

RESEARCH AND ANALYSIS SECTION - LEGISLATIVE REFERENCE BUREAU

2008 Proposed Budget Summary: Tax Stabilization Fund

The Tax Stabilization Fund (TSF) balance available for 2008 purposes and subsequent years' budgets is **\$58,950,000**. The 2008 proposed budget TSF annual withdrawal of **\$29,475,000** would leave a remaining available balance of **\$29,475,000** prior to 2007 regeneration.

Tax Stabilization Fund 1999– 2007: Balance as of January 1 *

| Year | Balance Available ** | Withdrawal |
|----------------------|---------------------------------|-------------------|
| 1999 | 33,770,000 | 12,820,000 |
| 2000 | 29,400,000 | 11,250,000 |
| 2001 | 19,437,000 | 5,500,000 |
| 2002 | 21,529,440 | 11,000,000 |
| 2003 | 29,122,000 | 9,300,000 |
| 2004 | 33,745,000 | 16,870,000 |
| 2005 | 34,342,000 | 16,621,000 |
| 2006 | 33,900,000 | 16,328,000 |
| 2007 | 46,822,000 | 23,175,000 |
| 2008 Proposed | 58,950,000 | 29,475,000 |
| Average | 34,098,144 | 15,233,900 |

* *These figures are from the Comprehensive Annual Financial Report, Years 1999-2006.*

** *Balance available at the time of budget consideration.*

1. The 2008 proposed budget TSF annual withdrawal is **\$29,475,000**.
2. A balance of **\$29,475,000** will remain prior to 2007 regeneration.
3. At this time, Budget Office's estimated 2007 TSF regeneration is approximately **\$18 million**.
4. At the end of the 2007 the Budget Office estimates the TSF should have a balance of approximately \$47.5 million

Description and Legal Basis

1. The Tax Stabilization Fund (TSF) is the portion of the unrestricted general fund balance not designated for a specific purpose.
2. Withdrawal from the TSF serves as a revenue item in the budget, and offsets the amount of property tax levy that would otherwise be required.
3. State law permits cities of the first class to establish a TSF. The City of Milwaukee, in establishing a TSF, set forth the following purposes and objectives for the fund in section 304-29 of the Milwaukee Code:

- To assist in stabilizing the city’s tax rate “within reasonable limits” from year to year.
 - To protect the city and its citizens from fluctuations in the City property tax rate “which can result from erratic variations in non-property tax revenues”.
 - To improve the city’s financial planning ability.
 - To better enable the city to comply with state levy limits.
4. The primary **funding sources** for the TSF established by Section 304-29 of the Milwaukee Code are:
- Revenue surpluses, i.e., the difference between estimated revenues and the actual receipts.
 - Unexpected appropriations not carried-over, except from internal service funds.
 - Any internal service fund retained earnings that exceed 5% of that fund’s budget.

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