

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICAITON

DATE : October 31, 2012

TO : Sup. Marina Dimitrijevic, Chairwoman, Milwaukee County Board of Supervisors
Supervisor William Johnson, Co-Chairman, Finance, Audit and Personnel Committee
Supervisor David Cullen, Co-Chairman, Finance, Audit and Personnel Committee

FROM : Scott B. Manske, Comptroller 

SUBJECT : Using Estimated Tax Levy Limits for 2013 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 2013.

The County Board Finance, Audit and Personnel Committee have identified a tax levy increase of \$3,361,157, based upon amendments to the County Executive 2013 Budget, as of October 26, 2012. The tax levy increase is subject to the various limit options under State Statute 66.0602, and these limit options require consideration by the County Board. The County Board has several options available to it and some of those options require specific action to implement

Tax Levy Limit Options for 2013:

Based upon a review of the State Statute levy limit rules, this office has performed a calculation of the maximum increase that can be made in tax levy for the 2013 budget year. The total allowable increase is \$8,985,936.

1. An increase can be made in the levy of \$1,380,969, but would require a separate 3/4 vote of the County Board.
2. In addition, the County may increase the tax levy by \$988,933, based on a simple majority vote of the County Board.
3. Based on research of the levy limit rules, the County may institute an additional levy increase for all or a part of the tax levy by excluding from the levy limit appropriations associated with the County-wide Emergency Management Services (EMS) program and for certain payments to libraries. The 2013 budget for these two items, and therefore the potential levy increase allowed, is \$6,616,034. Since the County has not used this option in prior years, the full amount for EMS and libraries is available as a tax levy increase. This available levy is a one-time levy dollar amount, and once used is not available to increase the levy limit in future years. This exclusion from the tax levy limits can be adopted by a majority vote.

County Action

The County must consider its options for the funding of the proposed tax increase of \$3,361,157 for 2013. The County should first decide if it wishes to exercise the option of using prior year's unused levy limit, which will require the full County Board to approve the use of this option by a separate 3/4 vote of all members. If this option is not chosen, than the County would be choosing, by default, to take all of the levy increase from Item 2, and the remainder from Item 3.

Option	Description	Net New Construction (0.670%), Terminated TID (0.088%)	Board Vote
1	Prior Year Unused allowable levy allowance (3/4 Vote Required)	\$ 1,380,969	3/4 Vote Required
2	Tax Levy New Construction Growth and Debt Increase before prior year unused allowable levy allowance (Simple Majority Vote)	\$ 988,933	Simple Majority
3	Library and Emergency Management Services (Excludable Items)	\$ 6,616,034	Simple Majority
4	Maximum Levy Increase Allowable	\$ 8,985,936	See above

Option 1 - Wis Stat 66.0602 (3) (f) 3. a. With a 3/4 majority of all members of the Board, the County may adjust its levy limit by the lesser of 1) last year's unused allowable levy or 2) 0.5 percent of the actual levy in the prior year. For the County, in each of the scenarios, the lesser amount is 0.5% of LY's actual levy. The prior year unused levy was \$5,214,409, and 0.5% of the actual levy for the prior year was \$1,380,979. This option may only be exercised one time; if the Board chooses to use this option this year, there will not be a similar option next year.

Option 2 – Wis Stat 66.0602 – A simple majority is needed to increase the levy over the prior year, based upon the increases in debt service, the increase in County-wide net new construction (0.67%) and tax revenue from terminated Tax-Incremental Financing Districts (0.088%) (Terminated TID's), net of any unused levy from the prior year, as shown in item 1.

Option 3 - Wis Stat 66.0602 (3) (e) 4 and 6. The amount a County levies for payments to public libraries (MCFLS) and the amount that a county levies for a county-wide emergency medical system (EMS) may be excluded from the levy limit ("Excludible Items"). The County could designate that it wants to fund a portion of the tax levy increase by removing Excludible Items from its tax levy limit calculation. By being excluded from the tax levy limit calculation, the County would have additional tax levy room for operating purposes in a single year. In the past, these items have been included as part of all other County taxes. Any changes to the amounts that the County levies for EMS and MCFLS will reduce the amounts that can be potentially excluded from the levy limit caps in future years. The proposed levy for these Excludable Items in 2013 is \$6,616,034.

Default option - If the Board adopts the total tax levy by a majority vote as it has in the past, without taking any further specific action under options 1 or 3, the Comptroller will use all available tax levy increase under Option 2 and will allocate any additional tax levy increase that is greater than the amount available under Option 2 to the excludable items under Option 3.