



State of Wisconsin
2013 – 2014 LEGISLATURE



LRBs0122/1
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**SENATE SUBSTITUTE AMENDMENT 1,
TO SENATE BILL 132**

September 24, 2013 – Offered by Senator GUDEx.

1 **AN ACT** *to repeal* 71.07 (9m) (a) 1. and 2., 71.28 (6) (a) 1. and 2. and 71.47 (6) (a)
2 1. and 2.; *to renumber* 71.10 (4) (dm); *to renumber and amend* 71.07 (9m)
3 (a) (intro.), 71.07 (9m) (c), 71.28 (6) (a) (intro.), 71.28 (6) (c), 71.47 (6) (a) (intro.)
4 and 71.47 (6) (c); *to amend* 71.07 (9m) (g) 2., 71.08 (1) (intro.), 71.28 (6) (g) 2.
5 and 71.47 (6) (g) 2.; and *to create* 71.07 (9m) (a) 2m., 71.07 (9m) (a) 3., 71.07
6 (9m) (c) 2., 71.07 (9m) (h), 71.28 (6) (a) 2m., 71.28 (6) (a) 3., 71.28 (6) (c) 2., 71.28
7 (6) (h), 71.47 (6) (a) 2m., 71.47 (6) (a) 3., 71.47 (6) (c) 2. and 71.47 (6) (h) of the
8 statutes; **relating to:** increasing the amount of the supplement to the federal
9 historic rehabilitation tax credit.

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

10 **SECTION 1.** 71.07 (9m) (a) (intro.) of the statutes, as affected by 2013 Wisconsin
11 Act 20, is renumbered 71.07 (9m) (a) 1m. and amended to read:

1 71.07 (9m) (a) 1m. ~~Any~~ For taxable years beginning before January 1, 2013,
2 any person may credit against taxes otherwise due under this chapter, up to the
3 amount of those taxes, an amount equal to ~~one of the following percentages~~ 5 percent
4 of the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2)
5 of the 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~~;~~, and before January 1, 2013.

9 **SECTION 2.** 71.07 (9m) (a) 1. and 2. of the statutes, as created by 2013 Wisconsin
10 Act 20, are repealed.

11 **SECTION 3.** 71.07 (9m) (a) 2m. of the statutes is created to read:

12 71.07 (9m) (a) 2m. For taxable years beginning after December 31, 2012, any
13 person may claim as a credit against taxes otherwise due under s. 71.02, up to the
14 amount of those taxes, an amount equal to 20 percent of the costs of qualified
15 rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue
16 Code, for certified historic structures on property located in this state, if the cost of
17 the person's qualified rehabilitation expenditures is at least \$50,000 and the
18 rehabilitated property is placed in service after December 31, 2012.

19 **SECTION 4.** 71.07 (9m) (a) 3. of the statutes is created to read:

20 71.07 (9m) (a) 3. For taxable years beginning after December 31, 2012, any
21 person may claim as a credit against taxes otherwise due under s. 71.02 or 71.08, up
22 to the amount of those taxes, an amount equal to 20 percent of the costs of qualified
23 rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue
24 Code, for qualified rehabilitated buildings, as defined in section 47 (c) (1) of the
25 Internal Revenue Code, on property located in this state, if the cost of the person's

1 qualified rehabilitation expenditures is at least \$50,000 and the rehabilitated
2 property is placed in service after December 31, 2012, and regardless of whether the
3 rehabilitated property is used for multiple or revenue-producing purposes. No
4 credit may be claimed under this subdivision for property listed as a contributing
5 building in the state register of historic places or in the national register of historic
6 places and no credit may be claimed under this subdivision for nonhistoric,
7 nonresidential property converted into housing if the property has been previously
8 used for housing.

9 **SECTION 5.** 71.07 (9m) (c) of the statutes is renumbered 71.07 (9m) (c) (intro.)
10 and amended to read:

11 71.07 **(9m)** (c) (intro.) No person may claim the credit under this subsection
12 unless the claimant includes with the claimant's return evidence each of the
13 following:

14 1. Evidence that the rehabilitation was recommended by the state historic
15 preservation officer for approval by the secretary of the interior under 36 CFR 67.6
16 before the physical work of construction, or destruction in preparation for
17 construction, began and that the rehabilitation was approved by the secretary of the
18 interior under 36 CFR 67.6 state historic preservation officer.

19 **SECTION 6.** 71.07 (9m) (c) 2. of the statutes is created to read:

20 71.07 **(9m)** (c) 2. Evidence that the taxpayer obtained written certification from
21 the state historic preservation officer that:

22 a. The property is listed on the national register of historic places in Wisconsin
23 or the state register of historic places, or is determined by the state historical society
24 to be eligible for listing on the national register of historic places in Wisconsin or the
25 state register of historic places, or is located in a historic district that is listed in the

1 national register of historic places in Wisconsin or the state register of historic places
2 and is certified by the state historic preservation officer as being of historic
3 significance to the district, or is an outbuilding of an otherwise eligible property
4 certified by the state historic preservation officer as contributing to the historic
5 significance of the property.

6 b. The proposed preservation or rehabilitation plan complies with standards
7 promulgated under s. 44.02 (24) and the completed preservation or rehabilitation
8 substantially complies with the proposed plan.

9 c. The costs are not incurred to acquire any building or interest in a building
10 or to enlarge an existing building.

11 d. The costs were not incurred before the state historical society approved the
12 proposed preservation or rehabilitation plan.

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

14 71.07 **(9m)** (g) 2. Notwithstanding s. 71.77, the department may adjust or
15 disallow the credit claimed under this subsection within 4 years after the date that
16 the state historical society notifies the department that the expenditures for which
17 the credit was claimed do not comply with the standards for certification
18 promulgated under s. 44.02 (24). If the department adjusts or disallows, in whole or
19 in part, a credit transferred under par. (h), only the person who originally transferred
20 the credit to another person is liable to repay the adjusted or disallowed amount.

21 **SECTION 8.** 71.07 (9m) (h) of the statutes is created to read:

22 71.07 **(9m)** (h) Any person, including a nonprofit entity described in section 501
23 (c) (3) of the Internal Revenue Code, may sell or otherwise transfer the credit under
24 par. (a) 2m. or 3., in whole or in part, to another person who is subject to the taxes
25 imposed under s. 71.02, 71.08, 71.23, or 71.43, if the person notifies the department

1 of the transfer, and submits with the notification a copy of the transfer documents,
2 and the department certifies ownership of the credit with each transfer.

3 **SECTION 9.** 71.08 (1) (intro.) of the statutes is amended to read:

4 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
5 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
6 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2dy), (3m), (3n), (3p),
7 (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (5b), (5d), (5e), (5f), (5h), (5i), (5j), (6), (6e), (8r),
8 ~~and (9e), and (9m)~~ 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1dy), (2m), (3),
9 (3n), (3t), and (3w), 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1dy), (2m), (3),
10 (3n), (3t), and (3w), 71.57 to 71.61, and 71.613 and subch. VIII and payments to other
11 states under s. 71.07 (7), is less than the tax under this section, there is imposed on
12 that natural person, married couple filing jointly, trust or estate, instead of the tax
13 under s. 71.02, an alternative minimum tax computed as follows:

14 **SECTION 10.** 71.10 (4) (dm) of the statutes is renumbered 71.10 (4) (fm).

15 **SECTION 11.** 71.28 (6) (a) (intro.) of the statutes, as affected by 2013 Wisconsin
16 Act 20, is renumbered 71.28 (6) (a) 1m. and amended to read:

17 71.28 (6) (a) 1m. ~~Any~~ For taxable years beginning before January 1, 2013, any
18 person may credit against taxes otherwise due under this chapter, up to the amount
19 of those taxes, an amount equal to one of the following percentages 5 percent of the
20 costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the
21 Internal Revenue Code, for certified historic structures on property located in this
22 state if the physical work of construction or destruction in preparation for
23 construction begins after December 31, 1988, and the rehabilitated property is
24 placed in service after June 30, 1989, and before January 1, 2013.

1 **SECTION 12.** 71.28 (6) (a) 1. and 2. of the statutes, as created by 2013 Wisconsin
2 Act 20, are repealed.

3 **SECTION 13.** 71.28 (6) (a) 2m. of the statutes is created to read:

4 71.28 (6) (a) 2m. For taxable years beginning after December 31, 2012, any
5 person may claim as a credit against taxes otherwise due under s. 71.23, up to the
6 amount of those taxes, an amount equal to 20 percent of the costs of qualified
7 rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue
8 Code, for certified historic structures on property located in this state, if the cost of
9 the person's qualified rehabilitation expenditures is at least \$50,000 and the
10 rehabilitated property is placed in service after December 31, 2012.

11 **SECTION 14.** 71.28 (6) (a) 3. of the statutes is created to read:

12 71.28 (6) (a) 3. For taxable years beginning after December 31, 2012, any
13 person may claim as a credit against taxes otherwise due under s. 71.23, up to the
14 amount of those taxes, an amount equal to 20 percent of the costs of qualified
15 rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue
16 Code, for qualified rehabilitated buildings, as defined in section 47 (c) (1) of the
17 Internal Revenue Code, on property located in this state, if the cost of the person's
18 qualified rehabilitation expenditures is at least \$50,000 and the rehabilitated
19 property is placed in service after December 31, 2012, and regardless of whether the
20 rehabilitated property is used for multiple or revenue-producing purposes. No
21 credit may be claimed under this subdivision for property listed as a contributing
22 building in the state register of historic places or in the national register of historic
23 places and no credit may be claimed under this subdivision for nonhistoric,
24 nonresidential property converted into housing if the property has been previously
25 used for housing.

1 **SECTION 15.** 71.28 (6) (c) of the statutes is renumbered 71.28 (6) (c) (intro.) and
2 amended to read:

3 71.28 **(6)** (c) (intro.) No person may claim the credit under this subsection
4 unless the claimant includes with the claimant's return evidence each of the
5 following:

6 1. Evidence that the rehabilitation was 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 that the rehabilitation was approved by the ~~secretary of the~~
10 ~~interior under 36 CFR 67.6~~ state historic preservation officer.

11 **SECTION 16.** 71.28 (6) (c) 2. of the statutes is created to read:

12 71.28 **(6)** (c) 2. Evidence that the taxpayer obtained written certification from
13 the state historic preservation officer that:

14 a. The property is listed on the national register of historic places in Wisconsin
15 or the state register of historic places, or is determined by the state historical society
16 to be eligible for listing on the national register of historic places in Wisconsin or the
17 state register of historic places, or is located in a historic district that is listed in the
18 national register of historic places in Wisconsin or the state register of historic places
19 and is certified by the state historic preservation officer as being of historic
20 significance to the district, or is an outbuilding of an otherwise eligible property
21 certified by the state historic preservation officer as contributing to the historic
22 significance of the property.

23 b. The proposed preservation or rehabilitation plan complies with standards
24 promulgated under s. 44.02 (24) and the completed preservation or rehabilitation
25 substantially complies with the proposed plan.

1 c. The costs are not incurred to acquire any building or interest in a building
2 or to enlarge an existing building.

3 d. The costs were not incurred before the state historical society approved the
4 proposed preservation or rehabilitation plan.

5 **SECTION 17.** 71.28 (6) (g) 2. of the statutes is amended to read:

6 71.28 (6) (g) 2. Notwithstanding s. 71.77, the department may adjust or
7 disallow the credit claimed under this subsection within 4 years after the date that
8 the state historical society notifies the department that the expenditures for which
9 the credit was claimed do not comply with the standards for certification
10 promulgated under s. 44.02 (24). If the department adjusts or disallows, in whole or
11 in part, a credit transferred under par. (h), only the person who originally transferred
12 the credit to another person is liable to repay the adjusted or disallowed amount.

13 **SECTION 18.** 71.28 (6) (h) of the statutes is created to read:

14 71.28 (6) (h) Any person, including a nonprofit entity described in section 501
15 (c) (3) of the Internal Revenue Code, may sell or otherwise transfer the credit under
16 par. (a) 2m. or 3., in whole or in part, to another person who is subject to the taxes
17 imposed under s. 71.02, 71.08, 71.23, or 71.43, if the person notifies the department
18 of the transfer, and submits with the notification a copy of the transfer documents,
19 and the department certifies ownership of the credit with each transfer.

20 **SECTION 19.** 71.47 (6) (a) (intro.) of the statutes, as affected by 2013 Wisconsin
21 Act 20, is renumbered 71.47 (6) (a) 1m. and amended to read:

22 71.47 (6) (a) 1m. Any For taxable years beginning before January 1, 2013, any
23 person may credit against taxes otherwise due under this chapter, up to the amount
24 of those taxes, an amount equal to ~~one of the following percentages~~ 5 percent of the
25 costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the

1 Internal Revenue Code, for certified historic structures on property located in this
2 state if the physical work of construction or destruction in preparation for
3 construction begins after December 31, 1988, and the rehabilitated property is
4 placed in service after June 30, 1989; and before January 1, 2013.

5 **SECTION 20.** 71.47 (6) (a) 1. and 2. of the statutes, as created by 2013 Wisconsin
6 Act 20, are repealed.

7 **SECTION 21.** 71.47 (6) (a) 2m. of the statutes is created to read:

8 71.47 (6) (a) 2m. For taxable years beginning after December 31, 2012, any
9 person may claim as a credit against taxes otherwise due under s. 71.23, up to the
10 amount of those taxes, an amount equal to 20 percent of the costs of qualified
11 rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue
12 Code, for certified historic structures on property located in this state, if the cost of
13 the person's qualified rehabilitation expenditures is at least \$50,000 and the
14 rehabilitated property is placed in service after December 31, 2012.

15 **SECTION 22.** 71.47 (6) (a) 3. of the statutes is created to read:

16 71.47 (6) (a) 3. For taxable years beginning after December 31, 2012, any
17 person may claim as a credit against taxes otherwise due under s. 71.43, up to the
18 amount of those taxes, an amount equal to 20 percent of the costs of qualified
19 rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue
20 Code, for qualified rehabilitated buildings, as defined in section 47 (c) (1) of the
21 Internal Revenue Code, on property located in this state, if the cost of the person's
22 qualified rehabilitation expenditures is at least \$50,000 and the rehabilitated
23 property is placed in service after December 31, 2012, and regardless of whether the
24 rehabilitated property is used for multiple or revenue-providing purposes. No credit
25 may be claimed under this subdivision for property listed as a contributing building

1 in the state register of historic places or in the national register of historic places and
2 no credit may be claimed under this subdivision for nonhistoric, nonresidential
3 property converted into housing if the property has been previously used for housing.

4 **SECTION 23.** 71.47 (6) (c) of the statutes is renumbered 71.47 (6) (c) (intro.) and
5 amended to read:

6 71.47 (6) (c) (intro.) No person may claim the credit under this subsection
7 unless the claimant includes with the claimant's return evidence each of the
8 following:

9 1. Evidence that the rehabilitation was recommended by the state historic
10 preservation officer for approval by the secretary of the interior under 36 CFR 67.6
11 before the physical work of construction, or destruction in preparation for
12 construction, began and that the rehabilitation was approved by the ~~secretary of the~~
13 ~~interior under 36 CFR 67.6~~ state historic preservation officer.

14 **SECTION 24.** 71.47 (6) (c) 2. of the statutes is created to read:

15 71.47 (6) (c) 2. Evidence that the taxpayer obtained written certification from
16 the state historic preservation officer that:

17 a. The property is listed on the national register of historic places in Wisconsin
18 or the state register of historic places, or is determined by the state historical society
19 to be eligible for listing on the national register of historic places in Wisconsin or the
20 state register of historic places, or is located in a historic district that is listed in the
21 national register of historic places in Wisconsin or the state register of historic places
22 and is certified by the state historic preservation officer as being of historic
23 significance to the district, or is an outbuilding of an otherwise eligible property
24 certified by the state historic preservation officer as contributing to the historic
25 significance of the property.

1 b. The proposed preservation or rehabilitation plan complies with standards
2 promulgated under s. 44.02 (24) and the completed preservation or rehabilitation
3 substantially complies with the proposed plan.

4 c. The costs are not incurred to acquire any building or interest in a building
5 or to enlarge an existing building.

6 d. The costs were not incurred before the state historical society approved the
7 proposed preservation or rehabilitation plan.

8 **SECTION 25.** 71.47 (6) (g) 2. of the statutes is amended to read:

9 71.47 (6) (g) 2. Notwithstanding s. 71.77, the department may adjust or
10 disallow the credit claimed under this subsection within 4 years after the date that
11 the state historical society notifies the department that the expenditures for which
12 the credit was claimed do not comply with the standards for certification
13 promulgated under s. 44.02 (24). If the department adjusts or disallows, in whole or
14 in part, a credit transferred under par. (h), only the person who originally transferred
15 the credit to another person is liable to repay the adjusted or disallowed amount.

16 **SECTION 26.** 71.47 (6) (h) of the statutes is created to read:

17 71.47 (6) (h) Any person, including a nonprofit entity described in section 501
18 (c) (3) of the Internal Revenue Code, may sell or otherwise transfer the credit under
19 par. (a) 2m. or 3., in whole or in part, to another person who is subject to the taxes
20 imposed under s. 71.02, 71.08, 71.23, or 71.43, if the person notifies the department
21 of the transfer, and submits with the notification a copy of the transfer documents,
22 and the department certifies ownership of the credit with each transfer.

23 **SECTION 27. Nonstatutory provisions.**

24 (1) JOINT FINANCE REVIEW. No later than June 30, 2016, the department of
25 revenue, in conjunction with the state historical society, shall submit to the joint

1 committee on finance a report describing the economic impact of the tax credits
2 under sections 71.07 (9m) (a) 2m. and 3., 71.28 (6) (a) 2m. and 3., and 71.47 (6) (a)
3 2m. and 3. of the statutes, as affected by this act, and shall make a recommendation
4 to the committee as to whether the tax credits should continue. If the department
5 of revenue, in conjunction with the state historical society, determines that the cost
6 of the tax credits to the state is greater than the investments made in order to claim
7 the credits, the department shall recommend in the report that the credits be
8 discontinued for taxable years beginning after December 31, 2016. The report shall
9 also specify the number and type of claimants who have claimed the credits under
10 sections 71.07 (9m) (a) 2m. and 3., 71.28 (6) (a) 2m. and 3., and 71.47 (6) (a) 2m. and
11 3. of the statutes, as affected by this act, and the commercial purposes for which the
12 rehabilitated properties are used. Within 14 working days after the submittal date
13 of the report, the cochairpersons of the committee shall notify the department of
14 revenue and the state historical society that the committee has scheduled a meeting
15 for the purpose of reviewing the recommendation. The recommendation may be
16 implemented only upon approval of the committee.

17 (END)