



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

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STEPHEN R. MILLER
CHIEF

February 12, 2008

MEMORANDUM

To: Representative Davis

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

Subject: Technical Memorandum to **2007 AB 762** (LRB-2982/3) by **DOR**

We received the attached technical memorandum relating to your bill. This copy is for your information and your file.

If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

February 5, 2008

TO: Joseph Kreye
Legislative Reference Bureau

FROM: Rebecca Boldt
Department of Revenue

SUBJECT: Technical Memorandum on LRB 2982/03: The Income and Franchise Tax Credit that Supplements the Federal Historic Rehabilitation Tax Credit

The Department has the following concerns related to the bill:

This bill provides that credits computed by a partnership or limited liability company shall be allocated to partners or members as provided in a written agreement among the partners or members that is entered into no later than the last day of the taxable year of the partnership or limited liability company, but it does not designate which taxable year. For example, it could apply to the taxable year in which the rehabilitation was approved, the taxable year in which the rehabilitation was begun, or the taxable year in which the credit is first claimed.

The bill provides that the credit is to be claimed for the same taxable year in which the claimant would have claimed the credit for federal purposes. Under federal law, the credit is either claimed when the project is complete or as progress is being made, depending on the facts and circumstances. If a taxpayer elects to claim the expenditures as they have been paid rather than when the project is completed, the statutes should provide that the taxpayer must file an election form with the department and agree that notwithstanding s. 71.77, the department may adjust or disallow the credit claimed within 4 years after the date that the State Historical Society notifies the department that the preservation or rehabilitation is not in compliance with the standards under sec. 44.02(24), Stats.

If you have any questions regarding this technical memorandum, please contact Brad Caruth at (608) 261-8984 or bradley.caruth@revenue.wi.gov.