

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 21-4705/1	Introduction Number AB-0605
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Description
 municipal workforce housing incentive program

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate

<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
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Local:

No Local Government Costs
 Indeterminate

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	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	5. Types of Local Government Units Affected <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
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Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DOA 10/21/2021

LRB Number	21-4705/1	Introduction Number	AB-0605	Estimate Type	Original
Description municipal workforce housing incentive program					

Assumptions Used in Arriving at Fiscal Estimate

2021 Assembly Bill 605 (AB-605) relates to requiring political subdivisions (defined as cities, villages, towns, or counties) that receive federal funding authorized under the American Rescue Plan Act of 2021 (ARPA) to use at least \$1,000,000 or at least 10 percent of these funds, whichever is less, toward workforce housing initiatives. The proposed legislation defines workforce housing.

One or more of the following workforce housing-related initiatives are required to be undertaken with at least \$1,000,000 or the 10 percent figure mentioned above: developing new workforce housing infrastructure (streets, sewer, water, and sidewalks); redeveloping idle sites currently used as commercial properties of at least 10,000 square feet (per the assembly amendment 1 to AB-605) into workforce housing; or establishing a low interest or no interest loan program to be administered by the political subdivision that has a population of 50,000 or more (per assembly amendment 1) to incentivize the rehabilitation of older workforce housing or for the building of new workforce housing units. The proposed legislation also permits the political subdivision to provide by ordinance that any unpaid loan amounts at the time of the sale of the property would become a lien on the property with the same priority as a special assessment lien.

The responsibility for the enforcement, administration, monitoring and reporting of the use of ARPA funding is not defined in the proposed and would need to be determined and potential memoranda of understanding (MOU) developed. Notifications to those impacted localities of the requirement and subsequent monitoring and administration would also be required. As such, the fiscal impact to the Department of Administration (Department) of the proposed legislation is indeterminate. The Department is currently not able to determine the ability for local units of government to expend \$1,000,000 or at least 10 percent of ARPA funds for the proposed nor the extent to which corresponding federal eligibility and restrictions may affect their ability to do so. The Coronavirus Local Fiscal Recovery Funds (CLFRF) is allocated by the Department of Revenue (DOR) for non-entitlement communities.

The fiscal impact of AB-605 on local units of government is also indeterminate. The amount of ARPA funds received by political subdivisions varies; to the extent permitted by federal law, a minimum of 10% up to \$1,000,000 would be deducted from the discretionary use of ARPA funds received by the subdivision to be directed to workforce housing-related projects as outlined in the bill. Further, staff time needed from political subdivisions to implement the proposed workforce housing initiatives are not known at this time.

Long-Range Fiscal Implications