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2017 Joint Committee on Finance Paper #296

Limit the Supplement to the Federal Rehabilitation Tax Credit (General Fund Taxes -- Income and Franchise Taxes)

[LFB 2017-19 Budget Summary: Page 183, #19]

CURRENT LAW

The federal government provides an individual and corporate income tax credit for a portion of qualified expenditures used to rehabilitate certified historic structures and qualified rehabilitated buildings. The federal credit is 20% of qualified expenditures for certified historic structures and 10% of qualified expenditures for qualified rehabilitated buildings. The rehabilitated buildings must be used for commercial purposes.

Under state law, a credit can be claimed against the state individual income tax and the corporate income/franchise tax for up to 20% of qualified rehabilitation expenditures for certified historic structures and for qualified rehabilitated buildings for taxable years beginning after December 31, 2013 (tax year 2014). The state credit for certified historic structures has been provided for a number of years, but at a lower credit percentage. The 20% state credit for qualified rehabilitated buildings was first offered in tax year 2014. For purposes of this paper, the credits offered for these two types of buildings are jointly referred to as the "historic credits."

The state credits act as supplements to the federal credits, which results in a total credit of 40% for certified historic structures and 30% for qualified rehabilitated buildings. The state credit must be claimed at the same time as the federal credit.

Qualified rehabilitation expenditures are specified under federal law. A certified historic structure is a building that is listed in the National Register of Historic Places or that is determined to be historic and will be listed in the National Register. Qualified rehabilitated buildings are generally buildings that were constructed prior to 1936, but do not qualify as certified historic structures.

For both credits, qualified rehabilitation expenditures are eligible if the structure is located in this state and the cost of the expenditures is at least $50,000.

Unused credit amounts can be carried forward up to 15 years to offset future tax liabilities. As an alternative to carrying forward unused credits, a claimant, including a nonprofit entity, may sell or otherwise transfer a historic tax credit to another person.

For taxable years beginning after December 31, 2013, no person may claim either of the historic credits without being certified by the Wisconsin Economic Development Corporation (WEDC). WEDC may (but is not required to) certify a claimant to claim a tax credit if it determines that the claimant is conducting an eligible activity, as described above. Under WEDC's general tax credit reporting requirement, it must provide the Department of Revenue (DOR) certain information regarding persons eligible for the historic credits, as well as other credits jointly administered by the two agencies, no later than the last day of the first month of each calendar quarter.

GOVERNOR

Make the following changes regarding the state supplement to the federal historic rehabilitation tax credit:

Annual Limit. Limit the amount of tax credits that may be certified by WEDC to no more than $10 million, annually, beginning in calendar year 2018. For calendar year 2017, the total amount of tax credits that WEDC could certify would be the greater of $10 million or the amount WEDC certified between January 1, 2017, and the effective date of the bill.

Certification Criteria. Require WEDC to use a competitive process to certify a person to claim the credit based on the following criteria: (a) the eligible activity's potential to create jobs; (b) the economic benefit to the state of certifying the credit relative to the cost to the state of the credit; (c) the projected impact of the eligible activity on the local economy; (d) whether the eligible activity would occur absent the credit; and (e) the number of historic rehabilitation tax credits previously certified in the same county or municipality.

Clawback Provisions. Require that, for four years following receipt of a credit, the original claimant report to WEDC the total number of full-time jobs created by the activity for which the credit was claimed. Require WEDC to report to DOR, at least once each calendar quarter, any claimant whose activity created fewer full-time jobs than projected. In addition, require WEDC to report to DOR the name, address, and tax identification number of the claimant, and the number of full-time jobs projected and created. WEDC would have to adopt policies and procedures for the administration of the credit, including all of the following: (a) process by which applicants may apply for certification; (b) certification of the tax credit under the competitive process described above; (c) reporting requirements for certified claimants; and (d) process and criteria for revocation of certification.

If the activity for which a person claims the credit creates fewer full-time jobs than projected, the person who claimed the credit would have to repay DOR any amount of the credit claimed, as determined by the Department, in proportion to the number of full-time jobs created compared to the number projected. If a person sold or transferred the credit, the person who initially sold or transferred the credit would be responsible for repaying the credit to DOR.

If a person who claims the credit under state law and under federal law for the same qualified rehabilitation expenditures is required to repay any amount of the federal credit, that person would have to repay a proportionate amount of the state credit that was claimed. Federal repayment requirements are triggered when the rehabilitated property is disposed of or otherwise ceases to be eligible investment property of the claimant within five years.

Fiscal Effect. The administration estimates that these provisions would increase state tax revenues by $3.0 million in 2017-18, $14.1 million in 2018-19, $26.7 million in 2019-20, and $27.7 million in 2020-21 and annually thereafter. The out-year estimates are expressed in 2018-19 dollars.

DISCUSSION POINTS

Background

1. Pursuant to 2013 Wisconsin Acts 20 and 62, several changes were made to expand the state historic tax credit program. Act 20 increased the credit percentage for certified historic structures from 5% to 10% for tax year 2013. Act 62 further increased the credit percentage to 20% beginning in tax year 2014 and: (a) created the 20% credit for qualified rehabilitated buildings, beginning in tax year 2014; (b) required WEDC certification for both credits; (c) allowed the credits to be claimed against the alternative minimum tax under the individual income tax; (d) allowed the credits to be claimed by nonprofit entities and to be transferred; and (e) modified the types of evidence that must be provided in order to claim the credits.

2. Table 1 shows the amount of historic credits claimed and used from tax year 2005 through 2013 (the most recent year that both corporate and individual income tax data is available). The data presented in the table reflects the effect of the increased credit percentage (10% from 5%) for tax year 2013, when the amount of total credits claimed and used nearly doubled. Prior to 2013, the amount of credits claimed and used was relatively stable, ranging from $0.4 million to $3.2 million of credits claimed and between $0.3 million and $1.9 million of credits used.

TABLE 1

Claimed and Used Credits for Qualified Rehabilitations of Certified Historic Structures: Tax Years 2005 Through 2013

	Credits Claimed		Credits Used	
Tax Year	Number of Claimants	Total Amount Claimed	Number of Claimants	Total Amount Used
2005	70	$1,772,000	60	$478,000
2006	80	1,565,000	80	1,422,000
2007	80	648,000	80	399,000
2008	90	3,195,000	80	1,886,000
2009	90	2,586,000	80	1,609,000
2010	120	397,000	100	268,000
2011	70	784,000	60	608,000
2012	70	2,743,000	70	1,935,000
2013	110	4,837,000	100	3,278,000

Source: Wisconsin Department of Revenue

3. Based primarily on the historical data shown in Table 1, the combined revenue loss associated with the Act 20 and Act 62 changes was estimated at $2.7 million in 2013-14 and $5.5 in 2014-15 and annually thereafter. However, utilization of the historic credits was significantly higher than had been anticipated under those acts. In response to the higher tax credit utilization, WEDC placed a moratorium on certifying persons as eligible for the historic credits for applications received after June 23, 2014. At that time, the state revenue reduction associated with the credits had been reestimated significantly higher.

4. On July 14, 2014, the Governor announced that WEDC would partially lift the moratorium on the historic credits. The moratorium was lifted for the credit for certified historic structures; however, the moratorium was not lifted for the credit for qualified rehabilitated buildings. As a result, only persons who had submitted an application for the credit for qualified rehabilitated buildings prior to June 23, 2014 could receive the credit. In the Governor's 2015-17 biennial budget proposal, the Governor recommended similar limits to the historic credits on historic structures as those included under the current budget recommendations, as well as a proposal to sunset the credit for qualified rehabilitated buildings. The Committee and the full Legislature deleted those provisions during deliberation of 2015 Wisconsin Act 55. Table 2 shows the 12 historic credit awards for qualified rehabilitated (pre-1936) buildings for which WEDC has entered into contracts.

TABLE 2

Historic Credits for Qualified Rehabilitated Buildings Contracted from January 1, 2014, through March 24, 2017

Award Recipient	Location	Date of Contract Award	Amount of Credit Award	Final Date to Earn Award
700 W Michigan LLC	Milwaukee	5/13/2014	$1,300,000	3/30/2017
DDL Holdings, LLC	Green Bay	5/19/2014	880,000	2/23/2017
DDL Holdings, LLC	Green Bay	6/22/2016	2,800,000	12/31/2019
FDP Acquisitions LLC	Racine	3/4/2015	9,000,000	6/24/2018
Four Way Bar LLC	Suamico	5/26/2016	16,000	6/15/2017
Johnson Controls, Inc.	Milwaukee	7/1/2014	275,871	6/15/2017
JSWD Commerce LLC	Milwaukee	12/1/2014	3,400,000	12/1/2017
Meyer Theatre Corporation	Green Bay	10/16/2014	200,000	4/6/2017
Nathaniel Properties, LLC	Rice Lake	7/11/2014	160,000	5/19/2017
PAMAF, LLC	Madison	6/4/2015	87,000	7/13/2017
Rick Staff & Nancy Gerrard	La Crosse	4/11/2014	30,000	3/31/2017
Rock River Heritage	Fort Atkinson	5/1/2014	400,000	3/30/2017
Total			$18,548,871	

Source: Wisconsin Economic Development Corporation

5. Attachment 1 shows historic credit awards for certified historic structures for which WEDC has entered into contracts since it began certifying persons under the program. WEDC certified 24 persons to receive $21.5 million of credits in 2014, 44 persons for $77.9 million of credits in 2015, and 38 persons for $58.2 million of credits in 2016. Through March 24, 2017, WEDC has certified nine persons for awards of $10.5 million. The data in Table 2 and Attachment 1 shows that there is generally a three-year period during which WEDC certifies businesses to earn historic credits (difference between the date of contract award with WEDC and the final date to earn the historic tax credit award).

6. Based on available information to date, DOR estimates that the historic credits under current law will reduce state tax revenues by $48.3 million in 2017-18, $65.9 million in 2018-19, $56.3 million in 2019-20, $55.4 million in 2020-21, $60.7 million in 2021-22, and $60.1 million in 2022-23 and annually thereafter. The delayed phase-in of the fiscal effect reflects a one-time increase in the amount of projects that were applied for after the credit percentage was increased from a 10% rate in 2013 to a 20% rate in 2014, as well as the $18.5 million of tax credit certifications for qualified rehabilitated buildings. In addition, as shown in Attachment 1, the time between a historic rehabilitation tax credit contract being executed and the final date that the credit can be earned can be more than five and a half years (credit award for Wiegand Investments 2711 LLC can be earned between 2/15/2017 and 10/31/2022). This estimate includes the assumption that WEDC will not lift the moratorium on certifying persons for credits on qualified historic structures.

Annual Limit

7. The bill would limit the amount of tax credits that could be certified by WEDC to $10

million per year, beginning in 2018, and to the greater of $10 million or the amount WEDC certified between January 1, 2017, and the effective date of the bill for 2017 (Attachment 1 shows that WEDC has entered into contracts for historic credits of $10.5 million through March 24, 2017). The administration estimates that this provision would increase state tax revenues by $3.0 million in 2017-18, $14.1 million in 2018-19, $26.7 million in 2019-20, and $27.7 million in 2020-21.

8. Based on certification data for the historic credits provided by WEDC, including the final date that credits can be earned under WEDC contracts and current projections from DOR, our office has reestimated the fiscal effect of this proposal higher beginning in 2020-21. The Governor's estimates for 2017-18, 2018-19, and 2019-20 have not been revised, but the impact of the annual limit has been reestimated to increase state tax revenues by $34.0 million in 2020-21, $39.1 million in 2021-22, $44.2 million in 2022-23, $48.6 million in 2023-24, and $50.1 million in 2024-25 and annually thereafter. Once fully phased-in, the Governor's recommendation would reduce the fiscal effect of the credits to 16.6% of the current estimate.

9. An argument for providing the historic credits is to preserve buildings that have been recognized as having historical significance in a local area. It is possible that investors may require the combined state and federal 40% tax credit to make renovation of an older building economically feasible. Local units of government may find it preferable to rehabilitate existing buildings in order to enhance downtown areas, mitigate urban sprawl, and lessen landfill waste from demolition. Local units of government may not have the financial tools available to achieve desired outcomes. However, it could also be argued that buildings are not built to exist in perpetuity, and that demolition of a building that is unused and in disrepair may be a more economically efficient option than rehabilitating a historic building.

10. Attachment 2 presents information on rehabilitation tax credits for certified historic structures in other states. As shown, 20 states and the District of Columbia do not provide a similar statewide credit to Wisconsin's supplement to the federal rehabilitation tax credit. Seven of those states do not have a broad-based income tax. Texas provides a transferrable credit, which can be used against its business franchise tax, even though Texas does not have a broad-based income tax. Among the 30 states that provide a similar credit, Wisconsin is one of only 10 states that do not limit the amount of the credit either on an annual basis or on a per project basis.

11. Of the 12 states that have annual limits on the amount of credits that can be awarded, seven states have limits higher than the $10 million level proposed by the Governor and five states have limits of $5 million or less. The Committee could choose to adopt a different annual limit than recommended by the Governor. Alternatives 2A through 2C show the fiscal effect of lowering the annual limit to $5 million per year, as well as increasing the proposed limit to $20 million per year and $40 million per year (as noted, the annualized fiscal effect of the credits under current law once fully phased-in is estimated at $60.1 million in 2017-18 dollars).

12. A concern in limiting the amount of historic credits that WEDC can certify in a calendar year may be that one or two large projects could use the entire $10 million of certification authority in one year and preclude smaller projects from being certified. If this were a concern of the Committee, the Committee could consider limiting the amount of credits that WEDC could certify per project. Among the 30 states that provide a similar credit as Wisconsin's, 16 limit the amount of

credits available per project. With the exception of Georgia, which has a $5 million per project limit that can be increased to $10 million per project if the project creates 200 or more full-time jobs, no state that imposes a per project limit has a limit above $5 million. Seven of the 16 states that impose a cap per project impose a limit of $1 million or less.

13. As shown in Attachment 1 and Table 2, WEDC had entered into 123 contracts for $174.8 million of historic credits from January 1, 2014, through March 24, 2017. If a limit of $5 million per project had been in place during that time, five credits for historic structures and one credit for qualified rehabilitated buildings would have been limited by an average of $2.9 million of historic credits per project. The per project limit would need to apply to all projects undertaken on the same parcel to prevent larger rehabilitation projects from circumventing the limit. A $5 million per project limit [Alternative 3] would allow the full amount of historic credits for a project with qualified rehabilitation expenses of $25 million. This alternative would allow for the potential of some larger scale projects while ensuring that no more than half of the annual allocation could be used on one large project. If a limit of $1 million per project had been in place, 51 projects, including four for qualified rehabilitated buildings, would have been limited by an average of $2.1 million of credits per project. A historic credit limit of $1 million per project [Alternative 4] would allow a project to be eligible for the full amount of the credit for a project with qualified rehabilitation expenses of $5 million. Under either limit, 72 projects (58.5% of all contracted projects) would not have been affected by the credit. A limit on the amount of credits available per project adopted in conjunction with the Governor's recommended annual limit would not be expected to have a significant fiscal effect, but could mitigate concerns that one project could be approved by WEDC that would obligate all available credits under the $10 million annual limit.

Certification Criteria and Clawback Provisions

14. The Governor's recommendation would require WEDC to consider certain criteria when determining whether to certify persons for the historic credits, including the number of full-time jobs that would be created, what the anticipated economic benefit would be to the state and the local economy, whether the activity would have occurred absent the credits, and the number of credits that have been certified in the same county or municipality. WEDC would have to develop policies and procedures to implement a competitive process for certifying credits under the proposed limit. Current law does not provide any statutory criteria that WEDC must consider when certifying the credits. However, the statutes are permissive as to whether WEDC can certify persons to claim the credits.

15. According to WEDC, it does not believe the statutes are clear as to whether it has the authority to limit certification for the historic credits through its policies and procedures by developing job creation and economic benefit criteria under current law. As described in the previous section, the Governor recommends that WEDC limit the amount of credits certified no more than $10 million per year, which would limit the total amount of credits that WEDC can certify by an estimated 83.4% per year compared to current law. The certification criteria recommended by the Governor are necessary to provide statutory guidance as to how WEDC should develop policies and procedures to limit the amount of credits it certifies.

16. The bill creates two clawback provisions. It could be argued that clawback provisions,

in general, can jeopardize the viability of certain projects. If private lenders or investors view reliance on a state tax credit subject to repayment as a risky financing mechanism, it is possible that a project could be considered less attractive financially from the standpoint of the lender. Private parties that underwrite financing for such projects could be concerned that their loan or investment dollars would be less secure if the owner of the building was potentially subject to a large financial penalty, and such projects may not be undertaken.

17. One of the proposed clawback provisions would specify that the state could reclaim a portion of the credit if the rehabilitated property ceases to be income-producing property eligible for purposes of the federal credit. Since the state credit is a supplement to the federal credit and the state credits are awarded for the same qualified rehabilitation as the federal credits, it could be argued that adopting clawback provisions that piggyback on federal law is consistent with the current administration of the credit. The federal repayment provision is only triggered if the claimant chooses to sell the property or the property ceases to be income-producing property, over which a claimant has more control compared to whether a potential building tenant meets the building owner's job creation projections. It could be argued that a private lender or investor that does not consider the risk of losing all or a portion of the 20% federal credit as prohibitive to providing project financing also would not be concerned that the project could lose all or a portion of the 20% state credit. Whether the Committee chose to adopt the Governor's other recommendations or not, the Committee could choose to retain this provision [Alternative 5]. This alternative would not be anticipated to have a significant fiscal effect.

18. The second clawback provision would be related to whether the project resulted in the number of jobs that the claimant projected would be created. As part of this provision, WEDC would be required to report certain job-creation information to DOR. If the Committee were to adopt the Governor's proposed clawback provision, it could choose to specify that this report be included under WEDC's general quarterly tax credit reporting process [Alternative 6A] to maintain consistency under its tax credit reporting requirements. Current law already requires WEDC to provide DOR information regarding all of its tax credit programs on a quarterly basis, as was recommended by the Governor for the historic credits.

19. It is unclear how the full-time job projections and reporting requirements would be administered. The bill does not specify a minimum number of jobs that must be created for credits to be certified by WEDC. As a result, it is unknown how many jobs would be associated with a project for rehabilitation of a historic building. For a building in the process of rehabilitation, persons are employed in the construction of the building. Following the rehabilitation, any full-time jobs that might be directly created would vary by end use of the restored building. For example, if the rehabilitated building was primarily used as residential rental property, it would be unlikely that many full-time jobs would be created following completion of construction. Conversely, if a historic building were restored for end use as office space or retail purposes, a number of full-time employees could be employed in that restored structure. However, it is arguable that similar office space or retail establishments would have been created in another building in that municipality, or in an adjoining municipality, that would have generated a similar number of jobs absent the credit. Table 3 shows the types of projects that WEDC has certified for credits.

TABLE 3

End Use of Buildings Certified by WEDC for Historic Credits

End Use of Building	Percentage of Total Buildings	Percentage of Total Credits
Residential	33%	32%
Commercial	21	22
Office	12	4
Mixed-Use	34	42
Total	100%	100%

Source: Wisconsin Economic Development Corporation

20. As shown in Table 3, buildings used exclusively for residential purposes comprise 33% of projects certified for historic credits and 32% of the amount of credits certified, whereas buildings used exclusively for commercial and office purposes comprise 33% of certified projects and 26% of the credit amount. If the Governor's recommended provisions were adopted and WEDC were to give preference to buildings that created the most full-time jobs under a competitive application process, it is likely that the share of historic credits certified for residential rental properties would substantially decline.

21. If the primary purpose of the historic credits is to restore buildings that are of historic value to the state, the creation of full-time jobs associated with a restored historic structure could be considered extraneous to the purpose of the credit. It could be argued that a clawback provision related to full-time job creation could jeopardize private sector financing to restore the building. The Committee could choose to delete the clawback provisions related to full-time job creation as well as the reporting requirements that would be created under the bill [Alternative 6B].

Estimated Economic Impact of Historic Credits

22. A recently published impact analysis prepared by Baker Tilly on behalf of the Historic Preservation Institute states that it analyzed 118 projects that have been contracted with WEDC for $171.1 million in credits since the credit percentage was increased to 20% in January of 2014. The study used the input-output economic modeling software program IMPLAN to estimate the economic benefit of the historic tax credit program on local and state economies. The report estimates that, of the 118 projects contracted with WEDC, an average of 84 FTE short-term construction jobs and 37 FTE long-term operations jobs would be directly created per project. In addition, the report indicates that increases in individual income taxes, corporate income/franchise taxes, sales and use taxes, and property tax revenues collected by state and local governments directly generated from the construction and operation period of the average rehabilitated building are estimated to equal the amount of the historic tax credits claimed by the claimants by the fifth year following the construction period for rehabilitating a historic building. Advocates of the credits

cite these projections as evidence that the credit for certified historic structures represents a sound investment of tax dollars and should not be limited as recommended by the Governor.

23. In considering the Baker Tilly report, it should be noted that the analysis does not account for the possibilities that: (a) at least some of the rehabilitation projects may have occurred without the state credit; (b) if the credit was not available, the business investment associated with the project may have occurred in another location in the same, or in an adjoining, municipality generating a similar economic impact; and (c) in the absence of the credit, the state could have obligated $171.1 million for other types of tax relief or expenditures, which also would have a positive economic impact.

24. As shown in Table 3, WEDC certified approximately one-third of the credit for development of residential rental property and one-third for development of mixed-use property (a combination of retail establishment, residential rental property, and/or office space). The remaining third of the projects that were awarded credits were for developments of office space, retail establishments, restaurants, or other businesses. Unlike manufacturing plants, distribution centers, or large research facilities, these types of projects are largely based on local demand. Therefore, it is reasonable to believe that alternative projects with similar economic impacts would have occurred if the state credit were not available. The Committee could consider sunsetting the credit by prohibiting WEDC from certifying persons for historic credits beginning on the effective date of the bill [Alternative 7]. This alternative would increase state revenues available to the Legislature for other tax relief, economic development expenditures, or other priorities in future years. The Governor's recommended provisions, if adopted, would limit approximately 83.4% of the credits that would otherwise be expected to be certified each year.

ALTERNATIVES

1. Adopt the provisions recommended by the Governor. Estimate the fiscal effect of these provisions to be an increase in state tax revenues of $3.0 million in 2017-18, $14.1 million in 2018-19, $26.7 million in 2019-20, $34.0 million in 2020-21, $39.1 million in 2021-22, $44.2 million in 2022-23, $48.6 million in 2023-24, and $50.1 million in 2024-25.

ALT 1	**Change to**	
	Base	**Bill**
GPR-TAX	$17,100,000	$0

2. Adopt the provisions recommended by the Governor, but set the annual limit on the amount of credits that WEDC may certify to no more than one of the following amounts, annually. Additionally, specify that WEDC cannot certify more than the greater of the following amount, or the amount WEDC certified between January 1, 2017, and the effective date of the bill.

A. $5 million.

ALT 2A	Change to	
	Base	Bill
GPR-TAX	$17,500,000	$400,000

B. $20 million.

ALT 2B	Change to	
	Base	Bill
GPR-TAX	$16,000,000	- $1,100,000

C. $40 million.

ALT 2C	Change to	
	Base	Bill
GPR-TAX	$10,000,000	- $7,100,000

3. In addition to adopting Alternative 1 or 2, limit the amount of historic credits that WEDC can certify a person to receive to no more $5 million for all rehabilitation projects undertaken on the same parcel beginning on the effective date of the bill.

4. In addition to adopting Alternative 1 or 2, limit the amount of historic credits that WEDC can certify a person to receive to no more $1 million for all rehabilitation projects undertaken on the same parcel beginning on the effective date of the bill.

5. Delete the provisions recommended by the Governor, but retain the provision that, if a person that claims the state credit is required to repay any amount of the federal credit for the same qualified rehabilitation expenditures on which the state credit was claimed, that person would have to repay a proportionate amount of the state credit.

ALT 5	Change to	
	Base	Bill
GPR-TAX	$0	- $17,100,000

6. In addition to Alternative 1 or 2, make one of the following modifications:

A. Specify that WEDC would have to include the recommended quarterly job creation report to DOR under its general quarterly report for all tax credits under s. 238.115.

B. Delete the proposed statutory clawback provision and associated reporting requirements.

7. Delete the provisions recommended by the Governor. Instead, prohibit WEDC from certifying a person to receive historic tax credits after the effective date of the budget bill. Estimate increased state tax revenues of $3.0 million in 2017-18, $15.0 million in 2018-19, $30.7 million in 2019-20, $40.2 million in 2020-21, $46.4 million in 2021-22, $52.5 million in 2022-23, $57.8 million in 2023-24, and $60.1 million in 2024-25 and annually thereafter.

ALT 7	**Change to**	
	Base	**Bill**
GPR-TAX	$18,000,000	$900,000

8. Delete the provisions recommended by the Governor and maintain current law.

ALT 8	**Change to**	
	Base	**Bill**
GPR-TAX	$0	- $17,100,000

Prepared by: Sean Moran
Attachments

ATTACHMENT 1

WEDC Credit Awards for Rehabilitation of Historic Structures Contracted from January 1, 2014, through March 24, 2017

Award Recipient	Location	Date of Contract Award	Amount of Credit Awarded	Final Date to Earn Award
1818 MLK Drive LLC	Milwaukee	4/25/2014	$262,119	3/17/2017
207 East Michigan Street, LLC	Milwaukee	6/23/2014	240,000	5/28/2017
407 N Grand Partnership	Waukesha	8/14/2014	18,000	6/15/2017
Beam House Apartments LLC	Milwaukee	7/29/2014	2,200,000	6/15/2019
Beilke, LLC	De Pere	9/16/2014	13,000	6/15/2017
Doerflinger's Second Century, Inc.	La Crosse	9/19/2014	70,000	8/3/2017
Eau Claire Limited Partnership	Eau Claire	12/10/2014	782,353	9/1/2017
Housing Authority of Oshkosh	Oshkosh	7/17/2014	1,500,000	4/14/2017
Iron Block Building Partners LLC	Milwaukee	11/12/2014	1,900,000	7/31/2015
Julie M. Halsne	Mayville	3/27/2014	13,600	3/3/2017
Karen Baggot	Mauston	11/14/2014	15,000	9/21/2019
Lehmkuhl Enterprises LLC	Racine	4/2/2014	12,493	3/18/2017
Longfellow Historic, LLC	Madison	3/25/2014	1,543,000	3/2/2017
Mitchell Street Group LLC	Milwaukee	6/23/2014	335,600	5/28/2017
Mo Street Development LLC	Milwaukee	9/9/2014	4,360,000	6/15/2017
New Orpheum, LLC	Madison	8/8/2014	600,000	3/23/2019
O'Kroley/646 LLC	Madison	11/18/2014	10,000	9/29/2019
Pance LLC	Madison	9/19/2014	60,000	12/31/2017
Paper Box Lofts Limited Partnership	Milwaukee	9/3/2014	2,700,000	3/2/2017
Pritzlaff Redevelopment LLC	Milwaukee	7/29/2014	4,131,600	10/23/2017
Railway Exchange Building LLP	Milwaukee	11/20/2014	71,942	9/29/2017
Ringling Theatre Holding, Inc.	Baraboo	10/22/2014	670,183	7/13/2017
Stephen Green	Waukesha	4/9/2014	26,000	3/24/2017
West II Building Corporation	Ashland	4/9/2014	14,100	3/23/2017
Total Contracted in 2014			$21,548,990	
144 Langdon Street Historic LLC	Madison	9/29/2015	409,800	2/28/2018
2219 Lofts Limited Partnership	La Crosse	11/13/2015	957,232	7/21/2018
225 East Michigan Street LLC	Milwaukee	4/22/2015	2,541,531	3/31/2018
2430 Lake LLC	Milwaukee	5/28/2015	42,915	9/30/2018
531 N. Main, LLC	Oshkosh	7/9/2015	339,279	9/21/2017
605 Erie Avenue, LLC	Sheboygan	9/29/2015	54,742	9/30/2017
Artist Lofts, LLC	Manitowoc	4/22/2015	1,690,680	1/28/2018
Blue Ribbon Suites LLC	Milwaukee	6/2/2015	7,728,462	3/9/2018
Bob's Bitchin' BBQ	Dodgeville	1/20/2015	100,772	6/17/2018
Brew City Redevelopment Group, LLC	Milwaukee	4/2/2015	200,000	12/30/2017
Carriage Works Real Estate, LLC	Janesville	9/18/2015	94,380	6/30/2018
Cream City Properties LLC	Milwaukee	11/5/2015	68,110	7/31/2018
Discovery Properties, LLC	Oshkosh	6/30/2015	360,000	3/12/2018
Divall Nichols Station Associates A Wisconsin Limi	Madison	2/26/2015	1,018,211	8/7/2017
Elementary Apartments LLC	Schofield	2/16/2015	784,210	10/6/2017
Florida Lofts LLC	Milwaukee	2/18/2015	4,414,818	10/14/2017
FOLR, LLC	Sauk City	5/4/2015	193,772	3/13/2018
Global Water Center II LLC	Milwaukee	9/14/2015	1,700,000	6/17/2018
Grand Kakalin, LLC	Kaukauna	3/3/2015	1,407,200	9/9/2017
Greater Green Bay YMCA	Green Bay	12/22/2015	4,118,000	6/18/2021
Greene Bros' Holdings, Inc	Janesville	9/28/2015	721,024	7/1/2018

Award Recipient	Location	Date of Contract Award	Amount of Credit Awarded	Final Date to Earn Award
HB Callahan Block	La Crosse	1/20/2015	$36,000	8/7/2016
Historic Lincoln School, LLC	Shawano	3/10/2015	556,106	9/23/2016
Historic Third Ward Development LLC	Milwaukee	1/23/2015	1,093,295	5/16/2018
Holy Name Heights, LLC	Madison	3/19/2015	3,721,615	2/15/2018
Hotel Northland LLC	Green Bay	6/16/2015	7,329,109	3/24/2018
Impact Seven, Inc.	Rice Lake	7/10/2015	421,213	12/31/2017
James and Suzanne Holton	Milwaukee	2/26/2015	63,600	11/3/2017
Judge Jason Downer House LLC	Milwaukee	5/4/2015	150,000	7/9/2017
Kuehn Blacksmith Project	Kaukauna	11/20/2015	300,000	5/31/2018
Milwaukee Fortress LLC	Milwaukee	1/23/2015	9,146,810	12/31/2019
Milwaukee Pabst Holdings LLC	Milwaukee	9/23/2015	4,669,978	3/22/2018
RLR Properties of La Crosse, LLC	La Crosse	5/7/2015	31,800	2/13/2018
Roosevelt School Apartments, LLC	La Crosse	9/29/2015	1,200,000	6/11/2018
Ross Acquisition, LLC	La Crosse	3/3/2015	4,387,659	6/8/2017
S.C. Johnson & Son, Inc.	Racine	8/18/2015	500,000	3/31/2018
Steensland/Bethel LLC	Madison	2/16/2015	130,000	10/7/2017
The Wedding Tree	La Crosse	4/27/2015	140,000	12/29/2017
Toho Properties LLC	Green Bay	4/27/2015	406,200	9/21/2017
Twekenberg 237 LLC	Madison	8/4/2015	15,830	9/14/2017
Varin/Library Park II LLC	Kenosha	8/31/2015	1,994,000	2/5/2018
Welford Sanders Lofts LLC	Milwaukee	8/24/2015	3,601,876	5/31/2018
Total Contracted in 2015			$68,840,229	
15th and North Apartments LLC	Milwaukee	12/1/2016	1,579,318	11/30/2019
207 East Michigan Street, LLC	Milwaukee	9/12/2016	440,000	5/15/2021
213 2nd St LLC	Milwaukee	12/15/2016	120,000	9/28/2019
240 Algoma Blvd, LLC	Oshkosh	11/28/2016	526,636	7/17/2019
336 N Milwaukee St LLC	Milwaukee	8/31/2016	1,640,000	12/31/2019
611 W National Avenue Milwaukee LLC	Milwaukee	2/12/2016	1,120,000	7/14/2018
Batavian Building, LLC.	La Crosse	6/22/2016	160,000	2/3/2021
Blue Ribbon Management LLC	Milwaukee	4/4/2016	680,129	6/30/2018
Button Block Holdings LLC	Milwaukee	2/9/2016	3,000,000	8/16/2018
Commonwealth Management Corporation	Fond du Lac	12/21/2016	1,650,000	11/30/2019
DBGreen, LLC	Stevens Point	8/16/2016	145,000	10/20/2018
Doerflinger's Second Century, Inc.	La Crosse	7/8/2016	83,227	2/16/2019
Donna Schultz - 41 S. Broad St. Bayfield	Bayfield	11/28/2016	30,000	10/25/2018
Empire Block, LLC	Superior	12/19/2016	958,601	11/24/2019
Germania Real Estate Venture II LLC	Milwaukee	5/2/2016	3,512,347	3/1/2019
Haymarket Lofts LP	Milwaukee	5/2/2016	2,454,560	1/27/2019
Historic Garfield Apartments LLC	Milwaukee	11/9/2016	1,289,055	10/30/2019
Insight Industries, LLC	Platteville	9/27/2016	49,000	4/25/2019
JJAWC, LLC	La Crosse	12/15/2016	6,044,510	11/30/2019
Kenosha Heritage House LLC	Kenosha	7/19/2016	2,215,912	6/2/2019
Lawler School Lofts, LLC	Prairie du Chien	12/28/2016	1,480,000	1/14/2020
LMN Investment Properties, LLC	Platteville	1/7/2016	117,939	10/13/2018
Lorenzen Holdings LLC	Green Bay	2/3/2016	600,000	10/20/2018
Mitchell on Water LLC	Milwaukee	4/14/2016	1,355,189	7/26/2020
Mitchell Street Apartments LLC	Milwaukee	6/13/2016	3,005,000	12/12/2018
PPG GP LLC	Milwaukee	8/1/2016	4,150,000	7/13/2018
RLR Properties of La Crosse, LLC	La Crosse	6/2/2016	40,000	1/25/2019
RP Nutrients Inc.	East Troy	9/14/2016	292,000	4/30/2019
Schempf Building, LLC	Watertown	8/8/2016	307,801	7/1/2021
Schusters Redevelopment LLC	Milwaukee	4/13/2016	7,942,301	4/30/2020

Award Recipient	Location	Date of Contract Award	Amount of Credit Awarded	Final Date to Earn Award
Shoe Factory Lofts - Milwaukee LLC	Milwaukee	2/12/2016	$1,780,000	4/10/2018
Union Bank & Trust Company	Evansville	8/22/2016	240,400	5/11/2019
Waite Rug Housing, LLC	Oshkosh	12/19/2016	2,176,503	7/1/2020
Washington School Apartments, LLC	Sheboygan	1/3/2016	1,515,235	6/17/2018
Watertown Main Street Holdings, LLC	Watertown	2/4/2016	500,000	6/24/2020
Woolen Mills Lofts-Appleton, LLC.	Appleton	8/8/2016	2,160,000	10/31/2018
Total Contracted in 2016			$55,360,663	
Circa on Seventh, LLC	Racine	2/6/2017	$89,611	9/15/2019
Exchange at 104, LP	Fond du Lac	2/27/2017	1,785,233	2/29/2020
Garver Feed Mill LLC	Madison	1/17/2017	2,400,000	8/18/2019
Henry L. Doane	Madison	1/12/2017	80,000	8/18/2019
Historic Berlin Apartments, LLC	Berlin	2/27/2017	1,441,286	10/20/2018
Peperoni Cannoli, LLC	Milwaukee	1/10/2017	76,000	1/27/2019
State and West, LLC	La Crosse	2/9/2017	153,010	3/31/2018
Tenney, LLC	Madison	1/12/2017	423,000	11/30/2021
Wiegand Investments 2711 LLC	Milwaukee	2/15/2017	4,088,927	10/31/2022
Total Contracted in 2017			$10,537,067	
Total Contracted by WEDC:			$156,286,949	

Source: Wisconsin Economic Development Corporation

ATTACHMENT 2

Tax Credits for Certified Historic Structures in Other States

State	State Credit Rate (%)	State Cap ($M)	Project Cap ($M)
Alabama	-	-	-
Alaska	-	-	-
Arizona	-	-	-
Arkansas	25%	$4.0	$0.5
California	-	-	-
Colorado	20% - 30%	$15.0	$2.0
Connecticut	25% - 30%	$31.7	$4.5
Delaware	20% - 30%	$5.0	-
District of Columbia	-	-	-
Florida	-	-	-
Georgia	25%	-	$10.0 - $5.0
Hawaii	-	-	-
Idaho	-	-	-
Illinois	*	-	-
Indiana	-	-	-
Iowa	25%	$45.0	-
Kansas	25% - 30%**	-	-
Kentucky	20%	$5.0	$0.4
Louisiana	20%***	-	$5.0
Maine	-	-	-
Maryland	20% - 25%	-	$3.0
Massachusetts	20%	$50.0	-
Michigan	-	-	-
Minnesota	20%	-	-
Mississippi	25%	-	-
Missouri	25%	$140.0	-
Montana	25%	-	-
Nebraska	20%	$15.0	$1.0
Nevada	-	-	-
New Hampshire	-	-	-
New Jersey	-	-	-
New Mexico	50%	-	$0.025 - $0.05
New York	20%****	-	$5.0
North Carolina	10% - 20%	-	$4.5
North Dakota	*****	-	-

State	State Credit Rate (%)	State Cap ($M)	Project Cap ($M)
Ohio	25%	$60.0	$5.0
Oklahoma	20%	-	-
Oregon	-	-	-
Pennsylvania	25%	$3.0	$0.5
Rhode Island	20% - 25%	******	$5.0
South Carolina	25%	-	$1.0
South Dakota	-	-	-
Tennessee	-	-	-
Texas	25%	-	-
Utah	20%	-	-
Vermont	10%	$2.2	$0.05
Virginia	25%	-	-
Washington	-	-	-
West Virginia	10%	-	-
Wisconsin	20%	-	-
Wyoming	-	-	-

* Illinois has a 25% credit in specific areas of the state.
** 30% rate applies to nonprofits.
*** Louisiana's credit percentage set to decrease from 25% to 20% in 2018.
**** Credit only available for projects located in certain low-income areas. 25% credit also available for rehabilitating historic barns.
***** 25% credit for a project that is part of a renaissance zone project.
****** Limited to the aggregate amount available in the historic preservation tax credit fund.

Note: Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming do not have broad based income taxes.

Source: Novogradac Historic Tax Credit Research Center