



State of Wisconsin
2025 - 2026 LEGISLATURE

LRB-2185/P1

KP:wlj

DOA:.....Quinn, BB0575 - Historic rehabilitation credit technical changes

FOR 2025-2027 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Changes to state supplement to federal historic rehabilitation credit

The bill makes the following changes to the state supplement to the federal historic rehabilitation credit: 1) eliminates the requirement for claiming the credit of incurring at least \$50,000 in qualified rehabilitation expenditures; 2) eliminates the requirement that the state credit be claimed at the same time as the claimant claims the federal historic rehabilitation credit; and 3) allows partnerships, limited liability companies, and tax-option corporations to claim the credit and prohibits partners of a partnership, members of a limited liability company, and shareholders of a tax-option corporation from claiming the credit. Current law authorizes WEDC to certify a person to receive a tax credit equal to 20 percent of the qualified rehabilitation expenses, as defined under federal law, for certified historic structures on property located in this state and for the rehabilitation expenses for qualified rehabilitated buildings, as defined under federal law, that are not certified historic structures.

For further information see the state fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 71.07 (9m) (a) 1m. of the statutes is repealed.

SECTION 2. 71.07 (9m) (a) 2m. of the statutes is amended to read:

71.07 (9m) (a) 2m. For taxable years beginning after December 31, 2013, and before January 1, 2026, any person may claim as a credit against taxes otherwise due under s. 71.02, up to the amount of those taxes, an amount equal to 20 percent

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of the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for certified historic structures on property located in this state, if the cost of the person's qualified rehabilitation expenditures is at least \$50,000 and the rehabilitated property is placed in service after December 31, 2013.

SECTION 3. 71.07 (9m) (a) 3. of the statutes is amended to read:

71.07 (9m) (a) 3. For taxable years beginning after December 31, 2013, and before January 1, 2026, any person may claim as a credit against taxes otherwise due under s. 71.02, up to the amount of those taxes, an amount equal to 20 percent of the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for qualified rehabilitated buildings, as defined in section 47 (c) (1) of the Internal Revenue Code, on property located in this state, if the cost of the person's qualified rehabilitation expenditures is at least \$50,000 and the rehabilitated property is placed in service after December 31, 2013, and regardless of whether the rehabilitated property is used for multiple or revenue-producing purposes. No credit may be claimed under this subdivision for property listed as a contributing building in the state register of historic places or in the national register of historic places and no credit may be claimed under this subdivision for nonhistoric, nonresidential property converted into housing if the property has been previously used for housing.

SECTION 4. 71.07 (9m) (a) 4. of the statutes is created to read:

71.07 (9m) (a) 4. For taxable years beginning after December 31, 2025, any person may claim as a credit against taxes otherwise due under s. 71.02, up to the amount of those taxes, an amount equal to 20 percent of the costs of qualified

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rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for property located in this state, if the rehabilitated property is placed in service after December 31, 2025.

SECTION 5. 71.07 (9m) (c) (intro.) of the statutes is amended to read:

71.07 (9m) (c) (intro.) No person may claim the credit under par. (a) 2m. or 4. unless the claimant includes with the claimant's return a copy of the claimant's certification under s. 238.17. For certification purposes under s. 238.17, the claimant shall provide to the Wisconsin Economic Development Corporation all of the following:

SECTION 6. 71.07 (9m) (cm) of the statutes is amended to read:

71.07 (9m) (cm) Any credit claimed under ~~this subsection~~ par. (a) 2m. and 3. for Wisconsin purposes shall be claimed at the same time as for federal purposes.

SECTION 7. 71.07 (9m) (cn) (intro.) of the statutes is amended to read:

71.07 (9m) (cn) (intro.) For taxable years beginning after December 31, 2014, and before January 1, 2026, the Wisconsin Economic Development Corporation shall certify a person to claim a credit under par. (a) 3. if all of the following apply:

SECTION 8. 71.07 (9m) (f) of the statutes is renumbered 71.07 (9m) (f) 1. and amended to read:

71.07 (9m) (f) 1. A partnership, limited liability company, or tax-option corporation may not claim the credit under ~~this subsection~~ par. (a) 2m. and 3. The partners of a partnership, members of a limited liability company, or shareholders in a tax-option corporation may claim the credit under ~~this subsection~~ par. (a) 2m. and 3. based on eligible costs incurred by the partnership, company, or tax-option corporation. The partnership, limited liability company, or tax-option corporation

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shall calculate the amount of the credit which may be claimed by each partner, member, or shareholder and shall provide that information to the partner, member, or shareholder. For shareholders of a tax-option corporation, the credit may be allocated in proportion to the ownership interest of each shareholder. Credits computed by a partnership or limited liability company may be claimed in proportion to the ownership interests of the partners or members or allocated to partners or members as provided in a written agreement among the partners or members that is entered into no later than the last day of the taxable year of the partnership or limited liability company, for which the credit is claimed. For a partnership or limited liability company that places property in service after June 29, 2008, and before January 1, 2009, the credit attributable to such property may be allocated, at the election of the partnership or limited liability company, to partners or members for a taxable year of the partnership or limited liability company that ends after June 29, 2008, and before January 1, 2010. Any partner or member who claims the credit as provided under this paragraph shall attach a copy of the agreement, if applicable, to the tax return on which the credit is claimed. A person claiming the credit as provided under this paragraph is solely responsible for any tax liability arising from a dispute with the department of revenue related to claiming the credit.

SECTION 9. 71.07 (9m) (f) 2. of the statutes is created to read:

71.07 **(9m)** (f) 2. a. A partnership, limited liability company, or tax-option corporation may make an election under s. 71.21 (6) (a) or 71.365 (4m) (a) to claim the credit under par. (a) 4. against the net income or franchise tax otherwise payable to this state on income of the same year.

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b. A partnership's partners, limited liability company's members, and tax-option corporation's shareholders may not claim the credit under par. (a) 4.

SECTION 10. 71.07 (9m) (g) 1. of the statutes is amended to read:

71.07 **(9m)** (g) 1. ~~If~~ Except as provided in subd. 1m., if a person who claims the credit under this subsection elects to claim the credit based on claiming amounts for expenditures as the expenditures are paid, rather than when the rehabilitation work is completed, the person shall file an election form with the department, in the manner prescribed by the department.

SECTION 11. 71.07 (9m) (g) 1m. of the statutes is created to read:

71.07 **(9m)** (g) 1m. No person may claim the credit under par. (a) 4. unless the person claims the credit for the taxable year in which the rehabilitation work is completed.

SECTION 12. 71.07 (9m) (h) of the statutes is amended to read:

71.07 **(9m)** (h) Any person, including a nonprofit entity described in section [501](#) (c) (3) of the Internal Revenue Code, may sell or otherwise transfer the credit under par. (a) 2m. ~~or 3., or 4.,~~ in whole or in part, to another person who is subject to the taxes imposed under s. 71.02, 71.23, or 71.43, if the person notifies the department of the transfer, and submits with the notification a copy of the transfer documents, and the department certifies ownership of the credit with each transfer. The transferor may file a claim for more than one taxable year on a form prescribed by the department to compute all years of the credit under par. (a) 2m. ~~or 3., or 4.,~~ at the time of the transfer request. The transferee may first use the credit to offset tax in the taxable year of the transferor in which the transfer occurs and may use

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the credit only to offset tax in taxable years otherwise allowed to be claimed and carried forward by the original claimant.

SECTION 13. 71.21 (6) (d) 3. of the statutes is amended to read:

71.21 (6) (d) 3. Except as provided in s. 71.07 (7) (b) 3. and (9m) (f) 2. a., the tax credits under this chapter may not be claimed by the partnership.

SECTION 14. 71.28 (6) (a) 1m. of the statutes is repealed.

SECTION 15. 71.28 (6) (a) 2m. of the statutes is amended to read:

71.28 (6) (a) 2m. For taxable years beginning after December 31, 2013, and before January 1, 2026, any person may claim as a credit against taxes otherwise due under s. 71.23, up to the amount of those taxes, an amount equal to 20 percent of the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for certified historic structures on property located in this state, if the cost of the person's qualified rehabilitation expenditures is at least \$50,000 and the rehabilitated property is placed in service after December 31, 2013.

SECTION 16. 71.28 (6) (a) 3. of the statutes is amended to read:

71.28 (6) (a) 3. For taxable years beginning after December 31, 2013, and before January 1, 2026, any person may claim as a credit against taxes otherwise due under s. 71.23, up to the amount of those taxes, an amount equal to 20 percent of the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for qualified rehabilitated buildings, as defined in section 47 (c) (1) of the Internal Revenue Code, on property located in this state, if the cost of the person's qualified rehabilitation expenditures is at least \$50,000 and the rehabilitated property is placed in service after December 31, 2013, and

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regardless of whether the rehabilitated property is used for multiple or revenue-producing purposes. No credit may be claimed under this subdivision for property listed as a contributing building in the state register of historic places or in the national register of historic places and no credit may be claimed under this subdivision for nonhistoric, nonresidential property converted into housing if the property has been previously used for housing.

SECTION 17. 71.28 (6) (a) 4. of the statutes is created to read:

71.28 (6) (a) 4. For taxable years beginning after December 31, 2025, any person may claim as a credit against taxes otherwise due under s. 71.23, up to the amount of those taxes, an amount equal to 20 percent of the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for property located in this state, if the rehabilitated property is placed in service after December 31, 2025.

SECTION 18. 71.28 (6) (c) (intro.) of the statutes is amended to read:

71.28 (6) (c) (intro.) No person may claim the credit under par. (a) 2m. or 4. unless the claimant includes with the claimant's return a copy of the claimant's certification under s. 238.17. For certification purposes under s. 238.17, the claimant shall provide to the Wisconsin Economic Development Corporation all of the following:

SECTION 19. 71.28 (6) (cm) of the statutes is amended to read:

71.28 (6) (cm) Any credit claimed under ~~this subsection~~ par. (a) 2m. and 3. for Wisconsin purposes shall be claimed at the same time as for federal purposes.

SECTION 20. 71.28 (6) (cn) (intro.) of the statutes is amended to read:

71.28 (6) (cn) (intro.) For taxable years beginning after December 31, 2014,

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and before January 1, 2026, the Wisconsin Economic Development Corporation shall certify a person to claim a credit under par. (a) 3. if all of the following apply:

SECTION 21. 71.28 (6) (f) of the statutes is renumbered 71.28 (6) (f) 1. and amended to read:

71.28 **(6)** (f) 1. A partnership, limited liability company, or tax-option corporation may not claim the credit under ~~this subsection~~ par. (a) 2m. and 3. The partners of a partnership, members of a limited liability company, or shareholders in a tax-option corporation may claim the credit under ~~this subsection~~ par. (a) 2m. and 3. based on eligible costs incurred by the partnership, limited liability company, or tax-option corporation. The partnership, limited liability company, or tax-option corporation shall calculate the amount of the credit which may be claimed by each partner, member, or shareholder and shall provide that information to the partner, member, or shareholder. For shareholders of a tax-option corporation, the credit may be allocated in proportion to the ownership interest of each shareholder. Credits computed by a partnership or limited liability company may be claimed in proportion to the ownership interests of the partners or members or allocated to partners or members as provided in a written agreement among the partners or members that is entered into no later than the last day of the taxable year of the partnership or limited liability company, for which the credit is claimed. For a partnership or limited liability company that places property in service after June 29, 2008, and before January 1, 2009, the credit attributable to such property may be allocated, at the election of the partnership or limited liability company, to partners or members for a taxable year of the partnership or limited liability company that ends after June 29, 2008, and before January 1, 2010. Any partner or

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member who claims the credit as provided under this paragraph shall attach a copy of the agreement, if applicable, to the tax return on which the credit is claimed. A person claiming the credit as provided under this paragraph is solely responsible for any tax liability arising from a dispute with the department of revenue related to claiming the credit.

SECTION 22. 71.28 (6) (f) 2. of the statutes is created to read:

71.28 (6) (f) 2. a. A partnership, limited liability company, or tax-option corporation may make an election under s. 71.21 (6) (a) or 71.365 (4m) (a) to claim the credit under par. (a) 4. against the net income or franchise tax otherwise payable to this state on income of the same year.

b. A partnership's partners, limited liability company's members, and tax-option corporation's shareholders may not claim the credit under par. (a) 4.

SECTION 23. 71.28 (6) (g) 1. of the statutes is amended to read:

71.28 (6) (g) 1. If Except as provided in subd. 1m., if a person who claims the credit under this subsection elects to claim the credit based on claiming amounts for expenditures as the expenditures are paid, rather than when the rehabilitation work is completed, the person shall file an election form with the department, in the manner prescribed by the department.

SECTION 24. 71.28 (6) (g) 1m. of the statutes is created to read:

71.28 (6) (g) 1m. No person may claim the credit under par. (a) 4. unless the person claims the credit for the taxable year in which the rehabilitation work is completed.

SECTION 25. 71.28 (6) (h) of the statutes is amended to read:

71.28 (6) (h) Any person, including a nonprofit entity described in section [501](#)

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(c) (3) of the Internal Revenue Code, may sell or otherwise transfer the credit under par. (a) 2m. ~~or 3.~~, or 4., in whole or in part, to another person who is subject to the taxes imposed under s. 71.02, 71.23, or 71.43, if the person notifies the department of the transfer, and submits with the notification a copy of the transfer documents, and the department certifies ownership of the credit with each transfer. The transferor may file a claim for more than one taxable year on a form prescribed by the department to compute all years of the credit under par. (a) 2m. ~~or 3.~~, or 4., at the time of the transfer request. The transferee may first use the credit to offset tax in the taxable year of the transferor in which the transfer occurs, and may use the credit only to offset tax in taxable years otherwise allowed to be claimed and carried forward by the original claimant.

SECTION 26. 71.365 (4m) (d) 2. of the statutes is amended to read:

71.365 (**4m**) (d) 2. Except as provided in s. 71.07 (7) (b) 3. and (9m) (f) 2. a., the tax credits under this chapter may not be claimed by the tax-option corporation.

SECTION 27. 71.47 (6) (a) 1m. of the statutes is repealed.

SECTION 28. 71.47 (6) (a) 2m. of the statutes is amended to read:

71.47 (**6**) (a) 2m. For taxable years beginning after December 31, 2013, and before January 1, 2026, any person may claim as a credit against taxes otherwise due under s. 71.43, up to the amount of those taxes, an amount equal to 20 percent of the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for certified historic structures on property located in this state, if the cost of the person's qualified rehabilitation expenditures is at least \$50,000 and the rehabilitated property is placed in service after December 31, 2013.

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SECTION 29. 71.47 (6) (a) 3. of the statutes is amended to read:

71.47 (6) (a) 3. For taxable years beginning after December 31, 2013, and before January 1, 2026, any person may claim as a credit against taxes otherwise due under s. 71.43, up to the amount of those taxes, an amount equal to 20 percent of the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for qualified rehabilitated buildings, as defined in section 47 (c) (1) of the Internal Revenue Code, on property located in this state, if the cost of the person's qualified rehabilitation expenditures is at least \$50,000 and the rehabilitated property is placed in service after December 31, 2013, and regardless of whether the rehabilitated property is used for multiple or revenue-providing purposes. No credit may be claimed under this subdivision for property listed as a contributing building in the state register of historic places or in the national register of historic places and no credit may be claimed under this subdivision for nonhistoric, nonresidential property converted into housing if the property has been previously used for housing.

SECTION 30. 71.47 (6) (a) 4. of the statutes is created to read:

71.47 (6) (a) 4. For taxable years beginning after December 31, 2025, any person may claim as a credit against taxes otherwise due under s. 71.43, up to the amount of those taxes, an amount equal to 20 percent of the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for property located in this state, if the rehabilitated property is placed in service after December 31, 2025.

SECTION 31. 71.47 (6) (c) (intro.) of the statutes is amended to read:

71.47 (6) (c) (intro.) No person may claim the credit under par. (a) 2m. or 4.

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unless the claimant includes with the claimant's return a copy of the claimant's certification under s. 238.17. For certification purposes under s. 238.17, the claimant shall provide to the Wisconsin Economic Development Corporation all of the following:

SECTION 32. 71.47 (6) (cn) (intro.) of the statutes is amended to read:

71.47 (6) (cn) (intro.) For taxable years beginning after December 31, 2014, and before January 1, 2026, the Wisconsin Economic Development Corporation shall certify a person to claim a credit under par. (a) 3. if all of the following apply:

SECTION 33. 71.47 (6) (f) of the statutes is renumbered 71.47 (6) (f) 1. and amended to read:

71.47 (6) (f) 1. A partnership, limited liability company, or tax-option corporation may not claim the credit under ~~this subsection~~ par. (a) 2m. and 3. The partners of a partnership, members of a limited liability company, or shareholders in a tax-option corporation may claim the credit under ~~this subsection~~ par. (a) 2m. and 3. based on eligible costs incurred by the partnership, limited liability company, or tax-option corporation. The partnership, limited liability company, or tax-option corporation shall calculate the amount of the credit which may be claimed by each partner, member, or shareholder and shall provide that information to the partner, member, or shareholder. For shareholders of a tax-option corporation, the credit may be allocated in proportion to the ownership interest of each shareholder. Credits computed by a partnership or limited liability company may be claimed in proportion to the ownership interests of the partners or members or allocated to partners or members as provided in a written agreement among the partners or members that is entered into no later than the last day of the taxable year of the

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partnership or limited liability company, for which the credit is claimed. For a partnership or limited liability company that places property in service after June 29, 2008, and before January 1, 2009, the credit attributable to such property may be allocated, at the election of the partnership or limited liability company, to partners or members for a taxable year of the partnership or limited liability company that ends after June 29, 2008, and before January 1, 2010. Any partner or member who claims the credit as provided under this paragraph shall attach a copy of the agreement, if applicable, to the tax return on which the credit is claimed. A person claiming the credit as provided under this paragraph is solely responsible for any tax liability arising from a dispute with the department of revenue related to claiming the credit.

SECTION 34. 71.47 (6) (f) 2. of the statutes is created to read:

71.47 (6) (f) 2. a. A partnership, limited liability company, or tax-option corporation may make an election under s. 71.21 (6) (a) or 71.365 (4m) (a) to claim the credit under par. (a) 4. against the net income or franchise tax otherwise payable to this state on income of the same year.

b. A partnership's partners, limited liability company's members, and tax-option corporation's shareholders may not claim the credit under par. (a) 4.

SECTION 35. 71.47 (6) (g) 1. of the statutes is amended to read:

71.47 (6) (g) 1. ~~If~~ Except as provided in subd. 1m., if a person who claims the credit under this subsection elects to claim the credit based on claiming amounts for expenditures as the expenditures are paid, rather than when the rehabilitation work is completed, the person shall file an election form with the department, in the manner prescribed by the department.

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SECTION 36. 71.47 (6) (g) 1m. of the statutes is created to read:

71.47 (6) (g) 1m. No person may claim the credit under par. (a) 4. unless the person claims the credit for the taxable year in which the rehabilitation work is completed.

SECTION 37. 71.47 (6) (h) of the statutes is amended to read:

71.47 (6) (h) Any person, including a nonprofit entity described in section 501 (c) (3) of the Internal Revenue Code, may sell or otherwise transfer the credit under par. (a) 2m. ~~or~~ 3., or 4., in whole or in part, to another person who is subject to the taxes imposed under s. 71.02, 71.23, or 71.43, if the person notifies the department of the transfer, and submits with the notification a copy of the transfer documents, and the department certifies ownership of the credit with each transfer. The transferor may file a claim for more than one taxable year on a form prescribed by the department to compute all years of the credit under par. (a) 2m. ~~or~~ 3., or 4., at the time of the transfer request. The transferee may first use the credit to offset tax in the taxable year of the transferor in which the transfer occurs, and may use the credit only to offset tax in taxable years otherwise allowed to be claimed and carried forward by the original claimant.

(END)