Fiscal Estimate - 2009 Session

\boxtimes	Original		Updated		Corrected		Suppler	nental
LRB	Number	09-1154/1		Introd	luction Nun	nber S	B-087	
Descr Increa Housir	sing the maxi	mum annual lo	an amount un ent Authority	der the prope	rty tax deferral	loan progr	am of the	Wisconsin
Fiscal	Effect							
	No State Fisc Indeterminate Increase I Appropria Decrease Appropria Create Ne	e Existing tions Existing	Reve	ase Existing enues ease Existing enues	to a	ease Costs bsorb withi Yes crease Cost	n agency	
Local:	No Local Go Indeterminat 1. Increas Permiss 2. Decrea	e Costs sive⊡Mandat	3. Incre ory Perm 4. Decre	ase Revenue iissive	Gove	es of Local ernment Ur Towns [Counties [School [Districts	nits Affect Village Others WTCS District	Cities
	Sources Affe		PRS 🔲	SEG 🔲 SE	Affected (Ch. 20 App	propriatio	ns
Agen	cy/Prepared	Ву		Authorized S	Signature			Date
DOR/ Daniel Huegel (608) 266-5705				Paul Ziegler (3/10/2009			

Fiscal Estimate Narratives DOR 3/10/2009

LRB Number 09-1154/1	Introduction Number	SB-087	Estimate Type	Original					
Description Increasing the maximum annual loan amount under the property tax deferral loan program of the Wisconsin Housing and Economic Development Authority									

Assumptions Used in Arriving at Fiscal Estimate

Current Law

The Wisconsin Property Tax Deferral Loan program is administered by the Wisconsin Housing and Economic Development Authority (WHEDA). The program is funded from WHEDA's surplus fund.

Under the program, a homeowner aged 65 years or older whose total household income (from taxable and non-taxable sources) is no more than \$20,000 may annually apply for a loan equal to the amount of property taxes and special assessments levied on his or her home. The maximum loan amount in a year is \$2,500. The interest rate on loans under the program is set annually. By law, the rate equals the prime lending rate, as established by the Federal Reserve Board, plus 1%. The total amount of liens and judgments, including loans under the program, may not exceed 50% of the value of the home. The principal and interest due on these loans is generally payable when the property is sold or the loan recipient ceases to live in the home.

Applications for loans under the program must be filed with by June 30 of the year in which the taxes are due for payment. Thus, for December 2008 property tax bills, the loan application must be filed by June 30, 2009.

Based on information from WHEDA for 2008, the number of new loans was 77, the total new loans were \$160,665, and the average loan was \$2,087.

Proposed Law

Under the bill, the maximum annual loan would be increased from \$2,500 to \$3,525, for an increase of 41%. This increase in loan amount may lead to an increase in the amount loaned under the program. Since the Department of Revenue (DOR) does not administer the loan program, the department does not have the data on how many loans are currently made at the maximum level. The DOR is therefore unable to estimate the amount by which loans under the program could increase if the bill is enacted.

The bill has no effect on local property tax collections.

The bill has no affect on DOR costs.

Long-Range Fiscal Implications