

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: July 12, 2023

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: A resolution/ordinance to amend Chapter 22 - Sales and Use Taxes of the Milwaukee County Code of General Ordinances to enact an additional 0.4% County sales and use tax effective January 1, 2024 to reduce the structural deficit and avert the fiscal cliff, and enroll new hires in the Wisconsin Retirement System after December 31, 2024, and close the Employees' Retirement System of the County of Milwaukee ("ERS") to new hires pursuant to 2023 Wisconsin Act 12.

FISCAL EFFECT:

- | | |
|---|--|
| <input type="checkbox"/> No Direct County Fiscal Impact | <input type="checkbox"/> Increase Capital Expenditures |
| <input type="checkbox"/> Existing Staff Time Required | <input type="checkbox"/> Decrease Capital Expenditures |
| <input checked="" type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues |
| <input type="checkbox"/> Absorbed Within Agency's Budget | <input type="checkbox"/> Decrease Capital Revenues |
| <input type="checkbox"/> Not Absorbed Within Agency's Budget | |
| <input type="checkbox"/> Decrease Operating Expenditures | <input type="checkbox"/> Use of contingent funds |
| <input checked="" type="checkbox"/> Increase Operating Revenues | |
| <input type="checkbox"/> Decrease Operating Revenues | |

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	\$0	\$27,500,000
	Revenue	0	\$71,583,900
	Net Cost	\$0	(\$44,083,900)
Capital Improvement Budget	Expenditure	0	0
	Revenue	0	0
	Net Cost	0	0

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated. ¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

A. *Authorization is requested to enact a 0.4% County sales and use tax effective January 1, 2024 and to enroll new hires in the Wisconsin Retirement System after December 31, 2024 and to close the Employees' Retirement System of the County of Milwaukee ("ERS") to new hires pursuant to 2023 Wisconsin Act 12.*

B. *The approval of both 0.4% County sales and use tax and transition to the WRS for all new employees hired after December 31, 2024 result in various changes that have a direct fiscal impact. These changes are shown in the chart below. The fiscal impact was derived from the fiscal analysis report "2023 Wisconsin Act 12 – Fiscal Impact Estimates" provided in File 23-712 (see Attachment #3), a copy of which is attached to this file.*

	Expenditure Increase/(Decrease)	Revenue Increase/(Decrease)	Tax Levy Increase/(Decrease)
Sales Tax Revenue		\$ 82,168,000	\$ (82,168,000)
Unfunded Pension Liability Increase	\$ 25,200,000		\$ 25,200,000
Unfunded Pension Liability (Revenue Offset)		\$ (7,834,100)	\$ 7,834,100
Normal Cost Increase	\$ 2,300,000	\$ 1,150,000	\$ 1,150,000
Employee Contribution Change		\$ (3,900,000)	\$ 3,900,000
Totals	\$ 27,500,000	\$ 71,583,900	\$ (44,083,900)

¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

² Community Business Development Partners' review is required on all professional service and public work construction contracts.

- C. *The approval of both 0.4% County sales and use tax and transition to the WRS for all new employees hired after December 31, 2024 result in various changes that have a budgetary impact. Those budgetary impacts are the same as the direct fiscal impact shown in the table above. If approved, the net impact to the 2024 budget is a net tax levy savings of \$44.1 million which is then made available for funding other purposes.*
- D. *Various assumptions were made in calculating the direct fiscal impact and budgetary impact. A detailed explanation of these assumptions can be found in the fiscal analysis report "2023 Wisconsin Act 12 – Fiscal Impact Estimates" provided in File 23-712 (see Attachment #3), a copy of which is attached to this file.*

Department/Prepared By **Cynthia J. Pahl, Office of the Comptroller**

Authorized Signature



Did DAS-Fiscal Staff Review? Yes No

Did CDBP Review?² Yes No Not Required