



COUNTY OF MILWAUKEE INTEROFFICE COMMUNICATION

Office of the Comptroller
Scott B. Manske, Comptroller

DATE : September 9, 2020

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 2021 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 2021.

In general, the allowable increase in levy is limited to the growth in net new construction/terminated (or subtracted) tax incremental financing districts \$2,951,906 and the estimated growth in the debt service \$895,387. The additional allowable levy resulting from these two factors is \$3,847,293.

There are four other factors, which also will have an impact on the allowable property tax levy for 2020. The four factors are as follows, along with their impact on the allowable County property tax levy: change in the levy for emergency management services (allowable decrease of -\$477,541), change in the levy for Southeastern Wisconsin Regional Planning Commission (allowable increase of \$44,325) adjustments in personal property aid (allowable increase of \$117,747), and tax levy carryover provisions from prior years (no change to allowable amount).

Therefore, the preliminary levy amount available is \$3,531,824. *Changes made throughout the budget process and the sales of the 2020 bond issuances will cause this number to change.*

2021 Budget Allowable Levy Increase

Levy Limit Provision		Additional Allowable Levy
A) Net New Construction and Terminated/Subtracted TIDs		\$2,951,906
B) Change in Debt Service		\$895,387
C) Change in EMS Levy Available to be Levied Separately		(\$477,541)
D) Personal Property Aid Adjustment		\$117,747
E) SEWRPC Levy Change		\$44,325
F) Carryover Provision (Requires 2/3 vote of County Board and lower general obligation debt than prior year)		\$0
Maximum Additional Allowable Levy		\$3,531,824

* 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 2021 Budget is 1.333% and the Terminated/Subtracted TID percentage is 0.049%. For the 2021 Budget, the County may increase its levy by \$2,951,906 as a result of these factors. For comparison purposes, last year's net new construction percentage was 1.355% and the terminated TID percentage was 0.106%, which made \$3,013,386 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. For 2021, the debt service is estimated to increase by \$895,387. Based on current amounts included in the 2021 Requested Budget, the County may increase its tax levy by a maximum amount of \$895,387 under this provision. For comparison purposes, last year's debt service amount decreased by -\$40,688 compared to the prior year, which reduced the amount available under this provision by -\$40,688.

The 2021 debt service amounts will change when the remaining sales of the County's 2020 bond issuances occur in September and October.

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

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 2020 Adopted Budget to increase the County's levy by \$3,320,026: the tax levy for EMS in 2020. Since the EMS exclusion amount in the 2020 Budget was equal to EMS tax levy, any increase in the 2021 budgeted tax levy would become available to be levied, while any decrease would lower the County levy for EMS, and the County levy overall. For 2021, based on the current amount included in the Requested Budget, the tax levy contribution to EMS will decrease to \$2,842,485, thus decreasing the tax levy funding provided by this exclusion by -\$477,541.

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.

For 2021, it is anticipated that the County will receive a personal property aid payment of \$1,381,287. Since the personal property aid amount is decreasing by -\$117,747; the County's allowable levy will increase by \$117,747.

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 2020 to 2021 change for SEWRPC is a decrease of -\$44,325 which increases the allowable levy for other uses by \$44,325.

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 2021 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 Jason Haas, Chair, Committee on Finance
Mary Jo Meyers, Chief of Staff, County Executive's Office
Kelly Bablitch, Chief of Staff, County Board
Julie Landry, Director, Department of Administrative Services
Joe Lamers, Director, DAS-PSB
Dan Laurila, DAS-PSB
Lindsey Peterson, DAS-PSB
Stephen Cady, Comptroller's Office
Pamela Bryant, Comptroller's Office
Justin Rodriguez, Comptroller's Office