

Fiscal Estimate Narratives
DOR 3/11/2010

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|---|------------------|---------------------|---------------|---------------|-----------------|
| LRB Number | 09-1944/1 | Introduction Number | SB-534 | Estimate Type | Original |
| Description Employer-assisted housing | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

This bill creates a nonrefundable income and franchise tax credit equal to 50% of the amount of qualified housing expenses of an eligible employee paid by an employer in the taxable year, except that if the expenses are paid in connection with an employee purchase of an eligible property that is a foreclosure, the employer may claim 90% of the qualified housing expenses. The bill defines "qualified housing expenses" to include the closing costs, downpayments, payments made to refinance a mortgage loan, or rental assistance paid on the eligible property of an eligible employee, and costs to provide technical assistance to a participating employer. The credit is limited to no more than \$10,000 (per each eligible employee) or if the employee has purchased or is purchasing eligible property, 6% of the purchase price or \$10,000, whichever is less. An employer who has established a qualifying employer-assisted housing program must obtain certification from WHEDA and pay any administrative fee charged by WHEDA before the employer is eligible to obtain tax benefits. Unused credits may be carried forward for 15 years.

An eligible employee is any individual whose annual gross household income, adjusted for household size, does not exceed 120% of the area median gross household income. Qualified housing expenses means (1) home ownership assistance or rental assistance, (2) operating costs incurred directly or indirectly by a sponsor in connection with a participating employer's employer-assisted housing program, (3) costs incurred by a sponsor to provide technical assistance to an employer establishing an employer-assisted housing program, and (4) costs incurred by a sponsor to provide technical assistance to an employer establishing an employer-assisted housing program. The bill defines a "sponsor" as a nonprofit corporation, exempt from federal income tax, that has as one of its stated purposes home ownership education.

Fiscal Estimate

Illinois has had a similar credit for employer-assisted housing (EAH) since 2001. The state sets aside \$2 million per year for the EAH credit. Although participation in the credit program has increased over time, since the program's inception, credit claims have never reached the \$2 million cap. Illinois' population is slightly over twice that of Wisconsin.

Based on Illinois' experience, it is anticipated that the credit would eventually result in credit claims of approximately \$1 million per year, with fewer credit claims in the first three to five years of the program. However, the fiscal effect would depend on the number of employers and employees participating, and it could go higher (lower) than \$1 million per year if participation is greater (less) than expected.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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|--|--|------------------------------|
| LRB Number 09-1944/1 | Introduction Number SB-534 | |
| Description Employer-assisted housing | | |
| I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): | | |
| II. Annualized Costs: | | |
| | Annualized Fiscal Impact on funds from: | |
| | Increased Costs Decreased Costs | |
| A. State Costs by Category | | |
| State Operations - Salaries and Fringes | \$ | \$ |
| (FTE Position Changes) | | |
| State Operations - Other Costs | | |
| Local Assistance | | |
| Aids to Individuals or Organizations | | |
| TOTAL State Costs by Category | \$ | \$ |
| B. State Costs by Source of Funds | | |
| GPR | | |
| 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 | \$ | \$ |
| NET CHANGE IN REVENUE | \$See Text | \$ |
| Agency/Prepared By | | |
| Authorized Signature | | Date |
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| | | 3/11/2010 |