

**2001 DRAFTING REQUEST**

**Assembly Amendment (AA-AB840)**

Received: **03/08/2002**

Received By: **jkreye**

Wanted: **Today**

Identical to LRB:

For: **Dan Schooff (608) 266-9967**

By/Representing: **katie**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax - corp. inc. and fran.  
Tax - individual income  
Tax Credits - miscellaneous**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Schooff@legis.state.wi.us**

Carbon copy (CC:) to: **katie.plona@legis.state.wi.us**

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Technical corrections related to historic rehabilitation credit

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**Instructions:**

See Attached

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	jkreye 03/08/2002	hhagen 03/08/2002	kfollet 03/08/2002	_____	lrb_docadmin 03/08/2002	lrb_docadmin 03/08/2002	

FE Sent For:

<END>

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/1	jkreye	11 hmh 3/7/02	kj 3/8	kj/hmh 3/8			

FE Sent For:

<END>

## 2001 ASSEMBLY BILL 840

February 20, 2002 – Introduced by Representatives SCHOOFF, BERCEAU, POCAN and SHILLING, cosponsored by Senators BURKE and SCHULTZ. Referred to Committee on Housing.

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.**

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### *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

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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.

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***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

**ASSEMBLY BILL 840**

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~~ recommended by the state historic

**ASSEMBLY BILL 840**

1 preservation officer for approval by the secretary of the interior under 36 CFR 67.6  
2 before the physical work of construction, or destruction in preparation for  
3 construction, began.

4 **SECTION 7.** 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 8.** 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 9.** 71.07 (9r) (a) of the statutes is renumbered 71.07 (9r) (a) 1. and  
24 amended to read:

**ASSEMBLY BILL 840**

1           71.07 (9r) (a) 1. For taxable years beginning on or after August 1, 1988, and  
2           before January 1, 2003, any natural person may credit against taxes otherwise due  
3           under s. 71.02 an amount equal to 25% of the costs of preservation or rehabilitation  
4           of historic property located in this state, including architectural fees and costs  
5           incurred in preparing nomination forms for listing in the national register of historic  
6           places in Wisconsin or the state register of historic places, if the nomination is made  
7           within 5 years prior to submission of a preservation or rehabilitation plan under par.  
8           (b) 3. b., and if the physical work of construction or destruction in preparation for  
9           construction begins after December 31, 1988, and before January 1, 2003, except that  
10          the credit may not exceed \$10,000, or \$5,000 for married persons filing separately,  
11          for any preservation or rehabilitation project.

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

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

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

24           71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married  
25          couple filing jointly, trust or estate under s. 71.02, not considering the credits under

**ASSEMBLY BILL 840**

1 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3s), (6) and,  
2 (9e), and (9r), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and  
3 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and subchs. VIII  
4 and IX and payments to other states under s. 71.07 (7), is less than the tax under this  
5 section, there is imposed on that natural person, married couple filing jointly, trust  
6 or estate, instead of the tax under s. 71.02, an alternative minimum tax computed  
7 as follows:

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

10 71.28 (6) (a) 1. Any person may credit against taxes otherwise due under this  
11 chapter, up to the amount of those taxes, an amount equal to 5% of the costs of  
12 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the ~~internal~~  
13 ~~revenue code~~ Internal Revenue Code, for certified historic structures on property  
14 located in this state, if the physical work of construction or destruction in preparation  
15 for construction begins after December 31, 1988, and before January 1, 2003, and the  
16 rehabilitated property is placed in service after June 30, 1989, and before July 1,  
17 2003.

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

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



**ASSEMBLY BILL 840**

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

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

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

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

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

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

**ASSEMBLY BILL 840**

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

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

5 71.47 (6) (a) 1. Any person may credit against taxes otherwise due under this  
6 chapter, up to the amount of those taxes, an amount equal to 5% of the costs of  
7 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the ~~internal~~  
8 ~~revenue code~~ Internal Revenue Code, for certified historic structures on property  
9 located in this state, if the physical work of construction or destruction in preparation  
10 for construction begins after December 31, 1988, and before January 1, 2003, and the  
11 rehabilitated property is placed in service after June 30, [1989, and before July 1  
12 2003].

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

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

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

22 71.47 (6) (c) ~~No~~ Except as provided in par. (cm), no person may claim the credit  
23 under this subsection unless the claimant includes with the claimant's return  
24 evidence that the rehabilitation was ~~approved~~ recommended by the state historic  
25 preservation officer for approval by the secretary of the interior under 36 CFR 67.6

**ASSEMBLY BILL 840**

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

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

4 71.47 (6) (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 21.** 71.47 (6) (g) of the statutes is created to read:

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

22 **SECTION 22. Initial applicability.**

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

24 (END)



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRBa1540/1  
JK:hmh

ASSEMBLY AMENDMENT,  
TO 2001 ASSEMBLY BILL 840

*attached*

*in 3-8*

*D-N*

*TODAY*

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

— Inset (A)

2

1. Page 3, line 12: delete the material beginning with "1989" and ending with

3

"2003" on line 13 and substitute "1989".

4

2. Page 3, line 20: delete the material beginning with "2002" and ending with

5

"2003" on line 21 and substitute "2002".

6

3. Page 4, line 3: after "began" insert "; and the claimant claims the credit for

7

the same taxable year in which the claimant would have claimed the credit for

8

federal purposes".

9

4. Page 4, line 12: delete "and".

10

5. Page 4, line 13: after "return" insert "; and if the person claims the credit

11

for the same taxable year in which the person would have claimed the credit for

12

federal purposes".

1           **6.** Page 5, line 1: delete the material beginning with “and” and ending with  
2           “2003,” on line 2.

3           **7.** Page 6, line 7: after that line insert:  
4           “**SECTION 11m.** 71.10 (4) (dr) of the statutes is renumbered 71.10 (4) (fm).”.

5           **8.** Page 6, line 16: delete the material beginning with “1989” and ending with  
6           “2003” on line 17 and substitute “1989”.

7           **9.** Page 6, line 24: delete the material beginning with “2002” and ending with  
8           “2003” on line 25 and substitute “2002”.

9           **10.** Page 7, line 7: after “began” insert “; and the claimant claims the credit  
10           for the same taxable year in which the claimant would have claimed the credit for  
11           federal purposes”.

12           **11.** Page 7, line 16: delete “and”.

13           **12.** Page 7, line 17: after “return” insert “; and if the person claims the credit  
14           for the same taxable year in which the person would have claimed the credit for  
15           federal purposes”.

16           **13.** Page 8, line 11: delete the material beginning with “1989” and ending with  
17           “2003” on line 12 and substitute “1989”.

18           **14.** Page 8, line 19: delete the material beginning with “2002” and ending with  
19           “2003” on line ~~20~~<sup>20</sup> and substitute “2002”.

20           **15.** Page 9, line 2: after “began” insert “; and the claimant claims the credit  
21           for the same taxable year in which the claimant would have claimed the credit for  
22           federal purposes”.

23           **16.** Page 9, line 11: delete “and”.



Page 3, line 3: after that line insert:

Insert A

<sup>3m</sup>  
~~Sec 71~~ 71.07(5m)(a)4. - am

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

<sup>11</sup>  
~~(d)~~ (dn)

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

LRBa1540/1dn

JK:hm

March 8, 2002

Representative Schoof:

This amendment reflects the technical changes recommended by the department of revenue in its technical memorandum dated March 7, 2002. Please let me know if you prefer a substitute amendment that incorporates the changes made by this amendment.

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



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**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRBa1540/1dn  
JK:hmh:kjf

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Legislative Attorney  
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