

### Fiscal Estimate - 2007 Session

Original       Updated       Corrected       Supplemental

<b>LRB Number</b> <b>07-3790/1</b>	<b>Introduction Number</b> <b>SB-403</b>
<b>Description</b> Under this bill, property owned by churches or religious or benevolent associations and used as low-income housing is exempt from the property tax. Re-defines low income housing.	
<b>Fiscal Effect</b>	
<b>State:</b>	
<input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input checked="" type="checkbox"/> Decrease Costs	
<b>Local:</b>	
<input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs      3. <input type="checkbox"/> Increase Revenue      5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input checked="" type="checkbox"/> Decrease Costs      4. <input type="checkbox"/> Decrease Revenue <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
<b>Fund Sources Affected</b>	
<input checked="" type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS s. 20.435(4)(b) & (o)	
<b>Affected Ch. 20 Appropriations</b>	
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>
DHFS/ Richard Megna (608) 266-9359	Andy Forsaith (608) 266-7684
<b>Date</b>	
3/6/2008	

**Fiscal Estimate Narratives**  
**DHFS 3/6/2008**

LRB Number	<b>07-3790/1</b>	Introduction Number	<b>SB-403</b>	Estimate Type	<b>Original</b>
<b>Description</b> Under this bill, property owned by churches or religious or benevolent associations and used as low-income housing is exempt from the property tax. Re-defines low income housing.					

**Assumptions Used in Arriving at Fiscal Estimate**

This Bill would indirectly benefit the Department of Health and Family Service's community based long-term care programs, including the Medicaid home and community-based (HBC) services programs, the Family Care Program, and the Community Options Programs (COP). Also, since local county governments administer the HBC waiver and COP programs and typically contribute local tax dollars to those programs, local county governments would also be indirectly benefited by this Bill in regards to their costs for long term care programs.

Participants of the Department's community-based long term care programs will reside in regular housing (apartments) and in assisted living. These units are often owned by religious or benevolent organizations. By exempting these housing units from local property taxes, this bill will lower the housing costs for these individual. Also, any increased production of low-income housing that would be encouraged by this Bill through the expanded property tax exemption could make more low-cost housing available to participants of the Department's long term care programs.

Although federal rules and law prohibit the use of Medicaid funding for housing costs in general, there are several ways in which the Department's costs for long term care programs are impacted by housing costs. The Department's COP program has a state-only component that is used to support housing costs when an individual's SSI or SSDI or other income is inadequate to cover personal living expenses, including housing. Since Medicaid long term care participants typically have limited income, there is often a need for assistance of housing and other living expenses. If housing costs are lower due to an exemption from property taxation, a long term care participant would have less need for COP funds. Since counties receive fixed allocations of COP funds, more long term care participants could be served as a result of this Bill.

Federal rules allow managed care programs, such as the Family Care program, to support expenditures, such as housing, that would not typically be eligible for Medicaid funding if it can be shown to be budget neutral to the federal government. The Family Care program uses this budget neutrality exception to fund housing costs under Medicaid. As a result, lower housing costs would reduce costs in the Department's Family Care program.

Finally, participants in Medicaid community-based long term care programs are required to contribute available income to the cost of Medicaid services. The available income calculation deducts the amount of housing costs. As a result, if this bill lowers housing costs for community-based long term care participants in Medicaid, Medicaid costs could be reduced as participants' available income increases and is used for program costs.

The specific fiscal impact of the bill cannot be estimated with current data available to DHFS. There are approximately 40,000 participants in the Department community-based long term care programs. However, it is unknown what percentage resides in housing units that are owned by religious and benevolent organizations. If it is assumed that 10% live in units owned by religious and benevolent organizations, each unit has a value of \$50,000; and the property tax is 1.5% of value, the Bill could result in an additional \$3.0 million All Funds (GPR and FED) per year being available to meet the long term care needs of Medicaid participants. Although it is impossible to determine the exact fiscal impact of this bill, these assumptions should provide a relative magnitude of the impact, depending on the percentage of long term care participants residing in eligible housing.

**Long-Range Fiscal Implications**