SECTION 3. 44.02 (24d) of the statutes is created to read:

5 44.02 (24d) (a) Promulgate by rule procedures, standards, and forms necessary  
6 to certify, and shall certify, expenditures for preservation or rehabilitation of historic  
7 property for the purposes of ss. 71.07 (9m) (cm), 71.28 (6) (cm), and 71.47 (6) (cm).  
8 Such standards shall be substantially similar to the standards used by the secretary  
9 of the interior to certify rehabilitations under 26 USC 47 (c) (2).

10 (b) Charge a fee for a certification under par. (a) equal to 1% of the qualified  
11 rehabilitation expenditures for the historic property that is the subject of the  
12 certification, except that no fee under this paragraph may be less than \$150 nor more  
13 than \$10,000. The historical society shall collect the fee under this paragraph when  
14 an applicant applies for certification under par. (a).

15 ~~SECTION 4. 71.07 (9m) (a) of the statutes is amended to read:~~

16 ~~71.07 (9m) (a) Any person may credit against taxes otherwise due under this~~  
17 ~~chapter, up to the amount of those taxes, an amount equal to 5% 20% of the costs of~~  
18 ~~qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the internal~~  
19 ~~revenue code Internal Revenue Code, for certified historic structures on property~~  
20 ~~located in this state if the physical work of construction or destruction in preparation~~  
21 ~~for construction begins after December 31, 1988, and the rehabilitated property is~~  
22 ~~placed in service after June 30, 1989.~~

23 SECTION 5. 71.07 (9m) (c) of the statutes is amended to read:

24 71.07 (9m) (c) ~~No~~ Except as provided in par. (cm), no person may claim the  
25 credit under this subsection unless the claimant includes with the claimant's return

INSERT 2-22 ✓

1 evidence that the rehabilitation was approved by the secretary of the interior under  
2 36 CFR 67.6 before the physical work of construction, or destruction in preparation  
3 for construction, began.

4 **SECTION 6.** 71.07 (9m) (cm) of the statutes is created to read:

5 71.07 (9m) (cm) A person whose qualified rehabilitation expenditures do not  
6 satisfy the adjusted basis requirement under section 47 (c) (1) of the Internal  
7 Revenue Code, but who otherwise would be eligible to claim the rehabilitation credit  
8 under section 47 of the Internal Revenue Code, may claim the credit under par. (a),  
9 if the person's qualified rehabilitation expenditures, as defined in section 47 (c) (2)  
10 of the Internal Revenue Code, are at least \$10,000; if the rehabilitation is approved  
11 by the state historical society before the physical work of construction, or destruction  
12 in preparation for construction, begins; and if the person includes evidence of such  
13 approval with the person's return.

14 **SECTION 7.** 71.07 (9m) (g) of the statutes is created to read:

15 71.07 (9m) (g) A person who has incurred qualified rehabilitation  
16 expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for  
17 certified historic structures located in this state, as described in par. (a), but who is  
18 not a resident of this state and who is not required to file a return under this chapter,  
19 may enter into an agreement with another person, with the department of revenue's  
20 approval and in the manner prescribed by the department, so that the other person  
21 may claim the credit under this subsection, if the other person is subject to the taxes  
22 imposed under s. 71.02.

23 ~~**SECTION 8.** 71.07 (9r) (a) of the statutes is amended to read:~~

24 ~~71.07 (9r) (a) For taxable years beginning on or after August 1, 1988, any~~  
25 ~~natural person may credit against taxes otherwise due under s. 71.02 an amount~~ ✓

1 equal to ~~25%~~ 30% of the costs of preservation or rehabilitation of historic property  
 2 located in this state, including architectural fees and costs incurred in preparing  
 3 nomination forms for listing in the national register of historic places in Wisconsin  
 4 or the state register of historic places, if the nomination is made within 5 years prior  
 5 to submission of a preservation or rehabilitation plan under par. (b) 3. b., and if the  
 6 physical work of construction or destruction in preparation for construction begins  
 7 after December 31, 1988, except that the credit may not exceed \$10,000, or \$5,000  
 8 for married persons filing separately, for any preservation or rehabilitation project.

9 **SECTION 9.** 71.08 (1) (intro.) of the statutes is amended to read:

10 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married  
 11 couple filing jointly, trust or estate under s. 71.02, not considering the credits under  
 12 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3s), (6) and  
 13 (9e), and (9r), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and  
 14 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and subchs. VIII  
 15 and IX and payments to other states under s. 71.07 (7), is less than the tax under this  
 16 section, there is imposed on that natural person, married couple filing jointly, trust  
 17 or estate, instead of the tax under s. 71.02, an alternative minimum tax computed  
 18 as follows:

19 **SECTION 10.** ~~71.28 (6) (a) of the statutes is amended to read:~~

20 ~~71.28 (6) (a) Any person may credit against taxes otherwise due under this~~  
 21 ~~chapter, up to the amount of those taxes, an amount equal to 5% 20% of the costs of~~  
 22 ~~qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the internal~~  
 23 ~~revenue code Internal Revenue Code, for certified historic structures on property~~  
 24 ~~located in this state if the physical work of construction or destruction in preparation~~

INSERT  
5-2  
②

1 for construction begins after December 31, 1988, and the rehabilitated property is  
2 placed in service after June 30, 1989.

3 **SECTION 11.** 71.28 (6) (c) of the statutes is amended to read:

4 71.28 (6) (c) ~~No~~ Except as provided in par. (cm), no person may claim the credit  
5 under this subsection unless the claimant includes with the claimant's return  
6 evidence that the rehabilitation was approved by the secretary of the interior under  
7 36 CFR 67.6 before the physical work of construction, or destruction in preparation  
8 for construction, began.

9 **SECTION 12.** 71.28 (6) (cm) of the statutes is created to read:

10 71.28 (6) (cm) A person whose qualified rehabilitation expenditures do not  
11 satisfy the adjusted basis requirement under section 47 (c) (1) of the Internal  
12 Revenue Code, but who otherwise would be eligible to claim the rehabilitation credit  
13 under section 47 of the Internal Revenue Code, may claim the credit under par. (a),  
14 if the person's qualified rehabilitation expenditures, as defined in section 47 (c) (2)  
15 of the Internal Revenue Code, are at least \$10,000; if the rehabilitation is approved  
16 by the state historical society before the physical work of construction, or destruction  
17 in preparation for construction, begins; and if the person includes evidence of such  
18 approval with the person's return.

19 **SECTION 13.** 71.28 (6) (g) of the statutes is created to read:

20 71.28 (6) (g) A person who has incurred qualified rehabilitation expenditures,  
21 as defined in section 47 (c) (2) of the Internal Revenue Code, for certified historic  
22 structures located in this state, as described in par. (a), but who is not a resident of  
23 this state and who is not required to file a return under this chapter, may enter into  
24 an agreement with another person, with the department of revenue's approval and  
25 in the manner prescribed by the department, so that the other person may claim the

ANSWERS  
6-10

1 credit under this subsection, if the other person is subject to the taxes imposed under  
2 s. 71.23.

3 ~~SECTION 14. 71.47 (6) (a) of the statutes is amended to read:~~

4 ~~71.47 (6) (a) Any person may credit against taxes otherwise due under this~~  
5 ~~chapter, up to the amount of those taxes, an amount equal to 5% 20% of the costs of~~  
6 ~~qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the internal~~  
7 ~~revenue code Internal Revenue Code, for certified historic structures on property~~  
8 ~~located in this state if the physical work of construction or destruction in preparation~~  
9 ~~for construction begins after December 31, 1988, and the rehabilitated property is~~  
10 ~~placed in service after June 30, 1989.~~

11 SECTION 15. 71.47 (6) (c) of the statutes is amended to read:

12 71.47 (6) (c) ~~No~~ Except as provided in par. (cm), no person may claim the credit  
13 under this subsection unless the claimant includes with the claimant's return  
14 evidence that the rehabilitation was approved by the secretary of the interior under  
15 36 CFR 67.6 before the physical work of construction, or destruction in preparation  
16 for construction, began.

17 SECTION 16. 71.47 (6) (cm) of the statutes is created to read:

18 71.47 (6) (cm) A person whose qualified rehabilitation expenditures do not  
19 satisfy the adjusted basis requirement under section 47 (c) (1) of the Internal  
20 Revenue Code, but who otherwise would be eligible to claim the rehabilitation credit  
21 under section 47 of the Internal Revenue Code, may claim the credit under par. (a),  
22 if the person's qualified rehabilitation expenditures, as defined in section 47 (c) (2)  
23 of the Internal Revenue Code, are at least \$10,000; if the rehabilitation is approved  
24 by the state historical society before the physical work of construction, or destruction

1 in preparation for construction, begins; and if the person includes evidence of such  
2 approval with the person's return.

3 **SECTION 17.** 71.47 (6) (g) of the statutes is created to read:

4 71.47 (6) (g) A person who has incurred qualified rehabilitation expenditures,  
5 as defined in section 47 (c) (2) of the Internal Revenue Code, for certified historic  
6 structures located in this state, as described in par. (a), but who is not a resident of  
7 this state and who is not required to file a return under this chapter, may enter into  
8 an agreement with another person, with the department of revenue's approval and  
9 in the manner prescribed by the department, so that the other person may claim the  
10 credit under this subsection, if the other person is subject to the taxes imposed under  
11 s. 71.43.

12 **SECTION 18. Initial applicability.**

13 (1) This act first applies to taxable years beginning on January 1 <sup>✓</sup> ~~of the year~~  
14 ~~in which this subsection takes effect, except that if this subsection takes effect after~~  
15 ~~July 31 this act first applies to taxable years beginning on January 1 of the year~~  
16 ~~following the year in which this subsection takes effect.~~

17 (END)

✓, 2002

2001-2002 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-3963/03ins  
JK:kmg:jf

Inserts for 11 draft  
Insert A

Under current law, a person who is eligible to claim a federal income tax credit equal to either 10% of qualified expenses related to rehabilitating a qualified building in this state or 20% of qualified expenses related to rehabilitating historic property in this state may also claim a supplemental state income or franchise tax credit that is equal to 5% of such qualified expenses.

Under the bill, for taxable years beginning in 2002, a person who is eligible to claim the federal income tax credit for rehabilitating qualified buildings or historic property in this state may claim a supplemental state income tax or franchise tax credit that is equal to 20% of the qualified expenses related to rehabilitating a qualified building or historic property. In addition, a person who is not eligible to claim the federal rehabilitation tax credit because the person's qualified expenses do not satisfy the adjusted basis requirement under federal law may claim the state rehabilitation credit, if the person's qualified expenses are at least \$10,000 and the rehabilitation is approved, and the expenses are certified, by the state historical society. The state historical society may charge and collect a fee for such certification in an amount equal to 1% of the qualified expenses, but ~~not~~ less than \$150 nor more than \$10,000. *do*

Under current law, a person may claim an income tax credit equal to 25% of the qualified expenses to preserve or rehabilitate historic property that is used as owner-occupied personal residence. The state historical society certifies such expenses. *an*

Under this bill, for taxable years beginning in 2002, a person may claim an income tax credit equal to 30% of the qualified expenses to preserve or rehabilitate historic property that is used as owner-occupied personal residence. The state historical society may charge and collect a fee for certifying such expenses. The amount of the fee is to be determined by rule by the state historical society. *an*

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

Insert 2 - 22 ✓

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

3 71.07 (9m) (a) 1. Any person may credit against taxes otherwise due under this  
4 chapter, up to the amount of those taxes, an amount equal to 5% of the costs of  
5 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the ~~internal~~  
6 revenue code Internal Revenue Code, for certified historic structures on property  
7 located in this state, if the physical work of construction or destruction in preparation



← plain comma

← score

1

for construction begins after December 31, 1988 and before January 1, 2002, and the  
rehabilitated property is placed in service after June 30, 1989, and before July 1,  
2002.

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.

4

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

5

71.07 (9m) (a) 2. Any person may credit against taxes otherwise due under this  
chapter, up to the amount of those taxes, an amount equal to 20% 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, 2001, and the rehabilitated property is placed in service after  
June 30, 2002.

Insert 4 - 8 ✓

12

**SECTION 3. 71.07 (9r) (a) of the statutes is renumbered 71.07 (9r) (a) 1. and  
amended to read:**

13

14

71.07 (9r) (a) 1. For taxable years beginning on or after August 1, 1988 and  
before January 1, 2002, any natural person may credit against taxes otherwise due  
under s. 71.02 an amount equal to 25% of the costs of preservation or rehabilitation  
of historic property located in this state, including architectural fees and costs  
incurred in preparing nomination forms for listing in the national register of historic  
places in Wisconsin or the state register of historic places, if the nomination is made  
within 5 years prior to submission of a preservation or rehabilitation plan under par.

20

21

(b) 3. b., and if the physical work of construction or destruction in preparation for  
construction begins after December 31, 1988 and before January 1, 2002, except that

22

1 the credit may not exceed \$10,000, or \$5,000 for married persons filing separately,  
2 for any preservation or rehabilitation project.

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.

3 SECTION 4. 71.07 (9r) (a) 2. of the statutes is created to read:

(4) 71.07 (9r) (a) 2. For taxable years beginning ~~on or after~~<sup>after</sup> December 31, 2001, any  
5 natural person may credit against taxes otherwise due under s. 71.02 an amount  
6 equal to 30% of the costs of preservation or rehabilitation of historic property located  
7 in this state, including architectural fees and costs incurred in preparing nomination  
8 forms for listing in the national register of historic places in Wisconsin or the state  
9 register of historic places, if the nomination is made within 5 years prior to  
10 submission of a preservation or rehabilitation plan under par. (b) 3. b., and if the  
11 physical work of construction or destruction in preparation for construction begins  
12 after December 31, 2001, except that the credit may not exceed \$10,000, or \$5,000  
13 for married persons filing separately, for any preservation or rehabilitation project.

Insert 5 - 2 ✓

14 SECTION 5. 71.28 (6) (a) of the statutes is renumbered 71.28 (6) (a) 1. and  
15 amended to read:

16 71.28 (6) (a) 1. Any person may credit against taxes otherwise due under this  
17 chapter, up to the amount of those taxes, an amount equal to 5% of the costs of  
18 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the ~~internal~~  
19 ~~revenue code~~ Internal Revenue Code, for certified historic structures on property  
20 located in this state, if the physical work of construction or destruction in preparation

(21) for construction begins after December 31, 1988 <sup>and</sup> before January 1, 2002, and the

1 rehabilitated property is placed in service after June 30, 1989, and before July 1,  
2 2002.

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.

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

4 <sup>71.28</sup>  
~~71.07~~ (6) (a) 2. Any person may credit against taxes otherwise due under this  
5 chapter, up to the amount of those taxes, an amount equal to <sup>✓</sup>20% of the costs of  
6 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal  
7 Revenue Code, for certified historic structures on property located in this state, if the  
8 physical work of construction or destruction in preparation for construction begins  
9 after December 31, 2001, and the rehabilitated property is placed in service after  
10 June 30, 2002.

Insert 6 - 10 ✓

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 person may credit against taxes otherwise due under this  
14 chapter, up to the amount of those taxes, an amount equal to 5% of the costs of  
15 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the ~~internal~~  
16 ~~revenue code~~ Internal Revenue Code, for certified historic structures on property  
17 located in this state, if the physical work of construction or destruction in preparation  
18 for construction begins after December 31, 1988 <sup>←</sup> and before January 1, 2002, <sup>←</sup> and the  
19 rehabilitated property is placed in service after June 30, 1989, and before July 1  
20 2002.

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.

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

1           71.47 (6) (a) 2. Any person may credit against taxes otherwise due under this  
2 chapter, up to the amount of those taxes, an amount equal to 20% of the costs of  
3 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal  
4 Revenue Code, for certified historic structures on property located in this state, if the  
5 physical work of construction or destruction in preparation for construction begins  
6 after December 31, 2001, and the rehabilitated property is placed in service after  
7 June 30, 2002.

**Kreye, Joseph**

---

**From:** Plona, Katie  
**Sent:** Thursday, February 07, 2002 9:58 AM  
**To:** Kreye, Joseph  
**Subject:** Change to historic tax credit (3963)

Joe,

Can you please change the last language in this draft. (Page 7 -- Lines 13-16) The intent is to say that the act first applies to taxable years beginning on January 1 of the year following the year in which the subsection takes effect. So, they don't want it to be retroactive to January 1 of the current year if the act takes effect before July 30.

Thanks, Katie

*January 1, 2003*

*2-7-02 - 1:47 spoke to Katie about changing construction & in-service dates or well*

note

Onyx Brown - historical society

fee assessment

those that qualify for both

fee 44.02 (std) (0)

fee applies to 11.07 (9m) (0) + (cm)

71.28 (6)

71.97 (6)



RM not R

2001 BILL

in 2-7-02

Friday  
2-8

Sen. Cat.

1 AN ACT to renumber 44.02 (24); to renumber and amend 71.07 (9m) (a), 71.07  
 2 (9r) (a), 71.28 (6) (a) and 71.47 (6) (a); to amend 71.07 (9m) (c), 71.08 (1) (intro.),  
 3 71.28 (6) (c) and 71.47 (6) (c); and to create 44.02 (24) (b), 44.02 (24d), 71.07  
 4 (9m) (a) 2., 71.07 (9m) (cm), 71.07 (9m) (g), 71.07 (9r) (a) 2., 71.28 (6) (a) 2., 71.28  
 5 (6) (cm), 71.28 (6) (g), 71.47 (6) (a) 2., 71.47 (6) (cm) and 71.47 (6) (g) of the  
 6 statutes; relating to: the supplement to the federal historic rehabilitation tax  
 7 credit and the state historic rehabilitation tax credit.

**Analysis by the Legislative Reference Bureau**

Under current law, a person who is eligible to claim a federal income tax credit equal to either 10% of qualified expenses related to rehabilitating a qualified building in this state or 20% of qualified expenses related to rehabilitating historic property in this state may also claim a supplemental state income or franchise tax credit that is equal to 5% of such qualified expenses.

Under the bill, for taxable years beginning in 2007, a person who is eligible to claim the federal income tax credit for rehabilitating qualified buildings or historic property in this state may claim a supplemental state income tax or franchise tax credit that is equal to 20% of the qualified expenses related to rehabilitating a qualified building or historic property. In addition, a person who is not eligible to claim the federal rehabilitation tax credit because the person's qualified expenses do

**BILL**

not satisfy the adjusted-basis requirement under federal law may claim the state rehabilitation credit, if the person's qualified expenses are at least \$10,000 and the rehabilitation is approved, and the expenses are certified, by the state historical society. The state historical society may charge and collect a fee for such certification in an amount equal to 1% of the qualified expenses, but not less than \$150 nor more than \$10,000.

Under current law, a person may claim an income tax credit equal to 25% of the qualified expenses to preserve or rehabilitate historic property that is used as an owner-occupied personal residence. The state historical society certifies such expenses.

Under this bill, for taxable years beginning in 200<sup>3</sup>, a person may claim an income tax credit equal to 30% of the qualified expenses to preserve or rehabilitate historic property that is used as an owner-occupied personal residence. The state historical society may charge and collect a fee for certifying such expenses. The amount of the fee is to be determined by rule by the state historical society.

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:***

1           **SECTION 1.** 44.02 (24) of the statutes is renumbered 44.02 (24) (a).

2           **SECTION 2.** 44.02 (24) (b) of the statutes is created to read:

3           44.02 (24) (b) Charge a fee for a certification under par. (a) in an amount to be  
4 determined by rule by the historical society. The historical society shall collect the  
5 fee under this paragraph when an applicant applies for certification under par. (a).

6           **SECTION 3.** 44.02 (24d) of the statutes is created to read:

7           44.02 (24d) (a) Promulgate by rule procedures, standards, and forms necessary

8 to certify, and shall certify, expenditures for preservation or rehabilitation of historic

9 property for the purposes of ss. 71.07 (9m) <sup>(a) and</sup> (cm), 71.28 (6) <sup>(a) and</sup> (cm), and 71.47 (6) <sup>(a) and</sup> (cm).

10 Such standards shall be substantially similar to the standards used by the secretary  
11 of the interior to certify rehabilitations under 26 USC 47 (c) (2).

12           (b) Charge a fee for a certification under par. (a) equal to 1% of the qualified

13 rehabilitation expenditures for the historic property that is the subject of the



**BILL**

1 certification, except that no fee under this paragraph may be less than \$150 nor more  
2 than \$10,000. The historical society shall collect the fee under this paragraph when  
3 an applicant applies for certification under par. (a).

4 **SECTION 4.** 71.07 (9m) (a) of the statutes is renumbered 71.07 (9m) (a) 1. and  
5 amended to read:

6 71.07 (9m) (a) 1. Any person may credit against taxes otherwise due under this  
7 chapter, up to the amount of those taxes, an amount equal to 5% of the costs of  
8 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the ~~internal~~  
9 ~~revenue code~~ Internal Revenue Code, for certified historic structures on property  
10 located in this state, if the physical work of construction or destruction in preparation  
11 for construction begins after December 31, 1988, and before January 1, 2003, and the  
12 rehabilitated property is placed in service after June 30, 1989, and before July 1,

13 ~~2002~~ ✓ 2003  
14 **SECTION 5.** 71.07 (9m) (a) 2. of the statutes is created to read:

15 71.07 (9m) (a) 2. Any person may credit against taxes otherwise due under this  
16 chapter, up to the amount of those taxes, an amount equal to 20% of the costs of  
17 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal  
18 Revenue Code, for certified historic structures on property located in this state, if the  
19 physical work of construction or destruction in preparation for construction begins  
20 after December 31, ~~2001~~ ✓ 2002, and the rehabilitated property is placed in service after  
21 June 30, ~~2002~~ ✓ 2003

22 **SECTION 6.** 71.07 (9m) (c) of the statutes is amended to read:

23 71.07 (9m) (c) ~~No~~ Except as provided in par. (cm), no person may claim the  
24 credit under this subsection unless the claimant includes with the claimant's return  
25 evidence that the rehabilitation was approved by the secretary of the interior under

**BILL**

1 36 CFR 67.6 before the physical work of construction, or destruction in preparation  
2 for construction, began.

3 **SECTION 7.** 71.07 (9m) (cm) of the statutes is created to read:

4 71.07 (9m) (cm) A person whose qualified rehabilitation expenditures do not  
5 satisfy the adjusted basis requirement under section 47 (c) (1) of the Internal  
6 Revenue Code, but who otherwise would be eligible to claim the rehabilitation credit  
7 under section 47 of the Internal Revenue Code, may claim the credit under par. (a),  
8 if the person's qualified rehabilitation expenditures, as defined in section 47 (c) (2)  
9 of the Internal Revenue Code, are at least \$10,000; if the rehabilitation is approved  
10 by the state historical society before the physical work of construction, or destruction  
11 in preparation for construction, begins; and if the person includes evidence of such  
12 approval with the person's return.

13 **SECTION 8.** 71.07 (9m) (g) of the statutes is created to read:

14 71.07 (9m) (g) A person who has incurred qualified rehabilitation  
15 expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for  
16 certified historic structures located in this state, as described in par. (a), but who is  
17 not a resident of this state and who is not required to file a return under this chapter,  
18 may enter into an agreement with another person, with the department of revenue's  
19 approval and in the manner prescribed by the department, so that the other person  
20 may claim the credit under this subsection, if the other person is subject to the taxes  
21 imposed under s. 71.02.

22 **SECTION 9.** 71.07 (9r) (a) of the statutes is renumbered 71.07 (9r) (a) 1. and  
23 amended to read:

24 71.07 (9r) (a) 1. For taxable years beginning on or after August 1, 1988, and  
25 before January 1, 2002, any natural person may credit against taxes otherwise due

2003

**BILL**

1 under s. 71.02 an amount equal to 25% of the costs of preservation or rehabilitation  
 2 of historic property located in this state, including architectural fees and costs  
 3 incurred in preparing nomination forms for listing in the national register of historic  
 4 places in Wisconsin or the state register of historic places, if the nomination is made  
 5 within 5 years prior to submission of a preservation or rehabilitation plan under par.  
 6 (b) 3. b., and if the physical work of construction or destruction in preparation for  
 7 construction begins after December 31, 1988, ~~and before January 1, 2002~~, except that  
 8 the credit may not exceed \$10,000, or \$5,000 for married persons filing separately,  
 9 for any preservation or rehabilitation project.

10 **SECTION 10.** 71.07 (9r) (a) 2. of the statutes is created to read:

11 **71.07 (9r) (a) 2.** For taxable years beginning after December 31, ~~2001~~, any  
 12 natural person may credit against taxes otherwise due under s. 71.02 an amount  
 13 equal to 30% of the costs of preservation or rehabilitation of historic property located  
 14 in this state, including architectural fees and costs incurred in preparing nomination  
 15 forms for listing in the national register of historic places in Wisconsin or the state  
 16 register of historic places, if the nomination is made within 5 years prior to  
 17 submission of a preservation or rehabilitation plan under par. (b) 3. b., and if the  
 18 physical work of construction or destruction in preparation for construction begins  
 19 after December 31, ~~2001~~, except that the credit may not exceed \$10,000, or \$5,000  
 20 for married persons filing separately, for any preservation or rehabilitation project.

21 **SECTION 11.** 71.08 (1) (intro.) of the statutes is amended to read:

22 **71.08 (1) IMPOSITION.** (intro.) If the tax imposed on a natural person, married  
 23 couple filing jointly, trust or estate under s. 71.02, not considering the credits under  
 24 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3s), (6) ~~and,~~  
 25 (9e), ~~and (9r)~~, 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and

**BILL**

1 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and subchs. VIII  
2 and IX and payments to other states under s. 71.07 (7), is less than the tax under this  
3 section, there is imposed on that natural person, married couple filing jointly, trust  
4 or estate, instead of the tax under s. 71.02, an alternative minimum tax computed  
5 as follows:

6 **SECTION 12.** 71.28 (6) (a) of the statutes is renumbered 71.28 (6) (a) 1. and  
7 amended to read:

8 71.28 (6) (a) 1. Any person may credit against taxes otherwise due under this  
9 chapter, up to the amount of those taxes, an amount equal to 5% of the costs of  
10 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the ~~internal~~  
11 ~~revenue code~~ Internal Revenue Code, for certified historic structures on property  
12 located in this state, if the physical work of construction or destruction in preparation  
13 for construction begins after December 31, 1988, and before January 1, 2002 and the  
14 rehabilitated property is placed in service after June 30, 1989, and before July 1,

15 2002 2003

16 **SECTION 13.** 71.28 (6) (a) 2. of the statutes is created to read:

17 71.28 (6) (a) 2. Any person may credit against taxes otherwise due under this  
18 chapter, up to the amount of those taxes, an amount equal to 20% of the costs of  
19 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal  
20 Revenue Code, for certified historic structures on property located in this state, if the  
21 physical work of construction or destruction in preparation for construction begins  
22 after December 31, ~~2001~~ 2002, and the rehabilitated property is placed in service after  
23 June 30, ~~2002~~ 2003

24 **SECTION 14.** 71.28 (6) (c) of the statutes is amended to read:

**BILL**

1           71.28 (6) (c) ~~No~~ Except as provided in par. (cm), no person may claim the credit  
2 under this subsection unless the claimant includes with the claimant's return  
3 evidence that the rehabilitation was approved by the secretary of the interior under  
4 36 CFR 67.6 before the physical work of construction, or destruction in preparation  
5 for construction, began.

6           **SECTION 15.** 71.28 (6) (cm) of the statutes is created to read:

7           71.28 (6) (cm) A person whose qualified rehabilitation expenditures do not  
8 satisfy the adjusted basis requirement under section 47 (c) (1) of the Internal  
9 Revenue Code, but who otherwise would be eligible to claim the rehabilitation credit  
10 under section 47 of the Internal Revenue Code, may claim the credit under par. (a),  
11 if the person's qualified rehabilitation expenditures, as defined in section 47 (c) (2)  
12 of the Internal Revenue Code, are at least \$10,000; if the rehabilitation is approved  
13 by the state historical society before the physical work of construction, or destruction  
14 in preparation for construction, begins; and if the person includes evidence of such  
15 approval with the person's return.

16           **SECTION 16.** 71.28 (6) (g) of the statutes is created to read:

17           71.28 (6) (g) A person who has incurred qualified rehabilitation expenditures,  
18 as defined in section 47 (c) (2) of the Internal Revenue Code, for certified historic  
19 structures located in this state, as described in par. (a), but who is not a resident of  
20 this state and who is not required to file a return under this chapter, may enter into  
21 an agreement with another person, with the department of revenue's approval and  
22 in the manner prescribed by the department, so that the other person may claim the  
23 credit under this subsection, if the other person is subject to the taxes imposed under  
24 s. 71.23.

**BILL**

1           **SECTION 17.** 71.47 (6) (a) of the statutes is renumbered 71.47 (6) (a) 1. and  
2 amended to read:

3           71.47 (6) (a) 1. Any person may credit against taxes otherwise due under this  
4 chapter, up to the amount of those taxes, an amount equal to 5% of the costs of  
5 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the ~~internal~~  
6 ~~revenue code~~ Internal Revenue Code, for certified historic structures on property  
7 located in this state, if the physical work of construction or destruction in preparation  
8 for construction begins after December 31, 1988, and before January 1, ~~2002~~ and the  
9 rehabilitated property is placed in service after June 30, 1989, and before July 1

10 ~~2002~~ 2003

11           **SECTION 18.** 71.47 (6) (a) 2. of the statutes is created to read:

12           71.47 (6) (a) 2. Any person may credit against taxes otherwise due under this  
13 chapter, up to the amount of those taxes, an amount equal to 20% of the costs of  
14 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal  
15 Revenue Code, for certified historic structures on property located in this state, if the  
16 physical work of construction or destruction in preparation for construction begins  
17 after December 31, ~~2001~~ and the rehabilitated property is placed in service after  
18 June 30, ~~2002~~ 2002

19           **SECTION 19.** 71.47 (6) (c) of the statutes is amended to read:

20           71.47 (6) (c) ~~No~~ Except as provided in par. (cm), no person may claim the credit  
21 under this subsection unless the claimant includes with the claimant's return  
22 evidence that the rehabilitation was approved by the secretary of the interior under  
23 36 CFR 67.6 before the physical work of construction, or destruction in preparation  
24 for construction, began.

25           **SECTION 20.** 71.47 (6) (cm) of the statutes is created to read:

**BILL**

1           71.47 (6) (cm) A person whose qualified rehabilitation expenditures do not  
2 satisfy the adjusted basis requirement under section 47 (c) (1) of the Internal  
3 Revenue Code, but who otherwise would be eligible to claim the rehabilitation credit  
4 under section 47 of the Internal Revenue Code, may claim the credit under par. (a),  
5 if the person's qualified rehabilitation expenditures, as defined in section 47 (c) (2)  
6 of the Internal Revenue Code, are at least \$10,000; if the rehabilitation is approved  
7 by the state historical society before the physical work of construction, or destruction  
8 in preparation for construction, begins; and if the person includes evidence of such  
9 approval with the person's return.

10           **SECTION 21.** 71.47 (6) (g) of the statutes is created to read:

11           71.47 (6) (g) A person who has incurred qualified rehabilitation expenditures,  
12 as defined in section 47 (c) (2) of the Internal Revenue Code, for certified historic  
13 structures located in this state, as described in par. (a), but who is not a resident of  
14 this state and who is not required to file a return under this chapter, may enter into  
15 an agreement with another person, with the department of revenue's approval and  
16 in the manner prescribed by the department, so that the other person may claim the  
17 credit under this subsection, if the other person is subject to the taxes imposed under  
18 s. 71.43.

19           **SECTION 22. Initial applicability.**

20           (1) This act first applies to taxable years beginning on January 1, ~~2002~~  
21

(END)

2003

2-7-02 LB-3963

Te.

Oris Brown — 264-6508

language similar to that in ~~SB/36~~ & ~~SB~~  
SB3/6 & SB/23

71.07(9m)(c) [etc.]

“recommended by the state historic  
preservation officer for approval  
approved by the secretary.”



## Kreye, Joseph

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**From:** Chip Brown [chbrown@whs.wisc.edu]  
**Sent:** Friday, February 08, 2002 8:54 AM  
**To:** joseph.kreye@legis.state.wi.us  
**Subject:** Historical Society Tax Credit Bill Draft--One More Thought!

Hi Joe!

So, all night I thought about that language change we discussed late yesterday: "recommended for approval by the state historic preservation officer or" . . . and I finally concluded that the best way to do it is to use the language suggested in the Senate and Assembly bills proposing additional changes to the law.

The "or" language implies that the secretary of the interior may do these approvals in some cases. But this is never the case--we always do the approvals, which the secretary of the interior then basically rubber stamps. Also, deleting the or solidifies the idea that for the state tax credit program, our office is in fact doing the work, which we are!

So the language really ought to be: first, delete--"approved", second insert "recommended by the state historic preservation officer for approval".

And, as we discussed, this change would occur at each of the three relevant provisions (71.07 (9m) (c), 71.28 (6) (c), and 71.47 (6) (c)).

Thank you again for putting up with all this last minute stuff Joe!! Seems like it always comes down to the wire with these issues.

Talk with you later.

Take care,

Chip

Chip Harry L. Brown III



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-3963/2  
JK:kmg:pg

3

MMR

2001 BILL

in 2-8-02

Today please  
2-8-02

Gen. Cat.

1 AN ACT to renumber 44.02 (24); to renumber and amend 71.07 (9m) (a), 71.07  
2 (9r) (a), 71.28 (6) (a) and 71.47 (6) (a); to amend 71.07 (9m) (c), 71.08 (1) (intro.),  
3 71.28 (6) (c) and 71.47 (6) (c); and to create 44.02 (24) (b), 44.02 (24d), 71.07  
4 (9m) (a) 2., 71.07 (9m) (cm), 71.07 (9m) (g), 71.07 (9r) (a) 2., 71.28 (6) (a) 2., 71.28  
5 (6) (cm), 71.28 (6) (g), 71.47 (6) (a) 2., 71.47 (6) (cm) and 71.47 (6) (g) of the  
6 statutes; relating to: the supplement to the federal historic rehabilitation tax  
7 credit and the state historic rehabilitation tax credit.

**Analysis by the Legislative Reference Bureau**

Under current law, a person who is eligible to claim a federal income tax credit equal to either 10% of qualified expenses related to rehabilitating a qualified building in this state or 20% of qualified expenses related to rehabilitating historic property in this state may also claim a supplemental state income or franchise tax credit that is equal to 5% of such qualified expenses.

Under the bill, for taxable years beginning in 2003, a person who is eligible to claim the federal income tax credit for rehabilitating qualified buildings or historic property in this state may claim a supplemental state income tax or franchise tax credit that is equal to 20% of the qualified expenses related to rehabilitating a qualified building or historic property. In addition, a person who is not eligible to claim the federal rehabilitation tax credit because the person's qualified expenses do

**BILL**

not satisfy the adjusted-basis requirement under federal law may claim the state rehabilitation credit, if the person's qualified expenses are at least \$10,000 and the rehabilitation is approved, and the expenses are certified, by the state historical society. The state historical society may charge and collect a fee for such certification in an amount equal to 1% of the qualified expenses, but not less than \$150 nor more than \$10,000.

Under current law, a person may claim an income tax credit equal to 25% of the qualified expenses to preserve or rehabilitate historic property that is used as an owner-occupied personal residence. The state historical society certifies such expenses.

Under this bill, for taxable years beginning in 2003, a person may claim an income tax credit equal to 30% of the qualified expenses to preserve or rehabilitate historic property that is used as an owner-occupied personal residence. The state historical society may charge and collect a fee for certifying such expenses. The amount of the fee is to be determined by rule by the state historical society.

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:*

1           **SECTION 1.** 44.02 (24) of the statutes is renumbered 44.02 (24) (a).

2           **SECTION 2.** 44.02 (24) (b) of the statutes is created to read:

3           44.02 (24) (b) Charge a fee for a certification under par. (a) in an amount to be  
4 determined by rule by the historical society. The historical society shall collect the  
5 fee under this paragraph when an applicant applies for certification under par. (a).

6           **SECTION 3.** 44.02 (24d) of the statutes is created to read:

7           44.02 (24d) (a) Promulgate by rule procedures, standards, and forms necessary  
8 to certify, and shall certify, expenditures for preservation or rehabilitation of historic  
9 property for the purposes of ss. 71.07 (9m) (a) and (cm), 71.28 (6) (a) and (cm), and  
10 71.47 (6) (a) and (cm). Such standards shall be substantially similar to the standards  
11 used by the secretary of the interior to certify rehabilitations under 26 USC 47 (c) (2).

12           (b) Charge a fee for a certification under par. (a) equal to 1% of the qualified  
13 rehabilitation expenditures for the historic property that is the subject of the

**BILL**

1 certification, except that no fee under this paragraph may be less than \$150 nor more  
2 than \$10,000. The historical society shall collect the fee under this paragraph when  
3 an applicant applies for certification under par. (a).

4 **SECTION 4.** 71.07 (9m) (a) of the statutes is renumbered 71.07 (9m) (a) 1. and  
5 amended to read:

6 71.07 (9m) (a) 1. Any person may credit against taxes otherwise due under this  
7 chapter, up to the amount of those taxes, an amount equal to 5% of the costs of  
8 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the ~~internal~~  
9 ~~revenue code~~ Internal Revenue Code, for certified historic structures on property  
10 located in this state, if the physical work of construction or destruction in preparation  
11 for construction begins after December 31, 1988, and before January 1, 2003, and the  
12 rehabilitated property is placed in service after June 30, 1989, and before July 1,  
13 2003.

14 **SECTION 5.** 71.07 (9m) (a) 2. of the statutes is created to read:

15 71.07 (9m) (a) 2. Any person may credit against taxes otherwise due under this  
16 chapter, up to the amount of those taxes, an amount equal to 20% of the costs of  
17 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal  
18 Revenue Code, for certified historic structures on property located in this state, if the  
19 physical work of construction or destruction in preparation for construction begins  
20 after December 31, 2002, and the rehabilitated property is placed in service after  
21 June 30, 2003.

22 **SECTION 6.** 71.07 (9m) (c) of the statutes is amended to read:

23 71.07 (9m) (c) ~~No~~ Except as provided in par. (cm), no person may claim the  
24 credit under this subsection unless the claimant includes with the claimant's return  
25 evidence that the rehabilitation was ~~approved~~ by the secretary of the interior under

recommended by the state historic preservation officer for approval

**BILL**

1 36 CFR 67.6 before the physical work of construction, or destruction in preparation  
2 for construction, began.

3 **SECTION 7.** 71.07 (9m) (cm) of the statutes is created to read:

4 71.07 (9m) (cm) A person whose qualified rehabilitation expenditures do not  
5 satisfy the adjusted basis requirement under section 47 (c) (1) of the Internal  
6 Revenue Code, but who otherwise would be eligible to claim the rehabilitation credit  
7 under section 47 of the Internal Revenue Code, may claim the credit under par. (a),  
8 if the person's qualified rehabilitation expenditures, as defined in section 47 (c) (2)  
9 of the Internal Revenue Code, are at least \$10,000; if the rehabilitation is approved  
10 by the state historical society before the physical work of construction, or destruction  
11 in preparation for construction, begins; and if the person includes evidence of such  
12 approval with the person's return.

13 **SECTION 8.** 71.07 (9m) (g) of the statutes is created to read:

14 71.07 (9m) (g) A person who has incurred qualified rehabilitation  
15 expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for  
16 certified historic structures located in this state, as described in par. (a), but who is  
17 not a resident of this state and who is not required to file a return under this chapter,  
18 may enter into an agreement with another person, with the department of revenue's  
19 approval and in the manner prescribed by the department, so that the other person  
20 may claim the credit under this subsection, if the other person is subject to the taxes  
21 imposed under s. 71.02.

22 **SECTION 9.** 71.07 (9r) (a) of the statutes is renumbered 71.07 (9r) (a) 1. and  
23 amended to read:

24 71.07 (9r) (a) 1. For taxable years beginning on or after August 1, 1988, and  
25 before January 1, 2003, any natural person may credit against taxes otherwise due

**BILL**

1 under s. 71.02 an amount equal to 25% of the costs of preservation or rehabilitation  
2 of historic property located in this state, including architectural fees and costs  
3 incurred in preparing nomination forms for listing in the national register of historic  
4 places in Wisconsin or the state register of historic places, if the nomination is made  
5 within 5 years prior to submission of a preservation or rehabilitation plan under par.  
6 (b) 3. b., and if the physical work of construction or destruction in preparation for  
7 construction begins after December 31, 1988, and before January 1, 2003, except that  
8 the credit may not exceed \$10,000, or \$5,000 for married persons filing separately,  
9 for any preservation or rehabilitation project.

10 **SECTION 10.** 71.07 (9r) (a) 2. of the statutes is created to read:

11 71.07 (9r) (a) 2. For taxable years beginning after December 31, 2002, any  
12 natural person may credit against taxes otherwise due under s. 71.02 an amount  
13 equal to 30% of the costs of preservation or rehabilitation of historic property located  
14 in this state, including architectural fees and costs incurred in preparing nomination  
15 forms for listing in the national register of historic places in Wisconsin or the state  
16 register of historic places, if the nomination is made within 5 years prior to  
17 submission of a preservation or rehabilitation plan under par. (b) 3. b., and if the  
18 physical work of construction or destruction in preparation for construction begins  
19 after December 31, 2002, except that the credit may not exceed \$10,000, or \$5,000  
20 for married persons filing separately, for any preservation or rehabilitation project.

21 **SECTION 11.** 71.08 (1) (intro.) of the statutes is amended to read:

22 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married  
23 couple filing jointly, trust or estate under s. 71.02, not considering the credits under  
24 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3s), (6) and,  
25 (9e), and (9r), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and

**BILL**

1 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and subchs. VIII  
2 and IX and payments to other states under s. 71.07 (7), is less than the tax under this  
3 section, there is imposed on that natural person, married couple filing jointly, trust  
4 or estate, instead of the tax under s. 71.02, an alternative minimum tax computed  
5 as follows:

6 **SECTION 12.** 71.28 (6) (a) of the statutes is renumbered 71.28 (6) (a) 1. and  
7 amended to read:

8 71.28 (6) (a) 1. Any person may credit against taxes otherwise due under this  
9 chapter, up to the amount of those taxes, an amount equal to 5% of the costs of  
10 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the ~~internal~~  
11 ~~revenue code~~ Internal Revenue Code, for certified historic structures on property  
12 located in this state, if the physical work of construction or destruction in preparation  
13 for construction begins after December 31, 1988, and before January 1, 2003, and the  
14 rehabilitated property is placed in service after June 30, 1989, and before July 1,  
15 2003.

16 **SECTION 13.** 71.28 (6) (a) 2. of the statutes is created to read:

17 71.28 (6) (a) 2. Any person may credit against taxes otherwise due under this  
18 chapter, up to the amount of those taxes, an amount equal to 20% of the costs of  
19 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal  
20 Revenue Code, for certified historic structures on property located in this state, if the  
21 physical work of construction or destruction in preparation for construction begins  
22 after December 31, 2002, and the rehabilitated property is placed in service after  
23 June 30, 2003.

24 **SECTION 14.** 71.28 (6) (c) of the statutes is amended to read:

**BILL**

*recommended by the state historic preservation officer for approval*

1           71.28 (6) (c) ~~No~~ Except as provided in par. (cm), no person may claim the credit  
2 under this subsection unless the claimant includes with the claimant's return  
3 evidence that the rehabilitation was ~~approved~~ by the secretary of the interior under  
4 36 CFR 67.6 before the physical work of construction, or destruction in preparation  
5 for construction, began.

6           **SECTION 15.** 71.28 (6) (cm) of the statutes is created to read:

7           71.28 (6) (cm) A person whose qualified rehabilitation expenditures do not  
8 satisfy the adjusted basis requirement under section 47 (c) (1) of the Internal  
9 Revenue Code, but who otherwise would be eligible to claim the rehabilitation credit  
10 under section 47 of the Internal Revenue Code, may claim the credit under par. (a),  
11 if the person's qualified rehabilitation expenditures, as defined in section 47 (c) (2)  
12 of the Internal Revenue Code, are at least \$10,000; if the rehabilitation is approved  
13 by the state historical society before the physical work of construction, or destruction  
14 in preparation for construction, begins; and if the person includes evidence of such  
15 approval with the person's return.

16           **SECTION 16.** 71.28 (6) (g) of the statutes is created to read:

17           71.28 (6) (g) A person who has incurred qualified rehabilitation expenditures,  
18 as defined in section 47 (c) (2) of the Internal Revenue Code, for certified historic  
19 structures located in this state, as described in par. (a), but who is not a resident of  
20 this state and who is not required to file a return under this chapter, may enter into  
21 an agreement with another person, with the department of revenue's approval and  
22 in the manner prescribed by the department, so that the other person may claim the  
23 credit under this subsection, if the other person is subject to the taxes imposed under  
24 s. 71.23.



## BILL

1 SECTION 17. 71.47 (6) (a) of the statutes is renumbered 71.47 (6) (a) 1. and  
2 amended to read:

3 71.47 (6) (a) 1. Any person may credit against taxes otherwise due under this  
4 chapter, up to the amount of those taxes, an amount equal to 5% of the costs of  
5 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the ~~internal~~  
6 ~~revenue code~~ Internal Revenue Code, for certified historic structures on property  
7 located in this state, if the physical work of construction or destruction in preparation  
8 for construction begins after December 31, 1988, and before January 1, 2003, and the  
9 rehabilitated property is placed in service after June 30, 1989, and before July 1  
10 2003.

11 SECTION 18. 71.47 (6) (a) 2. of the statutes is created to read:

12 71.47 (6) (a) 2. Any person may credit against taxes otherwise due under this  
13 chapter, up to the amount of those taxes, an amount equal to 20% of the costs of  
14 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal  
15 Revenue Code, for certified historic structures on property located in this state, if the  
16 physical work of construction or destruction in preparation for construction begins  
17 after December 31, 2002, and the rehabilitated property is placed in service after  
18 June 30, 2003.

19 SECTION 19. 71.47 (6) (c) of the statutes is amended to read:

20 71.47 (6) (c) ~~No~~ Except as provided in par. (cm), no person may claim the credit  
21 under this subsection unless the claimant includes with the claimant's return  
22 evidence that the rehabilitation was ~~approved~~ by the secretary of the interior under  
23 36 CFR 67.6 before the physical work of construction, or destruction in preparation  
24 for construction, began.

25 SECTION 20. 71.47 (6) (cm) of the statutes is created to read:

recommended by the state <sup>historic</sup> preservation officer for approval

**BILL**

1           71.47 (6) (cm) A person whose qualified rehabilitation expenditures do not  
2 satisfy the adjusted basis requirement under section 47 (c) (1) of the Internal  
3 Revenue Code, but who otherwise would be eligible to claim the rehabilitation credit  
4 under section 47 of the Internal Revenue Code, may claim the credit under par. (a),  
5 if the person's qualified rehabilitation expenditures, as defined in section 47 (c) (2)  
6 of the Internal Revenue Code, are at least \$10,000; if the rehabilitation is approved  
7 by the state historical society before the physical work of construction, or destruction  
8 in preparation for construction, begins; and if the person includes evidence of such  
9 approval with the person's return.

10           **SECTION 21.** 71.47 (6) (g) of the statutes is created to read:

11           71.47 (6) (g) A person who has incurred qualified rehabilitation expenditures,  
12 as defined in section 47 (c) (2) of the Internal Revenue Code, for certified historic  
13 structures located in this state, as described in par. (a), but who is not a resident of  
14 this state and who is not required to file a return under this chapter, may enter into  
15 an agreement with another person, with the department of revenue's approval and  
16 in the manner prescribed by the department, so that the other person may claim the  
17 credit under this subsection, if the other person is subject to the taxes imposed under  
18 s. 71.43.

19           **SECTION 22. Initial applicability.**

20           (1) This act first applies to taxable years beginning on January 1, 2003.

21   (END)

**Basford, Sarah**

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**From:** Plona, Katie  
**Sent:** Monday, February 18, 2002 12:15 PM  
**To:** LRB.Legal  
**Subject:** LRB 3963

Can I please have LRB 3963 jacketed and sent to our office as soon as possible. 420-North

Thank you very much,

Katie Plona  
Rep. Dan Schooff's Office  
6-9967



# State of Wisconsin

## LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET  
P. O. BOX 2037  
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561  
REFERENCE SECTION: (608) 266-0341  
FAX: (608) 266-5648

STEPHEN R. MILLER  
CHIEF

March 7, 2002

## MEMORANDUM

**To:** Representative Schooff

**From:** Joseph T. Kreye, Legislative Attorney, (608) 266-2263

**Subject:** Technical Memorandum to **2001 AB-840** (LRB-3963/3)

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We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

## MEMORANDUM

March 1, 2002

**TO:** Joseph Kreye  
Legislative Reference Bureau

**FROM:** Brian Pahnke  
Department of Revenue

**SUBJECT:** Technical Memorandum on AB 840: Historic Buildings Rehabilitation Tax Credits

The bill provides for a 5% supplement to the federal historic rehabilitation credit if the physical work of construction or destruction in preparation for construction begins after December 31, 1988, and before January 1, 2003, and the property is placed in service after June 30, 1989, and before July 1, 2003. The bill provides for a 20% credit if the physical work begins after December 31, 2002, and the rehabilitated property is placed in service after June 30, 2003. It appears that a person who began the physical work before January 1, 2003, but who did not place the property in service until after June 30, 2003, would not qualify for either the 5% or 20% credit. The author may wish to clarify if this is the intent.

There is a similar problem with the state historic rehabilitation credit. The 25% credit applies for taxable years beginning on or after August 1, 1988, and before January 1, 2003, if the physical work begins after December 31, 1988, and before January 1, 2003. For taxable years beginning after December 31, 2002, the 30% credit applies if the physical work begins after December 31, 2002. The author may wish to clarify if the 25% credit still applies to taxable years beginning after December 31, 2002, if the physical work began before January 1, 2003.

Section 71.08 (1)(intro.) provides that the state historic rehabilitation credit is not considered when determining the alternative minimum tax (AMT). The order of computation in section 71.10 (4) deducts the credit before determining the AMT. Only credits whose order of computation is after the AMT are currently not considered when determining the AMT. If the author wishes these credits to be used to offset the AMT, the order of computation should be changed so that they are deducted after the AMT. If the author wants the credits to apply before the AMT is computed, then they should not be included in section 71.08 (1).

The author may wish to clarify that projects that do not meet the federal expenditure requirements must be claimed after the project has been completed and approved by the State Historic Society.

The author may wish to clarify that the supplement to the historic credit must be claimed for Wisconsin purposes at the same time as it would be claimed for federal purposes, generally after the project has been completed and approved by the Department of the Interior.

If you have questions regarding this technical memorandum, please contact Pam Walgren at 266-7817.