



COUNTY OF MILWAUKEE  
INTEROFFICE COMMUNICATION

Office of the Comptroller  
**Scott B. Manske, Comptroller**

DATE : September 8, 2016  
TO : County Executive, Chris Abele  
Chairman, Theodore Lipscomb, Sr.  
FROM : Scott B. Manske, Comptroller  
SUBJECT : Preliminary Tax Levy Limit Estimate for the 2017 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 2017.

In general, the allowable increase in levy is limited to the growth in net new construction/terminated tax incremental financing districts \$2,934,368 and the growth in the debt service amount \$1,569,073. The County may also levy an additional \$45,591 that is directly related to the County's share of refunded taxes. The additional allowable levy resulting from these factors is \$4,549,032.

The year over year change in tax levy for the Southeastern Wisconsin Regional Planning Commission (SEWERPC) is also used to calculate the allowable levy. The 2016 to 2017 change for SEWERPC is a decrease of \$10,995 which increases the allowable levy by \$10,995 to \$4,560,027.

However, there are some items that are excluded from the limits, which provide an additional \$1,918,736 of allowable levy. The County may also utilize of \$637,100 of unused allowable levy as part of the carryforward provision included in State Statute 66.0602 (3) (fm).

Therefore, the preliminary levy amount available including utilization of the balance of the excludable levy items and the maximum used under the carryforward provision is \$7,115,863. *These figures are preliminary estimates based on information from the County's Requested Budget. Changes made throughout the budget process and the final sale of the 2016 bond issuances will cause this number to change.*

**2017 Allowable Levy Increase**

<b>Levy Limit Provision</b>	<b>Additional Allowable Levy</b>
A) Net New Construction (1.398%) and Terminated TIDs (0.043%)	\$2,934,368
B) Change in Debt Authorized After July 1, 2005 *	\$1,569,073
C) Carryover Provision (Requires 2/3 Majority Vote and lower general obligation debt in current year than previous year)	\$637,100
D) Increase for County's share of refunded taxes certified under sec. 74.41 (5)	\$45,591
Sub Total	\$5,186,132
SEWRPC 2016 vs. 2017 Levy Change	\$10,995
<b>Maximum Allowable Levy (Less Excluded Items)</b>	<b>\$5,197,127</b>
<b>Items Excluded from Levy Limit Provision</b>	
E) Additional Excludable Levy for EMS and MCFLS*	\$1,918,736
<b>Levy Amount Available Including Utilization of the Balance of Excludable Levy Items</b>	<b>\$7,115,863</b>

\* 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 within the County. For the 2017 Budget, the County may increase its levy by \$2,934,368 as a result of these factors.

**B) Post-July 1, 2005 Debt Service (Wis. Stat. 66.0602 (3) (d) (2))**

The County has the option to increase its tax levy anytime the post 7/1/2005 debt service increases. The County; however, must decrease its tax levy anytime the post 7/1/2005 debt service decreases. For 2017, the post 7/1/2005 debt service is expected to increase by \$1,569,073. As a result, the County may increase its tax levy by a maximum amount of \$1,569,073 under this provision. This amount is anticipated to change when the actual sale of the County's 2016 bond issuances occurs in October.

**C) Carryforward Provision Added in the 2015-2017 State Budget-**  
**(Wis. Stat. 66.0602 (3) (fm))**

The County has the ability to carry forward unused levy limit capacity for a period of up to five years under certain conditions. Under prior law, unused levy limit capacity could only be carried forward to the following year and was permanently lost if unused. Under this new 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. However, since the law specifies that the first worksheet that can be considered is the one for the 2014 levy, this is a two-year look back and will not truly provide for the potential of a five year carry forward until the 2019 levy year. For the 2017 Budget, the amount of levy available under this provision is \$637,100.

**D) Increase in Allowable Levy for the County's Share of Refunded Taxes**  
**((Wis. Stat. 66.0602 (3) (e) 9.)**

The 2017 Requested Budget includes \$45,591 to pay the second of four annual installments to the City of South Milwaukee as a result of a settlement between the City of South Milwaukee (City) and Caterpillar Global Mining LLC (CGM). The total amount of the refund to CGM is \$1,265,135. Of the \$1,265,135, \$205,451 is estimated to be the responsibility of the County. The City received permission from CGM to extend the refund payment terms over four years. The County's payments to the City will occur between 2015-2018 (see table below). The amount for 2017 is \$45,591. The amount of this payment is considered by the State to be an allowable adjustment to the Maximum Allowable Levy for the County and is therefore noted as Additional Allowable Levy in the table on page 2.

**Estimated Payments Due to South Milwaukee from Milwaukee County**

Year	Amount
2015	\$45,001
2016	\$87,960
<b>2017</b>	<b>\$45,591</b>
2018	\$26,899
<b>TOTAL</b>	<b>\$205,451</b>

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

The County's levy for the countywide Emergency Medical Services (EMS) and the contribution to the Milwaukee County Federated Library System (MCFLS) are not subject to the levy limit. The County has the ability to levy for these items separately. The total County levy for these two items in the 2017 Requested Budget is \$3,547,846. In 2015 (2016 Budget), the County used \$1,629,110 of the EMS exclusion by levying separately for this item. Assuming the 2017 Adopted levy amount for these items is equal to the Requested amount, an additional \$1,918,736 is available under this provision. The \$1,918,736 is subject to change based on the final 2017 Adopted Budget Amount.



Scott B. Manske  
Comptroller

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