

Fiscal Estimate - 2019 Session

Original Updated Corrected Supplemental

LRB Number **19-5348/1** Introduction Number **AB-0906**

Description
state workforce housing income and franchise tax credit and requiring the exercise of rule-making authority

Fiscal Effect

State:

- No State Fiscal Effect
- Indeterminate
 - Increase Existing Appropriations
 - Decrease Existing Appropriations
 - Create New Appropriations
- Increase Existing Revenues
- Decrease Existing Revenues
- Increase Costs - May be possible to absorb within agency's budget
 - Yes
 - No
- Decrease Costs

Local:

- No Local Government Costs
 - Indeterminate
 - 1. Increase Costs
 - 2. Decrease Costs
 - Increase Revenue
 - Decrease Revenue
5. Types of Local Government Units Affected
- Towns Village Cities
 - Counties Others 0
 - School Districts WTCS Districts

Fund Sources Affected

Affected Ch. 20 Appropriations

GPR FED PRO PRS SEG SEGS

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Fiscal Estimate Narratives
DOR 2/13/2020

LRB Number 19-5348/1	Introduction Number AB-0906	Estimate Type Original
Description state workforce housing income and franchise tax credit and requiring the exercise of rule-making authority		

Assumptions Used in Arriving at Fiscal Estimate

This bill allows the Wisconsin Housing and Economic Development Authority (WHEDA) to certify claimants for a new state workforce housing tax credit to offset income and franchise taxes and insurance premium fees.

In order to qualify for the credit:

1. The claimant must have an ownership interest in a qualified housing development, defined as a residential rental property development located in Wisconsin in which at least 25% of the rental units are occupied by individuals whose income is between 61% and 100% of the area median income and the rents do not exceed 30% of the area median income.
2. The tax credit must be necessary for the financial feasibility of the development.
3. The qualified housing development must be the subject of a recorded restrictive covenant requiring that the development be maintained and operated as a qualified housing development for at least ten years.
4. The tax credit certification must be issued in accordance with a qualified allocation plan established by WHEDA.

The bill requires that WHEDA give preference to qualified housing developments located in a municipality of fewer than 150,000 residents. The bill also caps the aggregate amount of annual credit allocations at \$42 million.

The fiscal impact of the bill is unknown, but could be as high as \$42 million annually if all available credits are allocated and claimed. To the extent that WHEDA allocates fewer credits, the fiscal impact will also be commensurately lower. To the extent that WHEDA certifies credits not issued in prior years or recaptured credits, the fiscal impact in a given year may exceed \$42 million. Moreover, because the credit can also offset insurance premium fees, the fiscal effect may be a mix of reductions to those fees and income and franchise tax reductions.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
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Description state workforce housing income and franchise tax credit and requiring the exercise of rule-making authority			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$	\$
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
	NET CHANGE IN COSTS	\$	\$
	NET CHANGE IN REVENUE	\$See Text	\$
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		Date	
		2/13/2020	