

Fiscal Estimate - 2023 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-5466/1	Introduction Number SB-0861
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Description
 creating a nonrefundable individual and corporate income and franchise tax credit for costs paid to eliminate exposure to a lead hazard in a dwelling

Fiscal Effect

State:

- No State Fiscal Effect
- Indeterminate
 - Increase Existing Appropriations
 - Decrease Existing Appropriations
 - Create New Appropriations
- Increase Existing Revenues
- Decrease Existing Revenues
- Increase Costs - May be possible to absorb within agency's budget
 - Yes
 - No
- Decrease Costs

Local:

- No Local Government Costs
 - Indeterminate
 - 1. Increase Costs 3. Increase Revenue
 - Permissive Mandatory Permissive Mandatory
 - 2. Decrease Costs 4. Decrease Revenue
 - Permissive Mandatory Permissive Mandatory
- 5. Types of Local Government Units Affected**
- Towns Village Cities
 - Counties Others
 - School Districts WTCS Districts

Fund Sources Affected **Affected Ch. 20 Appropriations**

- GPR
 FED
 PRO
 PRS
 SEG
 SEGS

Agency/Prepared By	Authorized Signature	Date
DOR/ Bradley Caruth (608) 261-8984	Michael Oakleaf (608) 261-5173	1/10/2024

Fiscal Estimate Narratives

DOR 1/10/2024

LRB Number	23-5466/1	Introduction Number	SB-0861	Estimate Type	Original
Description creating a nonrefundable individual and corporate income and franchise tax credit for costs paid to eliminate exposure to a lead hazard in a dwelling					

Assumptions Used in Arriving at Fiscal Estimate

This bill creates a nonrefundable individual income and corporate income and franchise tax credit for costs paid to eliminate a lead hazard in a dwelling or residential condominium unit. The owner of a residence may claim a credit for all costs paid, up to \$1,500 per dwelling unit, to permanently eliminate a lead hazard in a residence. A dwelling may contain more than one dwelling unit.

A "lead hazard" is any substance, surface, or object that contains lead and that, due to its condition, location, or nature, may contribute to the lead poisoning or lead exposure of a child under 6 years of age.

To claim the credit, a certified professional must investigate the residence and determine that a lead hazard exists; the lead hazard abatement activities must be conducted under rules promulgated by the Department of Health Services; and a certified professional must either issue a certificate confirming that the residence is free from lead-bearing paint or execute a document certifying that the lead hazard abatement activities permanently eliminated all lead hazards.

The owner may include the remediation costs related to any lead hazards present in the residence's utility service connections performed at the same time the owner remediates lead hazards in a residence.

Unused credit may be carried forward for up to 7 years. Part-year residents and nonresidents may not claim the credit.

It is not clear how many people currently remediate lead hazards each year in Wisconsin or how much Wisconsin residents would claim under this credit. However, a similar tax credit exists in Massachusetts and the Massachusetts Tax Expenditure Budget report for fiscal year 2023 lists an annualized fiscal effect of \$2.3 million.

Based on 2018 data from the Centers for Disease Control and Prevention, Wisconsin had a population under 6 years of age that was approximately 6.1% smaller than that population in Massachusetts, but there were about 8.3% more children in Wisconsin with elevated blood lead levels confirmed by testing. Moreover, Wisconsin tested about 22% of children while Massachusetts tested about 48% of children, suggesting that the difference in positive blood tests would be larger if a comparable share of Wisconsin children were tested.

Adjusting the Massachusetts credit up by 8.3% to account for the difference in the number of positive blood tests suggests a Wisconsin credit could reduce revenue by about \$2.5 million annually. To the extent that differences in lead exposure among untested children differs between the two states, the fiscal effect would also differ. For example, if Wisconsin's untested children have a higher prevalence of elevated blood lead levels than Massachusetts' untested children, the \$2.5 million figure would likely understate the fiscal effect of the credit.

According to the American Rescue Plan Act (ARPA) Net Tax Reduction Calculation Update memo released by the Department of Administration on 8/28/2023, the remaining margin for tax reductions before triggering potential SLFRF recoupment at \$113 million for fiscal year 2024 and \$319 million for fiscal year 2025. This bill would reduce these margins by the amount of fiscal effect.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2023 Session

Detailed Estimate of Annual Fiscal Effect

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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
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