

Fiscal Estimate - 2019 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 19-5345/1	Introduction Number SB-791
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Description
 creating a sales tax exemption for materials used to construct workforce housing developments

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Indeterminate	<input checked="" type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs	3. <input type="checkbox"/> Increase Revenue	5. Types of Local Government Units Affected	
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Towns	<input type="checkbox"/> Village <input type="checkbox"/> Cities
1. <input type="checkbox"/> Increase Costs	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Counties	<input type="checkbox"/> Others
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> School Districts	<input type="checkbox"/> WTCS Districts
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue		
<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 DOR/ Travis Arthur (608) 266-8565	Authorized Signature Robert Schmidt (608) 266-5773	Date 2/12/2020
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Fiscal Estimate Narratives

DOR 2/12/2020

LRB Number	19-5345/1	Introduction Number	SB-791	Estimate Type	Original
Description creating a sales tax exemption for materials used to construct workforce housing developments					

Assumptions Used in Arriving at Fiscal Estimate

The bill creates a sales and use tax exemption for the sale of building materials, supplies, equipment, and landscaping and lawn maintenance services if the property or service is acquired solely for, or used solely in, the development or construction of a workforce housing development. The exemption does not apply if the property or services are for the construction or development of property for public use, including sidewalks and sewer lines, within the development.

The bill defines "workforce housing development" to mean a housing development in Wisconsin that meets all of the following conditions:

1. It consists of land proposed for newly platted residential use.
2. The housing costs for households occupying the development's residential units do not exceed, or are not expected to exceed, 30 percent of the median household income for the county in which the development is located.
3. The residential units are intended for initial occupancy by households whose income is at least 60 percent, but not more than 120 percent, of the county's median household income.

Under the bill, the tax exemption may only be claimed by a person holding an exemption certificate issued by the Wisconsin Housing and Economic Development Authority.

The bill will result in a reduction in state and local sales and use tax collections compared to current law for the building materials and services used in qualifying projects. The department does not have data on future construction projects (scale, location, housing type), therefore the magnitude of the fiscal effect is indeterminate.

2017 median household income based on the 5 year American Community Survey is \$44,003 in Adams County. The 30% housing cost limitation would be \$13,201 for mortgage principal and interest, closing costs, mortgage insurance, property insurance, utility-related costs, and property taxes; or rent and utility-related costs in the case of rental properties. Assuming the housing costs for the construction are under this amount, the residential units must be intended for households with incomes between \$26,402 and \$52,804 in Adams County. Qualifying criteria for other counties can be found in the attachment to the fiscal estimate.

Long-Range Fiscal Implications

SB 791 Attachment

Geography	2017 Median Household Income	30% of Median Household Income	60% of Median Household Income	120% of Median Household Income
Adams	44,003	13,201	26,402	52,804
Ashland	41,505	12,452	24,903	49,806
Barron	49,257	14,777	29,554	59,108
Bayfield	50,110	15,033	30,066	60,132
Brown	56,775	17,033	34,065	68,130
Buffalo	54,753	16,426	32,852	65,704
Burnett	45,891	13,767	27,535	55,069
Calumet	70,662	21,199	42,397	84,794
Chippewa	55,240	16,572	33,144	66,288
Clark	49,131	14,739	29,479	58,957
Columbia	63,293	18,988	37,976	75,952
Crawford	47,331	14,199	28,399	56,797
Dane	67,631	20,289	40,579	81,157
Dodge	56,038	16,811	33,623	67,246
Door	56,494	16,948	33,896	67,793
Douglas	50,730	15,219	30,438	60,876
Dunn	54,605	16,382	32,763	65,526
Eau Claire	52,178	15,653	31,307	62,614
Florence	47,827	14,348	28,696	57,392
Fond du Lac	57,798	17,339	34,679	69,358
Forest	43,356	13,007	26,014	52,027
Grant	50,522	15,157	30,313	60,626
Green	60,609	18,183	36,365	72,731
Green Lake	50,276	15,083	30,166	60,331
Iowa	60,017	18,005	36,010	72,020
Iron	39,855	11,957	23,913	47,826
Jackson	51,108	15,332	30,665	61,330
Jefferson	59,215	17,765	35,529	71,058
Juneau	48,817	14,645	29,290	58,580
Kenosha	57,269	17,181	34,361	68,723
Kewaunee	60,320	18,096	36,192	72,384
La Crosse	54,127	16,238	32,476	64,952
Lafayette	55,859	16,758	33,515	67,031
Langlade	44,122	13,237	26,473	52,946
Lincoln	54,203	16,261	32,522	65,044
Manitowoc	51,053	15,316	30,632	61,264
Marathon	56,509	16,953	33,905	67,811
Marinette	44,958	13,487	26,975	53,950
Marquette	49,052	14,716	29,431	58,862
Menominee	38,080	11,424	22,848	45,696
Milwaukee	46,784	14,035	28,070	56,141
Monroe	56,479	16,944	33,887	67,775

Oconto	55,762	16,729	33,457	66,914
Oneida	52,945	15,884	31,767	63,534
Outagamie	61,523	18,457	36,914	73,828
Ozaukee	80,526	24,158	48,316	96,631
Pepin	51,470	15,441	30,882	61,764
Pierce	66,772	20,032	40,063	80,126
Polk	53,551	16,065	32,131	64,261
Portage	54,620	16,386	32,772	65,544
Price	45,680	13,704	27,408	54,816
Racine	58,334	17,500	35,000	70,001
Richland	48,234	14,470	28,940	57,881
Rock	53,410	16,023	32,046	64,092
Rusk	41,930	12,579	25,158	50,316
St. Croix	77,768	23,330	46,661	93,322
Sauk	54,447	16,334	32,668	65,336
Sawyer	43,565	13,070	26,139	52,278
Shawano	51,751	15,525	31,051	62,101
Sheboygan	56,114	16,834	33,668	67,337
Taylor	49,821	14,946	29,893	59,785
Trempealeau	54,009	16,203	32,405	64,811
Vernon	49,996	14,999	29,998	59,995
Vilas	42,720	12,816	25,632	51,264
Walworth	58,401	17,520	35,041	70,081
Washburn	46,592	13,978	27,955	55,910
Washington	73,021	21,906	43,813	87,625
Waukesha	81,140	24,342	48,684	97,368
Waupaca	54,071	16,221	32,443	64,885
Waushara	48,412	14,524	29,047	58,094
Winnebago	55,128	16,538	33,077	66,154
Wood	51,603	15,481	30,962	61,924

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Source: US Census American Community Survey 5-year Estimates 2017