

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 21-4947/1	Introduction Number AB-0890
Description changes to the low-income housing tax credit	
Fiscal Effect	
State:	
<input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate	
<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
Local:	
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate	
1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory
5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
Fund Sources Affected	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	
Affected Ch. 20 Appropriations	
Agency/Prepared By	Authorized Signature
WHEDA/ Sherry Gerondale (608) 267-1076	Debra Sybell (608) 239-2220
Date	
3/4/2022	

Fiscal Estimate Narratives

WHEDA 3/4/2022

LRB Number	21-4947/1	Introduction Number	AB-0890	Estimate Type	Original
Description changes to the low-income housing tax credit					

Assumptions Used in Arriving at Fiscal Estimate

This bill expands the existing housing tax credit program for rental housing. The bill increases the total program from \$42 million to \$70 million and changes the credit period from 6 years to 10 years. There bill also makes changes to the set-aside and definition of rural area.

All costs of administration would be paid by WHEDA.

WHEDA estimates the cost to administer the program would increase by approximately \$370,000 annually. The increased costs are related to additional staffing for the qualified allocation plan, review of applications and the monitoring once developments have been completed. We estimate the increase costs to be approximately \$370,000 annually. Fees are typically charged for tax credit applications and monitoring. We expect these fees to cover a majority of the increased costs.

WHEDA's estimates four developments would be approved annually to receive the tax credit. With a minimum 10-year compliance period, this would lead to an additional 40 developments being monitored for compliance. WHEDA would need one commercial loan officer and one program specialist to evaluate the tax credit applications and allocation certificates.

WHEDA would also require two additional staff for monitoring during the compliance period over the first year. As the number of developments being monitored grows, more portfolio risk officers may be needed, however costs are not included in the numbers above.

Additional resources from our marketing, business and community engagement, and finance staff would also be needed. However, we don't anticipate additional staff in these areas in the first years of the increased housing tax credit and have not included any direct costs.

Long-Range Fiscal Implications