

DAVE ARMSTRONG

STATE REPRESENTATIVE • 67TH ASSEMBLY DISTRICT

Testimony on Assembly Bill 375 August 21, 2025

Thank you for the opportunity today to testify on behalf of Assembly Bill 375.

In recognition of the role that historic buildings play in improving the character and attractiveness of our communities, Wisconsin offers a tax credit to businesses that own such properties and want to preserve or rehabilitate them for continued use. This state historic tax credit (HTC) is generally 20% of qualified rehabilitation expenditures, with a credit cap of \$3.5 million per parcel. The state credit acts as a supplement to a similar federal credit.

However, changes to the state and federal credits over time have created confusion about which properties and expenditures qualify for each program. This has led to some projects being postponed or simply canceled.

Senator Feyen and I have worked with the Wisconsin Economic Development Corporation, the Department of Revenue, and other stakeholders to clarify Wisconsin's HTC so it can continue to help preserve our state's heritage. For example, a recent interpretation of the state and federal credits determined that expenditures qualify only if they are at least \$50,000 *and* at least the *greater* of the property's adjusted basis value or \$5,000. A property's adjusted basis value can be very large, pricing many projects beyond feasibility. AB 375 brings the law in line with earlier interpretations, simply requiring that expenditures exceed \$50,000 for state HTC purposes.

For property owners who wish to pursue only the state credit, AB 375 simplifies the process by requiring only that the owner receive approval from the state historic preservation officer before proceeding with the project, rather than requiring that the SHPO also make a recommendation for approval to the US Secretary of the Interior. AB 375 also allows property owners to claim the full state credit for the year in which the property is put into use, rather than spreading it across five years, which is the default federal process. This could help the state credit have a bigger impact.

Lastly, the literal language of the HTC statutes suggests that no parcel may receive more than \$3.5 million in cumulative credits *ever*, regardless of the size or number of future rehabilitation projects on that same property. Not even the most thorough preservation project completed today will last forever, but under current law, a property owner in 2050, 2075, or 2125 would be ineligible for HTC if the 2025 owner claimed the last of the \$3.5 million in credits available for the parcel. AB 375 attempts to address this by instead applying the cap to 10-year periods.

I believe these changes will allow the historic tax credit to continue to be a valuable resource for preserving Wisconsin's heritage.

Thank you for your consideration.



DAN FEYEN

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To: The Assembly Committee on Ways and Means
From: Sen. Dan Feyen
Re: Assembly Bill 375

Hello members of the committee, thank you for taking the time to hear testimony on AB 375.

The Historic Preservation Tax Credit has helped maintain and rehabilitate buildings in Wisconsin. Preserving these historic buildings helps to support Wisconsin's heritage, character, and aesthetics of our state while ensuring these properties continue to contribute to local communities and economic development.

AB 375 clarifies and adjusts the HTC to keep the credit accessible and effective. Over time, changes in federal law, state law, and interpretations of both, have made the credit confusing to navigate. A recent interpretation of both the federal and state credit held that a property only qualifies for the credit if the expenditure is at least \$50,000 and at least the greater of the property's adjusted basis value or \$5,000. This was a change over previous interpretations and has led to projects being cancelled. AB 375 fixes this issue by eliminating the "greater of adjusted basis or \$5,000" test. This leaves in place the clear minimum expenditure requirement of \$50,000 and eliminates confusion and restrictions.

This bill also aims to simplify the processes of certification when a property owner only claims the state credit and not the federal credit. Currently, if an owner would like to apply for only the state credit, they would sometimes still have to go through the process of getting approval from both the National Park Service and the State Historic Preservation Officer. AB 375 removes this overlap in certification when a property owner only wants to apply for the state credit.

AB 375 will allow property owners to realize more-immediate impact by letting them to claim the full credit for the year in which the property is put into service, rather than spreading out the credit over five years. This bill will also encourage ongoing investments by clarifying that a property can receive up to \$3.5 million in credits over the course of a ten-year period as opposed to current law, which caps these historic properties at \$3.5 million in credits for all-time.

Passing this bill will help to strengthen the incentives to rehabilitate historic properties in Wisconsin, preserving community character. Thank you again for taking the time to hear this bill.



TO: Assembly Ways and Means Committee

FROM: Amy Wyatt, Deputy State Historic Preservation Officer, Wisconsin State Historic Preservation Office

RE: Assembly Bill 375

DATE: 8/21/2025

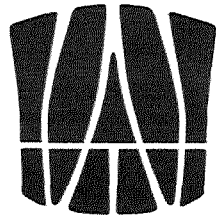
The State Historic Preservation Office at the Wisconsin Historical Society helps the citizens of Wisconsin follow state and federal historic preservation program rules and take advantage of preservation incentive programs. We appreciate the work of Representative Armstrong and Senator Feyen to make the state rehabilitation tax credit program accessible to more owners of historic properties and support the preservation and reuse of Wisconsin's historic places. The state rehabilitation tax credit program is a driver of preservation of our state's valuable historic resources as well as a powerful economic development tool for Wisconsin communities.

Owners of historic buildings listed in the State Register and National Register of Historic Places may apply for a 20% state tax credit for costs of eligible rehabilitation work that reuses the building while maintaining its unique historic character. The SHPO assists property owners by helping them follow the preservation requirements for the state's 20% rehabilitation tax credit. While many projects take advantage of both state and federal rehabilitation credits, some smaller projects are only eligible for the state tax credit. Since the legislature approved an increase of the state tax credit from 5% to 20% in 2013, over 50 building projects across the state have applied to participate in this historic preservation program. However, a 2024 review of the statutes by the Wisconsin Department of Justice, as well as the Department of Revenue and Wisconsin Economic Development Corporation, determined that current law requires projects to meet some federal requirements that should not apply to projects only participating in the state tax credit program. Prior to this determination, the SHPO reviewed state projects to verify they met a threshold of at least \$50,000 in qualified rehabilitation expenditures. This was an accepted interpretation of the original legislative intent to ensure the program is accessible to smaller properties and projects. The DOJ determined that current law requires the total qualified rehabilitation expenditures must equal or exceed the building's adjusted basis value **and** equal at least \$50,000 in qualifying expenditures. On November 1, 2024, SHPO changed procedures to follow the DOJ interpretation of required expenditures.

The SHPO and the Wisconsin Historical Society support the bill's proposed modifications that will clarify the SHPO's review process, remove federal requirements that do not apply to the state rehabilitation tax credit program, and will make the program accessible to more property owners to help them preserve our state's historic buildings.

1. Under current law, a project seeking to claim only the state credit must have qualified rehabilitation expenditures of at least \$50,000 **and** meet the federal requirement that expenditures exceed the greater of the taxpayer's adjusted basis in the property or \$5,000. The bill removes the federal requirement. We support this approach to clarify the financial threshold for projects only seeking the state credit that will allow smaller projects to qualify.
2. The bill clarifies the SHPO review process by removing the requirement to submit state projects for federal approval. In practice, the SHPO cannot submit these projects to the Department of the Interior because the federal agency does not have review authority over state rehabilitation tax credit programs.
3. The bill sunsets the credit for the rehabilitation of qualifying buildings that are not certified historic structures which reflects current practice.
4. The bill allows the full state tax credit to be claimed in one year instead of over five years which is a more powerful economic incentive that will encourage program participation.
5. Current law caps the credit at \$3.5 million for all projects on a parcel. Under the bill, this restriction only applies for projects undertaken on the same parcel within a single 10-year period.

We appreciate your consideration of this bill that supports historic preservation and improves the rehabilitation tax credit. The proposed changes support the Wisconsin Historical Society's mission to promote and encourage the preservation of Wisconsin's historic buildings in small and rural communities across the state, streamlines the process for the applicants and for the SHPO staff who administer the tax credit program, and strengthens a valuable economic development tool for Wisconsin Main Streets.



WISCONSIN TRUST
for
HISTORIC PRESERVATION

TO: Chairman O'Connor and Members of the Assembly Ways and Means Committee
FROM: Wisconsin Trust for Historic Preservation
DATE: August 21, 2025
RE: **Please SUPPORT Assembly Bill 375 – Strengthening Wisconsin's Historic Rehabilitation Tax Credit**

The Wisconsin Trust for Historic Preservation respectfully requests your support for Assembly Bill 375, which proposes targeted modifications to Wisconsin's Historic Preservation Tax Credit (HTC) program. These changes will make the program more accessible, flexible, and impactful. By aligning state policy with the needs of smaller-scale projects and accelerating project financing, AB 375 will help ensure that Wisconsin's historic buildings remain vital community assets while continuing to drive economic revitalization across the state.

By way of background, the Wisconsin Trust for Historic Preservation (WTHP) is a statewide, nonprofit, member-supported organization founded in 1986 to lead historic preservation efforts throughout Wisconsin. We do this through education, advocacy, coalition building, and technical assistance. Our members share a commitment to preserving Wisconsin's architectural heritage by helping people and communities retain, reuse, and celebrate the built environment.

Assembly Bill 375 is intended to strengthen the HTC program by better serving historic structures that contribute to Wisconsin's cultural identity, local economies, and sense of place. These buildings are anchors of community character, pride, and tourism. By lowering administrative barriers and expanding eligibility, AB 375 will allow more of these irreplaceable places to be preserved and reused for the benefit of future generations.

Currently, taxpayers can claim a credit equal to 20% of qualified rehabilitation expenditures, provided those expenditures exceed \$50,000. However, under current law interpretation, projects applying only for the state HTC must still meet the federal requirement that rehabilitation costs exceed the property's adjusted basis. This federal requirement, which was never intended to apply to state-only projects, has become a significant hurdle – especially for smaller projects in rural or underinvested communities.

AB 375 would clarify that the federal expenditure threshold does not apply to projects seeking only the state credit, while retaining the existing \$50,000 minimum. This change would open access to the state HTC for smaller-scale preservation efforts that are meaningful in their local context, help maintain community identity, and support main street businesses, tourism, and local housing.