

Fiscal Estimate - 2023 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-1587/1	Introduction Number SB-0040	
Description changes to the low-income housing tax credit		
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 <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 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"/> Permissive <input type="checkbox"/> Mandatory <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 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/ Zach Petersen (608) 267-2428	Authorized Signature Michael Oakleaf (608) 261-5173	Date 2/10/2023

Fiscal Estimate Narratives

DOR 2/10/2023

LRB Number	23-1587/1	Introduction Number	SB-0040	Estimate Type	Original
Description changes to the low-income housing tax credit					

Assumptions Used in Arriving at Fiscal Estimate

The bill makes changes to the low-income housing credit by expanding the annual limit WHEDA may certify credits under the program to \$100 million from \$42 million and allows those credits to be carried back to the previous tax year to offset net tax. The bill also instructs WHEDA to ensure that at least 35% of certified credits are for housing projects in rural areas. Additionally, the bill allows insurance companies to use the credit to offset insurance premium fees.

Fiscal Estimate

The fiscal impact of the bill is unknown, but could be as high as \$58 million annually if all credits are certified and claimed. To the extent that WHEDA allocated fewer credits, the fiscal impact will be commensurately lower. Moreover, because the credit can be used to offset insurance premium fees, the fiscal effect may be a mix between reductions in those fees and reductions to corporate and franchise taxes.

Because this bill reduces tax revenue, it may impact the state's maintenance of effort requirement under the American Rescue Plan Act. The Dept of Administration should review this bill for this specific purpose to provide further clarity on the matter.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2023 Session

Detailed Estimate of Annual Fiscal Effect

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Description changes to the low-income housing tax credit		
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		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$See Text	\$
Agency/Prepared By	Authorized Signature	Date
DOR/ Zach Petersen (608) 267-2428	Michael Oakleaf (608) 261-5173	2/10/2023