

STATE HISTORIC TAX CREDIT PROGRAM

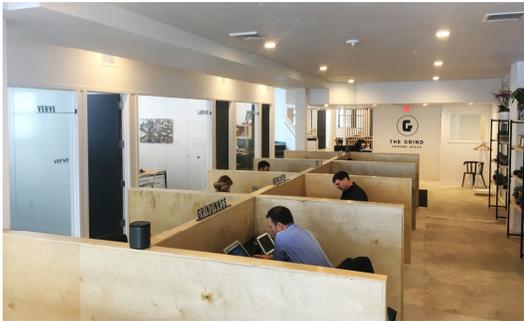
Wisconsin Historic Tax Credit helps attract entrepreneurs and spur economic growth in downtown Oshkosh.

Thanks to Wisconsin’s Historic Tax Credit (HTC) program, what was once one of the state’s first vocational training schools – the long-vacant Beach Building in downtown Oshkosh – has been transformed into a bustling multi-purpose complex with 22 upscale apartments, a co-working space for entrepreneurs and start-up businesses, and a trendy new coffee shop.

The \$3.5 million project to turn the 36,000-square-foot property built in 1911 into a modern residential, commercial, and retail space unique to the Fox Valley was made possible with **\$526,000 in state HTC tax credits**. The project received an equal amount in federal Historic Tax Credits. The City of Oshkosh also provided nearly \$500,000 in tax incremental financing to support the conversion of the underused building.

PROGRAM OBJECTIVE & OVERVIEW

Wisconsin’s HTC program offers state income tax credits to leverage private investment for the redevelopment of historic buildings. The program has helped revitalize communities across Wisconsin, spurring economic activity, generating new tax revenue, and creating job opportunities.



Entrepreneurs and start-ups have found a home at Rise & Grind, the Beach Building’s co-working space.

Under the program, owners of eligible historic buildings may receive a state income tax credit equal to 20 percent of the cost of rehabilitating the property. The Wisconsin credit is a supplement to the federal HTC, which also allows program participants to claim 20 percent of eligible expenses. Combined, the two credits allow historic building owners to offset 40% of the cost of rehabilitating certified historic properties in Wisconsin.

The Wisconsin HTC was implemented in 1989 and initially provided a 5 percent tax credit. In 2013, the Legislature increased the amount of the tax credit to 20 percent of qualifying expenses. 2017 WI Act 280 limited individual HTC awards to \$3.5 million for projects completed on the same parcel of land.

HOW IT WORKS

The state HTC is administered jointly by the Wisconsin Historical Society (WHS) and the Wisconsin Economic Development Corporation (WEDC). The tax credit only applies to income-producing buildings and renovation costs must total \$50,000 or more.

HTC Quick Facts:

- ◆ *The HTC program is a low risk–high return program that provides an \$8 to \$1 return on investment for the state.*
- ◆ *HTC projects between 2014-16 are projected to generate \$600 million in economic output and \$90 million in new state tax revenue.*
- ◆ *HTC projects are also anticipated to increase property values by over \$550 million and raise over \$16 million in new property tax revenue.*
- ◆ *Estimates show these same projects will create nearly 11,000 construction jobs and roughly 5,000 full-time jobs after the construction phase.*
- ◆ *The HTC eliminates blight in communities across the state. In 2014, 60% of all HTC projects were vacant for more than 20 years.*
- ◆ *In 2016, 67% of all HTC projects were in smaller communities.*

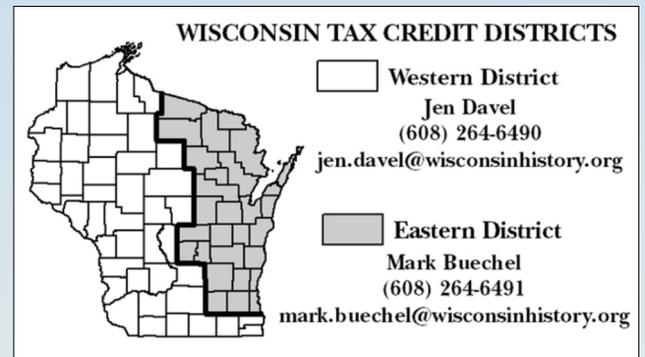
The process to qualify and claim Wisconsin Historic Tax Credits has several steps:

- Step 1** *The building owner expresses interest in pursuing a historic rehabilitation project.*
- Step 2** *The owner must then begin the HTC application process to establish eligibility for listing on the National Registry of Historic Places and the HTC tax credits. The application process is administered by the State Historic Preservation Office (SHPO) at the State Historical Society.*
- Step 3** *Following approval as a historic building, the owner must then submit a renovation plan to the SHPO for review. The SHPO will then make a recommendation and send it to the National Park Service (NPS) for approval. Upon receiving approval, the owner must work with WEDC to request the tax credits.*
- Step 4** *After the renovation is complete, the building owner must submit documentation to the SHPO for NPS approval. The owner can then claim the HTC tax credit.*

PROGRAM CONTACTS

To qualify for state Historic Tax Credits, properties must be recommended as a certified historic property by the State Historic Preservation Office. For questions or to begin the HTC application process, contact Jen Davel for properties in western Wisconsin or Mark Buechel for properties in eastern Wisconsin.

Additional information about Wisconsin’s HTC program can be provided by WEDC. Please contact a WEDC regional economic development director or call 855-INWIBIZ.



ECONOMIC IMPACT

The Wisconsin HTC program is a low risk, high return tax incentive with a proven track-record of success. It is one of the most effective redevelopment tools for local communities and a key driver of economic growth across the state. In addition to revitalizing communities and increasing property values, the HTC returns more revenue to the state than it costs. In fact, HTC credits pay for themselves four years after the project is complete, and the state ultimately realizes an \$8 to \$1 return on investment.



The Beach Building’s Planet Perk coffee shop is a popular destination and social hub for residents and co-workspace tenants.

Since the tax credit was expanded from 5 percent of rehabilitation costs to 20 percent in 2013, the program’s economic impact has been significant. HTC credits issued to projects between 2014 and 2016 are anticipated to generate more than \$600 million in economic output, increase state new state tax revenue by \$90 million, and create over 10,000 new construction jobs.

These figures were included in a report on the state’s HTC program issued by Baker Tilly, a nationally recognized accounting firm, which also found the 2014-16 projects will increase overall property assessment values by 607% and cumulatively boost property tax base by \$16 million.