

## **LRB – RESEARCH AND ANALYSIS**

**OCTOBER 28, 2009**

**ITEM 14, FILE #090711**

**FINANCE & PERSONNEL COMMITTEE**

**JAMES CARROLL**

File #090711 is a substitute resolution authorizing the appropriation of \$208,095.45 from the 2009 Common Council Contingent Fund to pay sales and use taxes owed to the Wisconsin Department of Revenue.

### **Background & Discussion**

1. The 2009 Budget provides \$5 million for the 2009 Common Council Contingent Fund.
2. As of October 2, 2009, the Common Council Contingent Fund balance is \$3,987,325.27.
3. An audit by the State of Wisconsin's Department of Revenue for the years 2005 through 2008 determined that the City of Milwaukee had additional sales taxes and interest due in the amount \$208,095.45. The additional sales tax is due primarily to sales of tangible personal property and taxable services on which tax was not charged. The amount due is net credits for a sales tax measure reported in error on the original December 2007 sales tax return and for sales tax measure reported in error on the November 2007 sales tax return for the Municipal Court.
4. Approximately 78% of the amount due is related to untaxed receipts from docking and mooring charges, and crane rental charges at the Port.
5. Approximately 20% of the amount due is related to untaxed receipts from DPW's weed removal.
6. The remaining 2% of the amount due relates to untaxed receipts from DPW parking lot leases, Department of Administration country store auctions and special sales and on-line auctions, untaxed receipts from Health Department's medical record copy sales, and untaxed receipts from the LRB's copy sales and charter and code sales.
7. The Comptroller's Office indicated that when the City Attorney's Office reviewed this issue, they suggested that the City try to obtain relief from this sales tax imposition through State legislation to make all special charges imposed pursuant to the authority of Wis.Stats. s. 66.0627 free from the imposition of the Wisconsin sales tax.

**Fiscal Impact**

1. This resolution appropriates \$208,095.45 from the 2009 Common Council Contingent Fund to pay sales and use taxes owed to the Wisconsin Department of Revenue.
2. If this resolution is adopted by the Common Council, the balance of the 2008 Contingent Fund will be \$3,779,229.82

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