

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 17-4982/1	Introduction Number SB-668
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Description
 the limit on tax credits that may be certified under the historic rehabilitation tax credit

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase 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"/> Indeterminate	<input checked="" type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<input checked="" type="checkbox"/> No Local Government Costs		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
<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	

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	Authorized Signature	Date
DOR/ Bradley Caruth (608) 261-8984	Jamie Adams (608) 266-6785	1/9/2018

Fiscal Estimate Narratives

DOR 1/9/2018

LRB Number	17-4982/1	Introduction Number	SB-668	Estimate Type	Original
Description the limit on tax credits that may be certified under the historic rehabilitation tax credit					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, Wisconsin offers a nonrefundable state income and franchise tax credit to supplement the federal historic rehabilitation credit. Both the state and federal historic rehabilitation credits are equal to 20% of qualified expenditures to substantially rehabilitate certified historic buildings for use in a trade or business. The state credit must be claimed at the same time as the federal credit is claimed for federal purposes. The projects generating the state credit must also be certified by the Wisconsin Economic Development Corporation (WEDC). Beginning with projects certified on or after July 1, 2018, WEDC may certify no more than \$500,000 of state credit for all rehabilitation projects undertaken on the same parcel.

This bill raises the limit on the amount of tax credits that may be certified by WEDC from \$500,000 to \$3,500,000.

Based on an analysis of rehabilitation projects contracted and/or certified by WEDC as well as the expected project completion timelines for rehabilitation projects in planning/construction phases, the department expects the increased credit cap to reduce revenue by \$3.5 million in fiscal year 2019, \$8.3 million in fiscal year 2020, and increasing amounts annually thereafter.

Because the fiscal effect of the historic credit is sensitive to a relatively small number of large rehabilitation projects, the amount of claims in any given year is relatively volatile. Claimants are also sensitive to the amount of credit they expect to receive and may adjust rehabilitation project timelines or scopes depending on statutory caps.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

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Description the limit on tax credits that may be certified under the historic rehabilitation 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, 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	
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		Date	
		1/9/2018	