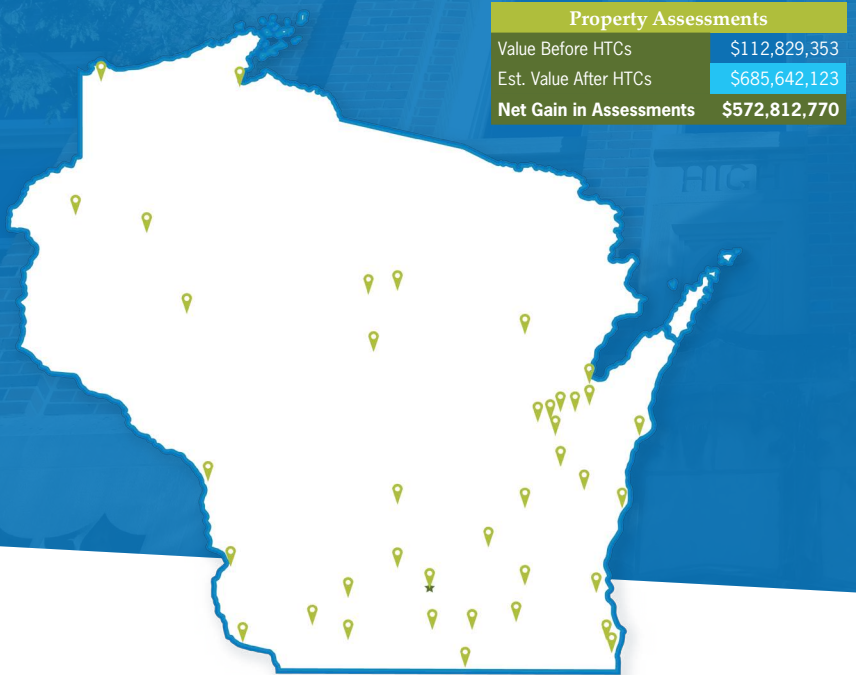


Wisconsin Historic Tax Credit Program 2014–2016

Using historic tax credit application material submitted to WI state agencies, property renovation and tenancy information and tax assessment histories that were provided, Baker Tilly has analyzed 118 projects that filed historic tax credit applications (Part II) between 2014 and 2016 and are expected to proceed through project completion and final HTC approval (Part III). These projects received contracts for more than \$171,095,000 of Wisconsin historic tax credits. Based upon the information provided, Baker Tilly was able to create an analysis and account for likely impacts on employment, economic output, and taxes for the projects. From 2014-2016, the relative increase in activity appears to suggest that the change from a 5% credit to a 20% credit significantly changed owner/developer interest (a 67% increase in development over a similar 3-year period).



Property Assessments	
Value Before HTCs	\$112,829,353
Est. Value After HTCs	\$685,642,123
Net Gain in Assessments	\$572,812,770

2014	Historic Tax Credits	Number of Projects	% of Projects
Cities & Towns <100k	\$6,568,741	13	39.4%
Cities & Towns >100k	\$3,075,233	6	18.2%
City of Milwaukee	\$33,795,185	14	42.4%
Total	\$43,439,159	33	

2015	Historic Tax Credits	Number of Projects	% of Projects
Cities & Towns <100k	\$12,029,289	22	45.8%
Cities & Towns >100k	\$13,924,415	6	12.5%
City of Milwaukee	\$48,581,973	20	41.7%
Total	\$74,535,677	48	

2016	Historic Tax Credits	Number of Projects	% of Projects
Cities & Towns <100k	\$32,024,051	25	67.6%
Cities & Towns >100k	\$5,118,912	4	10.8%
City of Milwaukee	\$15,977,362	8	21.6%
Total	\$53,120,325	37	

Key Findings

Direct Economic Output

Construction materials and labor costs: \$683 million (construction) and \$149 million in anticipated annual operations output. These projects are projected to generate more than \$719 million in overall construction and \$162 million in overall annual operation output.

Job Creation

A combination of 15,680 new FTE construction and permanent jobs in local communities: 10,955 construction jobs created (9,882 direct, 1,073 supply chain) and 4,725 permanent FTE jobs (4,376 direct, 349 supply chain) are anticipated to be derived from the projects.

Small Community Benefits

Communities with less than 100,000 in population: 69% of projects. In 2016 a significant percent of the projects – (based on both the number of projects and the overall construction investment) - were located in small communities.

Credit Repayment

Year 4 operations pay-back: Using direct figures for construction period + 4 years operations. The increased value and resulting taxes of the reused buildings pay the initial tax credit back in 4 years, and over a ten-year period, the state gains an estimated net \$187.75 million in tax revenue.

Property Tax Change

Sixteen million dollars in projected new property taxes reflects a significant increase in tax revenue (a 637% increase): Increases in school tax revenues of \$5.39 million to local districts annually (592% increase) and \$730,700 in new tax revenue annually (a 532% increase) to WI Technical Colleges. Additionally, 16 formerly tax-exempt properties are estimated to create more than \$1.07 million annually in new property taxes.

Community Impact

Community Spending

Construction project output for the 118 evaluated projects is estimated to bring more than \$719 million to Wisconsin's economy, with direct spending accounting for \$683 million. Annual output from operations is estimated to bring almost \$162 million, with \$149 million attributed to direct spending.

Total Construction Economic Output	
Direct	\$683,028,918
Total	\$719,123,977

Total Operations Economic Output	
Direct	\$149,072,834
Total	\$161,905,253

Job Creation

For the \$171 million awarded in historic tax credits since January 1, 2014, the 118 evaluated projects supported by the program are anticipated to create over 10,955 jobs as a result of construction activities and 4,725 permanent jobs in the state. Associated labor income from wages is expected to create over \$1.04 billion in construction wages and more than \$303.6 million annually in wages from permanent employment operations.

Total Construction FTE Jobs	
Direct	9,882
Total	10,955

Total Construction Labor Income	
Direct	\$630,557,579
Total	\$1,049,020,565

Total Operations FTE Jobs	
Direct	4,376
Total	4,725

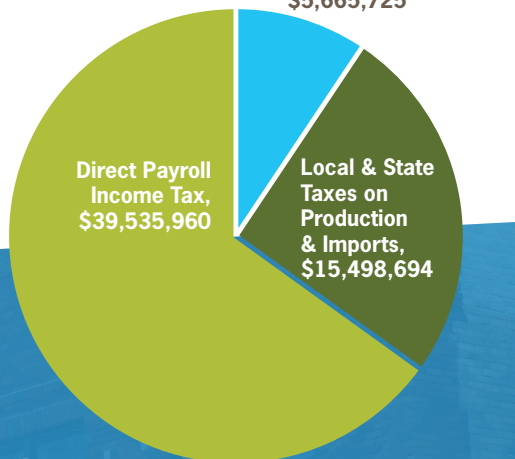
Total Operations Labor Income	
Direct	\$190,034,961
Total	\$303,629,957



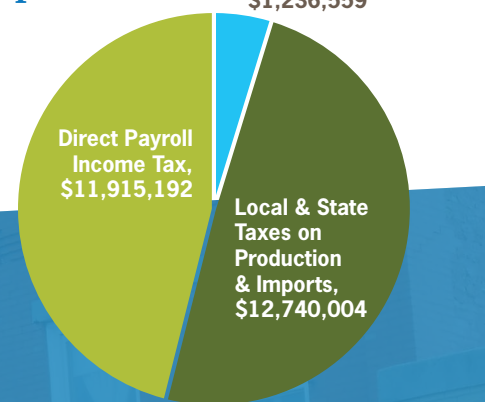
Tax Impact

The program is projected to generate a 633% increase in real estate tax cumulatively. This change in the tax base is projected to increase school tax revenues by 592% annually. Additional tax impacts are projected to be derived from construction and operations activities. Construction is anticipated to provide for \$65.7 million in WI based income tax revenue; \$39.5 million from labor. Once placed in service the projects are anticipated to provide for \$18.7 million in operations employment based tax revenues annually.

Construction



Annual Operations



Repayment

Roughly \$61 million of state tax revenue is estimated from direct construction activity. The historic tax credits are not an expense to taxpayers until construction is complete and the projects are placed into service. This initial layer of tax benefit is received prior to any expense and accelerates value to the State. Years 1-4 of project operations are estimated to generate roughly \$110 million in direct State of Wisconsin tax revenue based on Year 1 operations and annual trending at 3% (rounded). Hence the projects are anticipated to repay the projected expense by the end of year four once credits have been taken by the projects.