

Proposal would allow historic tax credits of \$5 million per project

By: Matt Taub, matt.taub@dailyreporter.com May 28, 2015 5:49 pm



The Posner Building, 725 N. Plankinton Ave. in downtown Milwaukee, is undergoing a renovation project that draws from a mix of public funding sources, including a Wisconsin Housing and Economic Development Authority mortgage, a city grant, a Wisconsin Economic Development Corp. grant, and historic renovation tax credits. (Staff photo by Kevin Harnack)

A pair of Wisconsin lawmakers are pushing the state to offer up to \$5 million worth of historic-preservation tax credits for every qualified project, rather than following the governor's recommendation to place a cap on the total amount of credits that can be awarded in a given year.

Gov. Scott Walker's proposed 2015-17 budget, if approved in its current form, would prevent the state from issuing more than \$10 million worth of historical-preservation credits in a particular year, no matter how many projects qualified for the tax breaks. The idea of setting a blanket limit, though, has not sat well with at least a couple of Walker's fellow Republicans.

Tim Lakin, chief of staff for state Sen. Rick Gudex, R-Fond du Lac, said his boss will join state Rep. André Jacque, R-DePere, in pushing for a budget amendment that would set a cap of \$5 million on each qualified project but no maximum limit on the total amount of credits that could be awarded in a particular year. Lakin said the goal is to get the proposal adopted by the state's Joint Finance Committee, which is now scheduled to wrap up its deliberations on Walker's proposed budget next week.

Lakin said many think Walker's original proposal would do little more than sow uncertainty and make developers even less willing to take on difficult renovation projects.

"The concern is that having a cap in place will discourage investment in the state," Lakin said. "The credits come on the back end of a project, and investors would worry about the risk of the cap already being reached."

Lakin said he expects some lawmakers on the Joint Finance Committee will end up calling for a lower per-project cap, maybe asking for the limit to instead be set at \$4 million or \$3 million. And that panel is just the first stop for the proposal.

Even with a favorable vote from the Joint Finance Committee this week or next, the per-project limits — along with everything else in the budget — could not take effect without the full Legislature's approval and the governor's signature.

In Milwaukee, Alderman Robert Bauman is saying any step back from what the state currently offers would be a mistake. There is now no cap on the amount of credits that can be awarded in a given year.

"This program has success written all over it," Bauman said. "The governor and some in the Legislature seem hellbent on snatching defeat from the jaws of victory. These projects create jobs, both construction and permanent, preserve our historic building environment and benefit all areas of the state. These projects add far more value than

the supposed cost.”

Since 1989, the state has offered preservation credits that reduce developers’ income taxes by an amount equal to 5 percent of the cost of renovations made to properties appearing on the National Register of Historic Places. In 2013, lawmakers decided to double the credit amount not once but twice, making them worth 20 percent of qualified investments.

Initial estimates held the change would cost the state \$4 million a year; yet within five months of the higher incentive being offered, the estimated price tag had increased nearly nine times. Approvals of the credits have resumed since a temporary moratorium was imposed, but concerns about runaway costs have not subsided.

According to figures released in March, Wisconsin state officials awarded about \$41.7 million worth of historical-preservation tax credits from the start of 2014 to Feb. 23 this year.



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