

RESEARCH & ANALYSIS SECTION – LEGISLATIVE REFERENCE BUREAU

2007 Proposed Budget Summary: City Revenues

2007 Proposed Budget Expenditures

<u>Category</u>	<u>Total '06 Adopted</u>	<u>Total 2007 Proposed</u>	<u>Change from '06</u>
Total City Budget*	\$1,211,186,519	\$1,230,512,815	\$19,326,296 (1.6%)
Tax Levy-Supported Budget**	897,068,592	911,497,842	14,429,250 (1.6%)
General City Budget	536,449,052	550,819,091	14,370,039 (2.7%)

*Includes Water Works and Special Revenue Accounts.

**The Tax Levy-Supported Budget includes those funds which are partially or completely funded by the tax levy. Changes in these budget components have a direct impact on the tax levy.

The General City Budget (General City Purposes Fund) is the City's operating and maintenance fund that is used to pay the City's basic services such as public health, safety, public works and general administrative services.

1. The 2007 general City purposes budget totals \$550.8 million, an increase of \$14.3 million or 2.7% from the 2006 Adopted Budget.
2. A variety of revenue sources support the general City purposes budget, including intergovernmental aid, fringe benefits, property taxes, payments in lieu of taxes, charges, miscellaneous revenues, the Tax Stabilization Fund, fines and forfeitures, licenses and permits, and cost recovery.
3. Intergovernmental revenues total \$273 million in the 2007 Budget. Of this amount, \$230.6 million is comprised of state shared revenues, about the same amount as received in 2006. Expenditure Restraint Aid is estimated at \$9.2 million for 2007, an increase of \$80,000 from 2006. In addition, Local Street Aids are expected to increase by \$550,000 to \$25.8 million in 2007. The City anticipates an overall increase in state aids of \$800,000 from 2006 to 2007.
4. Intergovernmental aids have remained flat for the time period 1995 to 2007. From 2003 to 2007, intergovernmental revenues decreased from \$284.6 million to \$273 million.
5. The Property Tax Levy will provide \$95.7 million for general City purposes in 2007, a decrease of \$3.1 million from the 2006 levy. The levy for all tax supported purposes is \$220 million for 2007, an increase of \$7 million from 2006. The total tax levy meets the state imposed tax levy limit of 3.354% plus an adjustment for debt service. The total property tax levy will increase by 3.3% after the debt service adjustment is applied.

6. The 2007 Proposed Budget includes an estimated \$12.5 million in revenue attributed to taxes and payments in lieu of taxes (PILOTs), a decrease of \$1.5 million from 2006. (In 2006, the City closed six Tax Incremental Districts, generating one time revenue of \$1.8 million.) These funds include revenues raised by non-property tax levies: occupation taxes, trailer park taxes, tax incremental district close-out revenue, payments from property tax exempt governmental entities for city services, and principal, interest, and penalties on delinquent taxes.
7. The 2005 Budget included an initiative intended to recover costs of doing city business from tax exempt properties, called a Fair Share Payment in Lieu of Taxes Program ("PILOT"). Under this program, which is administered by the Commissioner of Assessments, the City seeks voluntary payments from owners of tax-exempt properties in recognition of the services those properties receive from the City. The Comptroller's Office estimates that the City will receive about \$321,000 in PILOTs in 2006 (not including payments from the Water Works, Parking Fund and Housing Authority). According to the Assessor's Office, the 3 PILOTs that are new for 2006 total \$28,125. The 5 new PILOTs payable for 2007 will total \$34,319. In addition, Columbia/St. Mary's will be making a \$500,000 contribution to the City for a program to reduce Milwaukee's infant mortality rate and to reduce health disparities between racial groups. Columbia/St. Mary's aside, the properties for which PILOTs are being paid are primarily churches and low-income housing developments; the city's major tax-exempt property owners (namely, health care systems and colleges/universities) continue to be reluctant to make PILOTs.
8. Revenue from Fines and Forfeitures is \$5.2 million in the 2007 Proposed Budget, the same as in 2006.
9. The 2007 Proposed Budget includes \$76.1 million in revenue from charges for services provided by City departments, an increase of \$2.6 million from 2006.
 - The Solid Waste Fee will remain at \$132 per year, generate \$25 million, and recover nearly 80% of solid waste operating costs. The Solid Waste Fee was last increased in 2006, from \$75 to \$132 annually, and from \$44 to \$75 in 2002.
 - The Snow and Ice Control Fee will remain at its current rate of \$0.2736 per foot of property frontage, and generate \$2.4 million.

- Leaf pick-up and street-sweeping costs are recovered through the City's sewer maintenance fee. These will be in the form of service charges to the Sewer Fund by the Department of Public Works – Operations Division. Revenue received for this service is projected at \$4.6 million in 2007, about the same as in 2006.

10. Miscellaneous Revenues include transfers from the Parking Fund and interest on investments, funds from the sale of surplus property, real estate property sales, various spending offset accounts, and other revenue not accounted for in other revenue categories. Miscellaneous Revenues are projected to total \$32.4 million in 2007, an increase of \$4.4 million from 2006. This \$4.4 million increase is primarily due to higher estimated interest earnings of \$2.4 million; an increase of \$800,000 in the Potawatomi payment to \$4.2 million; and an increase of \$600,000 in the Parking Fund transfer payment to \$15.8 million.
11. Revenues from licenses and permits are estimated at \$11.6 million in 2007, an increase of about \$620,000 from 2006. Adjustments are made to various licenses and permits in the 2007 Proposed Budget as a means of continued revenue diversification. These revenues may increase another \$325,000 upon recognition by the Comptroller.
12. The balance in the Tax Stabilization Fund (TSF) as of April 15, 2006, totals \$46.6 million. The 2007 Proposed Budget includes a 3-part TSF withdrawal. The proposed sustainable TSF withdrawal for 2007 totals \$20.9 million. An additional withdrawal of \$325,000 is made in anticipation of revenue recognition by the Comptroller, and \$2 million is reserved for legal liabilities. After the 2007 withdrawal and anticipated regeneration at the end of 2006, the TSF should have a fund balance of approximately \$43.6 million.

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