

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 17-2700/2	Introduction Number AB-0951
Description claiming the historic rehabilitation tax credit for replacing windows to remediate a lead hazard	
Fiscal Effect	
State:	
<input type="checkbox"/> No State Fiscal Effect <input 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 checked="" 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 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	Authorized Signature
DOR/ Bradley Caruth (608) 261-8984	Michael Oakleaf (608) 261-5173
Date	
2/20/2018	

Fiscal Estimate Narratives

DOR 2/20/2018

LRB Number	17-2700/2	Introduction Number	AB-0951	Estimate Type	Original
Description claiming the historic rehabilitation tax credit for replacing windows to remediate a lead hazard					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, an individual may claim a nonrefundable credit equal to 25% of the costs of preserving or rehabilitating the individual's historic property located in this state if the property is the individual's personal residence.

Qualifying costs include the interior of a window sash if work is done to the exterior of the window sash. Effective January 1, 2018, this bill stipulates that the rehabilitation work done on the interior and exterior of the window sash includes removing and replacing the window to remediate a lead hazard.

It is unclear how many historical residence rehabilitation projects occur and include window replacement for lead hazard remediation or if that number would significantly change as a result of the bill. As such, the fiscal effect of the bill is unknown.

However, for informational purposes, 265 individuals filed tax year 2016 claims for the current law credit in 2017. According to cost information provided by HomeAdvisor, Inc., the average cost of window replacement is about \$500 per window, though that can vary significantly depending on the type, size, location, age, and structural integrity of the existing windows. If the number of claimants remains comparable and the average claimant replaces five windows at an additional qualifying cost of \$2,500, the bill would reduce revenue by approximately \$166,000 annually ($\$2,500 \times 25\% \times 265$). To the extent that fewer/more lead-related window replacements occur or that the replacements cost less/more on average, the fiscal effect would be smaller/larger.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

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Description claiming the historic rehabilitation tax credit for replacing windows to remediate a lead hazard		
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, ets.)		
	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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		2/20/2018