Wisconsin Department of Administration
Division of Executive Budget and Finance

Fiscal Estimate - 2025 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number **25-3841/1**	Introduction Number **SB-0382**

Description
modifications to the historic rehabilitation tax credit

Fiscal Effect

State:

☐ No State Fiscal Effect
☒ Indeterminate

☐ Increase Existing Appropriations
☐ Decrease Existing Appropriations
☐ Create New Appropriations
☐ Increase Existing Revenues
☒ Decrease Existing Revenues
☒ Increase Costs - May be possible to absorb within agency's budget
☒ Yes ☐ No
☐ Decrease Costs

Local:

☐ No Local Government Costs
☐ Indeterminate

1. ☐ Increase Costs
   ☐ Permissive ☐ Mandatory
2. ☐ Decrease Costs
   ☐ Permissive ☐ Mandatory
3. ☐ Increase Revenue
   ☐ Permissive ☐ Mandatory
4. ☐ Decrease Revenue
   ☐ Permissive ☐ Mandatory
5. Types of Local Government Units Affected
   ☐ Towns ☐ Village ☐ Cities
   ☐ Counties ☐ Others
   ☐ School Districts ☐ WTCS Districts

Fund Sources Affected

☐ GPR ☐ FED ☐ PRO ☐ PRS ☐ SEG ☐ SEGS

Affected Ch. 20 Appropriations

Agency/Prepared By	Authorized Signature	Date
WEDC/ Ben Piatt (608) 210-6723	Christopher Brooks (608) 210-6723	8/11/2025

Fiscal Estimate Narratives

WEDC 8/11/2025

LRB Number **25-3841/1**	Introduction Number **SB-0382**	Estimate Type **Original**
Description modifications to the historic rehabilitation tax credit		

Assumptions Used in Arriving at Fiscal Estimate

SB-0382/AB-0375 modifies several aspects of the Historic Rehabilitation Tax Credit (HTC) that can be claimed by taxpayers for amounts spend rehabilitating a certified historic structure within Wisconsin. Generally, HTC is claimed as 20% of qualified expenditures to match the federal historic rehabilitation tax credit, in which case federal rules apply.

This proposal removes certain federal requirements for taxpayers only claiming the state-level HTC, including:
-Not requiring qualified expenditures exceed the greater of the taxpayer's adjusted basis in the property (initial cost with certain adjustments) or $50,000. Instead, those only claiming the state HTC will need to ensure qualified expenditures exceed $50,000.
-Removes the requirement for the SHPO to recommend the rehabilitation for approval to the U.S. Secretary of the Interior, since the Secretary of the Interior does not review projects only claiming the state HTC. Instead, persons solely claiming the state HTC need to only be approved by SHPO prior to the beginning of the rehabilitation project for WEDC to certify the credit.

The proposal also makes changes to the timing of when the credit is applied. Currently, the credit is applied over a 5-year period in line with federal rules. The proposal would now have the state credit be generally applied in one year on the tax year the historic structure is placed into service.

The proposal also changes the rules surrounding the maximum amount of credits taxpayers on one parcel can claim. Currently, WEDC is prohibited from certifying more than $3,500,000 in tax credits for all projects on the same parcel. The proposal would limit the $3,500,000 cap to rehabilitation projects conducted on a single parcel over a single 10-year timeframe.

Lastly, the proposal formally repeals the credit for the rehabilitation of non-historic buildings placed into service before 1936, which was already done federally under 26 U.S.C. § 47 (2017) (as amended in 2017 by Pub. L. No. 11597). WEDC already eliminated eligibility for these projects in June 2018 through an update of the HTC's program guidelines, and the proposal would now formally remove it from State Statute.

In general, the modifications in the proposal would likely increase the amount of HTC credits claimed by taxpayers in the state since it simplifies the eligibility requirements for taxpayers claiming only the state-level credit. This increase in HTC certifications would reduce existing revenue for the state. It is unlikely to have a dramatic fiscal impact to the state, since the Corporation anticipates most state-only HTCs would be awarded to smaller-scale projects and nonprofit entities not eligible for the federal credit. Furthermore, dispensing the full amount of credits in one year instead of being spread over five years will accelerate fiscal impact to the state, especially in tax years with large HTC projects put into service.

The Corporation would likely be able to absorb the cost of administering the proposal into its existing resources. WEDC averages around 26 HTC awards per year and has sufficient capacity for an increased volume of HTC certifications up to double this average. In the event this existing capacity is exceeded, the Corporation estimates needing at least 1 additional FTE to administer the proposal.

Long-Range Fiscal Implications