

### Fiscal Estimate - 2019 Session

Original     
  Updated     
  Corrected     
  Supplemental

|  |   |                         |
|--|---|-------------------------|
| <b>LRB Number</b> <b>19-0892/1</b>   | <b>Introduction Number</b> <b>AB-0409</b>                     |                         |
| <b>Description</b><br>creating a nonrefundable individual and corporate income and franchise tax credit for costs paid to eliminate exposure to a lead hazard in a dwelling  |   |                         |
| <b>Fiscal Effect</b><br><br><b>State:</b><br><input type="checkbox"/> No State Fiscal Effect<br><input type="checkbox"/> Indeterminate<br><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<br><input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No<br><input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs  |   |                         |
| <b>Local:</b><br><input checked="" type="checkbox"/> No Local Government Costs<br><input type="checkbox"/> Indeterminate<br>1. <input type="checkbox"/> Increase Costs      3. <input type="checkbox"/> Increase Revenue<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory<br>2. <input type="checkbox"/> Decrease Costs      4. <input type="checkbox"/> Decrease Revenue<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory<br>5. Types of Local Government Units Affected<br><input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities<br><input type="checkbox"/> Counties <input type="checkbox"/> Others<br><input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |   |                         |
| <b>Fund Sources Affected</b> <b>Affected Ch. 20 Appropriations</b><br><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  |   |                         |
| <b>Agency/Prepared By</b><br>DOR/ Bradley Caruth (608) 261-8984  | <b>Authorized Signature</b><br>Michael Oakleaf (608) 261-5173 | <b>Date</b><br>9/6/2019 |

## Fiscal Estimate Narratives

DOR 9/6/2019

|   |           |                     |         |               |          |
|---|-----------|---------------------|---------|---------------|----------|
| LRB Number  | 19-0892/1 | Introduction Number | AB-0409 | Estimate Type | Original |
| <b>Description</b><br>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 2020 lists an annualized fiscal effect of \$2.8 million.

Based on 2017 data from the Centers for Disease Control and Prevention, Wisconsin had a population under 6 years of age that was approximately 6.2% smaller than that population in Massachusetts, but there were about 8.7% 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 8.7% to account for the difference in the number of positive blood tests suggests a Wisconsin credit could reduce revenue by about \$3.0 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 \$3.0 million figure would likely understate the fiscal effect of the credit.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

Original     
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|   |   |  |                 |
|---|---|--|-----------------|
| <b>LRB Number</b> 19-0892/1   |   | <b>Introduction Number</b> AB-0409             |                 |
| <b>Description</b><br>creating a nonrefundable individual and corporate income and franchise tax credit for costs paid to eliminate exposure to a lead hazard in a dwelling |   |  |                 |
| <b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>   |   |  |                 |
| <b>II. Annualized Costs:</b>  |   | <b>Annualized Fiscal Impact on funds from:</b> |                 |
|   |   | Increased Costs                                | Decreased Costs |
| <b>A. State Costs by Category</b>   |   |  |                 |
|   | State Operations - Salaries and Fringes | \$   | \$              |
|   | (FTE Position Changes)                  |  |                 |
|   | State Operations - Other Costs          |  |                 |
|   | Local Assistance                        |  |                 |
|   | Aids to Individuals or Organizations    |  |                 |
|   | <b>TOTAL State Costs by Category</b>    | <b>\$</b>                                      | <b>\$</b>       |
| <b>B. State Costs by Source of Funds</b>  |   |  |                 |
|   | GPR                                     |  |                 |
|   | FED                                     |  |                 |
|   | PRO/PRS                                 |  |                 |
|   | SEG/SEG-S                               |  |                 |
| <b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)</b>                  |   |  |                 |
|   |   | Increased Rev                                  | Decreased Rev   |
|   | GPR Taxes                               | \$   | \$              |
|   | GPR Earned                              |  |                 |
|   | FED                                     |  |                 |
|   | PRO/PRS                                 |  |                 |
|   | SEG/SEG-S                               |  |                 |
|   | <b>TOTAL State Revenues</b>             | <b>\$</b>                                      | <b>\$</b>       |
| <b>NET ANNUALIZED FISCAL IMPACT</b>   |   |  |                 |
|   |   | <u>State</u>                                   | <u>Local</u>    |
|   | NET CHANGE IN COSTS                     | \$   | \$              |
|   | NET CHANGE IN REVENUE                   | \$See Text                                     | \$              |
| <b>Agency/Prepared By</b>   |   | <b>Authorized Signature</b>                    | <b>Date</b>     |
| DOR/ Bradley Caruth (608) 261-8984  |   | Michael Oakleaf (608) 261-5173                 | 9/6/2019        |