



Historic Tax Credit (SB 668 / AB 793)

Priority Statement:

The Wisconsin Economic Development Association (WEDA) SUPPORTS legislative efforts to strengthen the state's historic tax credit (HTC) program. Senate Bill 668 / Assembly Bill 793 will restore the HTC program as an important redevelopment tool for local communities and a key driver of economic activity in Wisconsin.

Background:

The HTC program is a low risk, high return program. In addition to promoting economic development, eliminating blight, and increasing property values in communities across Wisconsin, the HTC is a tremendous investment for the state. Credits are fully repaid four years after project construction and ultimately deliver an \$8 to \$1 return on investment to the state.

Since the program was expanded in 2014, Wisconsin has experienced a 67% increase in historic building redevelopment activities. The estimated economic impact generated from HTC projects in 2014-2016 include more than \$600 million in economic output; over \$90 million in new state tax revenue; and the creation of 10,000 new construction jobs.

While both small and large communities have benefitted from HTC projects, developments in smaller communities are on the rise. In fact, in 2016 roughly two-thirds of all HTC projects were in smaller communities – up from 46% in 2015 and 39% in 2014, respectively.

The governor's partial veto of the 2017-2019 state budget bill significantly modified the HTC program. Beginning in July 2018, HTC awards will be limited to \$500,000 per project/parcel. Unless addressed by the Legislature, the veto will significantly diminish this program's statewide reach and economic impact.

Bill Summary:

SB 668 / AB 793 will increase the per project HTC cap to \$3.5 million, reestablishing the credit as an effective redevelopment tool for local communities and main street Wisconsin. The legislation was recently approved by the Senate Revenue, Financial Institutions and Rural Issues Committee, as well as the Assembly Ways and Means Committee.

Action Requested:

Please support SB 668 / AB 793 to restore Wisconsin's historic tax credit program as a highly valuable economic development tool that has benefited small and large communities across Wisconsin.

Key Discussion Points

- SB 668 / AB 793 will restore the HTC program as a key redevelopment tool for local communities.
- The HTC program is a low risk–high return program that provides an \$8 to \$1 return on investment for the state.
- HTC projects in 2014-16 will generate more than \$600 million in economic output and \$90 million in new state tax revenue.
- Those same HTC projects will increase property values by over \$550 million and generate more than \$19 million in new property tax revenue.
- 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.

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