

PROPOSED CITY OF MILWAUKEE 2003-2004 LEGISLATIVE PACKAGE

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MAJOR POLICY RECOMMENDATIONS

The State's 2003-04 biennial legislative session will open with a projected \$2.8 billion deficit. Economic growth remains sluggish. There is considerable pressure not to raise taxes and, at the same time, to keep the state's commitment to funding two-thirds of K-12 education intact (\$5 billion in 2003, over 40% of state's general fund budget). Changes to the school aid and state shared revenue formulas could place considerable pressure on local units of government and, in turn, on property tax levies.

The combined tax rate reflects the true tax burden to City of Milwaukee taxpayers. If the City tax rate decreases but MPS tax rates increase, our taxpayers are no better off. Like shared revenue, the equalization aid received by MPS offsets the tax levy needed to cover budgeted costs. And, like shared revenue, the equalizing component of the school aids formula is based on equalized value. The weight given equalized value in both formulas ignores other factors of fiscal capacity such as poverty and tax capacity.

In 2003, the Intergovernmental Relations Division (IRD) staff will work to protect and improve both formulas so that the City taxpayers are not overburdened and City operations are protected.

Staff will present a more detailed analysis and recommendations when the Governor introduces his budget in January, 2003. In the interim, we would like to call your attention to the following budget related issues.

State Shared Revenue and Expenditure Restraint Program

In the Budget Reform Act (Wisconsin Act 109), 2003 Shared Revenue payments were not adversely affected. The City of Milwaukee's payment will increase 1% (\$2,381,816) above the 2002 level. However, payments for 2004 and beyond were impacted. Forty million dollars were cut from the base amount. This reduction is to be distributed based on population, as determined by the Department of Revenue. In addition, \$45 million was taken from the base and authorized to be used for consolidation incentive payments.

At a minimum, IRD recommends that the \$85 million reduction to the base be restored. The consolidation incentive program is fraught with problems. The funds appropriated to this effort would be better spent if they were included in the shared revenue appropriation.

There will be considerable debate about "running" the formula. It is our position that the weight given to equalized value must be reconsidered and that other factors which better reflect "ability to pay" and "urban stress" factors be incorporated into the formula.

In conversations with the City of Milwaukee Comptroller, Alliance of Cities members and others, ideas of incorporating other measures of fiscal capacity are beginning to surface. Poverty measures, relative income and sales tax capacity are but a few of the factors we will be taking a closer look at.

In addition, we will be looking at the definition of local purpose revenues and the formula's calculation of computer value.

Funding for the Expenditure Restraint Program (ERP) in 2004, and thereafter, is \$58 million. We believe that in 2005 and future years, the program should receive inflationary increases.

School Aids

The State's commitment to funding two-thirds of K-12 in 2003 will require \$5 billion. That's over 40% of the State's General Fund Budget. Funding K-12 and lifting/adjusting the QEO and spending caps will be major budget issues.

Many believe that the QEO unfairly targets teachers for salary caps that are not imposed on any other public servants. However, the current funding formula also limits the ability of MPS to increase teacher salaries without impacting other critical budget areas.

Simply removing the QEO and revenue limits, without remedying existing spending disparities and failures in the equalization formula, will result in higher property taxes and will not improve MPS's relative ability to attract teachers.

These issues must be addressed comprehensively with the goal of improving educational opportunities for the children and families of Milwaukee without imposing additional burdens on our taxpayers.

Transportation

The State's next transportation budget will have a significant impact on the City of Milwaukee's future. From planning and financing freeway reconstruction to maintaining general transportation aids, the 2003-04 transportation budget will be just as important as the state's general fund operating budget.

Estimates for the Marquette Interchange (\$900 million) and the reconstruction of 270 miles of southeast Wisconsin freeways (\$6 billion) approach \$7 billion. What that final dollar amount will be is still in question. However, whatever the amount, it is clear that under current conditions, financing will be difficult.

The Fiscal Bureau projects that for the 2003-05 biennium, the State's transportation fund will have a balance in the \$121 million - \$195 million range, excluding federal transportation dollars. The state, for 2002-2003, is expecting \$560 million in federal transportation dollars, most of which has been appropriated. It should be noted that the Fiscal Bureau's estimate includes a gas tax increase of 1.8 cents over the current 28.1 cents/gallon. The increase, due to indexing, will result in an April, 2005 tax of 29.9 cents/gallon.

In the 2001-2003 budget, (Act 16), \$160.6 million was appropriated for the Marquette Interchange. Construction is scheduled to begin in 2004, and the balance of funds will have to be appropriated in the next two budget cycles.

The 2002 Budget Reform Bill (Act 109) included a provision that prohibits the Department of Transportation from utilizing funds in the highway rehabilitation and major highway development appropriations for the reconstruction of southeast Wisconsin freeways. Funding for freeway reconstruction will have to be accomplished without impacting other state projects.

Related to the Marquette Interchange, is the project to reconstruct and extend Canal Street. In the 2001-03 Budget Bill, the State committed \$10 million (matched by the City) to fund reconstruction of the street. Months later, the Department of Transportation informed the City that the project was more than a reconstruction project that, in fact, it was a new local street construction project; something WISDOT could not fund.

The City then submitted the project for mitigation funding under the Marquette Interchange's Traffic Mitigation Program. An additional \$10 million was requested. The Traffic Mitigation Program Advisory Board ranked the project too low for funding. This decision was made despite the fact that 2/3 of the project costs had already been committed and, that during the rebuilding of the Marquette Interchange, a reconstructed Canal Street would carry 11,000 diverted trips per day.

Regarding transportation, we recommend the following:

- **Continue to oppose the widening of I-94 and I-43 through the City of Milwaukee.**
- **Oppose any gas tax increase, fee increase and any new dedicated source of funding for the southeast Wisconsin Freeway project.**
- **Support financing the Canal Street reconstruction/mitigation project with two-thirds state funding.**
- **Support inflationary increases in the General Transportation Aid formula.**

LEGISLATIVE PROPOSALS FROM CITY DEPARTMENTS

CITY ASSESSOR

Tax Exemptions

Seek authority for City to require a payment for municipal services from non-governmental tax exempt entities.

Seek legislation requiring periodic review of all property tax exemptions.

Amend Section 70.11 (4) (Property exempted from taxation.) to provide a single 10 acre or 30 acre limit for properties in the same taxation district that are owned by related parties.

Amend Section 70.11 (4) by adding language that establishes specific age and income criteria for determining whether non-profit senior housing facilities are exempt from property taxation.

Oppose any additional property tax exemptions.

Amend 70.11 (4) to clearly define an equitable definition of "benevolent" to apply to organizations that qualify for tax exemption based on their benevolent nature.

Seek legislation to establish a State Board of Tax Exemptions, similar to a Board of Review, to handle all appeals of tax exempt status.

Amend Section 70.11 (4m) (Property exempted from taxation.) to specify that clinics are not exempt from property taxation.

Assessment/Exemption Appeals

Repeal Section 74.37 in its entirety or amend it to include a finding stating why it should not apply to a City of the first class and a provision exempting cities of the first class.

Seek authority for municipalities to establish and charge a filing fee for assessment appeals, to be partially or fully reimbursed if the assessment is reduced.

Seek authority for municipalities to establish and charge an application fee for organizations seeking tax exempt status. This fee would not be reimbursable.

Amend Sections 75.521 (7a1), (10), (12a) and (14a) to require individuals who respond to a foreclosure by claiming that the property was exempt at the time of tax collection to establish that they had filed a claim with the taxation district for unlawful taxation, as required under 74.35.

Amend Section 70.511 (2b) to modify the interest rate applied to tax refunds so that it more accurately reflects current interest rates.

Property Assessments

Seek legislation that would allow municipalities to use their assessed valuations as their equalized value when their assessed and equalized values are within a reasonable margin of error (95-105%).

Seek legislation to allow a municipality to report based on total value of property, without separating out land and improvements.

Delinquent Taxes

Amend Section 74.53 so it applies to land contract vendors and land contract vendees.

Penalties for Failure to Self-Report

Seek legislation to allow municipalities to charge penalties for failure to accurately self-report, similar to the penalties authorized under 70.995.

CITY ATTORNEY

Timely Abatement of Nuisance Properties

Amend Section 802.06 to include references relating to abating a nuisance (Chapter 823) or a human health hazard (Chapter 254). These changes would greatly enhance the City's ability to abate nuisances in a timely manner (from 45 days to 20).

Reintroduce 2001 Assembly Bill 208

2001 Assembly Bill 208 addressed the termination of tenancy if notice is given regarding drug or criminal activity.

CITY COMPTROLLER

Financing Options

Seek authorizing language allowing a municipality, by resolution of its governing body, to enter into interest rate swap or exchange agreements, agreements establishing interest rate floors or ceilings and other interest rate hedging agreements. This would allow the city to take advantage of financing tools that could lower annual debt service payments and/or help insulate the City of Milwaukee from future interest rate fluctuations.

Under the authorizing language, the governing body would establish the provisions under which the municipality would receive or make regular payments as well as any receipt or payment resulting from early termination or default of the above types of agreements. As a part of the agreement, the governing body would also indicate what source(s) of revenue secures the obligation of the governing body to make payments under the agreement. These sources could include direct annual taxes levied pursuant to 67.05 (10).

DEPARTMENT OF CITY DEVELOPMENT

Modify Development Zone Tax Credits

Modify state development zone tax credits so that the credits are transferable between parent companies and subsidiaries or to successive property owners and clarify that the tax credits be applicable to the owner's State of Wisconsin income and not just to income generated on the site.

Amend Section 71.07 to include "Renewal Community..". This will allow renewal community residents to be considered a target group so that companies certified for Development Zone Tax Credits can access more credits for hiring those residents.

Brownfield Grant Fund Distribution

Presently, the Department of Commerce must award seven grants for projects located in municipalities with populations of less than 30,000. Change distribution so that it is more equitable. In addition, change application from once a year to at least two times per year.

Changes to Environmental TIF's

Include delinquent taxes as an eligible cost and extend the TIF's life from 16 to 23 years.

Expand Local Government Cause of Action

Amend Section 292.33 so that local governments can assign their rights of cost recovery to a new property owner.

Housing Authority Business Improvement Districts (BID's) Limits

Increase the limit for public bids from \$25,000 to \$50,000. This change would bring the State statutes closer to the federal requirements which require public bidding for contracts \$100,000 and over.

COMMON COUNCIL

Removal of Parked Motor Vehicles without Current License Plates

Amend Section 341.56 to define an "unregistered motor vehicle" as any vehicle that does not display a currently valid license plate and delete language requiring the vehicle to reasonably appear to have been registered for a period of time. Include language that the law may be enforced by parking checkers or other public employees whose job duties include parking enforcement but whose job titles are not enumerated in the statute.

Regulation of Underage Events at Establishments with Class B Licenses

Amend Section 125.07 to permit municipalities to regulate those establishments with class B liquor establishments that choose to host underage events. Presently, the only regulation of underage events is a requirement that the licensed establishment provide advance notice to the police department.

Reintroduce 2001 Assembly Bill 62

2001 Assembly Bill 62 would have permitted municipalities to enact and enforce ordinances prohibiting the possession, manufacture or delivery of drug paraphernalia by persons 17 years of age and older.

Reintroduce 2001 Bill Draft Regarding Composition of Board of Fire and Police Commissioners

In a City of the first class, abolish the current Board of Fire and Police Commissioners and create a Board composed of 5 members, 3 of whom are to be appointed by the mayor and confirmed by the common council and 2 of whom are to be appointed by the president of the common council and confirmed by the common council. All appointments by the Fire and Police Commission to the office of either fire chief or police chief would have to be submitted to the Common Council for confirmation.

Legislation Permitting Municipalities to Establish Minimum Number of Poll Workers

Amend Section 7.30 to allow municipalities to establish a minimum number of poll workers at a ward polling location and combined ward(s) polling locations.

Legislation Requiring all Persons Performing Real Estate Appraisals be State Licensed or Certified and that they Report Recent Sales and Assessed Values

Seek legislation that would require all persons performing real estate appraisals in the State of Wisconsin to be licensed or certified by the state and that any appraisal report prepared by any appraiser contain a statement of any sale of real estate that may have taken place within the last two years preceding the effective date of the appraised value, as well as a report of the most recent assessed value of the real estate and level of assessment.

Legislation Requiring Colleges and Universities to Suspend Students Convicted of Certain Criminal Offenses

Seek legislation which would require state supported institutions of higher education to suspend students from, and prohibit the enrollment of persons in, the institutions for a period of 12 months following the convictions for criminal offenses, which include inciting and engaging in riots, arming rioters and engaging in sale of alcohol beverages without having obtained the required licenses.

DEPARTMENT OF EMPLOYEE RELATIONS

Filling Vacancies through Promotions

Amend Section 63.39 so that managers filling a vacancy through promotion would choose an individual from an "all those qualified" pool. The City Service Commission would establish by rule making, the number of eligible candidates to be certified from promotional exams for the pool.

Under current language, when a non-managerial position becomes vacant, the appointing officer may chose to fill that position through promotion. The officer receives an eligible list of the three highest ranked persons. In the case of a vacant managerial position, the appointing officer receives an eligible list of five persons.

MILWAUKEE FIRE DEPARTMENT

Statewide Trauma System

Assist Milwaukee Fire Department in its efforts to acquire additional funding for implementation and expansion of a statewide trauma system. The goal of the system is to match regional resources with the needs of the injured trauma patient, provide optimal care, and reduce mortality and morbidity. The program received \$398,000 for fiscal year June, 2000 through June 30, 2003. The funding supports 2.0 project positions, the Statewide Trauma Registrar and the Injury Prevention Educator. Each region will have approximately \$30,000 to \$40,000 for development of Regional Trauma Advisory Councils.

MILWAUKEE PUBLIC LIBRARY

Library for the Blind and Physically Handicapped and Interlibrary Loan Services Contracts

Ensure State contracts for Library for the Blind and Physically Handicapped and for Interlibrary Loan Services increase annually for inflation and seek to increase funds to a level that fully reflects the costs incurred by MPL. In addition to a 3.75% cut in state library systems, the

Budget Reform Bill also froze the contract for the Library for the Blind and cut the contract for the Interlibrary Loan system. While these contracts have historically increased annually, they have never fully compensated for in-kind costs incurred by Milwaukee Public Library (MPL) to house and provide computer support services for these programs.

Library System Aids

Seek state funding of its target to contribute 13% of the costs of libraries statewide. State failure to meet its target continues to place a burden on libraries and library systems statewide. Statewide task force recommends targeting increases for certain purposes. Ensure that Milwaukee County Federated Library System (MCFLS) maintains its current percentage state aids. Additional funds should come directly to libraries or library systems to offset the costs of shared services.

MUNICIPAL COURT

Reintroduce 2001 Assembly Bill 534

2001 Assembly Bill 534 would allow municipal courts to hold refusal hearings and issue revocation orders based on results of those hearings. Currently, if a person has requested a hearing regarding his/her refusal to submit to a blood-alcohol test, the refusal hearing is transferred to the circuit court.

Reintroduce 2001 Assembly Bill 747

2001 Assembly Bill 747 would allow municipal courts, when ordering a term of imprisonment, to make that term consecutive with, or concurrent to, any other prison term the defendant may be serving.

DEPARTMENT OF NEIGHBORHOOD SERVICES

Code Enforcement Inspectors

Amend Section 940.20 so that any person who intentionally causes bodily harm to a person employed enforcing state, county or city rules, laws or ordinances relating to construction, alteration, use or maintenance of property or structures, is guilty of a class D felony.

Closing of a Building Declared a Nuisance

Amend Section 823.01 so that the circuit court may determine that the appropriate officer to close a nuisance property is a government official who may protect and secure the nuisance property pending permanent abatement.

MILWAUKEE POLICE DEPARTMENT

Enabling Legislation to Address Cruising

Create statute section in Chapter 346, Rules of the Road, which would allow local municipalities to pass and enforce ordinances related to vehicle cruising. Suggested penalties include deduction of "points" and, for subsequent violations, suspension and/or revocation of license. In addition, unlawful conduct associated with cruising would result in immediate revocation of license.

Include language allowing municipalities to tow and store vehicles stopped and cite for cruising.

Amend Statute 823 for Purposes of Additional Cruising Penalties

Amend 823 of the state statutes so that any person engaged in unlawful cruising, whether as a driver or passenger be declared a public nuisance and that personal property up to and including the motor vehicle used for cruising be subject to forfeiture.

Patronizing Prostitutes

Amend Section 944.30 so that a third conviction of patronizing a prostitute in a five year period would be classified as a Class E Felony.

Towing of Vehicles

Amend statutes so that a municipality could tow any vehicle parked upon a public thoroughfare that lacks both an acceptable identifying registration plate and has the vehicle identification number hidden or obscured.

Duty Upon Striking Person or Attended Vehicle

Amend Section 346.67 so that a felony charge applies should a serious personal injury occur as a result of a vehicle offense. Should any injuries occurring as a result of such offenses not rise to the level of serious, the matter reverts to a traffic matter subject to a monetary forfeiture.

Carrying Concealed Weapons

Amend Section 941.23 so that a repeat conviction for carrying a concealed weapon would be charged as a Class E Felony.

PORT OF MILWAUKEE

Harbor Assistance Program

Modify eligible items for funding to include dock walls, port roads, warehouses and equipment and include dredging as an eligible activity.

DEPARTMENT OF PUBLIC WORKS

Design/Build Project Authority

Seek authority for local governments to utilize a design/build model for construction projects. The 6th Street Viaduct serves as a successful project where road builders and others who typically oppose such a structure did quite well.

Outstanding Towing and Storage Fees

Modify Section 341.08 (4m) to add outstanding towing and storage fees to the list of unpaid citations and fees that must be paid prior to renewal of vehicle registration. Currently, DPW can request WISDOT to place a hold on vehicle registration for certain outstanding non-moving violations and precludes individuals from registering a vehicle until those outstanding fines are paid in full. Currently, the system does not allow for such holds to be placed for outstanding towing or storage fees or to require that such fees be paid.

- In 2001, 32,425 cars were towed to city tow lot.
- Less than 50% of these were retrieved by their owner.
- The remainder were either sold or recycled.
- DPW estimates that roughly \$1 million in lost revenues could be recaptured by implementing this change.

DPW/WISDOT Pilot Project

Establish a pilot project with WISDOT to grant the Commissioner of Public Works and the Chief of Police access to the DMV database to place or remove registration holds for violations 80 days old. Currently, the placing or removing of a single hold can take two weeks to process, angering City constituents. The City pays \$5 per hold to the DMV, who employ LTE's to manually enter the numerous faxed requests daily. Under this plan, the costs to the DMV would decrease significantly, and the cost to the city should be adjusted to reflect that savings. In 2001, \$514,515 was paid out of the Parking Fund to cover cost of 102,903 vehicle registration holds.