

## 2007 DRAFTING REQUEST

### Bill

Received: 07/17/2007

Received By: jkreye

Wanted: As time permits

Identical to LRB:

For: Brett Davis (608) 266-1192

By/Representing: luke

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax, Business - credits

Extra Copies:

Submit via email: YES

Requester's email: Rep.Davis@legis.wisconsin.gov

Carbon copy (CC:) to: joseph.kreye@legis.wisconsin.gov

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### Pre Topic:

No specific pre topic given

---

### Topic:

Supplemental credit to the federal historic rehabilitation credit

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### Instructions:

See Attached

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### Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 07/17/2007	kfollett 07/19/2007		_____			S&L
/1	jkreye 01/24/2008	kfollett 01/25/2008	nmatzke 07/19/2007	_____	lparisi 07/19/2007		S&L
/2			jfrantze 01/28/2008	_____	cduerst 01/28/2008		S&L
/3	jkreye	kfollett	nmatzke	_____	sbasford	cduerst	

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	01/29/2008	01/30/2008	01/30/2008	_____	01/30/2008	02/01/2008	

FE Sent For: **01/31/2008, 01/31/2008.**

**<END>**

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**Instructions:**

See Attached

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	01/29/2008	01/30/2008	01/30/2008	_____	01/30/2008		

FE Sent For:

<END>

01-31-2008  
("1/3")

see  
attached



FE Sent For:

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/?	jkreye 07/17/2007	kfollett 07/19/2007		_____			S&L
/1		<i>125f</i> <i>1/25</i>	nmatzke 07/19/2007	_____	lparisi 07/19/2007		

FE Sent For:

*Jo*  
*1/26*  
*Jo/es*  
*1/26*  
**<END>**

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/?	jkreye	1/16/f 7/19	nwn 7/19	nwn/rs 7/19			

FE Sent For:

<END>



**Kreye, Joseph**

---

**From:** Bacher, Luke  
**Sent:** Tuesday, July 17, 2007 11:02 AM  
**To:** Kreye, Joseph

Joe -

Can you draft 2001 AB 624 (as amended).

Thanks,

**Luke Bacher**  
**Research Assistant**  
**State Representative Brett Davis**  
**Phone: (608)-266-1192**  
**Toll Free: 888-534-0080**  
**Fax: 608-282-3680**  
**luke.bacher@legis.wi.gov**  
**<http://www.brettdavis.us>**

3994/1  
federal history record  
credit

a1129

2982/1

gf

7-17-07  
D-N

# 2001 ASSEMBLY BILL 624

PWF

November 8, 2001 – Introduced by Representatives FREESE, BOCK, BIES, BOYLE, BERCEAU, FRISKE, GRONEMUS, HUBER, HUNDERTMARK, JESKEWITZ, LA FAVE, LASSA, M. LEHMAN, LEIBHAM, LOEFFELHOLZ, MCCORMICK, MONTGOMERY, OTT, POWERS, RILEY, RYBA, SERATTI, SHILLING, SUDER, SYKORA, TURNER and VRAKAS, cosponsored by Senators PLACHE, SCHULTZ, BURKE, BRESKE, GROBSCHMIDT, ROBSON and ROSENZWEIG. Referred to Committee on Housing.

Regen

- 1 AN ACT *to amend* 71.07 (9m) (c), 71.07 (9m) (f), 71.28 (6) (c), 71.28 (6) (f), 71.47
- 2 (6) (c) and 71.47 (6) (f) of the statutes; **relating to:** the income and franchise tax
- 3 credit that supplements the federal historic rehabilitation tax credit.

### *Analysis by the Legislative Reference Bureau*

#### *Supplement to the federal historic rehabilitation tax credit*

percent

Under current law, a person who owns an income-producing historic building may claim a federal income tax credit that is equal to 20% of certain costs to rehabilitate the historic building. To claim the credit, the building must be listed, or be eligible for listing, on the national register of historic places or located in certain national, state, or local historic districts and the rehabilitation work must comply with standards established by the secretary of the interior.

Under current law, a person who may claim the federal income tax credit for rehabilitating an income-producing historic building may also claim a state income tax or franchise tax credit that is equal to 5% of certain costs to rehabilitate the historic building. To claim the credit, the person must include with the person's tax return evidence that the secretary of the interior approved the rehabilitation work before the rehabilitation work began.

Under this bill, a person may claim the state income and franchise tax credit for rehabilitating an income-producing historic building, if the person includes with the person's tax return evidence that the state historic preservation officer recommended the rehabilitation work for approval by the secretary of the interior before the rehabilitation work began.

**ASSEMBLY BILL 624**

*ed*  
*or limited liability company*

*or member of a limited liability company*

Under current law, each partner in a partnership is allocated a portion of any tax credit that the partnership may claim, including the credit for rehabilitating a historic building, based on each partner's ownership interest. Under this bill, a partner may also be allocated a portion of the tax credit for rehabilitating a historic building in a manner specified in an agreement with the other partners.

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

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

**SECTION 1.** 71.07 (9m) (c) of the statutes is amended to read:

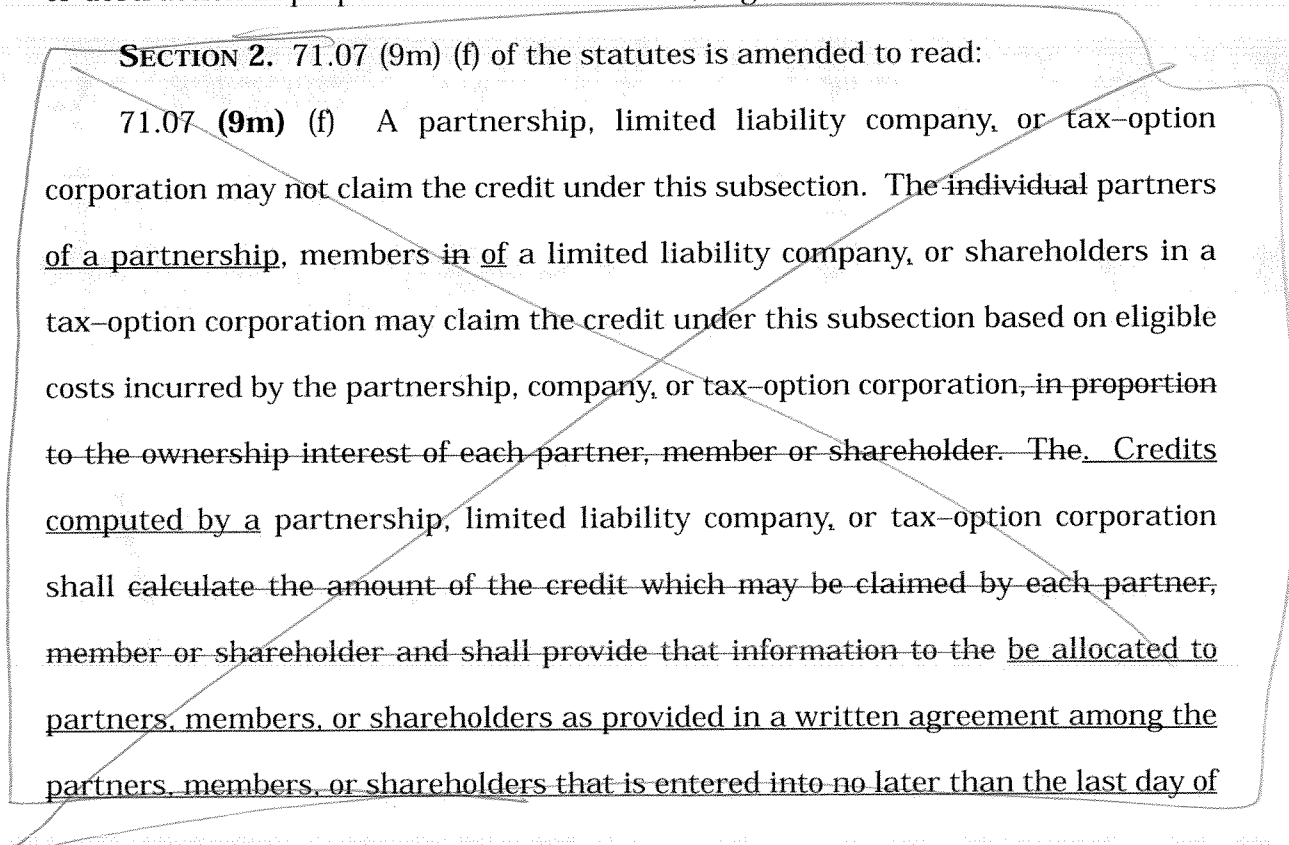
71.07 (9m) (c) No person may claim the credit under this subsection unless the claimant includes with the claimant's return evidence that the rehabilitation was approved recommended by the state historic preservation officer for approval by the secretary of the interior under 36 CFR 67.6 before the physical work of construction, or destruction in preparation for construction, began.

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

71.07 (9m) (f) A partnership, limited liability company, or tax-option corporation may not claim the credit under this subsection. The individual partners of a partnership, members in of a limited liability company, or shareholders in a tax-option corporation may claim the credit under this subsection based on eligible costs incurred by the partnership, company, or tax-option corporation, in proportion to the ownership interest of each partner, member or shareholder. The Credits computed by a partnership, limited liability company, or tax-option corporation shall calculate the amount of the credit which may be claimed by each partner, member or shareholder and shall provide that information to the be allocated to partners, members, or shareholders as provided in a written agreement among the partners, members, or shareholders that is entered into no later than the last day of

*a member*

*152*



ASSEMBLY BILL 624

1 the taxable year of the partnership, company, or tax-option corporation. Any  
 2 partner, member, or shareholder who claims the credit under this subsection shall  
 3 attach a copy of the agreement to the tax return on which the credit is claimed.

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

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

10 SECTION 4. 71.28 (6) (f) of the statutes is amended to read:

11 71.28 (6) (f) A partnership, limited liability company, or tax-option corporation  
 12 may not claim the credit under this subsection. The individual partners of a  
 13 partnership, members in of a limited liability company, or shareholders in a  
 14 tax-option corporation may claim the credit under this subsection based on eligible  
 15 costs incurred by the partnership, company, or tax-option corporation, in proportion  
 16 to the ownership interest of each partner, member or shareholder. The Credits  
 17 computed by a partnership, limited liability company, or tax-option corporation  
 18 shall calculate the amount of the credit which may be claimed by each partner,  
 19 member or shareholder and shall provide that information to the be allocated to  
 20 partners, members, or shareholders as provided in a written agreement among the  
 21 partners, members, or shareholders that is entered into no later than the last day of  
 22 the taxable year of the partnership, company, or tax-option corporation. Any  
 23 partner, member, or shareholder who claims the credit under this subsection shall  
 24 attach a copy of the agreement to the tax return on which the credit is claimed.

25 SECTION 5. 71.47 (6) (c) of the statutes is amended to read:

INSERT  
3-3

INSERT  
3-24

ASSEMBLY BILL 624

SECTION 5

1           71.47 (6) (c) No person may claim the credit under this subsection unless the  
 2 claimant includes with the claimant's return evidence that the rehabilitation was  
 3 approved recommended by the state historic preservation officer for approval by the  
 4 secretary of the interior under 36 CFR 67.6 before the physical work of construction,  
 5 or destruction in preparation for construction, began.

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

7           71.47 (6) (f) A partnership, limited liability company, or tax-option corporation  
 8 may not claim the credit under this subsection. The individual partners of a  
 9 partnership, members in of a limited liability company, or shareholders in a  
 10 tax-option corporation may claim the credit under this subsection based on eligible  
 11 costs incurred by the partnership, company, or tax-option corporation, in proportion  
 12 to the ownership interest of each partner, member or shareholder. The. Credits  
 13 computed by a partnership, limited liability company, or tax-option corporation  
 14 shall calculate the amount of the credit which may be claimed by each partner,  
 15 member or shareholder and shall provide that information to the be allocated to  
 16 partners, members, or shareholders as provided in a written agreement among the  
 17 partners, members, or shareholders that is entered into no later than the last day of  
 18 the taxable year of the partnership, company, or tax-option corporation. Any  
 19 partner, member, or shareholder who claims the credit under this subsection shall  
 20 attach a copy of the agreement to the tax return on which the credit is claimed.

21           **SECTION 7. Initial applicability.**

22           (1) SUPPLEMENT TO FEDERAL HISTORIC REHABILITATION CREDIT. This act first  
 23 applies to taxable years beginning on January 1, ~~2001~~<sup>2008</sup> and to property placed in  
 24 service on January 1, ~~2001~~<sup>2008</sup>.

25           (END)

INSERT  
4-20

2008

O-Note

ASSEMBLY AMENDMENT 1,  
TO 2001 ASSEMBLY BILL 624

January 17, 2002 - Offered by COMMITTEE ON HOUSING.

INSERT 3-3

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

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

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

← stays in

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

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

8 "71.07 (9m) (f) A partnership, limited liability company, or tax-option  
9 corporation may not claim the credit under this subsection. The individual partners  
10 of a partnership, members in of a limited liability company, or shareholders in a  
11 tax-option corporation may claim the credit under this subsection based on eligible  
12 costs incurred by the partnership, company, or tax-option corporation. For  
13 shareholders of a tax-option corporation, the credit may be allocated in proportion

3-3

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

INSERT 3-3

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

~~SECTION 3m.~~ 71.28 (6) (cm) of the statutes is created to read: ← stays in

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

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

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

INSERT 3-24

3-24

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

end of insert  
3-24

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

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

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

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

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

INSERT  
4-20



4-20

1 credit which may be claimed by each partner, member, or shareholder and shall  
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 3 by a partnership or limited liability company shall be allocated to partners or  
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 8 the credit is claimed. A person claiming the credit as provided under this paragraph  
 9 is solely responsible for any tax liability arising from a dispute with the department  
 10 of revenue related to claiming the credit.

end of  
insert 4-20

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

12 (END)

STATE OF WISCONSIN - LEGISLATIVE REFERENCE BUREAU

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

LRB

LRB-2982/1 dn  
JK:lyf

D-N  
Date

Representative Davis:

This draft is based on 2001 Assembly Bill 624,  
as amended by Assembly Amendment 1,

JK

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

LRB-2982/1dn  
JK:kjf:nwn

July 19, 2007

Representative Davis:

This draft is based on 2001 Assembly Bill 624, as amended by Assembly Amendment 1.

Joseph T. Kreye  
Legislative Attorney  
Phone: (608) 266-2263  
E-mail: [joseph.kreye@legis.wisconsin.gov](mailto:joseph.kreye@legis.wisconsin.gov)

**Kreye, Joseph**

---

**From:** Sundberg, Christopher  
**Sent:** Thursday, January 24, 2008 9:53 AM  
**To:** Kreye, Joseph  
**Subject:** FW: 2982/1

are the redraft instructions below for you?

---

**From:** Bacher, Luke  
**Sent:** Thursday, January 24, 2008 9:50 AM  
**To:** Sundberg, Christopher  
**Subject:** 2982/1

Chris -

Can you make the following changes to 2982/1?

**Sections 1, 4, and 7: Decoupling from federal approval.**

We believe that the bill as drafted inadvertently allows the credit to be claimed if approved by the state historic preservation officer but denied by the U.S. Secretary of the Interior. Linking the state credit to the federal credit is important to us because we can don't have to establish a separate state and federal processes.

Add "and was approved by the secretary of the interior" at the end of Sections 1, 4, and 7.

This is preferable for developers since it allows applicants to begin work after the project is approved by SHPO but before the secretary of the interior approves the project, yet it still conditions the credit on the Interior Department's eventual approval.

**Workload**

Our other concern is the impact on workload and our ability to review tax credit projects promptly in the event of an increase in applications. It is reasonable to assume that improvements in the credit will increase the number of applications. The Society has authority to establish fees by rule to recover costs for the residential tax credit program, but does not have that authority for the income-producing program.

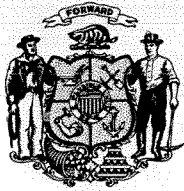
Wis. Stats. 44.01(5) gives the Society authority to establish cost recovery fees for work done under 44.02(24). Wis. Stats. 44.02(24), in turn, gives the Society rulemaking authority only over the residential credit in 71.07(9r) but does not give the Society rulemaking authority for the income producing credit in 71.07(9m).

We would like to have that authority extended to the income producing credit under 71.07(9m). We believe (and this should be confirmed with the drafter at the LRB) that this could be accomplished if 44.02(24) was amended so the phrase "for the purposes of s. 71.07(9r)" would read "for the purposes of s. 71.07(9m) and (9r)"

Thank you,

**Luke Bacher**  
**Legislative Assistant**  
**State Representative Brett Davis**  
**608-266-1192**  
**[luke.bacher@legis.wi.gov](mailto:luke.bacher@legis.wi.gov)**

01/24/2008



*RM not R*

**2007 BILL**

*in 1-24-08*  
*due thru 1-31*  
*- re gen*

*D-N*

1 **AN ACT to amend** 71.07 (9m) (c), 71.07 (9m) (f), 71.28 (6) (c), 71.28 (6) (f), 71.47  
2 (6) (c) and 71.47 (6) (f); and **to create** 71.07 (9m) (cm), 71.28 (6) (cm) and 71.47  
3 (6) (cm) of the statutes; **relating to:** the income and franchise tax credit that  
4 supplements the federal historic rehabilitation tax credit.

***Analysis by the Legislative Reference Bureau***

Under current law, a person who owns an income-producing historic building may claim a federal income tax credit that is equal to 20 percent of certain costs to rehabilitate the historic building. To claim the credit, the building must be listed, or be eligible for listing, on the national register of historic places or located in certain national, state, or local historic districts and the rehabilitation work must comply with standards established by the secretary of the interior.

Under current law, a person who may claim the federal income tax credit for rehabilitating an income-producing historic building may also claim a state income tax or franchise tax credit that is equal to 5 percent of certain costs to rehabilitate the historic building. To claim the credit, the person must include with the person's tax return evidence that the secretary of the interior approved the rehabilitation work before the rehabilitation work began.

Under this bill, a person may claim the state income and franchise tax credit for rehabilitating an income-producing historic building, if the person includes with the person's tax return evidence that the state historic preservation officer recommended the rehabilitation work for approval by the secretary of the interior before the rehabilitation work began.

*and that the rehabilitation was approved by the secretary of the interior*

**BILL**

Under current law, each partner in a partnership or member of a limited liability company is allocated a portion of any tax credit that the partnership or limited liability company may claim, including the credit for rehabilitating a historic building, based on each partner's ownership interest. Under this bill, a partner or member may also be allocated a portion of the tax credit for rehabilitating a historic building in a manner specified in an agreement with the other partners or members.

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:*

**SECTION 1.** 71.07 (9m) (c) of the statutes is amended to read:

71.07 (9m) (c) No person may claim the credit under this subsection unless the claimant includes with the claimant's return evidence that the rehabilitation was approved recommended by the state historic preservation officer for approval by the secretary of the interior under 36 CFR 67.6 before the physical work of construction, or destruction in preparation for construction, began.

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

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

**SECTION 3.** 71.07 (9m) (f) of the statutes is amended to read:

71.07 (9m) (f) A partnership, limited liability company, or tax-option corporation may not claim the credit under this subsection. The individual partners of a partnership, members in of a limited liability company, or shareholders in a tax-option corporation may claim the credit under this subsection based on eligible costs incurred by the partnership, company, or tax-option corporation. For shareholders of a tax-option corporation, the credit may be allocated in proportion to the ownership interest of each partner, member or shareholder. The partnership, limited liability company, or tax-option corporation shall calculate the amount of the

*and was approved;*

*(INSERT 2-1)*

*9*

*6*

*Handwritten bracket on the right side of the page, spanning from line 4 to line 18.*

## BILL

1 credit which may be claimed by each partner, member, or shareholder and shall  
2 provide that information to the partner, member, or shareholder. Credits computed  
3 by a partnership or limited liability company shall be allocated to partners or  
4 members as provided in a written agreement among the partners or members that  
5 is entered into no later than the last day of the taxable year of the partnership or  
6 limited liability company. Any partner or member who claims the credit as provided  
7 under this subsection shall attach a copy of the agreement to the tax return on which  
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12 71.28 (6) (c) No person may claim the credit under this subsection unless the  
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14 approved recommended by the state historic preservation officer for approval by the  
15 secretary of the interior under 36 CFR 67.6 before the physical work of construction,  
16 or destruction in preparation for construction, began.

17 SECTION 5. 71.28 (6) (cm) of the statutes is created to read:

18 71.28 (6) (cm) Any credit claimed under this subsection for Wisconsin purposes  
19 shall be claimed at the same time as for federal purposes.

20 SECTION 6. 71.28 (6) (f) of the statutes is amended to read:

21 71.28 (6) (f) A partnership, limited liability company, or tax-option corporation  
22 may not claim the credit under this ~~section~~ subsection. The individual partners of  
23 a partnership, members of a limited liability company, or shareholders in a  
24 tax-option corporation may claim the credit under this subsection based on eligible  
25 costs incurred by the partnership, limited liability company, or tax-option

and was approved,

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

**SECTION 7.** 71.47 (6) (c) of the statutes is amended to read:

15 71.47 (6) (c) No person may claim the credit under this subsection unless the  
 16 claimant includes with the claimant's return evidence that the rehabilitation was  
 17 approved recommended by the state historic preservation officer for approval by the  
 18 secretary of the interior under 36 CFR 67.6 before the physical work of construction,  
 19 or destruction in preparation for construction, began.

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

21 71.47 (6) (cm) Any credit claimed under this subsection for Wisconsin purposes  
 22 shall be claimed at the same time as for federal purposes.

**SECTION 9.** 71.47 (6) (f) of the statutes is amended to read:

24 71.47 (6) (f) A partnership, limited liability company, or tax-option corporation  
 25 may not claim the credit under this subsection. The individual partners of a

*, and was approved,*



**BILL**

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

**SECTION 10. Initial applicability.**

17  
18 (1) SUPPLEMENT TO FEDERAL HISTORIC REHABILITATION CREDIT. This act first  
19 applies to taxable years beginning on January 1, 2008, and to property placed in  
20 service on January 1, 2008.

21 (END)

D-NOTE

Amend 2-1

Section #. 44.02 (24) of the statutes is amended to read:

44.02 (24) Promulgate by rule procedures, standards and forms necessary to certify, and shall certify, expenditures for preservation or rehabilitation of historic property for the purposes of s. 71.07 (9r). These standards shall be substantially similar to the standards used by the secretary of the interior to certify rehabilitations under 26 USC 47 (c) (2).

History: 1971 c. 125; 1977 c. 26, 29; 1979 c. 34; 1981 c. 20; 1983 a. 27; 1985 a. 29; 1987 a. 27, 395, 399; 1989 a. 31; 1989 a. 56 s. 259; 1989 a. 359; 1991 a. 39, 226, 269; 1993 a. 437, 471; 1995 a. 3, 27; 1997 a. 27; 1999 a. 9; 2001 a. 16; 2007 a. 20.

71.28(6), and 71.47(6)

ss.  
71.07  
(9m) and

end of amend 2-1

STATE OF WISCONSIN - LEGISLATIVE REFERENCE BUREAU

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

LRB

Date

2982/2 du  
JK: kjf

Davis  
Representative Davis:

<intent component>

JK

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

LRB-2982/2dn  
JK:kjfjf

January 28, 2008

Representative Davis:

Please review this draft carefully to ensure that it is consistent with your intent.

Joseph T. Kreye  
Legislative Attorney  
Phone: (608) 266-2263  
E-mail: [joseph.kreye@legis.wisconsin.gov](mailto:joseph.kreye@legis.wisconsin.gov)

**Kreye, Joseph**

---

**From:** Sundberg, Christopher  
**Sent:** Tuesday, January 29, 2008 2:45 PM  
**To:** Kreye, Joseph  
**Subject:** FW: LRB 2982/2

Redraft instructions for you, I think. Sorry I didn't send this off earlier.

CS

---

**From:** Bacher, Luke  
**Sent:** Monday, January 28, 2008 1:21 PM  
**To:** Sundberg, Christopher  
**Subject:** FW: LRB 2982/2

Chris -

Can you make the change noted below? Feel free to give Michael a call if you are unsure of the intent.

Thanks,

Luke

---

**From:** Stevens, Michael E - WHS [mailto:Michael.Stevens@wisconsinhistory.org]  
**Sent:** Monday, January 28, 2008 11:54 AM  
**To:** Rep.Davis  
**Cc:** Trane, Betsy B - WHS  
**Subject:** LRB 2982/2

Luke:

I'll try this address:

Section 1 looks fine.

The drafter made an error in fixing the problem in sections 2, 5, and 8. We had recommended putting "and approved by the secretary of the interior" at the end of the clause instead of in the middle where the drafter placed it. Here's why it is significant:

Currently, the state historic preservation officer recommends and the secretary of the interior approves. Developers cannot begin work until AFTER both happen. This results in delays for developers.

The aim of the change was to allow work to begin AFTER the state historic preservation officer recommends, but BEFORE secretary of the interior approves, but still requiring the applicant to provide evidence that the secretary of the interior eventually did approve. This would save developers money by not having to delay work until they get documentation from Interior although they would have to get it eventually.

What happened is that in the /1 version, the clause allowed applicants to begin work on the project AFTER approval by the state historic preservation officer but had inadvertently removed approval by the secretary of the interior

In the rewrite in the /2 version, approval by both the state historic preservation officer and by the secretary of the interior is required BEFORE work is begun.

I believe that this could be easily fixed by placing the reference to the secretary of the interior at the end of the clause so it would read:

01/29/2008

"No person may claim the credit under this subsection unless the claimant includes with the claimant's return evidence that the rehabilitation was recommended by the state historic preservation officer before the physical work of construction, or destruction in preparation for construction, and includes evidence that the rehabilitation was approved by the secretary of the interior under 36 CFR 67.6."

This would still require approval by the state and federal government as in the current law, but change the timing when work begins.

Any further questions, give me a call.

Michael E. Stevens  
State Historic Preservation Officer and Administrator  
Division of Historic Preservation-Public History  
Wisconsin Historical Society  
816 State Street  
Madison, WI 53706-1482  
Voice: 608/264-6464  
Fax: 608/264-6504  
[michael.stevens@wisconsinhistory.org](mailto:michael.stevens@wisconsinhistory.org)  
[www.wisconsinhistory.org](http://www.wisconsinhistory.org)



State of Wisconsin  
2007 - 2008 LEGISLATURE

LRB-2982/2

JK:kjf:ff

RMK

2007 BILL

in 1-29-08

done Tues 2-5-08  
Regen

1 AN ACT *to amend* 44.02 (24), 71.07 (9m) (c), 71.07 (9m) (f), 71.28 (6) (c), 71.28 (6)  
2 (f), 71.47 (6) (c) and 71.47 (6) (f); and *to create* 71.07 (9m) (cm), 71.28 (6) (cm)  
3 and 71.47 (6) (cm) of the statutes; **relating to:** the income and franchise tax  
4 credit that supplements the federal historic rehabilitation tax credit.

***Analysis by the Legislative Reference Bureau***

Under current law, a person who owns an income-producing historic building may claim a federal income tax credit that is equal to 20 percent of certain costs to rehabilitate the historic building. To claim the credit, the building must be listed, or be eligible for listing, on the national register of historic places or located in certain national, state, or local historic districts and the rehabilitation work must comply with standards established by the secretary of the interior.

Under current law, a person who may claim the federal income tax credit for rehabilitating an income-producing historic building may also claim a state income tax or franchise tax credit that is equal to 5 percent of certain costs to rehabilitate the historic building. To claim the credit, the person must include with the person's tax return evidence that the secretary of the interior approved the rehabilitation work before the rehabilitation work began.

Under this bill, a person may claim the state income and franchise tax credit for rehabilitating an income-producing historic building, if the person includes with the person's tax return evidence that the state historic preservation officer recommended the rehabilitation work for approval by the secretary of the interior

**BILL**

before the rehabilitation work began and that the rehabilitation was approved by the secretary of the interior.

Under current law, each partner in a partnership or member of a limited liability company is allocated a portion of any tax credit that the partnership or limited liability company may claim, including the credit for rehabilitating a historic building, based on each partner's ownership interest. Under this bill, a partner or member may also be allocated a portion of the tax credit for rehabilitating a historic building in a manner specified in an agreement with the other partners or members.

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.** 44.02 (24) of the statutes is amended to read:

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

7           **SECTION 2.** 71.07 (9m) (c) of the statutes is amended to read:

8           71.07 (9m) (c) No person may claim the credit under this subsection unless the  
9 claimant includes with the claimant's return evidence that the rehabilitation was  
10 approved recommended by the state historic preservation officer for approval, and  
11 was approved, by the secretary of the interior under 36 CFR 67.6 before the physical  
12 work of construction, or destruction in preparation for construction, began.

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

14           71.07 (9m) (cm) Any credit claimed under this subsection for Wisconsin  
15 purposes shall be claimed at the same time as for federal purposes.

16           **SECTION 4.** 71.07 (9m) (f) of the statutes is amended to read:

and that the rehabilitation was approved by the secretary of  
the interior under 36 CFR 67.6



**BILL**

1           71.07 (9m) (f) A partnership, limited liability company, or tax-option  
 2 corporation may not claim the credit under this subsection. The individual partners  
 3 of a partnership, members in of a limited liability company, or shareholders in a  
 4 tax-option corporation may claim the credit under this subsection based on eligible  
 5 costs incurred by the partnership, company, or tax-option corporation. For  
 6 shareholders of a tax-option corporation, the credit may be allocated in proportion  
 7 to the ownership interest of each partner, member or shareholder. The partnership,  
 8 limited liability company, or tax-option corporation shall calculate the amount of the  
 9 credit which may be claimed by each partner, member, or shareholder and shall  
 10 provide that information to the partner, member, or shareholder. Credits computed  
 11 by a partnership or limited liability company shall be allocated to partners or  
 12 members as provided in a written agreement among the partners or members that  
 13 is entered into no later than the last day of the taxable year of the partnership or  
 14 limited liability company. Any partner or member who claims the credit as provided  
 15 under this subsection shall attach a copy of the agreement to the tax return on which  
 16 the credit is claimed. A person claiming the credit as provided under this paragraph  
 17 is solely responsible for any tax liability arising from a dispute with the department  
 18 of revenue related to claiming the credit.

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

20           71.28 (6) (c) No person may claim the credit under this subsection unless the  
 21 claimant includes with the claimant's return evidence that the rehabilitation was  
 22 approved recommended by the state historic preservation officer for approval, and  
 23 was approved, by the secretary of the interior under 36 CFR 67.6 before the physical  
 24 work of construction, or destruction in preparation for construction, began

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

and that the rehabilitation was approved by the  
secretary of the interior under 36 CFR 67.6

**BILL**

1           71.28 (6) (cm) Any credit claimed under this subsection for Wisconsin purposes  
2 shall be claimed at the same time as for federal purposes.

3           **SECTION 7.** 71.28 (6) (f) of the statutes is amended to read:

4           71.28 (6) (f) A partnership, limited liability company, or tax-option corporation  
5 may not claim the credit under this section subsection. The individual partners of  
6 a partnership, members of a limited liability company, or shareholders in a  
7 tax-option corporation may claim the credit under this subsection based on eligible  
8 costs incurred by the partnership, limited liability company, or tax-option  
9 corporation. For shareholders of a tax-option corporation, the credit may be  
10 allocated in proportion to the ownership interest of each ~~partner, member or~~  
11 ~~shareholder~~. The partnership, limited liability company, or tax-option corporation  
12 shall calculate the amount of the credit which may be claimed by each partner,  
13 member, or shareholder and shall provide that information to the partner, member,  
14 or shareholder. Credits computed by a partnership or limited liability company shall  
15 be allocated to partners or members as provided in a written agreement among the  
16 partners or members that is entered into no later than the last day of the taxable year  
17 of the partnership or limited liability company. Any partner or member who claims  
18 the credit as provided under this subsection shall attach a copy of the agreement to  
19 the tax return on which the credit is claimed. A person claiming the credit as  
20 provided under this paragraph is solely responsible for any tax liability arising from  
21 a dispute with the department of revenue related to claiming the credit.

22           **SECTION 8.** 71.47 (6) (c) of the statutes is amended to read:

23           71.47 (6) (c) No person may claim the credit under this subsection unless the  
24 claimant includes with the claimant's return evidence that the rehabilitation was  
25 approved recommended by the state historic preservation officer for approval and

**BILL**

*and that the rehabilitation was approved by  
the secretary of the interior under 36 CFR 67.6*

**SECTION 8**

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

3 **SECTION 9.** 71.47 (6) (cm) of the statutes is created to read:

4 71.47 (6) (cm) Any credit claimed under this subsection for Wisconsin purposes  
5 shall be claimed at the same time as for federal purposes.

6 **SECTION 10.** 71.47 (6) (f) of the statutes is amended to read:

7 71.47 (6) (f) A partnership, limited liability company, or tax-option corporation  
8 may not claim the credit under this subsection. The individual partners of a  
9 partnership, members of a limited liability company, or shareholders in a tax-option  
10 corporation may claim the credit under this subsection based on eligible costs  
11 incurred by the partnership, limited liability company, or tax-option corporation.  
12 For shareholders of a tax-option corporation, the credit may be allocated in  
13 proportion to the ownership interest of each partner, member or shareholder. The  
14 partnership, limited liability company, or tax-option corporation shall calculate the  
15 amount of the credit which may be claimed by each partner, member, or shareholder  
16 and shall provide that information to the partner, member, or shareholder. Credits  
17 computed by a partnership or limited liability company shall be allocated to partners  
18 or members as provided in a written agreement among the partners or members that  
19 is entered into no later than the last day of the taxable year of the partnership or  
20 limited liability company. Any partner or member who claims the credit as provided  
21 under this subsection shall attach a copy of the agreement to the tax return on which  
22 the credit is claimed. A person claiming the credit as provided under this paragraph  
23 is solely responsible for any tax liability arising from a dispute with the department  
24 of revenue related to claiming the credit.

25 **SECTION 11. Initial applicability.**

**BILL****SECTION 11**

1           (1) SUPPLEMENT TO FEDERAL HISTORIC REHABILITATION CREDIT. This act first  
2 applies to taxable years beginning on January 1, 2008, and to property placed in  
3 service on January 1, 2008.

4   **(END)**

**Barman, Mike**

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**From:** Bacher, Luke  
**Sent:** Friday, February 01, 2008 3:34 PM  
**To:** LRB.Legal  
**Subject:** Draft Review: LRB 07-2982/3 Topic: Supplemental credit to the federal historic rehabilitation credit

Please Jacket LRB 07-2982/3 for the ASSEMBLY.