

**COUNTY OF MILWAUKEE  
INTER-OFFICE COMMUNICATION**

**DATE:** April 28, 2026

**TO:** Supervisor Marcelia Nicholson-Bovell, Chairwoman, County Board of Supervisors

**FROM:** Pamela Bryant, Director of Capital Finance, Office of the Comptroller

**SUBJECT:** Capital Finance Division: Budget, Debt & Project Oversight

**PURPOSE**

The Capital Finance Division serves as Milwaukee County's central resource for managing the County's debt program and supporting departments throughout the life cycle of capital projects. The team oversees annual bond issuance, reviews capital project requests for bond eligibility, ensures compliance with federal tax-exempt bond requirements, and monitors unspent bond proceeds to promote timely, eligible spending. This work requires close collaboration with County departments, financial advisors, bond counsel, and leadership to ensure that borrowing is aligned with project schedules and the County's long-term financial plans.

As part of its role in the Investing in Justice Courthouse Complex (IJCC) workgroup, the Capital Finance Division prepared a fiscal analysis of the project's estimated debt service costs and potential impacts on the County's property tax levy. Because the project is expected to require one of the largest bond issuances in County history, its debt service obligations will materially affect annual levy needs and the County's overall outstanding debt.

**Impact on County Property Tax Levy**

Milwaukee County issues two types of debt. General Obligation bonds/notes and airport revenue bonds. General Obligation ("GO") bonds and notes are backed by the County's full faith and credit, and unlimited taxing powers are pledged. Airport Revenue Bonds are secured solely by revenues generated at Milwaukee Mitchell International Airport.

The State of Wisconsin imposes strict levy limits that restrict the County's ability to increase property taxes for operational purposes. With limited exceptions, the property tax levy for operations may only increase based on the County's annual growth in new construction. Historically, Milwaukee County's net new construction has ranged from 0.5% to 2.0%, allowing for approximately \$1–\$3 million in additional operational levy each year.

These levy limits do not apply to property taxes levied for debt service.<sup>1</sup> This means the County may increase its levy as needed to cover higher debt service costs and must reduce its levy when GO debt service decreases. Although the County is subject to a cap on its operating levy but not on its debt service levy, and both levies are funded through property taxes, their combined impact ultimately

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<sup>1</sup> Wisconsin Statute [66.0602\(3\)\(d\)2](#).

falls on taxpayers.

Each November, the County adopts the budget for the following year, which includes capital projects scheduled to be financed with GO bonds or notes. Depending on the pace of project spending, some projects may be financed in the same year they are budgeted, while others may not be financed until subsequent years. Typically, the County issues its GO debt in the fourth quarter, with debt service payments beginning the following year.

The following example illustrates the timing for two projects included in the 2026 Capital Improvements Budget:

**Table 1**

Project	Capital Improvement Budget Year	Year Bonds Issued for Project	First Debt Service Payment/Levy
Fast Spending Project #1	2026	2026	2027
Slow Spending Project #2	2026	2028	2029

Although the State does not restrict the County’s ability to increase property taxes for debt service, it does limit the total amount of GO debt that the County may issue. Under the Wisconsin Constitution and Wisconsin Statutes, the County’s outstanding GO debt may not exceed 5% of its equalized value. As of December 31, 2025, the County had \$422.3 million in outstanding GO debt and an equalized value of \$105.9 billion, resulting in a statutory debt limit of \$5.3 billion. While the County is well below this legal limit, issuing substantially more debt could lead to higher borrowing costs.

The remaining project amount in the adopted budget is \$436 million. Assuming the County financed \$436 million for the project, it is estimated that the first year's debt service payment would be approximately \$44.4 million. Based on the County's current equalized value of approximately \$105.9 billion, and a median home value of \$250,000, a homeowner would see an average levy increase of about \$88 compared to the previous forecasted debt service for the 20-year term of the bond issue.

Each additional \$100 million that needs to be issued for the project would result in an estimated average levy increase of about \$20 for the 20-year term of the bond issue compared to the previous forecasted debt service for a homeowner of a \$250,000 home.

Although it is important to understand how a project of this scale affects taxpayers and to ensure that general obligation debt remains within the State limit, the calculated impact can appear modest because it is measured against a base of over one hundred billion dollars. A clearer understanding of the County’s actual project costs is shown through the annual increase in debt service and the growth of outstanding debt.

**Estimated Debt Service Scenarios for the IJCC Project**

The Capital Finance Division prepared estimated debt service schedules for two IJCC project bonding scenarios: \$101 million (Scenario 1) and \$436 million (Scenario 2), reflecting remaining project costs. All scenarios assume a 20-year debt service term, the County’s maximum. The table

below summarizes the estimated debt service costs for each scenario.

**Table 2:**

Scenarios	Principal	Interest	Total DS
1	\$100,800,000	\$72,245,600	\$173,045,600
2	\$436,075,000	\$312,531,518	\$747,843,518

2.The principal amount includes cost of issuance of \$800,000 for both scenarios.

Scenario 1 provides a high-level estimate indicating that for every \$101 million in project costs, interest expenses increase by roughly \$72 million. This serves as a simple benchmark: every additional \$100 million in project costs or bonding would increase interest costs by about \$72 million.

Scenario 2 reflects the estimated interest costs for the remaining IJCC project amount of \$436 million. Based on the adopted budget, the IJCC total project amount is \$490 million. The County has budgeted \$54.5 million, cash financed. The remaining balance is \$435.5 million. The \$435.5 million amount including the cost of issuance for bonding is \$436 million. The total par amount of the bonds, including issuance costs, results in an estimated debt service of \$748 million, of which \$313 million represents interest.

These scenarios are intended solely to provide preliminary cost context for discussion until the final project cost estimate is available.

**Outstanding General Obligation Debt**

The County’s outstanding debt amount as of December 31, 2025, is \$422.3 million. The projected outstanding debt is expected to increase to \$484.5 million by the end of 2026. The debt had been declining every year since 2010. The streak of declining outstanding debt ended in 2024 when \$45 million was issued for the new building for the Museum followed by the first issuance for the Forensic Science building (\$27.5 million). The projected increase in outstanding debt for 2026 is the final amount for the Forensic Science building (\$50.4 million). Table 3 below shows the 5 years of outstanding debt, starting with 2023, the last year the debt decreased.

**Table 3**

<b>Milwaukee County Outstanding Debt (2023-2027)</b>	
<b>Year</b>	<b>Amount</b>
2023	\$387,774,377
2024	\$404,820,000
2025	\$422,290,000
2026	\$484,535,000
2027	\$890,460,000

If the remaining IJCC project balance (\$436.1 million) is included in the 2027 Capital Budget, the estimated outstanding debt will increase to \$890.5 million. It should be noted that the 2027 amount assumes that there are no adjustments to the bonding cap of \$58.4 million.

The annual bond limit is defined by the Debt Management Policy updated in County Board file number 03-263. The bonding cap reflects a 3 percent increase over the prior budgeted bonding amount. The 2027 bonding amount is a 3 percent increase over the 2026 adopted bonding amount of \$57.8 million.

The estimated annual debt service amount in 2028, which includes the first payment of debt issued in 2027, is \$47.1 million, \$44.4 million is for the 2028 debt payment for the IJCC project.

### **Debt Management Strategy**

In 2009, Milwaukee County issued approximately \$400 million in pension obligation bonds while simultaneously taking advantage of the federal Build America Bonds (BABs) program to secure lower interest rates on bonds issued for its Capital Improvements Program. Because the BABs program was only available for issuances in 2009 and 2010, the County consolidated its planned bonding for the 2009–2011 capital programs into those two years. As a result, the County did not issue general obligation debt in 2011 or 2012. This accelerated financing strategy allowed the County's outstanding debt to resume its downward trend beginning in 2011—several years earlier than would have occurred had it continued issuing bonds annually.

Similar actions can be taken if the County decides to move forward by issuing bonds for the IJCC project. The County could have a 2-year moratorium on issuing bonds for 2027 and 2028. The outstanding debt is scheduled to decline in 2029.

### **Committee Action**

This is an informational report only. This report should be referred to and reviewed by the appropriate County Board Standing Committee(s).

*Pamela Bryant*

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