

Reply to Common Council File No. 040485  
From DOA-Budget and Management Division

November 8, 2004

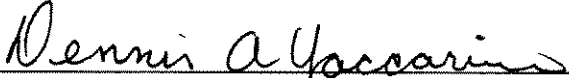
Ref: 2005 BF, 7-E

There are two normally used ways the Common Council and Mayor have withdrawn funds from the tax stabilization fund. The first is through a simple motion and the other is a resolution requiring passage by  $\frac{3}{4}$  vote of the Common Council.

The simple motion is used to withdraw an amount that would bring the tax rate to 103% of the previous year tax rate. Since the budget is already within 103% of last year's tax rate without a TSF withdraw, the motion will not be available as a means to withdraw TSF.

The resolution section of the withdrawal formula allows the city to use 50% of the remaining balance after the withdraw under the 103% calculation is applied. Since there is no withdrawal under the 103% calculation, the city can only take a maximum withdraw of 50% of the TSF balance.

At this time, the Mayor has proposed the use of \$16,321,000 from the TSF. However, in the past, the Finance and Personnel Committee has passed this resolution on to the Council without recommendation.

  
\_\_\_\_\_  
Dennis A. Yaccarino  
City Economist

DY:

FINANCE: 040485sr.doc