



TODAY 1/26
State of Wisconsin
2015 - 2016 LEGISLATURE

LRB-0935/P2/P3
JK&ZDW:wlf/jm

INSERT

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DOA:.....Quinn, BB0305 – Historic rehabilitation tax credit annual award cap and technical modifications

FOR 2015-2017 BUDGET – NOT READY FOR INTRODUCTION

Friday
1-23-15
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do NOT gen

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau
COMMERCE AND ECONOMIC DEVELOPMENT

ECONOMIC DEVELOPMENT

Under current law, WEDC may certify a person to claim a state tax credit to supplement the federal historic rehabilitation tax credit. Under the bill, WEDC may certify up to \$10,000,000 in any year for this tax credit and must adopt policies and procedures for evaluating claims and certifying credits. Under the bill, WEDC may not certify a person for the credit if the person has no state income tax liability, except that WEDC may certify a nonprofit entity for the credit if the nonprofit entity intends to transfer the credit to a person who has a tax liability.

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:

2 SECTION 1. 238.17 of the statutes is renumbered 238.17 (1) (a) and amended

3 to read:

to

Insert A

Insert 1-1

SECTION 1

1 238.17 (1) (a) For taxable years beginning after December 31, 2013, the
2 corporation may certify a person to claim a tax credit under s. 71.07 (9m), 71.28 (6),
3 or 71.47 (6), if the corporation determines that the person is conducting an eligible
4 ~~activity under s. 71.07 (9m), 71.28 (6), or 71.47 (6)~~ preservation or rehabilitation
5 project. No person may claim a tax credit under s. 71.07 (9m), 71.28 (6), or 71.47 (6)
6 without first being certified under this section subsection. The corporation shall
7 notify the department of revenue no later than January 15 of each year of the amount
8 of the credits certified under this section subsection and the name, address, and tax
9 identification number of each person certified to claim the credit. The corporation
10 shall notify the department of revenue of any revoked certification no later than 2
11 months after the revocation date.

12 **SECTION 2.** 238.17 (1) (b) of the statutes is created to read:

13 238.17 (1) (b) The corporation may not certify a person for a tax credit under
14 this subsection if the person is not subject to the taxes imposed under s. 71.02, 71.08,
15 71.23, or 71.43, except that the corporation may certify a nonprofit entity described
16 under section 501 (c) (3) of the Internal Revenue Code for a tax credit under this
17 subsection if the entity intends to sell or otherwise transfer the credit, as provided
18 under s. 71.07 (9m) (h), 71.28 (6) (h), or 71.47 (6) (h).

19 **SECTION 3.** 238.17 (2) of the statutes is created to read:

20 238.17 (2) The corporation may certify up to \$10,000,000 in tax credits under
21 sub. (1) in any calendar year.

22 **SECTION 4.** 238.17 (3) of the statutes is created to read:

23 238.17 (3) In determining whether to certify a person for a tax credit under sub.
24 (1), the corporation shall consider all of the following with respect to the activity for
25 which the tax credit is claimed:

- 1 (a) The number of full-time jobs that may be created.
- 2 (b) The anticipated benefit to the state of the activity relative to the cost to the
- 3 state of the tax credit.
- 4 (c) The projected impact of the activity on the local economy.
- 5 (d) Whether the activity or investments associated with the activity would
- 6 occur without the tax credit.
- 7 (e) The number of tax credits that have been certified under sub. (1) in the same
- 8 county or municipality in prior years.

INS 3-9

9 SECTION 5. 238.17 (4) (5) of the statutes is created to read:

10 238.17 (4) (5) The corporation shall adopt policies and procedures for the
11 administration of this section, including all of the following:

- 12 (a) Process by which applicants may apply for certification under sub. (1).
- 13 (b) Certification of the tax credit, in accordance with sub. (3).
- 14 (c) Reporting requirements for certified claimants.
- 15 (d) Process and criteria for revocation of certification.

Insert 3-15

16 SECTION 9450. Effective dates; Wisconsin Economic Development
17 Corporation.

18 (1) HISTORIC REHABILITATION TAX CREDIT. The renumbering and amendment of
19 section 238.17 of the statutes and the creation of section 238.17 (1) (b), (2), (3), and
20 (4) (5) of the statutes take effect on January 1, 2016.

21 (END)

sections 71.07 (9m) (i) ~~and~~
71.28 (6) (i) ~~and~~ 71.47
(6) (i) ~~and~~ and

Insert A

The bill also requires a person to report to WEDC the number of full-time jobs created by the activity for which the person claimed a credit. If the activity creates fewer jobs than projected, the person must repay to DOR any amount of the credit in proportion to the number of jobs created compared to the number projected. In addition, if a person who claims both the state credit and the federal credit is required to repay the federal credit, the person must also repay the state credit.

Insert 1 - 1

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

2 71.07 (9m) (i) 1. a. Except as provided in subd. 1. b., if the activity for which
3 a person claims a credit under this subsection creates fewer full-time jobs than
4 projected under s. 238.17 (3) (a), as reported to the department under s. 238.17 (4),
5 the person who claimed the credit shall repay to the department any amount of the
6 credit claimed, as determined by the department, in proportion to the number of jobs
7 created compared to the number of jobs projected.

8 b. For purposes of subd. 1. a., the person who sells or transfer a credit under
9 par. (h) is responsible for repaying the credit.

10 2. If a person who claims a credit under this subsection and a credit under
11 section 47 of the Internal Revenue Code for the same qualified rehabilitation
12 expenditures is required to repay the amount of the credit claimed under section 47
13 of the Internal Revenue Code, the person shall repay to the department the amount
14 of the credit claimed under this subsection.

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

16 71.28 (6) (i) 1. a. Except as provided in subd. 1. b., if the activity for which a
17 person claims a credit under this subsection creates fewer full-time jobs than
18 projected under s. 238.17 (3) (a), as reported to the department under s. 238.17 (4),
19 the person who claimed the credit shall repay to the department any amount of the

1 credit claimed, as determined by the department, in proportion to the number of jobs
2 created compared to the number of jobs projected.

3 b. For purposes of subd. 1. a., the person who sells or transfer a credit under
4 par. (h) is responsible for repaying the credit.

5 2. If a person who claims a credit under this subsection and a credit under
6 section 47 of the Internal Revenue Code for the same qualified rehabilitation
7 expenditures is required to repay the amount of the credit claimed under section 47
8 of the Internal Revenue Code, the person shall repay to the department the amount
9 of the credit claimed under this subsection.

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

11 71.47 (6) (i) 1. a. Except as provided in subd. 1. b., if the activity for which a
12 person claims a credit under this subsection creates fewer full-time jobs than
13 projected under s. 238.17 (3) (a), as reported to the department under s. 238.17 (4),
14 the person who claimed the credit shall repay to the department any amount of the
15 credit claimed, as determined by the department, in proportion to the number of jobs
16 created compared to the number of jobs projected.

17 b. For purposes of subd. 1. a., the person who sells or transfer a credit under
18 par. (h) is responsible for repaying the credit.

19 2. If a person who claims a credit under this subsection and a credit under
20 section 47 of the Internal Revenue Code for the same qualified rehabilitation
21 expenditures is required to repay the amount of the credit claimed under section 47
22 of the Internal Revenue Code, the person shall repay to the department the amount
23 of the credit claimed under this subsection.

2015-2016 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0935/P3ins
JK&ZDW:wlj:jm

1 **INS 3-9**

2 **SECTION 5.** 238.17 (4) of the statutes is created to read:

3 238.17 (4) For five years following receipt of a tax credit under sub. (1), a
4 claimant shall report to the corporation the total number of full-time jobs created by
5 the activity for which the credit was claimed. The corporation shall report to the
6 department of revenue any claimaint whose activity created fewer full-time jobs
7 than projected under sub. (3) (a).

Insert 3 - 15

1 **SECTION 9350. Initial applicability; Wisconsin Economic Development**
2 **Corporation.**

3 (1) HISTORIC REHABILITATION TAX CREDIT. The treatment of sections 71.07 (9m)
4 (i) 1. a., 71.28 (6) (i) 1. a., 71.47 (6) (i) 1. a., and 238.17 (1) (b), (2), (3), (4), and (5) of
5 the statutes first applies to taxable years beginning on January 1, 2016.

creation

renumbering and amendment
of section 238.17 of
the statutes and the

Kreye, Joseph

From: Quinn, Brian D - DOA <Brian.Quinn@wisconsin.gov>
Sent: Tuesday, January 27, 2015 7:28 PM
To: Kreye, Joseph
Subject: Historic Rehab Technical Changes 0935/P3

Joe,

Passing along from DOR:

"Historic Rehabilitation Credit (LRB 0935/P3)

Changes are by page.

Page 1: no changes

Page 2: line 4, "...as reported to the department Wisconsin Economic Development Corporation under s. 238.17 (4)..."

Line 8, "...the person who initially sells or transfers a credit under..."

Line 12, federal claimants may not have to pay back all of the credit. I assume we want taxpayers who have to pay back the state credit to pay back the full amount (and I assume that we are only interesting in original claimants and not a secondary claimant (transferee) who has not federal credit to claim. "...is required to repay the full amount of the credit claimed..."

Line 18, "...as reported to the department Wisconsin Economic Development Corporation under s. 238.17 (4)..."

Lines 20-21, creating consistency with line 3, "...proportion to the number of full-time jobs created compared to the number of full-time jobs projected."

Page 3, line 1, "...the person who initially sells or transfers a credit..."

Line 11 "...as reported to the department Wisconsin Economic Development Corporation under s. 238.17 (4)..."

Line 15, "...the person who initially sells or transfers a credit..."

Page 4: no changes

Page 5: lines 9-14, we are trying to make this as easy to administer as possible on our end and ensure that WEDC is a big part of that process! Also note, we generally have open tax years going four years back. However, if the policy decision is for 5, we can certainly live with that, but I'm not sure how much we can do in the fifth year. So, take or leave the suggested change from 5 to 4.

"For five four years following receipt of a tax credit under sub. (1) a the original claimant shall report to the corporation annually the total number of full-time jobs created by the activity for which the credit was claimed. The corporation shall report to the department of revenue, at least quarterly, any claimant whose activity created fewer full-time jobs than projected under sub. (3) (a). The corporation shall report to the department of revenue the name, address, and tax identification number of the claimant, and the number of full-time jobs projected and created."

E-mail or call me if you have questions.

Brian Quinn
Executive Policy and Budget Analyst - Senior
Wisconsin Department of Administration
Division of Executive Budget and Finance
(608)-266-1923
Brian.quinn@wisconsin.gov



State of Wisconsin
2015 - 2016 LEGISLATURE



LRB-0935/P8
JK&ZDW:wj/rs

4

NOW

wlj/cjs/jed

DOA:.....Quinn, BB0305 – Historic rehabilitation tax credit annual award cap and technical modifications

FOR 2015-2017 BUDGET – NOT READY FOR INTRODUCTION

in 1-28-15

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1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

COMMERCE AND ECONOMIC DEVELOPMENT

ECONOMIC DEVELOPMENT

Under current law, WEDC may certify a person to claim a state tax credit to supplement the federal historic rehabilitation tax credit. Under the bill, WEDC may certify up to \$10,000,000 in any year for this tax credit and must adopt policies and procedures for evaluating claims and certifying credits. Under the bill, WEDC may not certify a person for the credit if the person has no state income tax liability, except that WEDC may certify a nonprofit entity for the credit if the nonprofit entity intends to transfer the credit to a person who has a tax liability.

The bill also requires a person to report to WEDC the number of full-time jobs created by the activity for which the person claimed a credit. If the activity creates fewer jobs than projected, the person must repay to DOR any amount of the credit in proportion to the number of jobs created compared to the number projected. In addition, if a person who claims both the state credit and the federal credit is required to repay the federal credit, the person must also repay the state credit.

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) (i) of the statutes is created to read:

71.07 (9m) (i) 1. a. Except as provided in subd. 1. b., if the activity for which a person claims a credit under this subsection creates fewer full-time jobs than projected under s. 238.17 (3) (a), as reported to the department under s. 238.17 (4), the person who claimed the credit shall repay to the department any amount of the credit claimed, as determined by the department, in proportion to the number of jobs created compared to the number of jobs projected.

b. For purposes of subd. 1. a., the person who sells or transfers a credit under par. (h) is responsible for repaying the credit.

2. If a person who claims a credit under this subsection and a credit under section 47 of the Internal Revenue Code for the same qualified rehabilitation expenditures is required to repay the amount of the credit claimed under section 47 of the Internal Revenue Code, the person shall repay to the department the amount of the credit claimed under this subsection.

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

71.28 (6) (i) 1. a. Except as provided in subd. 1. b., if the activity for which a person claims a credit under this subsection creates fewer full-time jobs than projected under s. 238.17 (3) (a), as reported to the department under s. 238.17 (4), the person who claimed the credit shall repay to the department any amount of the credit claimed, as determined by the department, in proportion to the number of jobs created compared to the number of jobs projected.

Full-time (circled 6) *initially* (circled 5) *Full-time* (circled 12) *Full-time* (circled 20) *Full-time* (circled 21)

1 b. For purposes of subd. 1. a., the person who ^{initially} sells or transfer^s a credit under
2 par. (h) is responsible for repaying the credit.

3 2. If a person who claims a credit under this subsection and a credit under
4 section 47 of the Internal Revenue Code for the same qualified rehabilitation
5 expenditures is required to repay the ^{full} amount of the credit claimed under section 47
6 of the Internal Revenue Code, the person shall repay to the department the amount
7 of the credit claimed under this subsection.

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

9 71.47 (6) (i) 1. a. Except as provided in subd. 1. b., if the activity for which a
10 person claims a credit under this subsection creates fewer full-time jobs than
11 projected under s. 238.17 (3) (a), as reported to the department under s. 238.17 (4),
12 the person who claimed the credit shall repay to the department any amount of the
13 credit claimed, as determined by the department, in proportion to the number of jobs
14 created compared to the number of ^{full-time} jobs projected. ^{full-time}

15 b. For purposes of subd. 1. a., the person who ^{initially} sells or transfer^s a credit under
16 par. (h) is responsible for repaying the credit.

17 2. If a person who claims a credit under this subsection and a credit under
18 section 47 of the Internal Revenue Code for the same qualified rehabilitation
19 expenditures is required to repay the ^{full} amount of the credit claimed under section 47
20 of the Internal Revenue Code, the person shall repay to the department the amount
21 of the credit claimed under this subsection.

22 **SECTION 4.** 238.17 of the statutes is renumbered 238.17 (1) (a) and amended
23 to read:

24 238.17 (1) (a) For taxable years beginning after December 31, 2013, the
25 corporation may certify a person to claim a tax credit under s. 71.07 (9m), 71.28 (6),

SECTION 4

1 or 71.47 (6), if the corporation determines that the person is conducting an eligible
2 ~~activity under s. 71.07 (9m), 71.28 (6), or 71.47 (6)~~ preservation or rehabilitation
3 project. No person may claim a tax credit under s. 71.07 (9m), 71.28 (6), or 71.47 (6)
4 without first being certified under this ~~section~~ subsection. The corporation shall
5 notify the department of revenue no later than January 15 of each year of the amount
6 of the credits certified under this ~~section~~ subsection and the name, address, and tax
7 identification number of each person certified to claim the credit. The corporation
8 shall notify the department of revenue of any revoked certification no later than 2
9 months after the revocation date.

10 **SECTION 5.** 238.17 (1) (b) of the statutes is created to read:

11 238.17 (1) (b) The corporation may not certify a person for a tax credit under
12 this subsection if the person is not subject to the taxes imposed under s. 71.02, 71.08,
13 71.23, or 71.43, except that the corporation may certify a nonprofit entity described
14 under section 501 (c) (3) of the Internal Revenue Code for a tax credit under this
15 subsection if the entity intends to sell or otherwise transfer the credit, as provided
16 under s. 71.07 (9m) (h), 71.28 (6) (h), or 71.47 (6) (h).

17 **SECTION 6.** 238.17 (2) of the statutes is created to read:

18 238.17 (2) The corporation may certify up to \$10,000,000 in tax credits under
19 sub. (1) in any calendar year.

20 **SECTION 7.** 238.17 (3) of the statutes is created to read:

21 238.17 (3) In determining whether to certify a person for a tax credit under sub.
22 (1), the corporation shall consider all of the following with respect to the activity for
23 which the tax credit is claimed:

24 (a) The number of full-time jobs that may be created.

1 (b) The anticipated benefit to the state of the activity relative to the cost to the
2 state of the tax credit.

3 (c) The projected impact of the activity on the local economy.

4 (d) Whether the activity or investments associated with the activity would
5 occur without the tax credit.

6 (e) The number of tax credits that have been certified under sub. (1) in the same
7 county or municipality in prior years.

8 **SECTION 5.** 238.17 (4) of the statutes is created to read:

9 238.17 (4) For ^{5 years} ~~five~~ years following receipt of a tax credit under sub. (1),^a
10 claimant shall report to the corporation the total number of full-time jobs created by
11 the activity for which the credit was claimed. The corporation shall report to the
12 department of revenue ^{at least once each calendar quarter,} any claimant whose activity created fewer full-time jobs than
13 projected under sub. (3) (a).

14 **SECTION 8.** 238.17 (5) of the statutes is created to read:

15 238.17 (5) The corporation shall adopt policies and procedures for the
16 administration of this section, including all of the following:

17 (a) Process by which applicants may apply for certification under sub. (1).

18 (b) Certification of the tax credit, in accordance with sub. (3).

19 (c) Reporting requirements for certified claimants.

20 (d) Process and criteria for revocation of certification.

21 **SECTION 9350. Initial applicability; Wisconsin Economic Development**
22 **Corporation.**

23 (1) HISTORIC REHABILITATION TAX CREDIT. The renumbering and amendment of
24 section 238.17 of the statutes and the creation of sections 71.07 (9m) (i), 71.28 (6) (i),

the original

insert 513

1 71.47 (6) (i), and 238.17 (1) (b), (2), (3), (4), and (5) of the statutes first applies to
2 taxable years beginning on January 1, 2016.

3 **SECTION 9450. Effective dates; Wisconsin Economic Development**
4 **Corporation.**

5 (1) HISTORIC REHABILITATION TAX CREDIT. The renumbering and amendment of
6 section 238.17 of the statutes and the creation of sections 71.07 (9m) (i), 71.28 (6) (i),
7 71.47 (6) (i), and 238.17 (1) (b), (2), (3), (4), and (5) of the statutes take effect on
8 January 1, 2016.

9 (END)

**2015-2016 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-0935/P4ins
JK&ZDW:wlj&cjs:rs

Insert 5 - 13

1 *mt* The corporation shall report to the department of revenue the name, address,
2 and tax identification number of the claimant, and the number of [✓] full-time jobs
3 projected and created.



State of Wisconsin
2015 - 2016 LEGISLATURE

PS

LRB-0935/P4
JK&ZDW:wlj/cjs/jld:jf

stays

DOA:.....Quinn, BB0305 – Historic rehabilitation tax credit annual award cap and technical modifications

FOR 2015-2017 BUDGET -- NOT READY FOR INTRODUCTION

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Do Not Gen

1 AN ACT...; relating to: the budget.

Analysis by the Legislative Reference Bureau
COMMERCE AND ECONOMIC DEVELOPMENT

FWDA

ECONOMIC DEVELOPMENT

Under current law, WEDC may certify a person to claim a state tax credit to supplement the federal historic rehabilitation tax credit. Under the bill, WEDC may certify up to \$10,000,000 in any year for this tax credit and must adopt policies and procedures for evaluating claims and certifying credits. Under the bill, WEDC may not certify a person for the credit if the person has no state income tax liability, except that WEDC may certify a nonprofit entity for the credit if the nonprofit entity intends to transfer the credit to a person who has a tax liability.

FWDA

FWDA

The bill also requires a person to report to WEDC the number of full-time jobs created by the activity for which the person claimed a credit. If the activity creates fewer jobs than projected, the person must repay to DOR any amount of the credit in proportion to the number of jobs created compared to the number projected. In addition, if a person who claims both the state credit and the federal credit is required to repay the federal credit, the person must also repay the state credit.

FWDA

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:

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

2 71.07 (**9m**) (i) 1. a. Except as provided in subd. 1. b., if the activity for which
3 a person claims a credit under this subsection creates fewer full-time jobs than
4 projected under s. ~~238.17~~^{235.17} (3) (a), as reported to the department under s. ~~238.17~~^{235.17} (4),
5 the person who claimed the credit shall repay to the department any amount of the
6 credit claimed, as determined by the department, in proportion to the number of
7 full-time jobs created compared to the number of full-time jobs projected.

8 b. For purposes of subd. 1. a., the person who initially sells or transfers a credit
9 under par. (h) is responsible for repaying the credit.

10 2. If a person who claims a credit under this subsection and a credit under
11 section 47 of the Internal Revenue Code for the same qualified rehabilitation
12 expenditures is required to repay the full amount of the credit claimed under section
13 47 of the Internal Revenue Code, the person shall repay to the department the
14 amount of the credit claimed under this subsection.

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

16 71.28 (**6**) (i) 1. a. Except as provided in subd. 1. b., if the activity for which a
17 person claims a credit under this subsection creates fewer full-time jobs than
18 projected under s. ~~238.17~~^{235.17} (3) (a), as reported to the department under s. ~~238.17~~^{235.17} (4),
19 the person who claimed the credit shall repay to the department any amount of the
20 credit claimed, as determined by the department, in proportion to the number of
21 full-time jobs created compared to the number of full-time jobs projected.

1 b. For purposes of subd. 1. a., the person who initially sells or transfers a credit
2 under par. (h) is responsible for repaying the credit.

3 2. If a person who claims a credit under this subsection and a credit under
4 section 47 of the Internal Revenue Code for the same qualified rehabilitation
5 expenditures is required to repay the full amount of the credit claimed under section
6 47 of the Internal Revenue Code, the person shall repay to the department the
7 amount of the credit claimed under this subsection.

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

9 71.47 (6) (i) 1. a. Except as provided in subd. 1. b., if the activity for which a
10 person claims a credit under this subsection creates fewer full-time jobs than
11 projected under s. ^{e 235.17}238.17 (3) (a), as reported to the department under s. ^{e 235.17}238.17 (4),
12 the person who claimed the credit shall repay to the department any amount of the
13 credit claimed, as determined by the department, in proportion to the number of
14 full-time jobs created compared to the number of full-time jobs projected.

15 b. For purposes of subd. 1. a., the person who initially sells or transfer a credit
16 under par. (h) is responsible for repaying the credit.

17 2. If a person who claims a credit under this subsection and a credit under
18 section 47 of the Internal Revenue Code for the same qualified rehabilitation
19 expenditures is required to repay the full amount of the credit claimed under section
20 47 of the Internal Revenue Code, the person shall repay to the department the
21 amount of the credit claimed under this subsection.

22 **SECTION 4.** 238.17 of the statutes is renumbered 238.17 (1) (a) and amended
23 to read:

24 238.17 (1) (a) For taxable years beginning after December 31, 2013, the
25 corporation may certify a person to claim a tax credit under s. 71.07 (9m), 71.28 (6),

1 or 71.47 (6), if the corporation determines that the person is conducting an eligible
 2 activity under s. 71.07 (9m), 71.28 (6), or 71.47 (6) preservation or rehabilitation
 3 project. No person may claim a tax credit under s. 71.07 (9m), 71.28 (6), or 71.47 (6)
 4 without first being certified under this section subsection. The corporation shall
 5 notify the department of revenue no later than January 15 of each year of the amount
 6 of the credits certified under this section subsection and the name, address, and tax
 7 identification number of each person certified to claim the credit. The corporation
 8 shall notify the department of revenue of any revoked certification no later than 2
 9 months after the revocation date.

10 SECTION 5. ^{235.17}238.17(1) (b) of the statutes is created to read:

11 ^{235.17}238.17(1) (b) The ^{authority}corporation may not certify a person for a tax credit under
 12 this subsection if the person is not subject to the taxes imposed under s. 71.02, 71.08,
 13 71.23, or 71.43, except that the ^{authority}corporation may certify a nonprofit entity described
 14 under section 501 (c) (3) of the Internal Revenue Code for a tax credit under this
 15 subsection if the entity intends to sell or otherwise transfer the credit, as provided
 16 under s. 71.07 (9m) (h), 71.28 (6) (h), or 71.47 (6) (h).

INSD 4-16

17 SECTION 6. ^{235.17}238.17(2) of the statutes is created to read:

18 ^{235.17}238.17(2) The ^{authority}corporation may certify up to \$10,000,000 in tax credits under
 19 sub. (1) in any calendar year.

INSD 4-19

20 SECTION 7. ^{235.17}238.17(3) of the statutes is created to read:

21 ^{235.17}238.17(3) In determining whether to certify a person for a tax credit under sub.
 22 (1), the ^{authority}corporation shall consider all of the following with respect to the activity for
 23 which the tax credit is claimed: ^{authority}

24 (a) The number of full-time jobs that may be created.

1 (b) The anticipated benefit to the state of the activity relative to the cost to the
2 state of the tax credit.

3 (c) The projected impact of the activity on the local economy.

4 (d) Whether the activity or investments associated with the activity would
5 occur without the tax credit.

6 (e) The number of tax credits that have been certified under sub. (1) in the same
7 county or municipality in prior years.

INDERS
5-7

8 SECTION 5. 238.17 (4) of the statutes is created to read:

9 238.17 (4) For 4 years following receipt of a tax credit under sub. (1), the
10 original claimant shall report to the corporation the total number of full-time jobs
11 created by the activity for which the credit was claimed. The corporation shall report
12 to the department of revenue, at least once each calendar quarter, any claimant
13 whose activity created fewer full-time jobs than projected under sub. (3) (a). The
14 corporation shall report to the department of revenue the name, address, and tax
15 identification number of the claimant, and the number of full-time jobs projected
16 and created.

Insert
5-16

17 SECTION 8. 238.17 (5) of the statutes is created to read:

18 238.17 (5) The corporation shall adopt policies and procedures for the
19 administration of this section, including all of the following:

20 (a) Process by which applicants may apply for certification under sub. (1).

21 (b) Certification of the tax credit, in accordance with sub. (3).

22 (c) Reporting requirements for certified claimants.

23 (d) Process and criteria for revocation of certification.

24 SECTION 9350. Initial applicability; Wisconsin Economic Development

25 Corporation. Other

Insert 5-23

SECTION 9350

1 (1) HISTORIC REHABILITATION TAX CREDIT. The renumbering and amendment of
 2 section 238.17 of the statutes and the creation of sections 71.07 (9m) (i), 71.28 (6) (i),
 3 71.47 (6) (i), and ~~238.17~~ (1) (b), (2), (3), (4), and (5) of the statutes first applies to
 4 taxable years beginning on January 1, 2016.

5 **SECTION 9450. Effective dates; Wisconsin Economic Development**

6 **Corporation.**

7 (1) HISTORIC REHABILITATION TAX CREDIT. The renumbering and amendment of
 8 section 238.17 of the statutes and the creation of sections 71.07 (9m) (i), 71.28 (6) (i),
 9 71.47 (6) (i), and ~~238.17~~ (1) (b), (2), (3), (4), and (5) of the statutes take effect on
 10 January 1, 2016.

11 (END)

**2015-2016 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-0935/P4ins
JK&ZDW:wlj/cjs/jld:jf

Insert 4 - 16

****NOTE: This is reconciled s.235.17 (1) (b). This SECTION has been affected by drafts with the following LRB numbers:-0935/P4 and -1215/P2.

Insert 4 - 19

****NOTE: This is reconciled s.235.17 (2). This SECTION has been affected by drafts with the following LRB numbers:-0935/P4 and -1215/P2.

Insert 5 - 7

****NOTE: This is reconciled s.235.17 (3). This SECTION has been affected by drafts with the following LRB numbers:-0935/P4 and -1215/P2.

Insert 5 - 16

****NOTE: This is reconciled s.235.17 (4). This SECTION has been affected by drafts with the following LRB numbers:-0935/P4 and -1215/P2.

Insert 5 - 23

****NOTE: This is reconciled s.235.17 (5). This SECTION has been affected by drafts with the following LRB numbers:-0935/P4 and -1215/P2.

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

LRB-0935/P4dn
JK&ZDW:wlj/ejs/jld:jf

P5
6
WJ

This draft reconciles LRB-^{er}0935/P4 and LRB-1215/P2. ^{Both} All of these drafts should continue to appear in the compiled bill.

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

LRB-0935/P5dn
JK&ZDW:wlj:rs

January 28, 2015

This draft reconciles LRB-0935/P4 and LRB-1215/P2. Both of these drafts should continue to appear in the compiled bill.

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State of Wisconsin
2015 - 2016 LEGISLATURE

LRB-0935/P5
JK&ZDW:wlj/ejs/jld:rs

DOA:.....Quinn, BB0305 – Historic rehabilitation tax credit annual award cap and technical modifications

FOR 2015-2017 BUDGET -- NOT READY FOR INTRODUCTION

1 **AN ACT ...; relating to:** the budget.

Analysis by the Legislative Reference Bureau

COMMERCE AND ECONOMIC DEVELOPMENT

ECONOMIC DEVELOPMENT

Under current law, WEDC may certify a person to claim a state tax credit to supplement the federal historic rehabilitation tax credit. Under the bill, FWDA may certify up to \$10,000,000 in any year for this tax credit and must adopt policies and procedures for evaluating claims and certifying credits. Under the bill, FWDA may not certify a person for the credit if the person has no state income tax liability, except that FWDA may certify a nonprofit entity for the credit if the nonprofit entity intends to transfer the credit to a person who has a tax liability.

The bill also requires a person to report to FWDA the number of full-time jobs created by the activity for which the person claimed a credit. If the activity creates fewer jobs than projected, the person must repay to DOR any amount of the credit in proportion to the number of jobs created compared to the number projected. In addition, if a person who claims both the state credit and the federal credit is required to repay the federal credit, the person must also repay the state credit.

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:

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

2 71.07 (9m) (i) 1. a. Except as provided in subd. 1. b., if the activity for which
3 a person claims a credit under this subsection creates fewer full-time jobs than
4 projected under s. 235.17 (3) (a), as reported to the department under s. 235.17 (4),
5 the person who claimed the credit shall repay to the department any amount of the
6 credit claimed, as determined by the department, in proportion to the number of
7 full-time jobs created compared to the number of full-time jobs projected.

8 b. For purposes of subd. 1. a., the person who initially sells or transfers a credit
9 under par. (h) is responsible for repaying the credit.

10 2. If a person who claims a credit under this subsection and a credit under
11 section 47 of the Internal Revenue Code for the same qualified rehabilitation
12 expenditures is required to repay the full amount of the credit claimed under section
13 47 of the Internal Revenue Code, the person shall repay to the department the
14 amount of the credit claimed under this subsection.

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

16 71.28 (6) (i) 1. a. Except as provided in subd. 1. b., if the activity for which a
17 person claims a credit under this subsection creates fewer full-time jobs than
18 projected under s. 235.17 (3) (a), as reported to the department under s. 235.17 (4),
19 the person who claimed the credit shall repay to the department any amount of the
20 credit claimed, as determined by the department, in proportion to the number of
21 full-time jobs created compared to the number of full-time jobs projected.

1 b. For purposes of subd. 1. a., the person who initially sells or transfers a credit
2 under par. (h) is responsible for repaying the credit.

3 2. If a person who claims a credit under this subsection and a credit under
4 section 47 of the Internal Revenue Code for the same qualified rehabilitation
5 expenditures is required to repay the full amount of the credit claimed under section
6 47 of the Internal Revenue Code, the person shall repay to the department the
7 amount of the credit claimed under this subsection.

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

9 71.47 (6) (i) 1. a. Except as provided in subd. 1. b., if the activity for which a
10 person claims a credit under this subsection creates fewer full-time jobs than
11 projected under s. 235.17 (3) (a), as reported to the department under s. 235.17 (4),
12 the person who claimed the credit shall repay to the department any amount of the
13 credit claimed, as determined by the department, in proportion to the number of
14 full-time jobs created compared to the number of full-time jobs projected.

15 b. For purposes of subd. 1. a., the person who initially sells or transfer a credit
16 under par. (h) is responsible for repaying the credit.

17 2. If a person who claims a credit under this subsection and a credit under
18 section 47 of the Internal Revenue Code for the same qualified rehabilitation
19 expenditures is required to repay the full amount of the credit claimed under section
20 47 of the Internal Revenue Code, the person shall repay to the department the
21 amount of the credit claimed under this subsection.

22 **SECTION 4.** 235.17 (1) (b) of the statutes is created to read:

23 235.17 (1) (b) The authority may not certify a person for a tax credit under this
24 subsection if the person is not subject to the taxes imposed under s. 71.02, 71.08,
25 71.23, or 71.43, except that the authority may certify a nonprofit entity described

1 under section 501 (c) (3) of the Internal Revenue Code for a tax credit under this
2 subsection if the entity intends to sell or otherwise transfer the credit, as provided
3 under s. 71.07 (9m) (h), 71.28 (6) (h), or 71.47 (6) (h).

****NOTE: This is reconciled s. 235.17 (1) (b). This SECTION has been affected by
drafts with the following LRB numbers: -0935/P4 and -1215/P2.

4 **SECTION 5.** 235.17 (2) of the statutes is created to read:

5 235.17 (2) The authority may certify up to \$10,000,000 in tax credits under sub.
6 (1) in any calendar year.

****NOTE: This is reconciled s. 235.17 (2). This SECTION has been affected by drafts
with the following LRB numbers: -0935/P4 and -1215/P2.

7 **SECTION 6.** 235.17 (3) of the statutes is created to read:

8 235.17 (3) In determining whether to certify a person for a tax credit under sub.
9 (1), the authority shall consider all of the following with respect to the activity for
10 which the tax credit is claimed:

11 (a) The number of full-time jobs that may be created.

12 (b) The anticipated benefit to the state of the activity relative to the cost to the
13 state of the tax credit.

14 (c) The projected impact of the activity on the local economy.

15 (d) Whether the activity or investments associated with the activity would
16 occur without the tax credit.

17 (e) The number of tax credits that have been certified under sub. (1) in the same
18 county or municipality in prior years.

****NOTE: This is reconciled s. 235.17 (3). This SECTION has been affected by drafts
with the following LRB numbers: -0935/P4 and -1215/P2.

19 **SECTION 5.** 235.17 (4) of the statutes is created to read:

20 235.17 (4) For 4 years following receipt of a tax credit under sub. (1), the
21 original claimant shall report to the authority the total number of full-time jobs

1 created by the activity for which the credit was claimed. The authority shall report
2 to the department of revenue, at least once each calendar quarter, any claimant
3 whose activity created fewer full-time jobs than projected under sub. (3) (a). The
4 authority shall report to the department of revenue the name, address, and tax
5 identification number of the claimant, and the number of full-time jobs projected
6 and created.

****NOTE: This is reconciled s. 235.17 (4). This SECTION has been affected by drafts
with the following LRB numbers: -0935/P4 and -1215/P2.

7 **SECTION 7.** 235.17 (5) of the statutes is created to read:

8 235.17 (5) The authority shall adopt policies and procedures for the
9 administration of this section, including all of the following:

10 (a) Process by which applicants may apply for certification under sub. (1).

11 (b) Certification of the tax credit, in accordance with sub. (3).

12 (c) Reporting requirements for certified claimants.

13 (d) Process and criteria for revocation of certification.

****NOTE: This is reconciled s. 235.17 (5). This SECTION has been affected by drafts
with the following LRB numbers: -0935/P4 and -1215/P2.

14 **SECTION 9352. Initial applicability; Other.**

15 (1) HISTORIC REHABILITATION TAX CREDIT. The creation of sections 71.07 (9m) (i),
16 71.28 (6) (i), 71.47 (6) (i), and 235.17 (1) (b), (2), (3), (4), and (5) of the statutes first
17 applies to taxable years beginning on January 1, 2016.

18 **SECTION 9452. Effective dates; Other.**

19 (1) HISTORIC REHABILITATION TAX CREDIT. The creation of sections 71.07 (9m) (i),
20 71.28 (6) (i), 71.47 (6) (i), and 235.17 (1) (b), (2), (3), (4), and (5) of the statutes takes
21 effect on January 1, 2016.

22 (END)