

LRB - FISCAL SECTION ANALYSIS

JANUARY 15, 2003

ITEM 27, FILE 021361

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

File #021361 is a resolution relating to the issuance and sale of general obligation Promissory notes under sec. 67.12(12), Stats., for paying a general and Account. municipal expense associated with the Remission of Taxes Account.

Background

1. The Remission of Taxes Fund Special Purpose Account provides for the refund of property taxes and applicable interest to owners who have had tax liability cancelled or reduced as a result of Board of Review or State Tax (manufacturing) Appeals Commission's actions. Actual disbursements are made pursuant to Council resolution. Expenditures may vary considerably from year-to-year as a result of large successful challenges, typically for commercial properties.
2. The 2002 Budget provides \$500,000 for the Remission of Taxes Fund Special Purpose Account.
3. Through the appeals process, several property owners were awarded approximately \$2.15 million in settlements in 2002. This is approximately \$1.65 million more than the \$500,000 provided in 2002 Budget for the Remission of Taxes Fund Special Purpose Account.
4. Of the \$1.65 million owed property owners, approximately \$1.3 million is owed the property owners shown in the table below:

Owner	Address	Amount Owed*
Northwestern Mutual	818 E. Mason St. & 720 E. Wisconsin Ave	\$875,203.93
Universal Securities	916 E. State St.	\$260,619.27
FB Properties Joint Venture	211-219 W. Wisconsin Ave.	\$125,763.32
105/111 LLC	105-111 W. Michigan St.	\$62,888.82

* includes interest

5. The 2003 Budget provides \$30 million for contingent borrowing.

Discussion

1. This resolution authorizes issuance and sale of \$2 million in short-term promissory notes for paying the expenses of the Remission of Taxes Fund Special Purpose Account. (The Budget and Management Division indicates the amount authorized in the resolution can be reduced to \$1.65 million.)
2. Because borrowing authority for this purpose was not included in the 2003 Budget, contingent borrowing authority will be used.
3. The Public Debt Amortization Fund (PDAF) will purchase the notes.
4. The City will repay the PDAF in 2004.

Fiscal Impact

Based on an issuance of \$2 million at 4% interest, the Public Debt Commission indicates a total debt service expenditure of \$120,000.

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