

### Fiscal Estimate - 2019 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>19-3547/1</b>	<b>Introduction Number</b> <b>AB-0544</b>
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**Description**  
 workforce housing tax credits and economic development revolving loan funds

**Fiscal Effect**

**State:**

No State Fiscal Effect  
 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 type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
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**Local:**

No Local Government Costs  
 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	<b>5. Types of Local Government Units Affected</b> <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
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<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input 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> DOA/ Robert Albrecht (608) 264-6343	<b>Authorized Signature</b> Colleen Holtan (608) 266-1359	<b>Date</b> 10/24/2019
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## Fiscal Estimate Narratives

DOA 10/24/2019

LRB Number	<b>19-3547/1</b>	Introduction Number	<b>AB-0544</b>	Estimate Type	<b>Original</b>
<b>Description</b> workforce housing tax credits and economic development revolving loan funds					

### Assumptions Used in Arriving at Fiscal Estimate

2019 AB 544 would create a competitive workforce housing tax credit program to be administered by the Wisconsin Housing and Economic Development Authority (WHEDA) in coordination with the Wisconsin Economic Development Corporation. This tax credit may be awarded if the following conditions are met: the development of an eligible workforce housing project is eligible, based upon certain stipulated criteria; the lender is the developer, is financing an eligible workforce housing project, or is the business which the project is carried out for; and the person has otherwise exhausted all Community Development Block Grants (CDBG), local assistance including tax incremental financing, and other WHEDA assistance. These credits will be subject to contracting and tax credit revocations requirements. These credits may also be sold or transferred between persons subject to the relevant taxes.

WHEDA may award no more than \$10,000,000 and may not award any credits after December 31 of 2021. To offset the credit, WHEDA must transfer \$10,000,000 from its surplus fund to the state's general fund.

The bill separately requires the Department of Administration (DOA) to submit an annual report no later than March 15 to the Joint Committee on Finance (JFC) concerning moneys held by DOA related to economic development revolving loan funds (RLF) funded by CDBG. The report is required to include: 1) the balance of accounts associated with each RLF; 2) the accounts receivable for each account; 3) a detailed description of expenditures from the account; and 4) a detailed description of anticipated revolving loan fund expenditures made by DOA before March 15 of the year following the report. JFC may object to any of these future expenditures identified in item 4) and reallocate them in a manner consistent with federal requirements.

DOA does not anticipate a direct fiscal impact resulting from the WHEDA workforce housing tax credit program, and therefore makes no estimate associated with those provisions of the bill.

DOA anticipates additional staff time would be needed to perform the annual preparation of the required report for the administration of the economic development revolving loan account funded by the Community Development Block Grant. DOA's Division of Energy, Housing, and Community Resources (DEHCR) and Division of Enterprise Operations (DEO) would be responsible for identifying the balance and accounts receivable for each account, for providing expenditure details for each account, and for detailing all associated expenditures made prior to the March 15th report. DOA expenditures from the account are made to local governments on a reimbursement basis and, therefore, the estimated expenditures to be made from the account prior to March 15 of the year following the report may not be reasonably estimated.

If JFC objects to any of the intended expenditures from the revolving loan fund account, additional DOA staff time would be needed to determine the availability of alternative eligible federal sources to which those expenditures could be reallocated. Since those monies may have already been expended by the local governments potentially without an alternate local resource available to support the project-related costs, DOA staff time would be required to coordinate with the U.S. Department of Housing Urban Development (HUD) and the local governments.

Furthermore, DOA has entered into subaward agreements with these local governments, and therefore if the expenditures were objected to, DOA would also be required to terminate or amend the subawards by legal means, since the recipient would not have otherwise violated the terms of the agreement. The amount of staff time required in relation to JFC objections is indeterminate.

DOA anticipates that it will be able to absorb the workload with current staffing levels and therefore does not

anticipate a direct fiscal impact resulting from this bill. A fiscal impact resulting from any legal considerations as a result of a JFC objection, is indeterminate at this time.

### **Long-Range Fiscal Implications**