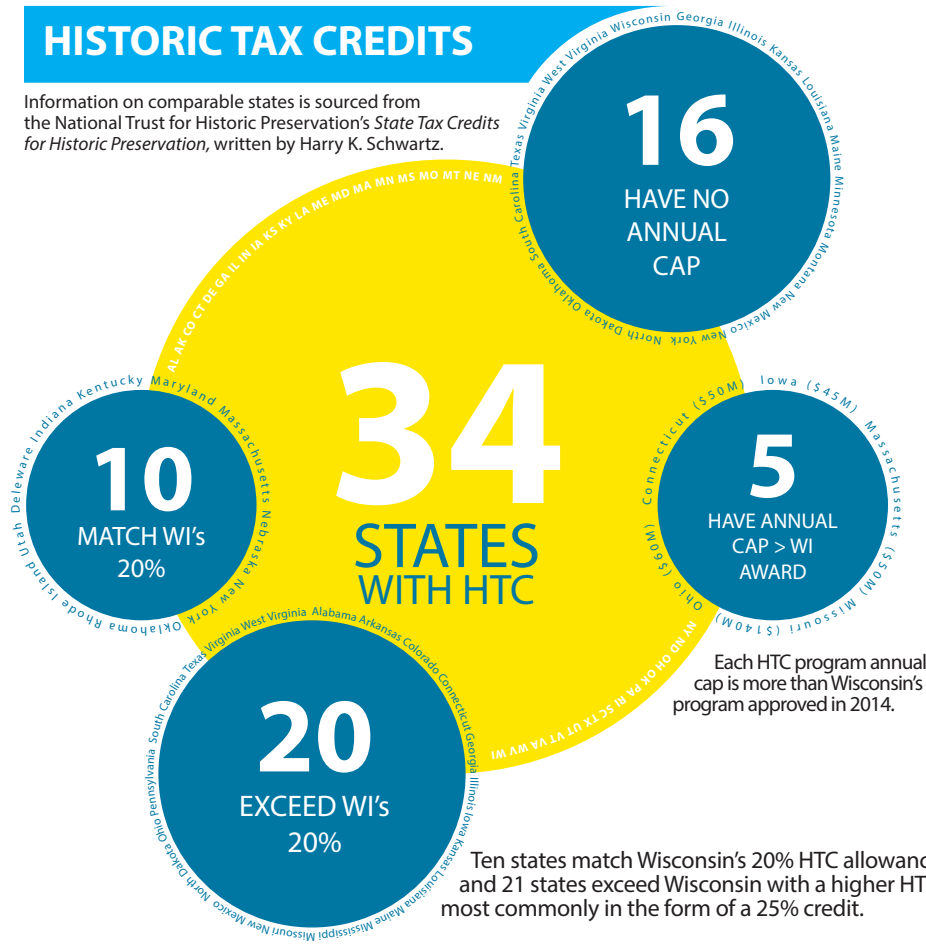


Wisconsin Historic Tax Credit

HISTORIC TAX CREDITS

Information on comparable states is sourced from the National Trust for Historic Preservation's *State Tax Credits for Historic Preservation*, written by Harry K. Schwartz.



Impact Analysis

Since 1989, the State of Wisconsin has offered a 5% Historic Tax Credit (HTC) of the qualified rehabilitated expenditures on building projects and renovations across the state. On January 1, 2014, that credit was elevated to a 20% HTC. Wisconsin's approval and use of a 20% Historic Tax Credit has seen a marked increase in the use of the program with significant economic activity and tax revenue produced as a result of the program.

The approach in this report looks at the benefits of the program in terms of overall economic output, jobs created, and tax revenue produced from 25 commercial, residential and mixed-use projects that were approved since January 1, 2014. These 25 projects in aggregate constitute \$34,799,764 of the \$35,071,257 in HTC awards since January 1, 2014. Six residential structures make up the balance of the HTC claimed and have been excluded, as they constitute less than 1% of the overall credit amount and are not considered material to the scope of the review.

Key Findings

Prepared by Baker Tilly • May, 2015

- The projects supported by the HTC program are projected to generate \$277.7 million in direct spending, and \$139.9 million in secondary spending, for a total impact on Wisconsin's economy of \$417.6 million by the end of the first year of operations. Annual operations are estimated to contribute \$63.7 million and construction is estimated to create \$353.9 in revenue for Wisconsin's economy.
- For the \$34,799,764 awarded in Historic Tax Credits since January 1, 2014, the 25 evaluated projects supported by the HTC program are anticipated to create over 2,800 FTE jobs as a result of construction activities and permanent jobs in the state.
- The program is estimated to see a complete payback of State of Wisconsin tax revenue by Year 7 of stabilized operations, with an estimated \$14 million being paid back to the state by the end of construction. These funds will be paid directly to the State of Wisconsin prior the beginning of operations and likely before the State of Wisconsin revenues are reduced by the tax credit.
- Between labor and business purchases, the 25 approved projects are estimated to create up to \$480.8 million in construction spending, and \$88.7 million in annual operations. After 5 years of operations, the projects are estimated to create up to \$951.6 million in community spending.
- By Year 10 of operations, the evaluated projects are estimated to directly pay more than \$46 million in tax revenue to the State of Wisconsin, a 133% return on the original \$34.9 million approved. Including estimated indirect and induced tax payments, by Year 10 of operations, the approved projects will have paid an estimated \$96.8 million in taxes within Wisconsin.

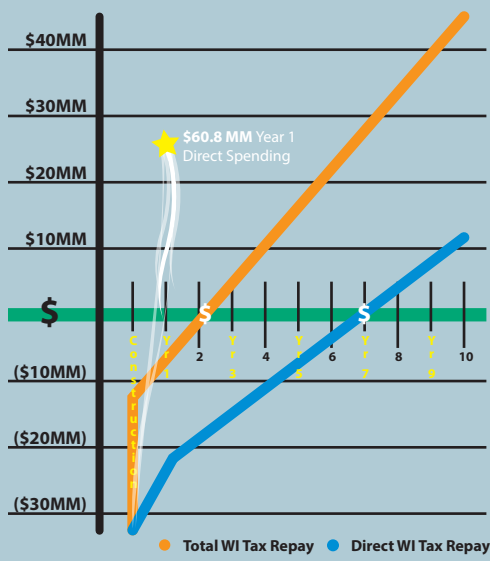


Wisconsin HTC Job Creation AND Labor Income



1,211 Direct Construction Jobs	\$80.1 MM Direct Construction Labor Income	469 Direct Jobs	\$17.4 MM Direct Operations Labor Income
2,185 Total Construction Jobs	\$127.4 MM Total Construction Labor Income	642 Total Jobs	\$24.9 MM Total Operations Labor Income

Repayment Period



Direct community spending through construction and operations can be measured in catalytic community spending, employment, and taxes. Construction project output (business purchases) are estimated to bring \$353.4 million to Wisconsin's economy, with direct spending accounting for \$234.4 million. Annual output from operations is estimated to bring \$63.7 million, with \$43.4 million attributed to direct spending.

The program is estimated to pay back the State of Wisconsin in direct tax revenue by Year 7 of operations. Accounting for all likely indirect and induced taxes, the program will have generated enough tax base to cover the \$34.9 HTC by Year 2 of operations. Based on anticipated direct economic output, it is anticipated that these projects will pay back the HTC investment in less than one year.

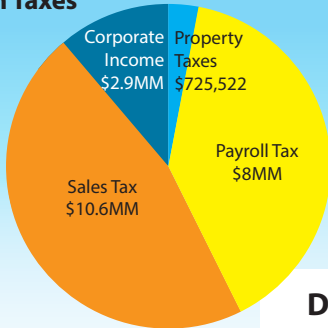
Economic Impact

Community Spending (Labor Wages and Economic Output) *Including 3% annual inflation

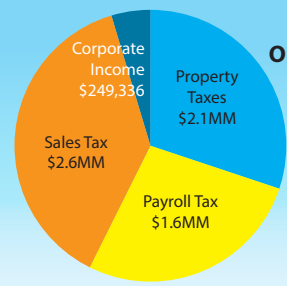
	Construction	Annual	5 Year*	10 Year*
Direct	\$314.5MM	\$60.8MM	\$637.2MM	\$1.01BB
Total	\$480.8MM	\$88.7MM	\$951.6MM	\$1.49BB

Community Tax Impact

Construction Taxes



Annual Operations Taxes



Direct Construction Taxes \$14.0MM

Total Construction Taxes \$21.5MM

Direct Annual Operations Taxes \$2.8MM

Total Annual Operations Taxes \$6.5MM

Background information and data for these 25 properties was provided by the University of Wisconsin-Milwaukee Historic Preservation Institute (HPI). Analysis figures on construction and operations employment and revenue figures were calculated using IMPLAN, economic modeling software that creates a model of the local economy and estimates the impact of a change in local spending on output, employment, and wages. Totals are a combination of direct, indirect and induced IMPLAN estimates. Wisconsin state property and income tax amounts were calculated based on the anticipated hard costs for construction, projected wages and anticipated revenues of the projects.