



MEMO

Date: October 29, 2024

From: Daina Penkiunas, State Historic Preservation Officer

RE: State Tax Rehabilitation Credit for income-producing buildings and buildings owned by non-profits

A recent review of the state tax credit statutes by the Wisconsin Department of Justice, as well as attorneys at the Department of Revenue and Wisconsin Economic Development Corporation, confirms that Wisconsin law (<https://docs.legis.wisconsin.gov/statutes/statutes/71/iv/28/6/a/2m>) as written requires that the total cost of qualified rehabilitation expenditures must be equal to the building's adjusted basis value **and** equal to at least \$50,000 in qualifying expenditures. **Projects received by SHPO after November 1, 2024 must meet both requirements.** SHPO will only process complete submission packets received by November 1<sup>st</sup>.

This requirement should not affect projects using both the state and the federal rehabilitation credit programs, as the latter already requires meeting the adjusted basis threshold. For those applicants seeking only the state credit, the applicant will need to determine if the proposed work will meet the expenditure threshold.

It is the applicant's responsibility to confirm if their project will meet the required investment minimum. Helpful guidance may be found on the IRS website, including on their Rehabilitation Credit FAQ page: <https://www.irs.gov/businesses/small-businesses-self-employed/rehabilitation-credit-historic-preservation-faqs>. Additional IRS guidance relating to basis is here: <https://www.irs.gov/pub/irs-pdf/p551.pdf>.

The SHPO cannot assist applicants in helping to determine the adjusted basis value of the property. All applicants are encouraged to consult tax professionals with any questions about eligibility for the credit before you begin the application process.

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