

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 21-2094/1	Introduction Number SB-172	
Description state workforce housing income and franchise tax credit and requiring the exercise of rule-making authority		
Fiscal Effect		
State:		
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input 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 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 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"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected		
<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		
Affected Ch. 20 Appropriations		
Agency/Prepared By DOR/ Zach Petersen (608) 267-2428	Authorized Signature Ann DeGarmo (608) 266-7179	Date 3/10/2021

Fiscal Estimate Narratives

DOR 3/10/2021

LRB Number	21-2094/1	Introduction Number	SB-172	Estimate Type	Original
Description state workforce housing income and franchise tax credit and requiring the exercise of rule-making authority					

Assumptions Used in Arriving at Fiscal Estimate

This bill allows the Wisconsin Housing and Economic Development Authority (WHEDA) to certify claimants for a new state workforce housing tax credit to offset income and franchise taxes and insurance premium fees.

In order to qualify for the credit:

1. The claimant must have an ownership interest in a qualified housing development, defined as a residential rental property development located in Wisconsin in which at least 25% of the rental units are occupied by individuals whose income is between 61% and 100% of the area median income and the rents do not exceed 30% of the area median income.
2. The tax credit must be necessary for the financial feasibility of the development.
3. The qualified housing development must be the subject of a recorded restrictive covenant requiring that the development be maintained and operated as a qualified housing development for at least ten years.
4. The tax credit certification must be issued in accordance with a qualified allocation plan established by WHEDA.

The bill requires that WHEDA give preference to qualified housing developments located in a municipality of fewer than 150,000 residents. The bill also caps the aggregate amount of annual credit allocations at \$42 million.

The fiscal impact of the bill is unknown, but could be as high as \$42 million annually if all available credits are allocated and claimed. To the extent that WHEDA allocates fewer credits, the fiscal impact will also be commensurately lower. To the extent that WHEDA certifies credits not issued in prior years or recaptured credits, the fiscal impact in a given year may exceed \$42 million. Moreover, because the credit can also offset insurance premium fees, the fiscal effect may be a mix of reductions to those fees and income and franchise tax reductions.

The bill will create a one-time cost of \$6,510 for the creation of the corresponding credit schedule and the revision of related documents. The bill will also create an on-going cost of \$200 per year for the annual updates those documents will require.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2021 Session

Detailed Estimate of Annual Fiscal Effect

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Description state workforce housing income and franchise tax credit and requiring the exercise of rule-making authority		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
The bill create a one-time cost of \$6,510 relating to the creation of creation of a corresponding credit schedule and the revision of related documents.		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$200	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$200	\$
B. State Costs by Source of Funds		
GPR	200	
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		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$200	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		
Authorized Signature		Date
DOR/ Zach Petersen (608) 267-2428		Ann DeGarmo (608) 266-7179
		3/10/2021