



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

**October 2013 Special Session
Assembly Bill 4**

Assembly Amendment 1

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

Special Session Assembly Bill 4

Special Session Assembly Bill 4 would increase the amount of the state rehabilitation tax credit for certified historic structures to 20% of qualified rehabilitation expenditures. The bill also creates a new state rehabilitation tax credit, in the amount of 20% of qualified rehabilitation expenditures, for qualified rehabilitated buildings, if those expenditures exceed \$50,000. Additionally, the bill specifies that property is eligible for the new credit regardless of whether the rehabilitated property is used for multiple or revenue-producing purposes. However, Special Session Assembly Bill 4 also specifies that the credit for qualified rehabilitated buildings may not be claimed for property that is listed in the state or national registers of historic places, and no credit may be claimed for nonhistoric, nonresidential property converted into housing if the property has previously been used for housing.

Special Session Assembly Bill 4 also clarifies requirements for the evidence that must be presented by a taxpayer in order to claim the rehabilitation credit for certified historic structures, and modifies the approval process such that the approval must be provided by the state historic preservation officer rather than the Secretary of the Interior.

The bill specifies that the Department of Revenue (DOR) must certify any sales or transfers of the rehabilitation tax credits and recognizes that nonprofit entities may sell or transfer the tax credits.

Under Special Session Assembly Bill 4, DOR and the State Historical Society must submit a report to the Joint Finance Committee, no later than June 30, 2016, that describes the economic impact of the historic rehabilitation tax credits, and recommends whether the credits should continue. The bill specifies that if it is determined that the cost of the tax credits to the state is greater than the investments made in order to claim the credits, DOR shall recommend that the credits be discontinued.

Assembly Amendment 1

Assembly Amendment 1 to Special Session Assembly Bill 4 specifies that a taxpayer may not claim the rehabilitation credits for certified historic structures or qualified rehabilitated buildings without first being certified for the credits by the Wisconsin Economic Development Corporation (WEDC). The amendment also requires taxpayers who wish to claim the credit for certified historic structures to provide WEDC, rather than DOR, with certain documentation relating to the historic status of the property and the rehabilitation project.

The amendment also modifies the timing for implementation of the rehabilitation credits. Generally, the amendment delays implementation of the credits by one taxable year as compared to the bill. Under the amendment, the credit for certified historic structures would be 10% of qualified rehabilitation expenditures for tax year 2013, for property placed in service before January 1, 2014, and 20% of qualified rehabilitation expenditures for taxable years beginning after December 31, 2013, for property placed in service after December 31, 2013. The 20% credit for qualified rehabilitation expenditures for qualified rehabilitated buildings would first apply in taxable years beginning after December 31, 2013, for property placed in service after December 31, 2013.

Assembly Amendment 1 delays the submission deadline for the report to the Joint Finance Committee from DOR and the State Historical Society, relating to the economic impact of the rehabilitation tax credits, from June 30, 2016 to June 30, 2017. In addition to the submission of the report by DOR and the State Historical Society, the amendment also requires WEDC, in conjunction with DOR and the State Historical Society, to submit a report to the Joint Finance Committee, by March 1, 2015, indicating the total number and amount of the rehabilitation tax credits certified as of the date of the report.

Bill History

On October 17, 2013, the Assembly adopted Assembly Amendment 1 on a voice vote, and passed Special Session Assembly Bill 4 on a vote of Ayes, 88; Noes, 4.

SG:jal