



COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

Office of the Comptroller
Scott B. Manske, Comptroller

DATE : September 27, 2022
TO : David Crowley, Milwaukee County Executive
Marcelia Nicholson, Chairwoman, Milwaukee County Board of Supervisors
FROM : Scott B. Manske, Comptroller
SUBJECT : Preliminary Tax Levy Limit Estimate for the 2023 Budget

Policy Issue:

The tax levy limit for Milwaukee County is controlled by State Statute 66.0602. The Office of the Comptroller has followed that policy in determining the preliminary limit for 2023.

In general, the allowable increase in levy is limited to the growth in net new construction/terminated (or subtracted) tax incremental financing districts (\$2,785,292 for 2023) and the estimated growth in the debt service (\$351,643 for 2023). The additional allowable levy for 2023 resulting from these two factors is \$3,136,934.

There are four other factors, which also will have an impact of increasing or decreasing the allowable property tax levy. The four factors, along with their impact on the allowable County property tax levy, are as follows: change in the levy for emergency management services (allowable increase of \$423,214), change in the levy for Southeastern Wisconsin Regional Planning Commission (decrease of \$7,700), adjustments in personal property aid (no change to allowable amount), and tax levy carryover provisions from prior years (no allowable amount available).

Therefore, the preliminary levy amount available is \$3,552,449 for 2023. *Changes made throughout the budget process and the estimated 2022 bond issuances will cause this number to change.*

2023 Budget - Allowable Levy Increase

Levy Limit Provision	Additional Allowable Levy
A) Net New Construction and Terminated/Subtracted TIDs	\$2,785,291
B) Change in Debt Service*	\$351,643*
C) Change in EMS Levy Available to be Levied Separately*	\$423,214*
D) Personal Property Aid Adjustment	\$0
E) SEWRPC Levy Change	-\$7,700
F) Carryover Provision (Requires 2/3 vote of County Board and lower general obligation debt than prior year) (No amount available)	\$0
Maximum Additional Allowable Levy	\$3,552,449

* These amounts are preliminary and are subject to further revision throughout the budget process.

A) Growth Due to the County’s Valuation Factor (Wis. Stat. 66.0602 (2))

Current State Statute allows for the County to increase its levy to reflect increases in its valuation. The valuation changes are a function of the net new construction percentage change and the closeout (termination of) Tax Incremental Financing Districts (“TIDs”) within the County. The net new construction percentage for the 2023 Budget is 1.138% and the Terminated/Subtracted TID percentage is 0.139%. For the 2023 Budget, the County may increase its levy by \$2,785,291 because of these factors. For comparison purposes, last year’s net new construction percentage was 1.008% and the terminated TID percentage was 0.361%, which made \$2,945,630 available under this provision.

B) Debt Service (Wis. Stat. 66.0602 (3) (d) (2))

The County has the option to increase its tax levy anytime the debt service increases. The County; however, must decrease its tax levy anytime debt service decreases. Debt service represents the principal and the interest payments on the County’s general obligation debt, which is supported by tax levy, which is the majority of debt of the County. For 2023, the debt service is estimated to increase by \$351,643. Based on current amounts included in the 2023 Requested Budget, the County may increase its tax levy by a maximum amount of \$351,643 under this provision.

The 2023 debt service amounts will change based on the sizing/structure of the 2022 bond issuances. The bond issuances will occur in late September and October.

C) Items Excluded from the Levy Limit Provision (Wis. Stat. 66.0602 (3) (e))

Under State Statute, Emergency Management Services (EMS) can be separately levied for by the County, up to EMS's tax levy requirements. The County utilized this exclusion in the 2022 Adopted Budget to increase the County's levy by \$4,718,905: the tax levy for EMS in 2022. Any increase in the EMS 2023 budgeted tax levy would become available to be levied separately, while any decrease would lower the County levy for EMS, and the County levy overall. For 2023, based on the current amount included in the Requested Budget, the tax levy contribution to EMS will increase by \$423,214 to \$5,142,119, thus increasing the tax levy exclusion provided by this provision by \$423,214.

D) Personal Property Aid Levy Adjustment (Wis. Stat. 66.0602 (2) (b))

The 2017-2019 state budget (2017 Wisconsin Act 59) expanded the types of personal property that are exempt from taxation. The expansion includes machinery, tools and patterns not used in manufacturing ("newly exempt personal property")¹. The 2017-2019 state budget also included aid (beginning in 2019) to taxing jurisdictions equal to the property taxes that would have been levied on the newly exempt personal property. In addition to providing aid to jurisdictions, the 2017-2019 state budget also adjusted the levy limit down by the same amount as the aid payment. Therefore, in lieu of County property tax levy for personal property, the County receives a payment from the State budget.

For 2023, it is anticipated that the County will receive a State personal property aid payment of \$1,499,034, in lieu of County property tax levy. This amount is unchanged from the prior year. Since the personal property aid amount is unchanged; there is no impact to the County's allowable levy.

E) Southeastern Wisconsin Regional Planning Commission (SEWRPC) levy change

The year over year change in tax levy for the Southeastern Wisconsin Regional Planning Commission (SEWRPC) is also used to calculate the allowable levy. The 2022 to 2023 change for SEWRPC is an increase of \$7,700 which decreases the allowable levy for other uses by \$7,700. The County must fund any increases to the SEWRPC tax levy, through a reduction of the County property tax levy.

¹ Wisconsin Statute 70.111 (27) (b)

F) Carryforward Provision (Wis. Stat. 66.0602 (3) (fm))

There is no additional allowable levy available under this provision for the 2023 Budget.

The County may carry forward the difference between its valuation factor in the previous year and the actual percentage increase in levy attributable to the valuation factor. Under this provision, the maximum amount of carry forward that can be claimed as an adjustment in any given year is equal to 5% of the prior year's actual levy. Claiming the carry forward requires approval by a 2/3 majority vote of the governing body, and the amount of general obligation debt outstanding in the year the carry forward is claimed must be less than the amount of general debt outstanding in the prior year. The amount of the potentially available carry forward adjustment is determined by totaling the amount of any *unclaimed* carry forward percentages from each of the preceding five years' levy limit worksheets.

The 2020 Budget utilized this provision to increase the levy limit by \$2,946,235. The \$2,946,235 represented the entire amount of allowable levy available under the carryforward provision.



Scott B. Manske
Comptroller

pc: Supervisor Liz Sumner, Chairwoman, Committee on Finance
Mary Jo Meyers, Chief of Staff, County Executive's Office
Kelly Bablitch, Chief of Staff, County Board
Aaron Hertzberg, Director, Department of Administrative Services
Joe Lamers, Director, DAS-PSB
Dan Laurila, DAS-PSB
Vince Masterson, DAS-PSB
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Stephen Cady, Comptroller's Office
Pamela Bryant, Comptroller's Office
Justin Rodriguez, Comptroller's Office