



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2007 Senate Bill 447

Senate Amendment 1

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Contact: Scott Grosz, Staff Attorney (266-1307)

Current law permits a person who owns an income-producing historic building to claim a federal income tax credit for rehabilitating the building. The federal credit is equal to 20% of certain rehabilitation costs and the building must meet certain eligibility standards in order for the owner to claim the credit. Additionally, a person who may claim the federal tax credit for rehabilitation may also claim a state income or franchise tax credit, equal to 5% of certain rehabilitation costs. In order to claim the credit, the person must provide evidence that the Secretary of the Interior approved the rehabilitation work before the rehabilitation work began.

2007 Senate Bill 447 permits a person to claim the state income or franchise tax credit if the person provides evidence that the state historic preservation officer recommended the rehabilitation work for approval by the Secretary of the Interior before the work began and that the Secretary of the Interior approved the rehabilitation work. This would allow construction to begin before approval is granted by the Secretary of the Interior.

For each partner in a partnership or member of a limited liability company (LLC), current law allocates a portion of any tax credit that the partnership or LLC may claim to each partner or member based on the person's ownership interest. Senate Bill 447 permits a partner or member to be allocated a portion of the tax credit for rehabilitating a historic building as provided in a written agreement among the partners of the partnership or members of the LLC.

Senate Amendment 1 to Senate Bill 447 specifies that a person who claims the rehabilitation credit as expenditures are paid, rather than when the work is completed, must file an election form with the Department of Revenue (DOR). Additionally, the amendment specifies that DOR may adjust or disallow the rehabilitation credit claimed within four years after the date that the State Historical Society notifies DOR that the rehabilitation work does not comply with applicable standards.

Legislative History

2007 Senate Bill 447 was introduced by Senator Lassa and others, cosponsored by Representative Davis and others, on February 4, 2008.

Senate Amendment 1 was offered by Senator Lassa on February 20, 2008.

The Senate Committee on Economic Development adopted Senate Amendment 1 by a vote of Ayes, 7; Noes, 0; and recommended passage of Senate Bill 447, as amended, by a vote of Ayes, 7; Noes, 0, on February 21, 2008.

SG:jb;ksm