

Fiscal Estimate - 2009 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 09-1706/1	Introduction Number AB-0092	
Description The regulation, preservation, and restoration of historic buildings; the supplement to the federal historic rehabilitation tax credit and the state historic rehabilitation tax credit; requiring the certification of downtowns; promoting certain downtown areas in this state; highway projects involving business and downtown areas; granting rule-making authority; and making appropriations		
Fiscal Effect State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input checked="" type="checkbox"/> Increase Existing Revenues <input checked="" 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 checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local: <input checked="" type="checkbox"/> No Local Government Costs <input 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 type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected Affected Ch. 20 Appropriations <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input checked="" type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.245(1)(a) and 20.245(1)(ks)		
Agency/Prepared By SHS/ Greg Parkinson (608) 264-6581	Authorized Signature Greg Parkinson (608) 264-6581	Date 3/10/2009

Fiscal Estimate Narratives

SHS 3/10/2009

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Assumptions Used in Arriving at Fiscal Estimate

Tax Credit Programs

In the last five years, the Wisconsin Historical Society's existing GPR-funded staff reviewed an average of 21 income-producing tax credit projects (eight over \$1 million and 13 under \$1 million) and 200 residential tax credit projects annually.

Income-Producing Tax Credit Projects

Based on the experience of Missouri and our experience following the enactment of the Wisconsin state tax credit program, we expect up to a tripling of our existing income-producing tax credit review workload. That would result in the review of about 42 new income-producing tax credit projects annually.

For income-producing projects over \$1 million, the bill provides for a \$20,000 fee to review each such project. The tripling of projects above \$1 million to 24 in total (i.e. eight existing and 16 new) would generate \$480,000 in revenues (i.e. 24 x \$20,000). For income-producing projects below \$1 million, the bill provides for a two percent fee based on the qualified expenses (but not less than a \$300 fee) to review such projects. The average cost of projects now under \$1 million is \$206,000. The tripling of projects under \$1 million to 39 in total (i.e. 13 existing and 26 new) would, therefore generate \$160,700 in revenues (i.e. 39 x 306,000 x 0.2).

Based on our experience with existing projects, one project review requires 80 hours of time of an Historic Preservation Specialist and five hours of time of an Operations Associate B and the travel related to each project (\$500), resulting in a total cost to review each income-producing project of about \$4,600. That estimated cost is regardless of the size of the income-producing project.

Based on these assumptions, we would generate \$640,700 in total revenue related to income-producing tax credit projects. Because the bill provides for the transfer of 50% of the fees generated for income-producing projects to the Department of Commerce, the Wisconsin Historical Society would net \$32,000 in revenues for income-producing projects. The Society would incur \$142,600 of costs to review the new income-producing tax credit projects (i.e. 42 x \$4,600).

Residential Tax Credit Projects

Based on the experience of Missouri and our experience following the enactment of the Wisconsin state tax credit program, we expect up to a tripling of our existing residential tax credit review workload. That would result in the review of about 400 new residential tax credit projects annually. For residential tax credit projects, the bill provides for a \$150 fee to review each such project. The tripling of residential tax credit projects to 600 would generate \$90,000 in revenue (i.e. 600 x \$150).

Based on our experience with existing projects, one project review requires ten hours of an Historic Preservation Architect, two hours of time of an Historic Preservation Specialist, and three hours of time of an Operations Associate B, for salary and fringes of about \$600 to review each residential project.

Based on these assumptions, the Wisconsin Historical Society would generate \$90,000 of total revenue related to residential tax credit projects. The Society would incur \$240,000 in expenses to review the new residential tax credit projects (i.e. 400 x \$600).

Positions

Based on the above hours to review tax credit projects, the Society would need 7,360 new hours of time of Historic Preservation Architects (i.e. 42 projects x 80 hours or 3,360 hours for income-producing projects plus 400 projects x ten hours or 4,000 hours of residential projects). That 7,360 hour total equates to 3.5 FTE Historic Preservation Architect positions. Based on the above hours to review tax credit projects, the Wisconsin Historical Society would need 1,052 new hours of time of an Historic Preservation Specialist (i.e. 42 projects x six hours or 252 hours for income-producing projects plus 400 projects x two hours or 800 hours for residential projects). That 1,052 hour total equates to a 0.5 FTE Historic Preservation Specialist. Based on the above hours to review tax credit projects, the Society would need 1,410 of new hours of time of an Office Associate B (i.e 42 projects x five hours for income-producing projects plus 400 projects x three hours for residential projects). That 1,410 hour total equates to a 0.7 FTE Office Associate B position. The bill, however, only provides for a 1.00 FTE PRS Wisconsin Historical Society position authorization but no dollar figure for income-producing tax credit projects.

Apart from the \$500 travel cost mentioned above to review each income-producing tax credit project, we estimate a need for a \$2,000 average cost to cover ongoing copying, telephone and other supplies and services costs annually for each new full or partial position or a total of \$12,000 (i.e. six individuals x \$2,000) and \$15,700 to cover ongoing overhead costs related to the new positions. In addition, we estimate a need for \$2,000 on a one-time basis to cover computer and office equipment for each new full or partial position or a total of \$12,000 (i.e. six individuals x \$2,000).

No new GPR funding would be required to implement this program since fees on applicants would cover all additional costs.

State Historic Building Code

The bill provides that the Department of Commerce must consult with the Society on several matters relating to the State Historic Building Code and to cooperate with the Society in the development of an informational pamphlet. The Society can meet those responsibilities with existing staff.

Survey of Rural Historic Buildings

The bill increases the Society's GPR (1)(a) appropriation by \$75,000 in each year of the biennium to enter into a contract to identify and document historic properties in rural areas of the state. The Society envisions that project as including the (1) identification of possible areas with concentrations of rural historic buildings, (2) identification of specific such buildings and (3) development of information about each building including its style and age and taking photographs of each one. Based on past limited efforts, the Society estimates that funding would allow for the survey work to be completed in three to four counties annually. [Such work has only been complete in three counties and that was some time ago.]

Long-Range Fiscal Implications

Relative to PR, funds from authorized fees would cover salaries, fringes, and supplies and services related to the review of tax credit projects.

Relative to GPR, the bill would provide continuing funding to cover the costs of \$75,000 for the survey of rural historic buildings.

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): The Wisconsin Historical Society estimates a need for \$2,000 on a one-time basis to cover computer and office equipment for each new full or partial position or a total of \$12,000 (i.e. six individuals x \$2,000) which would be covered from PR funding provided by this bill.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$361,600		\$
(FTE Position Changes)			
State Operations - Other Costs	123,700		
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$485,300		\$
B. State Costs by Source of Funds			
GPR	75,000		
FED			
PRO/PRS	410,300		
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	\$75,000		\$
GPR Earned			
FED			
PRO/PRS	410,300		
SEG/SEG-S			
TOTAL State Revenues	\$485,300		\$
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$485,300		\$
NET CHANGE IN REVENUE	\$485,300		\$
Agency/Prepared By		Authorized Signature	Date
SHS/ Greg Parkinson (608) 264-6581		Greg Parkinson (608) 264-6581	3/10/2009