

2007 DRAFTING REQUEST

Bill

Received: **12/21/2006**

Received By: **csundber**

Wanted: **As time permits**

Identical to LRB:

For: **Jennifer Shilling (608) 266-5780**

By/Representing: **Nathan Houdek**

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

Drafter: **csundber**

May Contact:

Addl. Drafters: **agary**

Subject: **Tax, Business - credits**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Shilling@legis.wisconsin.gov**

Carbon copy (CC:) to: **christopher.sundberg@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Historic buildings, downtown development, and major highway projects

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	csundber 01/05/2007	wjackson 01/16/2007		_____			S&L
/1	csundber 04/23/2007	wjackson 04/23/2007	rschluet 01/17/2007	_____	mbarman 01/17/2007		S&L
/2	csundber 08/30/2007	jdyer 08/30/2007	rschluet 04/24/2007	_____	sbasford 04/24/2007	sbasford 04/24/2007	S&L
/3	csundber		sherritz	_____	mbarman	mbarman	S&L

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/4	agary 10/19/2007	wjackson 10/25/2007	jfrantze 10/26/2007 _____		sbasford 10/26/2007	sbasford 10/26/2007	

FE Sent For: 05/03/2007, 05/03/2007, 05/03/2007, 05/03/2007, 05/03/2007, 05/03/2007.

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"/4" @ intro. 11-30-2007

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14 WLJ 10/25

to 10/25 JAPg 10/25

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FE Sent For: 05/03/2007, ~~05/03/2007, 05/03/2007, 05/03/2007, 05/03/2007, 05/03/2007~~

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05-03-2007
("1/2")

requested
by Nathan

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Historic buildings, downtown development, and major highway projects

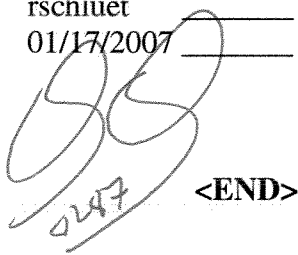
Instructions:

See Attached

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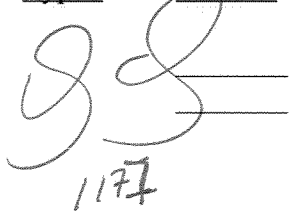
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FE Sent For:

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Sundberg, Christopher

From: Groves, Monica
Sent: Thursday, December 21, 2006 11:13 AM
To: Sundberg, Christopher
Subject: Downtown Wisconsin Legislation

Hi Chris,

I just received a call from Nate in Rep. Shilling's office about the Downtown WI bill draft that they would like to draft as an assembly companion bill. He said that he spoke with you and you requested that our office contact you to authorize a companion bill draft. We have worked with Rep. Shilling in past legislative sessions on this bill and have no problem with her drafting an identical Assembly companion. Both the senate and assembly bills for this session should be identical in content. Please let me know if you have any questions.

Thank You,

Monica Groves Batiza

Monica Groves Batiza
Office of Senator Julie Lassa
State Capitol
Room 323 South
P. O. Box 7882
Madison, WI 53707-7882
(608) 266-3123 phone
(608) 267-6797 fax
(800) 925-7491 toll free

In: 1/5/07

2007 - 2008 LEGISLATURE

1222/1
LRB-1073/1

CS/MS/MG/GM/PH/JK/JTK:wj:nn

↑
stays

2007 BILL

d-note ✓

Other

Regen

1 AN ACT *to renumber* 44.02 (24) and 101.121 (4) (a); *to renumber and amend*
2 71.07 (9m) (a), 71.07 (9r) (a), 71.28 (6) (a) and 71.47 (6) (a); *to amend* 13.48 (7),
3 13.48 (15), 59.69 (4m), 60.64, 62.23 (7) (em), 71.07 (9m) (c), 71.28 (6) (c), 71.47
4 (6) (c), 86.19 (1), 101.121 (4) (b), 101.19 (1) (intro.), 254.61 (1) (f) 2. and 823.21;
5 and *to create* 13.48 (10) (c), 20.143 (1) (gb), 41.11 (1) (bm), 44.02 (24) (b), 44.02
6 (24d), 71.07 (9m) (a) 2., 71.07 (9m) (g), 71.07 (9m) (h), 71.07 (9r) (a) 2., 71.28 (6)
7 (a) 2., 71.28 (6) (g), 71.28 (6) (h), 71.47 (6) (a) 2., 71.47 (6) (g), 71.47 (6) (h), 84.013
8 (3g), 86.19 (4m), 86.36, 86.37, 101.121 (3) (c), 101.121 (4) (a) 2., 101.121 (5),
9 101.975 (4), 227.01 (13) (zy), 560.03 (21m) and 560.083 of the statutes; **relating**
10 **to:** the regulation, preservation, and restoration of historic buildings; the
11 supplement to the federal historic rehabilitation tax credit and the state
12 historic rehabilitation tax credit; requiring the certification of downtowns;
13 promoting certain downtown areas in this state; highway projects involving
14 business and downtown areas; the construction of major highway projects

BILL

1 involving a bypass; granting rule-making authority; and making
2 appropriations.

Analysis by the Legislative Reference Bureau

This bill makes numerous changes with regard to historic buildings and downtown development and makes a change to current law regarding the construction of major highway projects involving a bypass. Significant provisions include the following:

HISTORIC BUILDINGS***State Historic Building Code***

Current law authorizes the Department of Commerce (Commerce) to regulate the preservation and restoration of qualified historic buildings. A qualified historic building is a building that is listed on the national or state register of historic places, or a certified local register of historic property, or that is located in a district that is listed on the national or state register of historic places and is of historical significance to the district. Current law permits Commerce, in consultation with the Historic Building Code Council, to promulgate a historic building code that provides specific standards for the preservation or restoration of qualified historic buildings, while still providing for the health, safety, and welfare of occupants of and visitors to historic buildings. In addition, to permit the preservation or restoration of qualified historic buildings, Commerce may grant a variance from any rule promulgated under the chapters of the statutes relating to the regulation of industry, buildings, and safety or the regulation of plumbing, fire protection systems, and swimming pools.

With certain exceptions, the owner of a qualified historic building may elect to be subject to the State Historic Building Code. With limited exceptions, an owner who makes this election is exempt from any provision of any other building code, including a local building code, that concerns a matter that is dealt with in the State Historic Building Code. Although current law does not contain an administrative procedure designed specifically to determine whether an owner is entitled to this exemption, current law does contain a procedure that an owner may follow to resolve any conflicts between a local order and any order of Commerce that relates to the safety of places of employment or certain buildings that are open to the public (public buildings).

This bill specifies that the State Historic Building Code must be liberally interpreted to facilitate the preservation and restoration of qualified historic buildings. The bill also creates a specific administrative procedure for determining the extent to which a provision in a local building code applies to a qualified historic building. The bill permits the owner of a qualified historic building who has elected to be governed by the State Historic Building Code to request that Commerce review any decision of a local governmental unit that requires the owner to comply with a provision in a local ordinance. Commerce must review the decision to determine whether the provision in the ordinance concerns a matter dealt with in the State

BILL

Historic Building Code, in which case the owner would be exempt from the provision. The bill specifies that, in performing this review, Commerce must follow the existing procedure for resolving conflicts between local orders and orders of Commerce that relate to the safety of places of employment or public buildings. In addition, the bill requires Commerce, in cooperation with the State Historical Society, to develop an informational pamphlet to increase public awareness and use of the State Historic Building Code.

Historic buildings used as multifamily dwellings

Current law requires Commerce to promulgate a multifamily dwelling code that provides uniform standards for the construction of multifamily dwellings and their components. With certain exceptions, a multifamily dwelling is an apartment building, row house, town house, condominium, or manufactured building that does not exceed 60 feet in height or six stories and that consists of three or more attached dwelling units. The Multifamily Dwelling Code currently applies to any building or portion of a building that is converted to a multifamily dwelling after April 1, 1995, unless the building is a qualified historic building and the owner elects to be subject to the State Historic Building Code. Rules promulgated by Commerce also permit a local governmental unit to exercise jurisdiction over the construction and inspection of multifamily dwellings by adopting ordinances that are consistent with the multifamily dwelling code. Currently, the multifamily dwelling code contains specific requirements relating to the type, height, and design of handrails and guardrails that are required to be used in multifamily dwellings.

This bill permits a local governmental unit to adopt an ordinance that requires the local governmental unit to grant a variance from these handrail and guardrail requirements, as they apply to a qualified historic building that is converted from a single-family dwelling to a multifamily dwelling, if the owner of the qualified historic building shows that the type, height, and design of the handrail or guardrail proposed for installation is historically appropriate and if the handrail or guardrail is at least as protective of public safety as the rail that is otherwise required.

Historic preservation in local governmental units

This bill directs local governmental units to interpret liberally their regulations that apply to historic structures in order to facilitate the preservation and restoration of historic buildings and structures.

Historic rehabilitation tax credit

Under current law, a person who is eligible to claim a federal income tax credit equal to either 10 percent of qualified expenses related to rehabilitating a qualified building in this state or 20 percent 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 percent of such qualified expenses.

Under the bill, for taxable years beginning in 2008, a person who is eligible to claim the federal rehabilitation tax credit may claim the supplemental state rehabilitation credit in an amount equal to 20 percent of qualified expenses, if the rehabilitated property is located in a certified downtown or is included in a business area revitalization under the State Main Street Program (a program that promotes revitalization efforts in certain business areas) and the State Historical Society

BILL

certifies the rehabilitation. In addition, under the bill, 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 supplemental state rehabilitation credit in an amount equal to 20 percent of qualified expenses, if the qualified expenses are at least \$10,000, the rehabilitated property is located in a certified downtown or is included in a business area revitalization under the State Main Street Program, and the State Historical Society certifies the rehabilitation. The State Historical Society may charge and collect a fee for the certifications described in this paragraph in an amount equal to two percent of the qualified expenses, but not less than \$300 nor more than \$20,000. Fifty percent of the amount of such fees collected by the State Historical Society will be used to provide additional staffing for the administration of the State Main Street Program.

Under current law, a person may claim an income tax credit equal to 25 percent 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 2008, a person who is eligible to claim the state income tax credit for preserving or rehabilitating historic property may claim the state income tax credit in an amount equal to 30 percent of qualified expenses, if the preserved or rehabilitated property is located in a certified downtown or is included in a business area revitalization under the State Main Street Program and the State Historical Society approves the preservation or rehabilitation. The State Historical Society may charge and collect a fee of \$150 for certifying such expenses.

Under current law, if a person who claims the income tax credit for qualified expenses to preserve or rehabilitate an owner-occupied personal residence sells the property within five years from the date on which the preservation or rehabilitation is completed, or if the State Historical Society determines that the preservation or rehabilitation does not comply with the standards established by the society, the person who claimed the tax credit must pay to the state all, or a portion, of the amount of the credit that the person received, depending on the date on which the person sold the property or on the date on which the preservation or rehabilitation does not comply with State Historical Society standards.

Under this bill, if a person who claims the supplemental state income or franchise tax credit for qualified expenses related to preserving or rehabilitating historic property in this state sells the property within five years from the date on which the preservation or rehabilitation is completed, or if the State Historical Society determines that the preservation or rehabilitation does not comply with the standards established by the society, the person who claimed the tax credit must pay to the state all, or a portion, of the amount of the credit that the person received, depending on the date on which the person sold the property or the date on which the preservation or rehabilitation does not comply with State Historical Society standards.

BILL**DOWNTOWN DEVELOPMENT*****Certification and promotion of downtowns***

This bill requires Commerce to develop and publish guidelines to aid communities in reconstructing central business districts that are destroyed or severely damaged in major disasters. The bill also requires Commerce to promulgate rules pursuant to which Commerce will certify downtowns. In addition, under the bill, the Department of Tourism must promote travel to these certified downtowns and to business areas that are or have been the subject of revitalization efforts under the State Main Street Program.

Currently, the Building Commission submits biennial recommendations to the legislature for revisions to the long-range state building program. No state agency or authority may engage any person to undertake construction of a building for the agency costing more than \$100,000 without prior approval of the commission. In addition, the commission has authority to lease land and buildings to be used for state purposes unless that authority is granted by law to another state agency.

This bill provides that the commission shall not authorize construction of any state office building to be located outside of a downtown area certified by Commerce as required under the bill, unless the cost of locating the building inside such a downtown area is more than 10 percent greater than the average cost of locating the building in that portion of the geographic area that is served by the functions to be performed in the building on the date of initial occupancy outside of such a downtown area, as determined by the Department of Administration (DOA). The bill also provides that the commission, in preparing its recommendations for the long-range building program, shall not recommend construction of a state office building to be located outside of such a downtown area, unless the commission would be authorized to permit construction of that building in the recommended location. In addition, the bill prohibits the commission from approving the lease of any building for state office facilities to be located outside of such a downtown area unless the cost of locating the facilities inside such a downtown area is more than 10 percent greater than the average cost of locating the facilities in that portion of the geographic area that is served by the functions to be performed in the facilities on the date of initial occupancy under the lease outside of such a downtown area, as determined by DOA.

This bill imposes additional requirements relating to highway projects that are funded by the Department of Transportation (DOT) and that involve a highway in a business area included in the State Main Street Program or in a downtown certified by Commerce. First, DOT must consult, during preliminary stages of a proposed highway project, on issues concerning the proposed project and its effect on the business or certified downtown area with Commerce and, unless none exists, with a local board or downtown planning organization of that municipality. Second, DOT must give priority to retaining any on-street parking with respect to a highway-widening project in a business or certified downtown area.

This bill specifies that DOT, in providing any matching funds for local highway projects, is required to fund the construction of any highway lane without regard to whether it is a travel lane or a parking lane. This requirement applies only to local

BILL

highway projects that are in business areas under the State Main Street Program or in downtowns certified by Commerce.

MAJOR HIGHWAY PROJECTS

Under current law, DOT administers a major highway projects program. A major highway project is a project having a total cost of more than \$5,000,000 and involving construction of a new highway 2.5 miles or more in length; reconstruction or reconditioning of an existing highway that relocates at least 2.5 miles of the highway or adds one or more lanes at least five miles in length to the highway; or improvement of an existing multilane divided highway to freeway standards. Any major highway project, unlike other highway construction projects undertaken by DOT, requires the approval of the Transportation Projects Commission and the legislature before the project may be constructed. The current list of major highway projects that are approved for construction includes six projects that involve bypasses.

This bill provides that, prior to constructing a major highway project involving a bypass, DOT must notify the governing body of the city, village, or town primarily to be affected by the bypass of DOT's proposed construction of the bypass. If the governing body of the city, village, or town adopts a resolution, within 90 days of being notified by DOT, stating that an active bypass is in the best public interest of the city, village, or town and sends a copy of the resolution to DOT within seven days of its adoption, DOT is required to design and construct an active bypass. The bill defines "active bypass" as a bypass of an existing highway that is designed and constructed in such a way that access to the bypass requires motorists to exit the existing highway in order to travel on the bypass.

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

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

- 1 **SECTION 1.** 13.48 (7) of the statutes is amended to read:
- 2 **13.48 (7) BIENNIAL RECOMMENDATIONS.** The building commission shall prepare
- 3 and formally adopt recommendations for the long-range state building program on
- 4 a biennial basis. The building commission shall include in its report any projects
- 5 proposed by the state fair park board involving a cost of not more than \$250,000,
- 6 together with the method of financing those projects proposed by the board, without
- 7 recommendation. Unless a later date is requested by the building commission and

BILL

1 approved by the joint committee on finance, the building commission shall, no later
2 than the first Tuesday in April of each odd-numbered year, transmit the report
3 prepared by the department of administration under s. 16.40 (20) and the
4 commission's recommendations for the succeeding fiscal biennium that require
5 legislative approval to the joint committee on finance in the form of proposed
6 legislation prepared in proper form. If the building commission includes any
7 recommendation for construction of a state office building, the commission shall
8 ensure that the recommended location of the building is consistent with construction
9 requirements under sub. (10) (c).

10 **SECTION 2.** 13.48 (10) (c) of the statutes is created to read:

11 13.48 **(10)** (c) Unless otherwise required by law, the building commission shall
12 not authorize the construction of any state office building, whether for utilization by
13 a single agency or otherwise, to be located outside of a downtown area, as certified
14 under s. 560.03 (21m), unless the cost of locating the building inside a downtown area
15 is more than 10 percent greater than the average cost of locating the building in that
16 portion of the geographic area that is served by the functions to be performed in the
17 building on the date of initial occupancy outside of any downtown area, as
18 determined by the department of administration.

19 **SECTION 3.** 13.48 (15) of the statutes is amended to read:

20 13.48 **(15)** ACQUISITION OF LEASEHOLD INTERESTS. Subject to the requirements
21 of s. 20.924 (1) (i), the building commission shall have the authority to acquire
22 leasehold interests in land and buildings where such authority is not otherwise
23 provided to an agency by law. The building commission shall not approve any lease
24 for state office facilities, whether for utilization by a single agency or otherwise, to
25 be located outside of a downtown area, as certified under s. 560.03 (21m), unless the

BILL**SECTION 3**

1 cost of locating the facilities inside a downtown area is more than 10 percent greater
2 than the average cost of locating the facilities in that portion of the geographic area
3 that is served by the functions to be performed in the facilities on the date of initial
4 occupancy under the lease outside of any downtown area, as determined by the
5 department of administration.

6 **SECTION 4.** 20.143 (1) (gb) of the statutes is created to read:

7 20.143 (1) (gb) *Certified downtowns and business district reconstruction.* All
8 moneys received from the historical society under s. 44.02 (24d) (b) for the purpose
9 of providing staff for the administration of ss. 560.03 (21m) and 560.083.

10 **SECTION 5.** 41.11 (1) (bm) of the statutes is created to read:

11 41.11 (1) (bm) Promote travel to business areas that are or have been the
12 subject of revitalization efforts under the State Main Street Program under s.
13 560.081 or that are certified downtowns under s. 560.03 (21m).

14 **SECTION 6.** 44.02 (24) of the statutes is renumbered 44.02 (24) (a).

15 **SECTION 7.** 44.02 (24) (b) of the statutes is created to read:

16 44.02 (24) (b) Charge a fee of \$150 for a certification under par. (a). The
17 historical society shall collect the fee under this paragraph when an applicant
18 applies for certification under par. (a).

19 **SECTION 8.** 44.02 (24d) of the statutes is created to read:

20 44.02 (24d) (a) Promulgate by rule procedures, standards, and forms necessary
21 to certify, and shall certify, expenditures for preservation or rehabilitation of historic
22 property for the purposes of ss. 71.07 (9m), 71.28 (6), and 71.47 (6). Those standards
23 shall be substantially similar to the standards used by the secretary of the interior
24 to certify rehabilitations under 26 USC 47 (c) (2).

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1 (b) Charge a fee for a certification under par. (a) equal to 2 percent of the
2 qualified rehabilitation expenditures for the historic property that is the subject of
3 the certification, except that no fee under this paragraph may be less than \$300 nor
4 more than \$20,000. The historical society shall collect the fee under this paragraph
5 when an applicant applies for certification under par. (a). Fifty percent of the amount
6 collected under this paragraph shall be deposited in the appropriation account under
7 s. 20.143 (1) (gb).

8 **SECTION 9.** 59.69 (4m) of the statutes is amended to read:

9 **59.69 (4m) HISTORIC PRESERVATION.** A county, as an exercise of its zoning and
10 police powers for the purpose of promoting the health, safety and general welfare of
11 the community and of the state, may regulate by ordinance any place, structure or
12 object with a special character, historic interest, aesthetic interest or other
13 significant value, for the purpose of preserving the place, structure or object and its
14 significant characteristics. The county may create a landmarks commission to
15 designate historic landmarks and establish historic districts. The county may
16 regulate all historic landmarks and all property within each historic district to
17 preserve the historic landmarks and property within the district and the character
18 of the district, and shall interpret the county's regulations liberally to facilitate the
19 preservation and restoration of historic buildings and structures.

20 **SECTION 10.** 60.64 of the statutes is amended to read:

21 **60.64 Historic preservation.** The town board, in the exercise of its zoning
22 and police powers for the purpose of promoting the health, safety and general welfare
23 of the community and of the state, may regulate any place, structure or object with
24 a special character, historic interest, aesthetic interest or other significant value for
25 the purpose of preserving the place, structure or object and its significant

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1 characteristics. The town board may create a landmarks commission to designate
2 historic landmarks and establish historic districts. The board may regulate all
3 historic landmarks and all property within each historic district to preserve the
4 historic landmarks and property within the district and the character of the district,
5 and shall interpret the board's regulations liberally to facilitate the preservation and
6 restoration of historic buildings and structures.

7 **SECTION 11.** 62.23 (7) (em) of the statutes is amended to read:

8 62.23 (7) (em) *Historic preservation.* A city, as an exercise of its zoning and
9 police powers for the purpose of promoting the health, safety and general welfare of
10 the community and of the state, may regulate by ordinance, or if a city contains any
11 property that is listed on the national register of historic places in Wisconsin or the
12 state register of historic places shall, not later than 1995, enact an ordinance to
13 regulate, any place, structure or object with a special character, historic,
14 archaeological or aesthetic interest, or other significant value, for the purpose of
15 preserving the place, structure or object and its significant characteristics. A city
16 may create a landmarks commission to designate historic or archaeological
17 landmarks and establish historic districts. The city may regulate, or if the city
18 contains any property that is listed on the national register of historic places in
19 Wisconsin or the state register of historic places shall regulate, all historic or
20 archaeological landmarks and all property within each historic district to preserve
21 the historic or archaeological landmarks and property within the district and the
22 character of the district, and shall interpret the city's regulations liberally to
23 facilitate the preservation and restoration of historic buildings and structures.

24 **SECTION 12.** 71.07 (9m) (a) of the statutes is renumbered 71.07 (9m) (a) 1. and
25 amended to read:

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1 71.07 (9m) (a) 1. ~~Any~~ Except as provided in subd. 2., any person may claim as
2 a credit against the taxes otherwise due imposed under this chapter s. 71.02 or 71.08,
3 up to the amount of those taxes, an amount equal to 5% of the costs of qualified
4 rehabilitation expenditures, as defined in section 47 (c) (2) of the internal revenue
5 code Internal Revenue Code, for certified historic structures on property located in
6 this state, if the physical work of construction or destruction in preparation for
7 construction begins after December 31, 1988, and the rehabilitated property is
8 placed in service after June 30, 1989.

9 **SECTION 13.** 71.07 (9m) (a) 2. of the statutes is created to read:

10 71.07 (9m) (a) 2. a. Any person may claim as a credit against the taxes imposed
11 under s. 71.02 or 71.08, up to the amount of those taxes, an amount equal to 20
12 percent of the costs of qualified rehabilitation expenditures, as defined in section 47
13 (c) (2) of the Internal Revenue Code, for certified historic structures on property
14 located in a certified downtown under s. 560.03 (21m) or included in a business
15 revitalization under s. 560.081, if the physical work of construction or destruction in
16 preparation for construction begins after December 31, 2007.

17 b. A person whose qualified rehabilitation expenditures do not satisfy the
18 adjusted basis requirement under section 47 (c) (1) of the Internal Revenue Code, but
19 who otherwise would be eligible to claim the rehabilitation credit under section 47
20 of the Internal Revenue Code, may claim as a credit against the taxes imposed under
21 s. 71.02 or 71.08, up to the amount of those taxes, an amount equal to 20 percent of
22 the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of
23 the Internal Revenue Code, if the property is located in a certified downtown under
24 s. 560.03 (21m) or is included in a business area revitalization under s. 560.081; if
25 the person's qualified rehabilitation expenditures, as defined in section 47 (c) (2) of

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1 the Internal Revenue Code, are at least \$10,000; if the rehabilitation is approved by
2 the state historical society before the physical work of construction, or destruction
3 in preparation for construction, begins; if the person includes evidence of such
4 approval with the person's return; if the physical work of construction, or destruction
5 in preparation for construction, begins after December 31, 2007; and if the person
6 claims the credit for the same taxable year in which the person would have claimed
7 the credit for federal purposes.

8 **SECTION 14.** 71.07 (9m) (c) of the statutes is amended to read:

9 71.07 **(9m)** (c) No Except as provided in par. (a) 2., no person may claim the a
10 credit under this subsection unless the claimant includes with the claimant's return
11 evidence that the rehabilitation was approved recommended by the state historic
12 preservation officer for approval by the secretary of the interior under 36 CFR 67.6
13 before the physical work of construction, or destruction in preparation for
14 construction, began; and the claimant claims the credit for the same taxable year in
15 which the claimant would have claimed the credit for federal purposes.

16 **SECTION 15.** 71.07 (9m) (g) of the statutes is created to read:

17 71.07 **(9m)** (g) A person who has incurred qualified rehabilitation
18 expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for
19 certified historic structures located in this state, as described in par. (a), but who is
20 not a resident of this state and who is not required to file a return under this chapter,
21 may enter into an agreement with another person, with the department's approval
22 and in the manner prescribed by the department, so that the other person may claim
23 the credit under this subsection, if the other person is subject to the taxes imposed
24 under s. 71.02 or 71.08.

25 **SECTION 16.** 71.07 (9m) (h) of the statutes is created to read:

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1 71.07 **(9m)** (h) A person who receives a credit under this subsection shall add
2 to the person's liability for taxes imposed under s. 71.02 or 71.08 one of the following
3 percentages of the amount of the credits received under this subsection for
4 rehabilitating or preserving the property if, within 5 years after the date on which
5 the preservation or rehabilitation work that was the basis of the credit is completed,
6 the person either sells or conveys the property by deed or land contract or the state
7 historical society certifies to the department of revenue that the historic property has
8 been altered to the extent that it does not comply with the standards promulgated
9 under s. 44.02 (24d):

10 1. If the sale, conveyance, or noncompliance occurs during the first year after
11 the date on which the preservation or rehabilitation is completed, 100 percent.

12 2. If the sale, conveyance, or noncompliance occurs during the 2nd year after
13 the date on which the preservation or rehabilitation is completed, 80 percent.

14 3. If the sale, conveyance, or noncompliance occurs during the 3rd year after
15 the date on which the preservation or rehabilitation is completed, 60 percent.

16 4. If the sale, conveyance, or noncompliance occurs during the 4th year after
17 the date on which the preservation or rehabilitation is completed, 40 percent.

18 5. If the sale, conveyance, or noncompliance occurs during the 5th year after
19 the date on which the preservation or rehabilitation is completed, 20 percent.

20 **SECTION 17.** 71.07 (9r) (a) of the statutes is renumbered 71.07 (9r) (a) 1. and
21 amended to read:

22 71.07 **(9r)** (a) 1. For Except as provided in subd. 2., for taxable years beginning
23 on or after August 1, 1988, any natural person may claim as a credit against the taxes
24 otherwise due imposed under s. 71.02 or 71.08, up to the amount of those taxes, an
25 amount equal to 25% of the costs of preservation or rehabilitation of historic property

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

8 **SECTION 18.** 71.07 (9r) (a) 2. of the statutes is created to read:

9 71.07 **(9r)** (a) 2. For taxable years beginning after December 31, 2007, any
10 natural person may claim as a credit against the taxes imposed under s. 71.02 or
11 71.08, up to the amount of those taxes, an amount equal to 30 percent of the costs of
12 preservation or rehabilitation of property that is located in a certified downtown
13 under s. 560.03 (21m) or is included in a business area revitalization under s.
14 560.081, 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, 2007, 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 19.** 71.28 (6) (a) of the statutes is renumbered 71.28 (6) (a) 1. and
22 amended to read:

23 71.28 **(6)** (a) 1. Any Except as provided in subd. 2., any person may claim as a
24 credit against the taxes otherwise due imposed under this chapter s. 71.23, up to the
25 amount of those taxes, an amount equal to 5% of the costs of qualified rehabilitation

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1 expenditures, as defined in section 47 (c) (2) of the ~~internal revenue code~~ Internal
2 Revenue Code, for certified historic structures on property located in this state, if the
3 physical work of construction or destruction in preparation for construction begins
4 after December 31, 1988, and the rehabilitated property is placed in service after
5 June 30, 1989.

6 **SECTION 20.** 71.28 (6) (a) 2. of the statutes is created to read:

7 71.28 **(6)** (a) 2. a. Any person may claim as a credit against the taxes imposed
8 under s. 71.23, up to the amount of those taxes, an amount equal to 20 percent of the
9 costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the
10 Internal Revenue Code, for certified historic structures on property located in a
11 certified downtown under s. 560.03 (21m) or included in a business revitalization
12 under s. 560.081, if the physical work of construction or destruction in preparation
13 for construction begins after December 31, 2007.

14 b. A person whose qualified rehabilitation expenditures do not satisfy the
15 adjusted basis requirement under section 47 (c) (1) of the Internal Revenue Code, but
16 who otherwise would be eligible to claim the rehabilitation credit under section 47
17 of the Internal Revenue Code, may claim as a credit against the taxes imposed under
18 s. 71.23, up to the amount of those taxes, an amount equal to 20 percent of the costs
19 of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal
20 Revenue Code, if the property is located in a certified downtown under s. 560.03
21 (21m) or is included in a business area revitalization under s. 560.081; if the person's
22 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal
23 Revenue Code, are at least \$10,000; if the rehabilitation is approved by the state
24 historical society before the physical work of construction, or destruction in
25 preparation for construction, begins; if the person includes evidence of such approval

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1 with the person's return; if the physical work of construction, or destruction in
2 preparation for construction, begins after December 31, 2007; and if the person
3 claims the credit for the same taxable year in which the person would have claimed
4 the credit for federal purposes.

5 **SECTION 21.** 71.28 (6) (c) of the statutes is amended to read:

6 71.28 (6) (c) No Except as provided in par. (a) 2., no person may claim the a
7 credit under this subsection unless the claimant includes with the claimant's return
8 evidence that the rehabilitation was approved recommended by the state historic
9 preservation officer for approval by the secretary of the interior under 36 CFR 67.6
10 before the physical work of construction, or destruction in preparation for
11 construction, began; and the claimant claims the credit for the same taxable year in
12 which the claimant would have claimed the credit for federal purposes.

13 **SECTION 22.** 71.28 (6) (g) of the statutes is created to read:

14 71.28 (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's approval and in the
19 manner prescribed by the department, so that the other person may claim the credit
20 under this subsection, if the other person is subject to the taxes imposed under s.
21 71.23.

22 **SECTION 23.** 71.28 (6) (h) of the statutes is created to read:

23 71.28 (6) (h) A person who receives a credit under this subsection shall add to
24 the person's liability for taxes imposed under s. 71.23 one of the following
25 percentages of the amount of the credits received under this subsection for

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1 rehabilitating or preserving the property if, within 5 years after the date on which
2 the preservation or rehabilitation work that was the basis of the credit is completed,
3 the person either sells or conveys the property by deed or land contract or the state
4 historical society certifies to the department of revenue that the historic property has
5 been altered to the extent that it does not comply with the standards promulgated
6 under s. 44.02 (24d):

7 1. If the sale, conveyance, or noncompliance occurs during the first year after
8 the date on which the preservation or rehabilitation is completed, 100 percent.

9 2. If the sale, conveyance, or noncompliance occurs during the 2nd year after
10 the date on which the preservation or rehabilitation is completed, 80 percent.

11 3. If the sale, conveyance, or noncompliance occurs during the 3rd year after
12 the date on which the preservation or rehabilitation is completed, 60 percent.

13 4. If the sale, conveyance, or noncompliance occurs during the 4th year after
14 the date on which the preservation or rehabilitation is completed, 40 percent.

15 5. If the sale, conveyance, or noncompliance occurs during the 5th year after
16 the date on which the preservation or rehabilitation is completed, 20 percent.

17 **SECTION 24.** 71.47 (6) (a) of the statutes is renumbered 71.47 (6) (a) 1. and
18 amended to read:

19 71.47 **(6)** (a) 1. Any Except as provided in subd. 2., any person may claim as a
20 credit against the taxes otherwise due imposed under this chapter s. 71.43, up to the
21 amount of those taxes, an amount equal to 5% of the costs of qualified rehabilitation
22 expenditures, as defined in section 47 (c) (2) of the internal revenue code Internal
23 Revenue Code, for certified historic structures on property located in this state, if the
24 physical work of construction or destruction in preparation for construction begins

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

3 **SECTION 25.** 71.47 (6) (a) 2. of the statutes is created to read:

4 71.47 **(6)** (a) 2. a. Any person may claim as a credit against the taxes imposed
5 under s. 71.43, up to the amount of those taxes, an amount equal to 20 percent of the
6 costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the
7 Internal Revenue Code, for certified historic structures on property located in a
8 certified downtown under s. 560.03 (21m) or included in a business revitalization
9 under s. 560.081, if the physical work of construction or destruction in preparation
10 for construction begins after December 31, 2007.

11 b. A person whose qualified rehabilitation expenditures do not satisfy the
12 adjusted basis requirement under section 47 (c) (1) of the Internal Revenue Code, but
13 who otherwise would be eligible to claim the rehabilitation credit under section 47
14 of the Internal Revenue Code, may claim as a credit against the taxes imposed under
15 s. 71.43, up to the amount of those taxes, an amount equal to 20 percent of the costs
16 of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal
17 Revenue Code, if the property is located in a certified downtown under s. 560.03
18 (21m) or is included in a business area revitalization under s. 560.081; if the person's
19 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal
20 Revenue Code, are at least \$10,000; if the rehabilitation is approved by the state
21 historical society before the physical work of construction, or destruction in
22 preparation for construction, begins; if the person includes evidence of such approval
23 with the person's return; if the physical work of construction, or destruction in
24 preparation for construction, begins after December 31, 2007; and if the person

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1 claims the credit for the same taxable year in which the person would have claimed
2 the credit for federal purposes.

3 **SECTION 26.** 71.47 (6) (c) of the statutes is amended to read:

4 71.47 (6) (c) No Except as provided in par. (a) 2., no person may claim the a
5 credit under this subsection unless the claimant includes with the claimant's return
6 evidence that the rehabilitation was approved recommended by the state historic
7 preservation officer for approval by the secretary of the interior under 36 CFR 67.6
8 before the physical work of construction, or destruction in preparation for
9 construction, began; and the claimant claims the credit for the same taxable year in
10 which the claimant would have claimed the credit for federal purposes.

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

12 71.47 (6) (g) A person who has incurred qualified rehabilitation expenditures,
13 as defined in section 47 (c) (2) of the Internal Revenue Code, for certified historic
14 structures located in this state, as described in par. (a), but who is not a resident of
15 this state and who is not required to file a return under this chapter, may enter into
16 an agreement with another person, with the department's approval and in the
17 manner prescribed by the department, so that the other person may claim the credit
18 under this subsection, if the other person is subject to the taxes imposed under s.
19 71.43.

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

21 71.47 (6) (h) A person who receives a credit under this subsection shall add to
22 the person's liability for taxes imposed under s. 71.43 one of the following
23 percentages of the amount of the credits received under this subsection for
24 rehabilitating or preserving the property if, within 5 years after the date on which
25 the preservation or rehabilitation work that was the basis of the credit is completed,

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1 the person either sells or conveys the property by deed or land contract or the state
2 historical society certifies to the department of revenue that the historic property has
3 been altered to the extent that it does not comply with the standards promulgated
4 under s. 44.02 (24d):

5 1. If the sale, conveyance, or noncompliance occurs during the first year after
6 the date on which the preservation or rehabilitation is completed, 100 percent.

7 2. If the sale, conveyance, or noncompliance occurs during the 2nd year after
8 the date on which the preservation or rehabilitation is completed, 80 percent.

9 3. If the sale, conveyance, or noncompliance occurs during the 3rd year after
10 the date on which the preservation or rehabilitation is completed, 60 percent.

11 4. If the sale, conveyance, or noncompliance occurs during the 4th year after
12 the date on which the preservation or rehabilitation is completed, 40 percent.

13 5. If the sale, conveyance, or noncompliance occurs during the 5th year after
14 the date on which the preservation or rehabilitation is completed, 20 percent.

15 **SECTION 29.** 84.013 (3g) of the statutes is created to read:

16 84.013 (3g) Before commencing construction of a major highway project that
17 is listed under sub. (3) or approved under sub. (6) and that involves construction of
18 a bypass, the department shall notify the governing body of the city, village, or town
19 in which a majority of the land affected by the proposed bypass is located that the
20 department is authorized to construct such bypass. If, within 90 days after the date
21 of the department's notification, the governing body of the city, village, or town
22 adopts a resolution stating that construction of an active bypass is in the best public
23 interest of the city, village, or town and, within 7 days after adoption of the resolution,
24 sends a copy of the resolution to the department, the department shall design and
25 construct the major highway project as an active bypass. For purposes of this

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1 subsection, an “active bypass” is a bypass of an existing highway that is designed and
2 constructed so that access to the bypass requires motorists to exit the existing
3 highway in order to travel upon the bypass. This subsection shall apply to the use
4 of any federal funds only to the extent that such use does not result in the loss of any
5 federal funds. This subsection does not apply to any major highway project that is
6 subject to a contract for its construction and that is in effect on the effective date of
7 this subsection [revisor inserts date].

8 **SECTION 30.** 86.19 (1) of the statutes is amended to read:

9 **86.19 (1)** Except as provided in sub. (1m), ~~(4m)~~, or s. 84.01 (30) (g), no sign shall
10 be placed within the limits of any street or highway except such as are necessary for
11 the guidance or warning of traffic or as provided by ss. 60.23 (17m) and 66.0429. The
12 authorities charged with the maintenance of streets or highways shall cause the
13 removal therefrom and the disposal of all other signs.

14 **SECTION 31.** 86.19 (4m) of the statutes is created to read:

15 **86.19 (4m)** In a business area that is the subject of revitalization efforts under
16 the State Main Street Program under s. 560.081 or that is a certified downtown
17 under s. 560.03 (21m), the holder of a privilege under s. 66.0425 may erect awning
18 or other signage that projects from a building over a sidewalk, provided that the
19 awning or other signage does not encroach upon the traveled portion of a highway
20 and the awning or other signage provides adequate clearance for equipment used to
21 maintain or clear the sidewalks of snow or debris. If the department removes an
22 awning or other signage erected under this subsection in connection with a state
23 highway project, the owner of the awning or other signage may not be compensated
24 for the removal, damage, or loss of the sign by local or state authorities.

25 **SECTION 32.** 86.36 of the statutes is created to read:

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1 **86.36 Matching funds for local highway projects.** Notwithstanding any
2 other provision of law relating to the funding of local highway projects by the
3 department, if the department provides matching funds to a city, village, town, or
4 county on or after the effective date of this section [revisor inserts date], for a local
5 highway project involving the construction of one or more lanes of highway, the
6 department shall fund the construction of any lane of highway affected by the project
7 without regard to its designation as a travel lane or a parking lane. This section
8 applies only to local highway projects that involve a highway in a business area that
9 is the subject of revitalization efforts under the State Main Street Program under s.
10 560.081 (2) (e) or in a certified downtown under s. 560.03 (21m). This section shall
11 apply to the use of any federal funds only to the extent that such use does not result
12 in the loss of any federal funds.

13 **SECTION 33.** 86.37 of the statutes is created to read:

14 **86.37 Highway projects involving business and downtown areas. (1)**

15 In this section:

16 (a) "Business area" has the meaning given in s. 560.081 (1) (a).

17 (b) "Municipality" means a city, village, or town.

18 **(2)** In the preliminary stages of considering and planning any highway project
19 to be funded by the department that involves a highway in which a business area that
20 is the subject of revitalization efforts under the State Main Street Program under s.
21 560.081 (2) (e) or a certified downtown under s. 560.03 (21m) is located, the
22 department shall consult on issues concerning the proposed highway project and its
23 effects on the business or certified downtown area with the department of commerce
24 and, unless no such board or organization exists, with the business improvement
25 district board appointed under s. 66.1109 (3) (a), the main street board associated

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1 with the State Main Street Program under s. 560.081 (2) (e), or the nonprofit
2 downtown planning organization of that municipality. This subsection does not
3 apply to any highway project for which preliminary engineering was begun before
4 the effective date of this subsection [revisor inserts date].

5 (3) Notwithstanding any other provision of law relating to highway projects
6 funded by the department, the department shall give priority to the retention of any
7 on-street parking with respect to a highway project involving the widening of a
8 highway in which a business area that is the subject of revitalization efforts under
9 the State Main Street Program under s. 560.081 or a certified downtown under s.
10 560.03 (21m) is located. This subsection shall apply to the use of any federal funds
11 only to the extent that such use does not result in the loss of any federal funds. This
12 subsection does not apply to any highway project that is subject to a contract for its
13 construction and that is in effect on the effective date of this subsection [revisor
14 inserts date].

15 **SECTION 34.** 101.121 (3) (c) of the statutes is created to read:

16 101.121 (3) (c) The Historic Building Code shall be liberally interpreted to
17 facilitate the preservation and restoration of qualified historic buildings.

18 **SECTION 35.** 101.121 (4) (a) of the statutes is renumbered 101.121 (4) (a) 1.

19 **SECTION 36.** 101.121 (4) (a) 2. of the statutes is created to read:

20 101.121 (4) (a) 2. Upon the request of the owner of a qualified historic building
21 who elects under subd. 1. to be subject to the Historic Building Code, the department
22 shall review any decision of a city, village, town, or county that requires the owner
23 to comply with a provision of a county or municipal building code, or of any other local
24 ordinance or regulation, to determine if the provision concerns a matter dealt with

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1 in the Historic Building Code. The procedures in s. 101.02 (7) apply to any review
2 conducted by the department under this subdivision.

3 **SECTION 37.** 101.121 (4) (b) of the statutes is amended to read:

4 101.121 (4) (b) Paragraph (a) 1, does not apply to any owner of a nursing home,
5 as defined in s. 50.01 (3), a hospital, as defined in s. 50.33 (2) (a) and (c), or an
6 approved public or private treatment facility for alcoholics, as defined in s. 51.45 (2)
7 (b) and (c).

8 **SECTION 38.** 101.121 (5) of the statutes is created to read:

9 101.121 (5) INFORMATIONAL PAMPHLET. (a) In cooperation with the state
10 historical society, the department shall develop an informational pamphlet designed
11 to increase awareness and use of the Historic Building Code. The department, in
12 cooperation with the State Historical Society, shall update the pamphlet as statutes
13 and rules relating to the Historic Building Code are amended. The pamphlet shall
14 include all of the following information:

- 15 1. A description of the Historic Building Code.
- 16 2. A description of the types and qualities of buildings that are subject to the
17 Historic Building Code.
- 18 3. An explanation of how the owner of a qualified historic building may elect
19 to be subject to the Historic Building Code and a description of the consequences of
20 that election.
- 21 4. A description of other alternative building codes that the owner of a historic
22 building may be eligible to use.
- 23 5. A description of where a person may obtain further information regarding
24 historic buildings and the Historic Building Code.

BILL

1 (b) The department and the state historical society shall distribute the
2 pamphlets as they consider necessary to increase awareness of the Historic Building
3 Code.

4 **SECTION 39.** 101.19 (1) (intro.) of the statutes is amended to read:

5 101.19 (1) (intro.) The department, ~~by rule promulgated under ch. 227,~~ shall
6 ~~fix and collect promulgate rules establishing and providing for the collection of fees~~
7 which shall, as closely as possible, equal the cost of providing the following services:

8 **SECTION 40.** 101.975 (4) of the statutes is created to read:

9 101.975 (4) (a) A political subdivision may adopt an ordinance that permits the
10 political subdivision to grant a variance to the Uniform Multifamily Dwelling Code
11 if all of the following apply:

12 1. The ordinance permits only a variance that relates to handrails or guardrails
13 of qualified historic buildings, as defined in s. 101.121 (2) (c), that are converted from
14 single-family dwellings to multifamily dwellings.

15 2. The ordinance requires the owner of a qualified historic building who seeks
16 a variance to provide the political subdivision with evidence that the type, height,
17 and design of the handrail or guardrail proposed for installation is historically
18 appropriate for the owner's building.

19 (b) A political subdivision may grant a variance under an ordinance adopted
20 under par. (a) if the owner seeking the variance provides the evidence required under
21 par. (a) 2. and if the handrail or guardrail installation is at least as protective of
22 public safety as the handrail or guardrail that would otherwise have been required.

23 **SECTION 41.** 227.01 (13) (zy) of the statutes is created to read:

BILL**SECTION 41**

1 227.01 **(13)** (zy) Establishes guidelines pursuant to s. 560.083 to aid
2 communities in reconstructing central business districts that are destroyed or
3 severely damaged in major disasters.

4 **SECTION 42.** 254.61 (1) (f) 2. of the statutes is amended to read:

5 254.61 **(1)** (f) 2. A structural addition, including a renovation, made to a
6 structure that was originally constructed at least 50 years before an initial or
7 renewal application for a permit under s. 254.64 (1) (b) is made and for which no use
8 other than as a bed and breakfast establishment is proposed. The structural addition
9 under this subdivision shall comply with the rules promulgated under s. 101.63 (1)
10 and (1m).

11 **SECTION 43.** 560.03 (21m) of the statutes is created to read:

12 560.03 **(21m)** (a) Promulgate rules for the certification of downtowns by the
13 department. The rules promulgated under this subsection shall require the
14 department to consider at least all of the following factors with regard to an area
15 being a certified downtown:

16 1. Whether the area is or is located in a central business district.

17 2. The extent to which the structures located in the area are in commercial use,
18 or zoned for commercial use, and oriented for pedestrian traffic.

19 3. The compactness of the area and the extent to which the area includes a
20 regular pattern of sidewalks facilitating commercial activity by pedestrians.

21 4. The extent to which the linear street frontage in the area is set back from
22 the sidewalk.

23 5. The historical value of the area.

24 (b) Ensure that the rules promulgated under par. (a) permit multiple areas
25 within a populous city, village, or town to be certified downtowns.

BILL

1 (c) Support and assist certified downtowns by directing the department's
2 resources, whenever appropriate, to certified downtowns.

3 **SECTION 44.** 560.083 of the statutes is created to read:

4 **560.083 Central business district reconstruction guidelines.** The
5 department shall develop and publish guidelines to aid communities in
6 reconstructing central business districts that are destroyed or severely damaged in
7 major disasters. The guidelines shall include information on relevant financial and
8 other assistance available to communities from the state government.

9 **SECTION 45.** 823.21 of the statutes is amended to read:

10 **823.21 Dilapidated buildings declared nuisances.** Any building which,
11 under s. 66.0413 (1) (b) 1., has been declared so ~~old~~, dilapidated or out of repair as
12 to be dangerous, unsafe, unsanitary, or otherwise unfit for human habitation or has
13 been determined to be unreasonable to repair under s. 66.0413 (1) (b) 1. is a public
14 nuisance and may be proceeded against under this chapter.

15 **SECTION 46. Nonstatutory provisions.**

16 (1) **CERTIFIED DOWNTOWNS AND BUSINESS DISTRICT RECONSTRUCTION.** The
17 authorized FTE positions for the department of commerce are increased by 2.0 PR
18 positions, to be funded from the appropriation under section 20.143 (1) (gb) of the
19 statutes, for the purpose of providing increased staff for the administration of
20 sections 560.03 (21m) and 560.083 of the statutes.

21 (2) **HISTORICAL SOCIETY.** The authorized FTE positions for the historical society
22 are increased by 1.0 PR position, to be funded from the appropriation under section
23 20.245 (1) (ks) of the statutes, for the purpose of providing increased staff for the
24 administration section 44.02 (24d) (a) of the statutes, as created by this act.

25 **SECTION 47. Appropriation changes.**

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

LRB-1222/1dn

CTS: /:....

WLj

Representative Shilling:

This draft is identical to LRB-1073/1.

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

LRB-1222/1dn
CTS:wj:rs

January 17, 2007

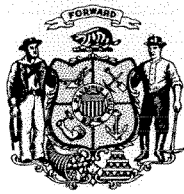
Representative Shilling:

This draft is identical to LRB-1073/1.

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4/23/07 ^{shilling}
Date / ~~shilling~~

Redraft CRB-1222/1 to incorporate
changes made to companion, CRB-1073/2.



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-1222/1
CS/MS/MG/GM/JK/JTK:wj:rs

2007 BILL

1 **AN ACT** *to renumber* 44.02 (24) and 101.121 (4) (a); *to renumber and amend*
2 71.07 (9m) (a), 71.07 (9r) (a), 71.28 (6) (a) and 71.47 (6) (a); *to amend* 13.48 (7),
3 13.48 (15), 59.69 (4m), 60.64, 62.23 (7) (em), 71.07 (9m) (c), 71.28 (6) (c), 71.47
4 (6) (c), 86.19 (1), 101.121 (4) (b), 101.19 (1) (intro.), 254.61 (1) (f) 2. and 823.21;
5 and *to create* 13.48 (10) (c), 20.143 (1) (gb), 41.11 (1) (bm), 44.02 (24) (b), 44.02
6 (24d), 71.07 (9m) (a) 2., 71.07 (9m) (g), 71.07 (9m) (h), 71.07 (9r) (a) 2., 71.28 (6)
7 (a) 2., 71.28 (6) (g), 71.28 (6) (h), 71.47 (6) (a) 2., 71.47 (6) (g), 71.47 (6) (h), 84.013
8 (3g), 86.19 (4m), 86.36, 86.37, 101.121 (3) (c), 101.121 (4) (a) 2., 101.121 (5),
9 101.975 (4), 227.01 (13) (zy), 560.03 (21m) and 560.083 of the statutes; **relating**
10 **to:** the regulation, preservation, and restoration of historic buildings; the
11 supplement to the federal historic rehabilitation tax credit and the state
12 historic rehabilitation tax credit; requiring the certification of downtowns;
13 promoting certain downtown areas in this state; highway projects involving
14 business and downtown areas; the construction of major highway projects

BILL

1 involving a bypass; granting rule-making authority; and making
2 appropriations.

Analysis by the Legislative Reference Bureau

This bill makes numerous changes with regard to historic buildings and downtown development and makes a change to current law regarding the construction of major highway projects involving a bypass. Significant provisions include the following:

HISTORIC BUILDINGS***State Historic Building Code***

Current law authorizes the Department of Commerce (Commerce) to regulate the preservation and restoration of qualified historic buildings. A qualified historic building is a building that is listed on the national or state register of historic places, or a certified local register of historic property, or that is located in a district that is listed on the national or state register of historic places and is of historical significance to the district. Current law permits Commerce, in consultation with the Historic Building Code Council, to promulgate a historic building code that provides specific standards for the preservation or restoration of qualified historic buildings, while still providing for the health, safety, and welfare of occupants of and visitors to historic buildings. In addition, to permit the preservation or restoration of qualified historic buildings, Commerce may grant a variance from any rule promulgated under the chapters of the statutes relating to the regulation of industry, buildings, and safety or the regulation of plumbing, fire protection systems, and swimming pools.

With certain exceptions, the owner of a qualified historic building may elect to be subject to the State Historic Building Code. With limited exceptions, an owner who makes this election is exempt from any provision of any other building code, including a local building code, that concerns a matter that is dealt with in the State Historic Building Code. Although current law does not contain an administrative procedure designed specifically to determine whether an owner is entitled to this exemption, current law does contain a procedure that an owner may follow to resolve any conflicts between a local order and any order of Commerce that relates to the safety of places of employment or certain buildings that are open to the public (public buildings).

This bill specifies that the State Historic Building Code must be liberally interpreted to facilitate the preservation and restoration of qualified historic buildings. The bill also creates a specific administrative procedure for determining the extent to which a provision in a local building code applies to a qualified historic building. The bill permits the owner of a qualified historic building who has elected to be governed by the State Historic Building Code to request that Commerce review any decision of a local governmental unit that requires the owner to comply with a provision in a local ordinance. Commerce must review the decision to determine whether the provision in the ordinance concerns a matter dealt with in the State

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Historic Building Code, in which case the owner would be exempt from the provision. The bill specifies that, in performing this review, Commerce must follow the existing procedure for resolving conflicts between local orders and orders of Commerce that relate to the safety of places of employment or public buildings. In addition, the bill requires Commerce, in cooperation with the State Historical Society, to develop an informational pamphlet to increase public awareness and use of the State Historic Building Code.

Historic buildings used as multifamily dwellings

Current law requires Commerce to promulgate a multifamily dwelling code that provides uniform standards for the construction of multifamily dwellings and their components. With certain exceptions, a multifamily dwelling is an apartment building, row house, town house, condominium, or manufactured building that does not exceed 60 feet in height or six stories and that consists of three or more attached dwelling units. The Multifamily Dwelling Code currently applies to any building or portion of a building that is converted to a multifamily dwelling after April 1, 1995, unless the building is a qualified historic building and the owner elects to be subject to the State Historic Building Code. Rules promulgated by Commerce also permit a local governmental unit to exercise jurisdiction over the construction and inspection of multifamily dwellings by adopting ordinances that are consistent with the multifamily dwelling code. Currently, the multifamily dwelling code contains specific requirements relating to the type, height, and design of handrails and guardrails that are required to be used in multifamily dwellings.

This bill permits a local governmental unit to adopt an ordinance that requires the local governmental unit to grant a variance from these handrail and guardrail requirements, as they apply to a qualified historic building that is converted from a single-family dwelling to a multifamily dwelling, if the owner of the qualified historic building shows that the type, height, and design of the handrail or guardrail proposed for installation is historically appropriate and if the handrail or guardrail is at least as protective of public safety as the rail that is otherwise required.

Historic preservation in local governmental units

This bill directs local governmental units to interpret liberally their regulations that apply to historic structures in order to facilitate the preservation and restoration of historic buildings and structures.

Historic rehabilitation tax credit

Under current law, a person who is eligible to claim a federal income tax credit equal to either 10 percent of qualified expenses related to rehabilitating a qualified building in this state or 20 percent 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 percent of such qualified expenses.

Under the bill, for taxable years beginning in 2008, a person who is eligible to claim the federal rehabilitation tax credit may claim the supplemental state rehabilitation credit in an amount equal to 20 percent of qualified expenses, if the rehabilitated property is located in a certified downtown or is included in a business area revitalization under the State Main Street Program (a program that promotes revitalization efforts in certain business areas) and the State Historical Society

BILL

certifies the rehabilitation. In addition, under the bill, 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 supplemental state rehabilitation credit in an amount equal to 20 percent of qualified expenses, if the qualified expenses are at least \$10,000, the rehabilitated property is located in a certified downtown or is included in a business area revitalization under the State Main Street Program, and the State Historical Society certifies the rehabilitation. The State Historical Society may charge and collect a fee for the certifications described in this paragraph in an amount equal to two percent of the qualified expenses, but not less than \$300 nor more than \$20,000. Fifty percent of the amount of such fees collected by the State Historical Society will be used to provide additional staffing for the administration of the State Main Street Program.

Under current law, a person may claim an income tax credit equal to 25 percent 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 2008, a person who is eligible to claim the state income tax credit for preserving or rehabilitating historic property may claim the state income tax credit in an amount equal to 30 percent of qualified expenses, if the preserved or rehabilitated property is located in a certified downtown or is included in a business area revitalization under the State Main Street Program and the State Historical Society approves the preservation or rehabilitation. The State Historical Society may charge and collect a fee of \$150 for certifying such expenses.

Under current law, if a person who claims the income tax credit for qualified expenses to preserve or rehabilitate an owner-occupied personal residence sells the property within five years from the date on which the preservation or rehabilitation is completed, or if the State Historical Society determines that the preservation or rehabilitation does not comply with the standards established by the society, the person who claimed the tax credit must pay to the state all, or a portion, of the amount of the credit that the person received, depending on the date on which the person sold the property or on the date on which the preservation or rehabilitation does not comply with State Historical Society standards.

Under this bill, if a person who claims the supplemental state income or franchise tax credit for qualified expenses related to preserving or rehabilitating historic property in this state sells the property within five years from the date on which the preservation or rehabilitation is completed, or if the State Historical Society determines that the preservation or rehabilitation does not comply with the standards established by the society, the person who claimed the tax credit must pay to the state all, or a portion, of the amount of the credit that the person received, depending on the date on which the person sold the property or the date on which the preservation or rehabilitation does not comply with State Historical Society standards.

BILL**DOWNTOWN DEVELOPMENT*****Certification and promotion of downtowns***

This bill requires Commerce to develop and publish guidelines to aid communities in reconstructing central business districts that are destroyed or severely damaged in major disasters. The bill also requires Commerce to promulgate rules pursuant to which Commerce will certify downtowns. In addition, under the bill, the Department of Tourism must promote travel to these certified downtowns and to business areas that are or have been the subject of revitalization efforts under the State Main Street Program.

Currently, the Building Commission submits biennial recommendations to the legislature for revisions to the long-range state building program. No state agency or authority may engage any person to undertake construction of a building for the agency costing more than \$100,000 without prior approval of the commission. In addition, the commission has authority to lease land and buildings to be used for state purposes unless that authority is granted by law to another state agency.

This bill provides that the commission shall not authorize construction of any state office building to be located outside of a downtown area certified by Commerce as required under the bill, unless the cost of locating the building inside such a downtown area is more than 10 percent greater than the average cost of locating the building in that portion of the geographic area that is served by the functions to be performed in the building on the date of initial occupancy outside of such a downtown area, as determined by the Department of Administration (DOA). The bill also provides that the commission, in preparing its recommendations for the long-range building program, shall not recommend construction of a state office building to be located outside of such a downtown area, unless the commission would be authorized to permit construction of that building in the recommended location. In addition, the bill prohibits the commission from approving the lease of any building for state office facilities to be located outside of such a downtown area unless the cost of locating the facilities inside such a downtown area is more than 10 percent greater than the average cost of locating the facilities in that portion of the geographic area that is served by the functions to be performed in the facilities on the date of initial occupancy under the lease outside of such a downtown area, as determined by DOA.

This bill imposes additional requirements relating to highway projects that are funded by the Department of Transportation (DOT) and that involve a highway in a business area included in the State Main Street Program or in a downtown certified by Commerce. First, DOT must consult, during preliminary stages of a proposed highway project, on issues concerning the proposed project and its effect on the business or certified downtown area with Commerce and, unless none exists, with a local board or downtown planning organization of that municipality. Second, DOT must give priority to retaining any on-street parking with respect to a highway-widening project in a business or certified downtown area.

This bill specifies that DOT, in providing any matching funds for local highway projects, is required to fund the construction of any highway lane without regard to whether it is a travel lane or a parking lane. This requirement applies only to local

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highway projects that are in business areas under the State Main Street Program or in downtowns certified by Commerce.

MAJOR HIGHWAY PROJECTS

Under current law, DOT administers a major highway projects program. A major highway project is a project having a total cost of more than \$5,000,000 and involving construction of a new highway 2.5 miles or more in length; reconstruction or reconditioning of an existing highway that relocates at least 2.5 miles of the highway or adds one or more lanes at least five miles in length to the highway; or improvement of an existing multilane divided highway to freeway standards. Any major highway project, unlike other highway construction projects undertaken by DOT, requires the approval of the Transportation Projects Commission and the legislature before the project may be constructed. The current list of major highway projects that are approved for construction includes six projects that involve bypasses.

This bill provides that, prior to constructing a major highway project involving a bypass, DOT must notify the governing body of the city, village, or town primarily to be affected by the bypass of DOT's proposed construction of the bypass. If the governing body of the city, village, or town adopts a resolution, within 90 days of being notified by DOT, stating that an active bypass is in the best public interest of the city, village, or town and sends a copy of the resolution to DOT within seven days of its adoption, DOT is required to design and construct an active bypass. The bill defines "active bypass" as a bypass of an existing highway that is designed and constructed in such a way that access to the bypass requires motorists to exit the existing highway in order to travel on the bypass.

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

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

- 1 **SECTION 1.** 13.48 (7) of the statutes is amended to read:
- 2 13.48 (7) BIENNIAL RECOMMENDATIONS. The building commission shall prepare
- 3 and formally adopt recommendations for the long-range state building program on
- 4 a biennial basis. The building commission shall include in its report any projects
- 5 proposed by the state fair park board involving a cost of not more than \$250,000,
- 6 together with the method of financing those projects proposed by the board, without
- 7 recommendation. Unless a later date is requested by the building commission and

BILL

1 approved by the joint committee on finance, the building commission shall, no later
2 than the first Tuesday in April of each odd-numbered year, transmit the report
3 prepared by the department of administration under s. 16.40 (20) and the
4 commission's recommendations for the succeeding fiscal biennium that require
5 legislative approval to the joint committee on finance in the form of proposed
6 legislation prepared in proper form. If the building commission includes any
7 recommendation for construction of a state office building, the commission shall
8 ensure that the recommended location of the building is consistent with construction
9 requirements under sub. (10) (c).

10 **SECTION 2.** 13.48 (10) (c) of the statutes is created to read:

11 13.48 (10) (c) Unless otherwise required by law, the building commission shall
12 not authorize the construction of any state office building, whether for utilization by
13 a single agency or otherwise, to be located outside of a downtown area, as certified
14 under s. 560.03 (21m), unless the cost of locating the building inside a downtown area
15 is more than 10 percent greater than the average cost of locating the building in that
16 portion of the geographic area that is served by the functions to be performed in the
17 building on the date of initial occupancy outside of any downtown area, as
18 determined by the department of administration.

19 **SECTION 3.** 13.48 (15) of the statutes is amended to read:

20 13.48 (15) ACQUISITION OF LEASEHOLD INTERESTS. Subject to the requirements
21 of s. 20.924 (1) (i), the building commission shall have the authority to acquire
22 leasehold interests in land and buildings where such authority is not otherwise
23 provided to an agency by law. The building commission shall not approve any lease
24 for state office facilities, whether for utilization by a single agency or otherwise, to
25 be located outside of a downtown area, as certified under s. 560.03 (21m), unless the

BILL**SECTION 3**

1 cost of locating the facilities inside a downtown area is more than 10 percent greater
2 than the average cost of locating the facilities in that portion of the geographic area
3 that is served by the functions to be performed in the facilities on the date of initial
4 occupancy under the lease outside of any downtown area, as determined by the
5 department of administration.

6 **SECTION 4.** 20.143 (1) (gb) of the statutes is created to read:

7 20.143 (1) (gb) *Certified downtowns and business district reconstruction.* All
8 moneys received from the historical society under s. 44.02 (24d) (b) for the purpose
9 of providing staff for the administration of ss. 560.03 (21m) and 560.083.

10 **SECTION 5.** 41.11 (1) (bm) of the statutes is created to read:

11 41.11 (1) (bm) Promote travel to business areas that are or have been the
12 subject of revitalization efforts under the State Main Street Program under s.
13 560.081 or that are certified downtowns under s. 560.03 (21m).

14 **SECTION 6.** 44.02 (24) of the statutes is renumbered 44.02 (24) (a).

15 **SECTION 7.** 44.02 (24) (b) of the statutes is created to read:

16 44.02 (24) (b) Charge a fee of \$150 for a certification under par. (a). The
17 historical society shall collect the fee under this paragraph when an applicant
18 applies for certification under par. (a).

19 **SECTION 8.** 44.02 (24d) of the statutes is created to read:

20 44.02 (24d) (a) Promulgate by rule procedures, standards, and forms necessary
21 to certify, and shall certify, expenditures for preservation or rehabilitation of historic
22 property for the purposes of ss. 71.07 (9m), 71.28 (6), and 71.47 (6). Those standards
23 shall be substantially similar to the standards used by the secretary of the interior
24 to certify rehabilitations under 26 USC 47 (c) (2).

BILL

1 (b) Charge a fee for a certification under par. (a) equal to 2 percent of the
2 qualified rehabilitation expenditures for the historic property that is the subject of
3 the certification, except that no fee under this paragraph may be less than \$300 nor
4 more than \$20,000. The historical society shall collect the fee under this paragraph
5 when an applicant applies for certification under par. (a). Fifty percent of the amount
6 collected under this paragraph shall be deposited in the appropriation account under
7 s. 20.143 (1) (gb).

8 **SECTION 9.** 59.69 (4m) of the statutes is amended to read:

9 **59.69 (4m) HISTORIC PRESERVATION.** A county, as an exercise of its zoning and
10 police powers for the purpose of promoting the health, safety and general welfare of
11 the community and of the state, may regulate by ordinance any place, structure or
12 object with a special character, historic interest, aesthetic interest or other
13 significant value, for the purpose of preserving the place, structure or object and its
14 significant characteristics. The county may create a landmarks commission to
15 designate historic landmarks and establish historic districts. The county may
16 regulate all historic landmarks and all property within each historic district to
17 preserve the historic landmarks and property within the district and the character
18 of the district, and shall interpret the county's regulations liberally to facilitate the
19 preservation and restoration of historic buildings and structures.

20 **SECTION 10.** 60.64 of the statutes is amended to read:

21 **60.64 Historic preservation.** The town board, in the exercise of its zoning
22 and police powers for the purpose of promoting the health, safety and general welfare
23 of the community and of the state, may regulate any place, structure or object with
24 a special character, historic interest, aesthetic interest or other significant value for
25 the purpose of preserving the place, structure or object and its significant

BILL**SECTION 10**

1 characteristics. The town board may create a landmarks commission to designate
2 historic landmarks and establish historic districts. The board may regulate all
3 historic landmarks and all property within each historic district to preserve the
4 historic landmarks and property within the district and the character of the district,
5 and shall interpret the board's regulations liberally to facilitate the preservation and
6 restoration of historic buildings and structures.

7 **SECTION 11.** 62.23 (7) (em) of the statutes is amended to read:

8 62.23 (7) (em) *Historic preservation.* A city, as an exercise of its zoning and
9 police powers for the purpose of promoting the health, safety and general welfare of
10 the community and of the state, may regulate by ordinance, or if a city contains any
11 property that is listed on the national register of historic places in Wisconsin or the
12 state register of historic places shall, not later than 1995, enact an ordinance to
13 regulate, any place, structure or object with a special character, historic,
14 archaeological or aesthetic interest, or other significant value, for the purpose of
15 preserving the place, structure or object and its significant characteristics. A city
16 may create a landmarks commission to designate historic or archaeological
17 landmarks and establish historic districts. The city may regulate, or if the city
18 contains any property that is listed on the national register of historic places in
19 Wisconsin or the state register of historic places shall regulate, all historic or
20 archaeological landmarks and all property within each historic district to preserve
21 the historic or archaeological landmarks and property within the district and the
22 character of the district, and shall interpret the city's regulations liberally to
23 facilitate the preservation and restoration of historic buildings and structures.

24 **SECTION 12.** 71.07 (9m) (a) of the statutes is renumbered 71.07 (9m) (a) 1. and
25 amended to read:

BILL

1 71.07 (9m) (a) 1. ~~Any~~ Except as provided in subd. 2., any person may claim as
2 a credit against the taxes otherwise due imposed under this chapter s. 71.02 or 71.08,
3 up to the amount of those taxes, an amount equal to 5% of the costs of qualified
4 rehabilitation expenditures, as defined in section 47 (c) (2) of the internal revenue
5 code Internal Revenue Code, for certified historic structures on property located in
6 this state, if the physical work of construction or destruction in preparation for
7 construction begins after December 31, 1988, and the rehabilitated property is
8 placed in service after June 30, 1989.

9 **SECTION 13.** 71.07 (9m) (a) 2. of the statutes is created to read:

10 71.07 (9m) (a) 2. a. Any person may claim as a credit against the taxes imposed
11 under s. 71.02 or 71.08, up to the amount of those taxes, an amount equal to 20
12 percent of the costs of qualified rehabilitation expenditures, as defined in section 47
13 (c) (2) of the Internal Revenue Code, for certified historic structures on property
14 located in a certified downtown under s. 560.03 (21m) or included in a business
15 revitalization under s. 560.081, if the physical work of construction or destruction in
16 preparation for construction begins after December 31, 2007.

17 b. A person whose qualified rehabilitation expenditures do not satisfy the
18 adjusted basis requirement under section 47 (c) (1) of the Internal Revenue Code, but
19 who otherwise would be eligible to claim the rehabilitation credit under section 47
20 of the Internal Revenue Code, may claim as a credit against the taxes imposed under
21 s. 71.02 or 71.08, up to the amount of those taxes, an amount equal to 20 percent of
22 the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of
23 the Internal Revenue Code, if the property is located in a certified downtown under
24 s. 560.03 (21m) or is included in a business area revitalization under s. 560.081; if
25 the person's qualified rehabilitation expenditures, as defined in section 47 (c) (2) of

BILL**SECTION 13**

1 the Internal Revenue Code, are at least \$10,000; if the rehabilitation is approved by
2 the state historical society before the physical work of construction, or destruction
3 in preparation for construction, begins; if the person includes evidence of such
4 approval with the person's return; if the physical work of construction, or destruction
5 in preparation for construction, begins after December 31, 2007; and if the person
6 claims the credit for the same taxable year in which the person would have claimed
7 the credit for federal purposes.

8 **SECTION 14.** 71.07 (9m) (c) of the statutes is amended to read:

9 71.07 (9m) (c) ~~No~~ Except as provided in par. (a) 2., no person may claim the a
10 credit under this subsection unless the claimant includes with the claimant's return
11 evidence that the rehabilitation was approved recommended by the state historic
12 preservation officer for approval by the secretary of the interior under 36 CFR 67.6
13 before the physical work of construction, or destruction in preparation for
14 construction, began; and the claimant claims the credit for the same taxable year in
15 which the claimant would have claimed the credit for federal purposes.

16 **SECTION 15.** 71.07 (9m) (g) of the statutes is created to read:

17 71.07 (9m) (g) A person who has incurred qualified rehabilitation
18 expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for
19 certified historic structures located in this state, as described in par. (a), but who is
20 not a resident of this state and who is not required to file a return under this chapter,
21 may enter into an agreement with another person, with the department's approval
22 and in the manner prescribed by the department, so that the other person may claim
23 the credit under this subsection, if the other person is subject to the taxes imposed
24 under s. 71.02 or 71.08.

25 **SECTION 16.** 71.07 (9m) (h) of the statutes is created to read:

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1 71.07 (9m) (h) A person who receives a credit under this subsection shall add
2 to the person's liability for taxes imposed under s. 71.02 or 71.08 one of the following
3 percentages of the amount of the credits received under this subsection for
4 rehabilitating or preserving the property if, within 5 years after the date on which
5 the preservation or rehabilitation work that was the basis of the credit is completed,
6 the person either sells or conveys the property by deed or land contract or the state
7 historical society certifies to the department of revenue that the historic property has
8 been altered to the extent that it does not comply with the standards promulgated
9 under s. 44.02 (24d):

10 1. If the sale, conveyance, or noncompliance occurs during the first year after
11 the date on which the preservation or rehabilitation is completed, 100 percent.

12 2. If the sale, conveyance, or noncompliance occurs during the 2nd year after
13 the date on which the preservation or rehabilitation is completed, 80 percent.

14 3. If the sale, conveyance, or noncompliance occurs during the 3rd year after
15 the date on which the preservation or rehabilitation is completed, 60 percent.

16 4. If the sale, conveyance, or noncompliance occurs during the 4th year after
17 the date on which the preservation or rehabilitation is completed, 40 percent.

18 5. If the sale, conveyance, or noncompliance occurs during the 5th year after
19 the date on which the preservation or rehabilitation is completed, 20 percent.

20 **SECTION 17.** 71.07 (9r) (a) of the statutes is renumbered 71.07 (9r) (a) 1. and
21 amended to read:

22 71.07 (9r) (a) 1. ~~For~~ Except as provided in subd. 2., for taxable years beginning
23 on or after August 1, 1988, any natural person may claim as a credit against the taxes
24 ~~otherwise due imposed~~ imposed under s. 71.02 or 71.08, up to the amount of those taxes, an
25 amount equal to 25% of the costs of preservation or rehabilitation of historic property

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

8 **SECTION 18.** 71.07 (9r) (a) 2. of the statutes is created to read:

9 71.07 (9r) (a) 2. For taxable years beginning after December 31, 2007, any
10 natural person may claim as a credit against the taxes imposed under s. 71.02 or
11 71.08, up to the amount of those taxes, an amount equal to 30 percent of the costs of
12 preservation or rehabilitation of property that is located in a certified downtown
13 under s. 560.03 (21m) or is included in a business area revitalization under s.
14 560.081, 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, 2007, 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 19.** 71.28 (6) (a) of the statutes is renumbered 71.28 (6) (a) 1. and
22 amended to read:

23 71.28 (6) (a) 1. Any Except as provided in subd. 2., any person may claim as a
24 credit against the taxes otherwise due imposed under this chapter s. 71.23, up to the
25 amount of those taxes, an amount equal to 5% of the costs of qualified rehabilitation

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1 expenditures, as defined in section 47 (c) (2) of the ~~internal revenue code~~ Internal
2 Revenue Code, for certified historic structures on property located in this state, if the
3 physical work of construction or destruction in preparation for construction begins
4 after December 31, 1988, and the rehabilitated property is placed in service after
5 June 30, 1989.

6 **SECTION 20.** 71.28 (6) (a) 2. of the statutes is created to read:

7 71.28 (6) (a) 2. a. Any person may claim as a credit against the taxes imposed
8 under s. 71.23, up to the amount of those taxes, an amount equal to 20 percent of the
9 costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the
10 Internal Revenue Code, for certified historic structures on property located in a
11 certified downtown under s. 560.03 (21m) or included in a business revitalization
12 under s. 560.081, if the physical work of construction or destruction in preparation
13 for construction begins after December 31, 2007.

14 b. A person whose qualified rehabilitation expenditures do not satisfy the
15 adjusted basis requirement under section 47 (c) (1) of the Internal Revenue Code, but
16 who otherwise would be eligible to claim the rehabilitation credit under section 47
17 of the Internal Revenue Code, may claim as a credit against the taxes imposed under
18 s. 71.23, up to the amount of those taxes, an amount equal to 20 percent of the costs
19 of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal
20 Revenue Code, if the property is located in a certified downtown under s. 560.03
21 (21m) or is included in a business area revitalization under s. 560.081; if the person's
22 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal
23 Revenue Code, are at least \$10,000; if the rehabilitation is approved by the state
24 historical society before the physical work of construction, or destruction in
25 preparation for construction, begins; if the person includes evidence of such approval

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1 with the person's return; if the physical work of construction, or destruction in
2 preparation for construction, begins after December 31, 2007; and if the person
3 claims the credit for the same taxable year in which the person would have claimed
4 the credit for federal purposes.

5 **SECTION 21.** 71.28 (6) (c) of the statutes is amended to read:

6 71.28 (6) (c) ~~No~~ Except as provided in par. (a) 2., no person may claim the a
7 credit under this subsection unless the claimant includes with the claimant's return
8 evidence that the rehabilitation was ~~approved~~ recommended by the state historic
9 preservation officer for approval by the secretary of the interior under 36 CFR 67.6
10 before the physical work of construction, or destruction in preparation for
11 construction, began; and the claimant claims the credit for the same taxable year in
12 which the claimant would have claimed the credit for federal purposes.

13 **SECTION 22.** 71.28 (6) (g) of the statutes is created to read:

14 71.28 (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's approval and in the
19 manner prescribed by the department, so that the other person may claim the credit
20 under this subsection, if the other person is subject to the taxes imposed under s.
21 71.23.

22 **SECTION 23.** 71.28 (6) (h) of the statutes is created to read:

23 71.28 (6) (h) A person who receives a credit under this subsection shall add to
24 the person's liability for taxes imposed under s. 71.23 one of the following
25 percentages of the amount of the credits received under this subsection for

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1 rehabilitating or preserving the property if, within 5 years after the date on which
2 the preservation or rehabilitation work that was the basis of the credit is completed,
3 the person either sells or conveys the property by deed or land contract or the state
4 historical society certifies to the department of revenue that the historic property has
5 been altered to the extent that it does not comply with the standards promulgated
6 under s. 44.02 (24d):

7 1. If the sale, conveyance, or noncompliance occurs during the first year after
8 the date on which the preservation or rehabilitation is completed, 100 percent.

9 2. If the sale, conveyance, or noncompliance occurs during the 2nd year after
10 the date on which the preservation or rehabilitation is completed, 80 percent.

11 3. If the sale, conveyance, or noncompliance occurs during the 3rd year after
12 the date on which the preservation or rehabilitation is completed, 60 percent.

13 4. If the sale, conveyance, or noncompliance occurs during the 4th year after
14 the date on which the preservation or rehabilitation is completed, 40 percent.

15 5. If the sale, conveyance, or noncompliance occurs during the 5th year after
16 the date on which the preservation or rehabilitation is completed, 20 percent.

17 **SECTION 24.** 71.47 (6) (a) of the statutes is renumbered 71.47 (6) (a) 1. and
18 amended to read:

19 71.47 (6) (a) 1. Any Except as provided in subd. 2., any person may claim as a
20 credit against the taxes otherwise due imposed under this chapter s. 71.43, up to the
21 amount of those taxes, an amount equal to 5% of the costs of qualified rehabilitation
22 expenditures, as defined in section 47 (c) (2) of the internal revenue code Internal
23 Revenue Code, for certified historic structures on property located in this state, if the
24 physical work of construction or destruction in preparation for construction begins

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

3 **SECTION 25.** 71.47 (6) (a) 2. of the statutes is created to read:

4 71.47 (6) (a) 2. a. Any person may claim as a credit against the taxes imposed
5 under s. 71.43, up to the amount of those taxes, an amount equal to 20 percent of the
6 costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the
7 Internal Revenue Code, for certified historic structures on property located in a
8 certified downtown under s. 560.03 (21m) or included in a business revitalization
9 under s. 560.081, if the physical work of construction or destruction in preparation
10 for construction begins after December 31, 2007.

11 b. A person whose qualified rehabilitation expenditures do not satisfy the
12 adjusted basis requirement under section 47 (c) (1) of the Internal Revenue Code, but
13 who otherwise would be eligible to claim the rehabilitation credit under section 47
14 of the Internal Revenue Code, may claim as a credit against the taxes imposed under
15 s. 71.43, up to the amount of those taxes, an amount equal to 20 percent of the costs
16 of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal
17 Revenue Code, if the property is located in a certified downtown under s. 560.03
18 (21m) or is included in a business area revitalization under s. 560.081; if the person's
19 qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal
20 Revenue Code, are at least \$10,000; if the rehabilitation is approved by the state
21 historical society before the physical work of construction, or destruction in
22 preparation for construction, begins; if the person includes evidence of such approval
23 with the person's return; if the physical work of construction, or destruction in
24 preparation for construction, begins after December 31, 2007; and if the person

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1 claims the credit for the same taxable year in which the person would have claimed
2 the credit for federal purposes.

3 **SECTION 26.** 71.47 (6) (c) of the statutes is amended to read:

4 71.47 (6) (c) No Except as provided in par. (a) 2., no person may claim the a
5 credit under this subsection unless the claimant includes with the claimant's return
6 evidence that the rehabilitation was approved recommended by the state historic
7 preservation officer for approval by the secretary of the interior under 36 CFR 67.6
8 before the physical work of construction, or destruction in preparation for
9 construction, began; and the claimant claims the credit for the same taxable year in
10 which the claimant would have claimed the credit for federal purposes.

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

12 71.47 (6) (g) A person who has incurred qualified rehabilitation expenditures,
13 as defined in section 47 (c) (2) of the Internal Revenue Code, for certified historic
14 structures located in this state, as described in par. (a), but who is not a resident of
15 this state and who is not required to file a return under this chapter, may enter into
16 an agreement with another person, with the department's approval and in the
17 manner prescribed by the department, so that the other person may claim the credit
18 under this subsection, if the other person is subject to the taxes imposed under s.
19 71.43.

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

21 71.47 (6) (h) A person who receives a credit under this subsection shall add to
22 the person's liability for taxes imposed under s. 71.43 one of the following
23 percentages of the amount of the credits received under this subsection for
24 rehabilitating or preserving the property if, within 5 years after the date on which
25 the preservation or rehabilitation work that was the basis of the credit is completed,

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1 the person either sells or conveys the property by deed or land contract or the state
2 historical society certifies to the department of revenue that the historic property has
3 been altered to the extent that it does not comply with the standards promulgated
4 under s. 44.02 (24d):

5 1. If the sale, conveyance, or noncompliance occurs during the first year after
6 the date on which the preservation or rehabilitation is completed, 100 percent.

7 2. If the sale, conveyance, or noncompliance occurs during the 2nd year after
8 the date on which the preservation or rehabilitation is completed, 80 percent.

9 3. If the sale, conveyance, or noncompliance occurs during the 3rd year after
10 the date on which the preservation or rehabilitation is completed, 60 percent.

11 4. If the sale, conveyance, or noncompliance occurs during the 4th year after
12 the date on which the preservation or rehabilitation is completed, 40 percent.

13 5. If the sale, conveyance, or noncompliance occurs during the 5th year after
14 the date on which the preservation or rehabilitation is completed, 20 percent.

15 **SECTION 29.** 84.013 (3g) of the statutes is created to read:

16 84.013 (3g) Before commencing construction of a major highway project that
17 is listed under sub. (3) or approved under sub. (6) and that involves construction of
18 a bypass, the department shall notify the governing body of the city, village, or town
19 in which a majority of the land affected by the proposed bypass is located that the
20 department is authorized to construct such bypass. If, within 90 days after the date
21 of the department's notification, the governing body of the city, village, or town
22 adopts a resolution stating that construction of an active bypass is in the best public
23 interest of the city, village, or town and, within 7 days after adoption of the resolution,
24 sends a copy of the resolution to the department, the department shall design and
25 construct the major highway project as an active bypass. For purposes of this

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1 subsection, an “active bypass” is a bypass of an existing highway that is designed and
2 constructed so that access to the bypass requires motorists to exit the existing
3 highway in order to travel upon the bypass. This subsection shall apply to the use
4 of any federal funds only to the extent that such use does not result in the loss of any
5 federal funds. This subsection does not apply to any major highway project that is
6 subject to a contract for its construction and that is in effect on the effective date of
7 this subsection [revisor inserts date].

8 **SECTION 30.** 86.19 (1) of the statutes is amended to read:

9 86.19 (1) Except as provided in sub. (1m), (4m), or s. 84.01 (30) (g), no sign shall
10 be placed within the limits of any street or highway except such as are necessary for
11 the guidance or warning of traffic or as provided by ss. 60.23 (17m) and 66.0429. The
12 authorities charged with the maintenance of streets or highways shall cause the
13 removal therefrom and the disposal of all other signs.

14 **SECTION 31.** 86.19 (4m) of the statutes is created to read:

15 86.19 (4m) In a business area that is the subject of revitalization efforts under
16 the State Main Street Program under s. 560.081 or that is a certified downtown
17 under s. 560.03 (21m), the holder of a privilege under s. 66.0425 may erect awning
18 or other signage that projects from a building over a sidewalk, provided that the
19 awning or other signage does not encroach upon the traveled portion of a highway
20 and the awning or other signage provides adequate clearance for equipment used to
21 maintain or clear the sidewalks of snow or debris. If the department removes an
22 awning or other signage erected under this subsection in connection with a state
23 highway project, the owner of the awning or other signage may not be compensated
24 for the removal, damage, or loss of the sign by local or state authorities.

25 **SECTION 32.** 86.36 of the statutes is created to read:

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1 **86.36 Matching funds for local highway projects.** Notwithstanding any
2 other provision of law relating to the funding of local highway projects by the
3 department, if the department provides matching funds to a city, village, town, or
4 county on or after the effective date of this section [revisor inserts date], for a local
5 highway project involving the construction of one or more lanes of highway, the
6 department shall fund the construction of any lane of highway affected by the project
7 without regard to its designation as a travel lane or a parking lane. This section
8 applies only to local highway projects that involve a highway in a business area that
9 is the subject of revitalization efforts under the State Main Street Program under s.
10 560.081 (2) (e) or in a certified downtown under s. 560.03 (21m). This section shall
11 apply to the use of any federal funds only to the extent that such use does not result
12 in the loss of any federal funds.

13 **SECTION 33.** 86.37 of the statutes is created to read:

14 **86.37 Highway projects involving business and downtown areas. (1)**

15 In this section:

16 (a) "Business area" has the meaning given in s. 560.081 (1) (a).

17 (b) "Municipality" means a city, village, or town.

18 **(2)** In the preliminary stages of considering and planning any highway project
19 to be funded by the department that involves a highway in which a business area that
20 is the subject of revitalization efforts under the State Main Street Program under s.
21 560.081 (2) (e) or a certified downtown under s. 560.03 (21m) is located, the
22 department shall consult on issues concerning the proposed highway project and its
23 effects on the business or certified downtown area with the department of commerce
24 and, unless no such board or organization exists, with the business improvement
25 district board appointed under s. 66.1109 (3) (a), the main street board associated

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1 with the State Main Street Program under s. 560.081 (2) (e), or the nonprofit
2 downtown planning organization of that municipality. This subsection does not
3 apply to any highway project for which preliminary engineering was begun before
4 the effective date of this subsection [revisor inserts date].

5 (3) Notwithstanding any other provision of law relating to highway projects
6 funded by the department, the department shall give priority to the retention of any
7 on-street parking with respect to a highway project involving the widening of a
8 highway in which a business area that is the subject of revitalization efforts under
9 the State Main Street Program under s. 560.081 or a certified downtown under s.
10 560.03 (21m) is located. This subsection shall apply to the use of any federal funds
11 only to the extent that such use does not result in the loss of any federal funds. This
12 subsection does not apply to any highway project that is subject to a contract for its
13 construction and that is in effect on the effective date of this subsection [revisor
14 inserts date].

15 **SECTION 34.** 101.121 (3) (c) of the statutes is created to read:

16 101.121 (3) (c) The Historic Building Code shall be liberally interpreted to
17 facilitate the preservation and restoration of qualified historic buildings.

18 **SECTION 35.** 101.121 (4) (a) of the statutes is renumbered 101.121 (4) (a) 1.

19 **SECTION 36.** 101.121 (4) (a) 2. of the statutes is created to read:

20 101.121 (4) (a) 2. Upon the request of the owner of a qualified historic building
21 who elects under subd. 1. to be subject to the Historic Building Code, the department
22 shall review any decision of a city, village, town, or county that requires the owner
23 to comply with a provision of a county or municipal building code, or of any other local
24 ordinance or regulation, to determine if the provision concerns a matter dealt with

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1 in the Historic Building Code. The procedures in s. 101.02 (7) apply to any review
2 conducted by the department under this subdivision.

3 **SECTION 37.** 101.121 (4) (b) of the statutes is amended to read:

4 101.121 (4) (b) Paragraph (a) 1. does not apply to any owner of a nursing home,
5 as defined in s. 50.01 (3), a hospital, as defined in s. 50.33 (2) (a) and (c), or an
6 approved public or private treatment facility for alcoholics, as defined in s. 51.45 (2)
7 (b) and (c).

8 **SECTION 38.** 101.121 (5) of the statutes is created to read:

9 101.121 (5) INFORMATIONAL PAMPHLET. (a) In cooperation with the state
10 historical society, the department shall develop an informational pamphlet designed
11 to increase awareness and use of the Historic Building Code. The department, in
12 cooperation with the State Historical Society, shall update the pamphlet as statutes
13 and rules relating to the Historic Building Code are amended. The pamphlet shall
14 include all of the following information:

- 15 1. A description of the Historic Building Code.
- 16 2. A description of the types and qualities of buildings that are subject to the
17 Historic Building Code.
- 18 3. An explanation of how the owner of a qualified historic building may elect
19 to be subject to the Historic Building Code and a description of the consequences of
20 that election.
- 21 4. A description of other alternative building codes that the owner of a historic
22 building may be eligible to use.
- 23 5. A description of where a person may obtain further information regarding
24 historic buildings and the Historic Building Code.

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1 (b) The department and the state historical society shall distribute the
2 pamphlets as they consider necessary to increase awareness of the Historic Building
3 Code.

4 **SECTION 39.** 101.19 (1) (intro.) of the statutes is amended to read:

5 101.19 (1) (intro.) The department, ~~by rule promulgated under ch. 227,~~ shall
6 ~~fix and collect~~ promulgate rules establishing and providing for the collection of fees
7 which shall, as closely as possible, equal the cost of providing the following services:

8 **SECTION 40.** 101.975 (4) of the statutes is created to read:

9 101.975 (4) (a) A political subdivision may adopt an ordinance that permits the
10 political subdivision to grant a variance to the Uniform Multifamily Dwelling Code
11 if all of the following apply:

12 1. The ordinance permits only a variance that relates to handrails or guardrails
13 of qualified historic buildings, as defined in s. 101.121 (2) (c), that are converted from
14 single-family dwellings to multifamily dwellings.

15 2. The ordinance requires the owner of a qualified historic building who seeks
16 a variance to provide the political subdivision with evidence that the type, height,
17 and design of the handrail or guardrail proposed for installation is historically
18 appropriate for the owner's building.

19 (b) A political subdivision may grant a variance under an ordinance adopted
20 under par. (a) if the owner seeking the variance provides the evidence required under
21 par. (a) 2. and if the handrail or guardrail installation is at least as protective of
22 public safety as the handrail or guardrail that would otherwise have been required.

23 **SECTION 41.** 227.01 (13) (zy) of the statutes is created to read:

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1 227.01 (13) (zy) Establishes guidelines pursuant to s. 560.083 to aid
2 communities in reconstructing central business districts that are destroyed or
3 severely damaged in major disasters.

4 **SECTION 42.** 254.61 (1) (f) 2. of the statutes is amended to read:

5 254.61 (1) (f) 2. A structural addition, including a renovation, made to a
6 structure that was originally constructed at least 50 years before an initial or
7 renewal application for a permit under s. 254.64 (1) (b) is made and for which no use
8 other than as a bed and breakfast establishment is proposed. The structural addition
9 under this subdivision shall comply with the rules promulgated under s. 101.63 (1)
10 and (1m).

11 **SECTION 43.** 560.03 (21m) of the statutes is created to read:

12 560.03 (21m) (a) Promulgate rules for the certification of downtowns by the
13 department. The rules promulgated under this subsection shall require the
14 department to consider at least all of the following factors with regard to an area
15 being a certified downtown:

- 16 1. Whether the area is or is located in a central business district.
- 17 2. The extent to which the structures located in the area are in commercial use,
18 or zoned for commercial use, and oriented for pedestrian traffic.
- 19 3. The compactness of the area and the extent to which the area includes a
20 regular pattern of sidewalks facilitating commercial activity by pedestrians.
- 21 4. The extent to which the linear street frontage in the area is set back from
22 the sidewalk.

23 5. The historical value of the area.

24 (b) Ensure that the rules promulgated under par. (a) permit multiple areas
25 within a populous city, village, or town to be certified downtowns.

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1 (c) Support and assist certified downtowns by directing the department's
2 resources, whenever appropriate, to certified downtowns.

3 **SECTION 44.** 560.083 of the statutes is created to read:

4 **560.083 Central business district reconstruction guidelines.** The
5 department shall develop and publish guidelines to aid communities in
6 reconstructing central business districts that are destroyed or severely damaged in
7 major disasters. The guidelines shall include information on relevant financial and
8 other assistance available to communities from the state government.

9 **SECTION 45.** 823.21 of the statutes is amended to read:

10 **823.21 Dilapidated buildings declared nuisances.** Any building which,
11 under s. 66.0413 (1) (b) 1., has been declared so old, dilapidated or out of repair as
12 to be dangerous, unsafe, unsanitary, or otherwise unfit for human habitation or has
13 been determined to be unreasonable to repair under s. 66.0413 (1) (b) 1. is a public
14 nuisance and may be proceeded against under this chapter.

15 **SECTION 46. Nonstatutory provisions.**

16 (1) **CERTIFIED DOWNTOWNS AND BUSINESS DISTRICT RECONSTRUCTION.** The
17 authorized FTE positions for the department of commerce are increased by 2.0 PR
18 positions, to be funded from the appropriation under section 20.143 (1) (gb) of the
19 statutes, for the purpose of providing increased staff for the administration of
20 sections 560.03 (21m) and 560.083 of the statutes.

21 (2) **HISTORICAL SOCIETY.** The authorized FTE positions for the historical society
22 are increased by 1.0 PR position, to be funded from the appropriation under section
23 20.245 (1) (ks) of the statutes, for the purpose of providing increased staff for the
24 administration section 44.02 (24d) (a) of the statutes, as created by this act.

25 **SECTION 47. Fiscal changes.**

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1 (1) SURVEY OF RURAL HISTORIC BUILDINGS. In the schedule under section 20.005
2 (3) of the statutes for the appropriation to the state historical society under section
3 20.245 (1) (a) of the statutes, as affected by the acts of 2007, the dollar amount is
4 increased by \$75,000 for fiscal year 2007-08 and the dollar amount is increased by
5 \$75,000 for fiscal year 2008-09 for the purpose of entering into a contract for a survey
6 under section 44.34 (1) of the statutes to identify and document historic properties
7 in rural areas of the state.

SECTION 48. Initial applicability.

8
9 (1) HISTORIC REHABILITATION TAX CREDITS. The renumbering of section 44.02 (24)
10 of the statutes; the renumbering and amendment of sections 71.07 (9m) (a), 71.07 (9r)
11 (a), 71.28 (6) (a), and 71.47 (6) (a) of the statutes; the amendment of sections 71.07
12 (9m) (c), 71.28 (6) (c), and 71.47 (6) (c) of the statutes; and the creation of sections
13 44.02 (24) (b), 44.02 (24d), 71.07 (9m) (a) 2., 71.07 (9m) (g), 71.07 (9m) (h), 71.07 (9r)
14 (a) 2., 71.28 (6) (a) 2., 71.28 (6) (g), 71.28 (6) (h), 71.47 (6) (a) 2., 71.47 (6) (g), and 71.47
15 (6) (h) of the statutes first apply to taxable years beginning on January 1, 2008.

16 (END)