

Fiscal Estimate - 2021 Session

☒ Original
 ☐ Updated
 ☐ Corrected
 ☐ Supplemental

LRB Number 21-2057/1	Introduction Number AB-0156	
Description state workforce housing income and franchise tax credit and requiring the exercise of rule-making authority		
Fiscal Effect <div style="display: flex;"> <div style="flex: 1;"> State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations </div> <div style="width: 45%;"> <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Decrease Existing Revenues </div> </div> </div> <div style="flex: 1;"> <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <div style="display: flex; justify-content: space-around;"> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </div> <input type="checkbox"/> Decrease Costs </div> </div>		
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> 1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory </div> <div style="width: 45%;"> 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory </div> </div>		
<div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> Fund Sources Affected <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS </div> <div style="width: 35%;"> Affected Ch. 20 Appropriations </div> </div>		
Agency/Prepared By DOR/ Zach Petersen (608) 267-2428	Authorized Signature Michael Oakleaf (608) 261-5173	Date 3/11/2021

Fiscal Estimate Narratives

DOR 3/11/2021

LRB Number	21-2057/1	Introduction Number	AB-0156	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.

The bill will create a one-time cost of \$6,510 for the creation of the corresponding credit schedule and the revision of related documents. The bill will also create an on-going cost of \$200 per year for the annual updates those documents will require.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2021 Session

Detailed Estimate of Annual Fiscal Effect

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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): The bill create a one-time cost of \$6,510 relating to the creation of a corresponding credit schedule and the revision of related documents.							
II. Annualized Costs:	Annualized Fiscal Impact on funds from:						
	Increased Costs Decreased Costs						
A. State Costs by Category							
State Operations - Salaries and Fringes	\$200						
(FTE Position Changes)							
State Operations - Other Costs							
Local Assistance							
Aids to Individuals or Organizations							
TOTAL State Costs by Category	\$200						
B. State Costs by Source of Funds							
GPR	200						
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	\$200						
NET CHANGE IN REVENUE	\$						
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">Agency/Prepared By</td> <td style="width: 40%;">Authorized Signature</td> <td style="width: 20%;">Date</td> </tr> <tr> <td>DOR/ Zach Petersen (608) 267-2428</td> <td>Michael Oakleaf (608) 261-5173</td> <td>3/11/2021</td> </tr> </table>		Agency/Prepared By	Authorized Signature	Date	DOR/ Zach Petersen (608) 267-2428	Michael Oakleaf (608) 261-5173	3/11/2021
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