



## Fiscal Estimate Narratives

DOR 3/1/2006

|  |           |                     |         |               |          |
|--|-----------|---------------------|---------|---------------|----------|
| LRB Number   | 05-3775/2 | Introduction Number | AB-1046 | Estimate Type | Original |
| <b>Description</b><br>Creating a nonrefundable individual income tax credit for historic barns |           |                     |         |               |          |

### Assumptions Used in Arriving at Fiscal Estimate

The bill would create an income tax credit for 25% of preservation and rehabilitation expenditures of historic barns or historic buildings that contribute to the significance of a complex that contains a historic barn. Unused credits could be carried forward for 15 years for use in offsetting future tax liability.

For purposes of the credit, the bill would define a historic barn as a barn or building that is certified by the State Historical Society and meets one of the following conditions:

- Is a contributing element of property listed in the national register of historic places in Wisconsin or the state register of historic places, or has been determined to be eligible for listing on the state register.
- Contributes to the significance of a district that is listed on the national register of historic places in Wisconsin or the state register.
- Was built as a barn for agricultural purposes before 1960 and was originally clad with wood or constructed with masonry and retains physical characteristics dating to its agricultural use.

The bill would define a historic building as a nonresidential building or structure certified by the State Historical Society that was constructed before 1960 and contributes to the complex containing a historic barn.

Expenditures eligible for the credit would include architectural fees and other costs to rehabilitate the exterior of the building, electrical or plumbing systems, heating or ventilation systems, or for structural repair. Expenditures would have to exceed \$10,000 and the preservation or rehabilitation work would have to be completed within five years after the date that physical work of construction or destruction began. Eligible costs would not include costs to acquire a building or to enlarge an existing building.

The bill would require that all or a portion of the credits be added to taxable income if the person claiming the credits were to sell the property within five years of the date on which the preservation or rehabilitation was completed or if the State Historical Society were to determine that the work did not comply with its standards.

Information on the number of barns and other structures that would qualify for the credit and the amount of eligible expenditures is not available to estimate the fiscal effect of the bill.

### Long-Range Fiscal Implications