



**Fiscal Estimate Narratives**

**DOR 4/18/01**

LRB Number <b>01-2917/1</b>	Introduction Number <b>SB-123</b>	Estimate Type <b>Original</b>
<b>Subject</b> Regulation of historic buildings		

**Assumptions Used in Arriving at Fiscal Estimate**

Under current federal law, an owner of an income-producing historic building may be eligible for an income tax credit equal to 20% of certain rehabilitation expenditures. Wisconsin provides a supplement to the federal income tax credit for 5% of qualified expenditures if the project was approved by the Secretary of the Interior for the federal credit before the physical work of rehabilitation was commenced.

The bill would allow owners to be eligible for the state supplemental credit if the state historic preservation officer recommends approval to the Secretary of the Interior. If the project were determined not eligible for the federal credit, the owner would still be eligible for the 5% state supplemental credit.

Under current law, each partner in a partnership is allocated a portion of the credit based on the partner's ownership interest. This bill allows credits to be allocated to partners in any manner. Partners must notify the Department within 30 days after the allocation agreement is executed.

The number of requests that would be recommended by the state historic preservation officer but not approved by the Secretary of the Interior is unknown, but is assumed to be small. As such, it is estimated that the fiscal effect of this provision would be minimal.

Allowing partners to allocate the credit in any manner would increase the amount of credit used to offset income tax liability in a year, but not the amount of credit approved for use. Data are not available to estimate the increased use in a given year.

**Long-Range Fiscal Implications**