



## WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

**2001 Assembly Bill 624**

**Assembly  
Amendment 1**

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Under current law, a person who may claim a federal income tax credit for rehabilitating an income-producing historic building may also claim a state historic rehabilitation tax credit that is equal to 5% of certain costs to rehabilitate the building. 2001 Assembly Bill 624 makes two changes to the law governing the state tax credit. First, the bill provides that rehabilitation work may begin as soon as the state historic preservation officer has recommended the rehabilitation work for approval by the Secretary of the Interior. Second, the bill provides that historic rehabilitation tax credits available to a partnership, limited liability company, or tax-option corporation may be allocated among the partners, members, or shareholders as provided in a written agreement among them.

Assembly Amendment 1 makes several technical changes to the bill which were recommended by the Department of Revenue (DOR), as described below.

### **Responsibility for Tax Liability**

The amendment clarifies that a person claiming a historic rehabilitation tax credit available to a partnership, limited liability company, or tax-option corporation is solely responsible for any tax liability arising from a dispute with DOR related to claiming the credit.

### **State and Federal Credits to be Claimed Simultaneously**

The amendment clarifies that any state historic rehabilitation tax credit claimed for rehabilitation work on a historic property must be claimed at the same time that the federal historic rehabilitation tax credit for the property is claimed.

### **Allocation of Credits to Shareholders in a Tax-Option Corporation**

The amendment deletes the portions of the bill that would permit shareholders of a tax-option corporation to allocate historic rehabilitation tax credits among themselves as provided in written

agreement entered into by the shareholders. Thus, under the amendment, tax-option corporations are treated the same way that they are under current law: shareholders may claim the historic rehabilitation tax credit in proportion to the ownership interest of each shareholder. The amendment was recommended by DOR based on its conclusion that federal law does not allow tax-option corporations to allocate credits in the manner provided for in the bill, and that a tax-option corporation that did so would lose its status as a tax-option corporation under federal law.

**Initial Applicability**

The amendment changes the date of initial applicability of the bill from January 1, 2001, to January 1, 2002.

2001 Assembly Bill 624 was introduced on November 8, 2001, by Representative Freese and others; cosponsored by Senator Plache and others. It was referred to the Assembly Committee on Housing, which held a hearing and executive session on the bill on January 17, 2002. The committee offered Assembly Amendment 1 by unanimous consent and voted to recommend adoption of the amendment on a vote of Ayes, 7; Noes, 0, and voted to recommend passage of the bill, as amended, on a vote of Ayes, 7; Noes, 0.

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