April 5, 2013 – Introduced by Senators GUDEX, L. TAYLOR, LASSA, LEHMAN, HARRIS and SCHULTZ, cosponsored by Representatives WEININGER, JACQUE, SCHRAA, BERCEAU, JORGENSEN, T. LARSON, MASON, OHNSTAD, SPIROS, ENDSLEY, WRIGHT and GENRICH. Referred to Committee on Workforce Development, Forestry, Mining, and Revenue.

AN ACT to renumber and amend 71.07 (9m) (a), 71.07 (9m) (c), 71.28 (6) (a), 71.28 (6) (c), 71.47 (6) (a) and 71.47 (6) (c); and to create 71.07 (9m) (a) 2., 71.07 (9m) (a) 3., 71.07 (9m) (c) 2., 71.07 (9m) (h), 71.28 (6) (a) 2., 71.28 (6) (a) 3., 71.28 (6) (c) 2., 71.28 (6) (h), 71.47 (6) (a) 2., 71.47 (6) (a) 3., 71.47 (6) (c) 2. and 71.47 (6) (h) of the statutes; relating to: increasing the amount of the supplement to the federal historic rehabilitation tax credit.

Analysis by the Legislative Reference Bureau

Under current law, a person may claim an income and franchise tax credit for 5 percent of the qualified rehabilitation expenditures, as defined under the federal Internal Revenue Code, for certified historic structures on property located in this state, if construction begins after December 31, 1988, and the rehabilitated property is placed in service after June 30, 1989. The credit is a supplement to the federal tax credit for 20 percent of the qualified rehabilitation expenditures for certified historic structures. The federal credit, and the supplemental state credit, apply to nonresidential real property and residential rental property.

Under this bill, a person may claim an income and franchise tax credit for 20 percent of the qualified rehabilitation expenses, as defined under the federal Internal Revenue Code, for certified historic structures on property located in this state, if the cost of the person’s qualified rehabilitation expenditures is at least $50,000 and the rehabilitated property is placed in service after December 31, 2012, and before January 1, 2023.
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The bill also allows a person to claim a credit equal to 5 percent of the qualified rehabilitation expenses for qualified rehabilitated buildings, as defined under the federal Internal Revenue Code, located in this state. The credit is similar to the federal credit for rehabilitating a building that was first placed in service before 1936, except that the federal credit is 10 percent of the qualified rehabilitation expenses.

Under the bill, the Department of Revenue, in conjunction with the State Historical Society, must submit a report to the Joint Committee on Finance (JCF), no later than June 30, 2018, describing the economic impact of the tax credits and making a recommendation as to whether the tax credits should continue. The recommendation, however, may be implemented only upon approval of JCF.

For further information see the state 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) (a) of the statutes is renumbered 71.07 (9m) (a) 1. and amended to read:

71.07 (9m) (a) 1. Any person may credit against taxes otherwise due under this chapter, up to the amount of those taxes, an amount equal to 5% of the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the internal revenue code, for certified historic structures on property located in this state if the physical work of construction or destruction in preparation for construction begins after December 31, 1988, and the rehabilitated property is placed in service after June 30, 1989, and before January 1, 2013.

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

71.07 (9m) (a) 2. For taxable years beginning after December 31, 2012, and before January 1, 2023 any person may claim as a credit against taxes otherwise due under s. 71.02, up to the amount of those taxes, an amount equal to 20 percent of the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the
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Internal Revenue Code, for certified historic structures on property located in this state, if the cost of the person’s qualified rehabilitation expenditures is at least $50,000 and the rehabilitated property is placed in service after December 31, 2012, and before January 1, 2023.

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

71.07 (9m) (a) 3. For taxable years beginning after December 31, 2012, and before January 1, 2023, any person may claim as a credit against taxes otherwise due under s. 71.02, up to the amount of those taxes, an amount equal to 5 percent of the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for qualified rehabilitated buildings, as defined in section 47 (c) (1) of the Internal Revenue Code, on property located in this state, if the cost of the person’s qualified rehabilitation expenditures is at least $50,000 and the rehabilitated property is placed in service after December 31, 2012, and before January 1, 2023.

SECTION 4. 71.07 (9m) (c) of the statutes is renumbered 71.07 (9m) (c) (intro.) and amended to read:

71.07 (9m) (c) (intro.) No person may claim the credit under this subsection unless the claimant includes with the claimant’s return evidence any of the following:

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

SECTION 5. 71.07 (9m) (c) 2. of the statutes is created to read:
71.07 (9m) (c) 2. Evidence that the taxpayer obtained written certification from the state historic preservation officer that:

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

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

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

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

SECTION 6. 71.07 (9m) (h) of the statutes is created to read:

71.07 (9m) (h) A person who is eligible to claim the credit under par. (a) 2. or 3. may sell or otherwise transfer the credit to another person who is subject to the taxes imposed under s. 71.02, 71.23, or 71.43, if the person notifies the department of the transfer and submits with the notification a copy of the transfer documents.

SECTION 7. 71.28 (6) (a) of the statutes is renumbered 71.28 (6) (a) 1. and amended to read:
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71.28 (6) (a) 1. Any person may credit against taxes otherwise due under this chapter, up to the amount of those taxes, an amount equal to 5% of the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for certified historic structures on property located in this state if the physical work of construction or destruction in preparation for construction begins after December 31, 1988, and the rehabilitated property is placed in service after June 30, 1989, and before January 1, 2013.

SECTION 8. 71.28 (6) (a) 2. of the statutes is created to read:

71.28 (6) (a) 2. For taxable years beginning after December 31, 2012, and before January 1, 2023, any person may claim as a credit against taxes otherwise due under s. 71.23, up to the amount of those taxes, an amount equal to 20 percent of the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for certified historic structures on property located in this state, if the cost of the person’s qualified rehabilitation expenditures is at least $50,000 and the rehabilitated property is placed in service after December 31, 2012, and before January 1, 2023.

SECTION 9. 71.28 (6) (a) 3. of the statutes is created to read:

71.28 (6) (a) 3. For taxable years beginning after December 31, 2012, and before January 1, 2023, any person may claim as a credit against taxes otherwise due under s. 71.23, up to the amount of those taxes, an amount equal to 5 percent of the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for qualified rehabilitated buildings, as defined in section 47 (c) (1) of the Internal Revenue Code, on property located in this state, if the cost of the person’s qualified rehabilitation expenditures is at least $50,000 and the
rehabilitated property is placed in service after December 31, 2012, and before January 1, 2023.

**SECTION 10.** 71.28 (6) (c) of the statutes is renumbered 71.28 (6) (c) (intro.) and amended to read:

71.28 (6) (c) (intro.) No person may claim the credit under this subsection unless the claimant includes with the claimant’s return evidence any of the following:

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

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

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

a. The property is listed on the national register of historic places in Wisconsin or the state register of historic places, or is determined by the state historical society to be eligible for listing on the national register of historic places in Wisconsin or the state register of historic places, or is located in a historic district that is listed in the national register of historic places in Wisconsin or the state register of historic places and is certified by the state historic preservation officer as being of historic significance to the district, or is an outbuilding of an otherwise eligible property certified by the state historic preservation officer as contributing to the historic significance of the property.
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b. The proposed preservation or rehabilitation plan complies with standards promulgated under s. 44.02 (24) and the completed preservation or rehabilitation substantially complies with the proposed plan.

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

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

SECTION 12. 71.28 (6) (h) of the statutes is created to read:

71.28 (6) (h) A person who is eligible to claim the credit under par. (a) 2. or 3. may sell or otherwise transfer the credit to another person who is subject to the taxes imposed under s. 71.02, 71.23, or 71.43, if the person notifies the department of the transfer and submits with the notification a copy of the transfer documents.

SECTION 13. 71.47 (6) (a) of the statutes is renumbered 71.47 (6) (a) 1. and amended to read:

71.47 (6) (a) 1. Any For taxable years beginning before January 1, 2013, any person may credit against taxes otherwise due under this chapter, up to the amount of those taxes, an amount equal to 5% of the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the internal revenue code, for certified historic structures on property located in this state if the physical work of construction or destruction in preparation for construction begins after December 31, 1988, and the rehabilitated property is placed in service after June 30, 1989, and before January 1, 2013.

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

71.47 (6) (a) 2. For taxable years beginning after December 31, 2012, and before January 1, 2023, any person may claim as a credit against taxes otherwise due under
s. 71.23, up to the amount of those taxes, an amount equal to 20 percent of the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for certified historic structures on property located in this state, if the cost of the person's qualified rehabilitation expenditures is at least $50,000 and the rehabilitated property is placed in service after December 31, 2012, and before January 1, 2023.

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

71.47 (6) (a) 3. For taxable years beginning after December 31, 2012, and before January 1, 2023, any person may claim as a credit against taxes otherwise due under s. 71.43, up to the amount of those taxes, an amount equal to 5 percent of the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for qualified rehabilitated buildings, as defined in section 47 (c) (1) of the Internal Revenue Code, on property located in this state, if the cost of the person's qualified rehabilitation expenditures is at least $50,000 and the rehabilitated property is placed in service after December 31, 2012, and before January 1, 2023.

**SECTION 16.** 71.47 (6) (c) of the statutes is renumbered 71.47 (6) (c) (intro.) and amended to read:

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

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

SECTION 17. 71.47 (6) (c) 2. of the statutes is created to read:

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

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

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

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

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

SECTION 18. 71.47 (6) (h) of the statutes is created to read:

71.47 (6) (h) A person who is eligible to claim the credit under par. (a) 2. or 3. may sell or otherwise transfer the credit to another person who is subject to the taxes
imposed under s. 71.02, 71.23, or 71.43, if the person notifies the department of the
transfer and submits with the notification a copy of the transfer documents.


(1) Joint finance review. No later than June 30, 2018, the department of
revenue, in conjunction with the state historical society, shall submit to the joint
committee on finance a report describing the economic impact of the tax credits
under sections 71.07 (9m) (a) 2. and 3., 71.28 (6) (a) 2. and 3., and 71.47 (6) (a) 2. and
3. of the statutes, as affected by this act, and shall make a recommendation to the
committee as to whether the tax credits should continue. The report shall also
specify the number and type of claimants who have claimed the credits under
sections 71.07 (9m) (a) 2. and 3., 71.28 (6) (a) 2. and 3., and 71.47 (6) (a) 2. and 3. of
the statutes, as affected by this act, and the commercial purposes for which the
rehabilitated properties are used. Within 14 working days after the submittal date
of the report, the cochairpersons of the committee shall notify the department of
revenue and the state historical society that the committee has scheduled a meeting
for the purpose of reviewing the recommendation. The recommendation may be
implemented only upon approval of the committee.

(END)