

Fiscal Estimate - 2019 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 19-4299/1	Introduction Number SB-484
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Description
 workforce housing tax credits and economic development revolving loan funds

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Decrease Existing Appropriations	<input checked="" 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 type="checkbox"/> No Local Government Costs	<input type="checkbox"/> Indeterminate	5. Types of Local Government Units Affected	
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	<input type="checkbox"/> Towns	<input type="checkbox"/> Village <input type="checkbox"/> Cities
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Counties	<input type="checkbox"/> Others
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	<input type="checkbox"/> School Districts	<input type="checkbox"/> WTCS Districts
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		

Fund Sources Affected	Affected Ch. 20 Appropriations
<input checked="" 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

DOR 10/17/2019

LRB Number	19-4299/1	Introduction Number	SB-484	Estimate Type	Original
Description workforce housing tax credits and economic development revolving loan funds					

Assumptions Used in Arriving at Fiscal Estimate

This bill creates a workforce housing tax credit program administered by the Wisconsin Housing and Economic Development Authority.

Under the bill, WHEDA may certify a person to claim a nonrefundable credit to offset income and franchise taxes if all of the following conditions are satisfied:

1. The project for which the credit is issued is an eligible workforce housing project. Under the bill, a project is an eligible workforce housing project only if the project is for the construction or renovation of residential real property located in a county with a population density of less than 155 persons per square mile, there is a need for additional manufacturing workers in the area in which the project is located, and a lack of adequate housing in the area is a barrier to filling that need.
2. The person is a lender financing an eligible workforce housing project, the developer of the project, or the business for whose benefit the project is being carried out.
3. The person has exhausted all funding available for the project from community development block grants, local assistance, including tax incremental financing, and assistance otherwise available from WHEDA.
4. The occupants of the housing being constructed or renovated will have a household income that satisfies the income limitations applicable for the homeownership mortgage loan program administered by WHEDA under current law.

The bill requires WHEDA to establish a competitive process for the award of tax credits that gives priority to all of the following:

1. The number of jobs that will be created in connection with the eligible workforce housing project.
2. The amount of matching funds secured by the applicant.
3. The applicant's readiness to proceed with the project.

Under the bill, WHEDA may not certify a person to claim a workforce housing tax credit in an amount that exceeds 50 percent of the total cost of the eligible workforce housing project. Additionally, WHEDA may not award more than \$10,000,000 in workforce housing tax credits and no credit may be awarded after December 31, 2021. The bill requires WHEDA to transfer \$10,000,000 from its surplus fund to the state's general fund as an offset against the tax credits WHEDA awards under the program.

Additionally, the bill includes certain contracting and tax credit revocation requirements and requires WHEDA to coordinate with the Wisconsin Economic Development Corporation to administer the tax credit program. WHEDA must submit a report on the program to the Joint Committee on Finance no later than September 31, 2022.

Finally, the bill allows taxpayers to sell or otherwise transfer the credit in whole or in part to another person subject to franchise, income, or insurance taxes.

Fiscal Effect

The following fiscal effect only includes the effect of credits claimed against income and franchise taxes under Chapter 71 of Wisconsin Statutes.

Based on the \$10 million limit set forward in the bill, the bill would reduce revenue by an estimated \$2.5 million in FY 2021 and \$7.5 million in FY 2022. This fiscal effect may be lower to the extent the credit is claimed by insurance companies against insurance premium fees under Chapter 76, that those claiming the credit do not have a tax liability, and that taxpayers are excluded by the other limitations set out in the bill. The amount of credits transferred to others may also delay the fiscal effect into subsequent fiscal years.

Certifying the transfer of credit will require an additional .5 FTE equivalent position, or \$60,000 annually.

Long-Range Fiscal Implications

DOA Code	County Name	Jan 2017 Population Estimate (DOA)	Land Area (Census Bureau TIGER 2016)	Jan 2017 Density (persons/s q. mile)	Counties Eligible for the Credit
01	Adams	20644	645.62	31.98	Yes
02	Ashland	16006	1,045.00	15.32	Yes
03	Barron	46274	862.73	53.64	Yes
04	Bayfield	15301	1,477.88	10.35	Yes
05	Brown	259460	530.09	489.46	No
06	Buffalo	13703	671.64	20.40	Yes
07	Burnett	15486	821.56	18.85	Yes
08	Calumet	52320	318.24	164.41	No
09	Chippewa	64364	1,008.36	63.83	Yes
10	Clark	34748	1,209.69	28.72	Yes
11	Columbia	57053	765.55	74.53	Yes
12	Crawford	16707	570.66	29.28	Yes
13	Dane	524787	1,196.44	438.62	No
14	Dodge	89908	875.67	102.67	Yes
15	Door	28340	481.96	58.80	Yes
16	Douglas	44294	1,304.14	33.96	Yes
17	Dunn	44603	850.15	52.46	Yes
18	Eau Claire	102340	637.92	160.43	No
19	Florence	4468	488.12	9.15	Yes
20	Fond du Lac	103704	719.55	144.12	Yes
21	Forest	9256	1,014.24	9.13	Yes
22	Grant	52725	1,146.86	45.97	Yes
23	Green	36879	584.04	63.14	Yes
24	Green Lake	19175	349.31	54.89	Yes
25	Iowa	23831	762.70	31.25	Yes
26	Iron	5927	758.19	7.82	Yes
27	Jackson	20773	987.74	21.03	Yes
28	Jefferson	84412	556.45	151.70	Yes
29	Juneau	27079	767.04	35.30	Yes
30	Kenosha	168065	271.90	618.12	No
31	Kewaunee	20783	342.42	60.69	Yes
32	La Crosse	118675	451.77	262.69	No
33	Lafayette	17003	633.59	26.84	Yes
34	Langlade	20072	870.65	23.05	Yes
35	Lincoln	28830	878.81	32.81	Yes
36	Manitowoc	81076	589.30	137.58	Yes
37	Marathon	134943	1,544.97	87.34	Yes
38	Marinette	41259	1,399.45	29.48	Yes
39	Marquette	15370	455.71	33.73	Yes
40	Menominee	4248	357.61	11.88	Yes

41	Milwaukee	945416	241.48	3,915.03	No
42	Monroe	46109	900.90	51.18	Yes
43	Oconto	38190	997.48	38.29	Yes
44	Oneida	36225	1,113.94	32.52	Yes
45	Outagamie	182921	637.58	286.90	No
46	Ozaukee	88217	233.00	378.61	No
47	Pepin	7383	232.01	31.82	Yes
48	Pierce	41480	573.80	72.29	Yes
49	Polk	44168	914.06	48.32	Yes
50	Portage	70761	800.82	88.36	Yes
51	Price	14028	1,253.98	11.19	Yes
52	Racine	195146	332.59	586.74	No
53	Richland	17896	586.15	30.53	Yes
54	Rock	159372	718.14	221.92	No
55	Rusk	14735	913.55	16.13	Yes
56	St. Croix	87828	722.48	121.56	Yes
57	Sauk	62240	831.53	74.85	Yes
58	Sawyer	16689	1,257.31	13.27	Yes
59	Shawano	41549	893.23	46.52	Yes
60	Sheboygan	114714	511.55	224.25	No
61	Taylor	20692	975.03	21.22	Yes
62	Trempealeau	29452	733.00	40.18	Yes
63	Vernon	30112	791.56	38.04	Yes
64	Vilas	21607	857.71	25.19	Yes
65	Walworth	102591	555.27	184.76	No
66	Washburn	15869	797.11	19.91	Yes
67	Washington	134630	430.65	312.62	No
68	Waukesha	398236	549.68	724.48	No
69	Waupaca	52100	747.69	69.68	Yes
70	Waushara	24358	626.14	38.90	Yes
71	Winnebago	169053	434.46	389.11	No
72	Wood	74620	793.03	94.10	Yes

Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 19-4299/1		Introduction Number SB-484	
Description workforce housing tax credits and economic development revolving loan funds			
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	\$60,000	\$
	(FTE Position Changes)	(0.5 FTE)	
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$60,000	\$
B. State Costs by Source of Funds			
	GPR	60,000	
	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, ets.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$-7,500,000
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$-7,500,000
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$60,000	\$
NET CHANGE IN REVENUE		\$-7,500,000	\$
Agency/Prepared By		Authorized Signature	Date
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