



MEMORANDUM

LEGISLATIVE REFERENCE BUREAU

WWW.MILWAUKEE.GOV/LRB

REVISED

To: Ald. Joe Davis, Sr.
From: Aaron Cadle, Legislative Fiscal Analyst—Lead
Date: January 5, 2015; Revised January 7, 2015
Subject: Estimated Tax Revenue Deferral to Fund Streetcar Project

Per your request, provided below is an estimate of the amount of property tax revenue generated from Tax Incremental Districts (TIDs) 56 and 82 that will be deferred under a proposed City financing plan relating, in part, to a revised downtown streetcar proposal.¹

This memo is a revised version of the memo dated January 5, 2015, on the same subject to provide further clarification on the assumptions used in making the calculations.²

1. The total debt financed is approximately \$69 million. Table 2 on page 2 provides the relevant project expenditures for TIDs 56 and 82.
2. Total estimated property tax deferrals for all taxing entities (identified in Table 1) for the full life of the proposed amended TID 56 and the new TID 82 is approximately \$104 million.³

Table 1 on page 2 provides the estimated impact for the life of the proposed TID financing period, based on the proportion of each taxing entity's 2014 tax rate to the total 2014 property tax rate of \$32.61 per \$1,000 of assessed valuation, before State Tax Credit.

3. The City's pro rata share of the \$104 million in deferred property taxes is approximately \$34 million.⁴

¹ The estimates are based on internal analysis conducted by the Department of City Development (DCD) for the proposed amendment to TID 56, and on project analysis performed for DCD by S. B. Friedman & Company of Chicago for the proposed TID 82.

² The estimates assume that the Couture project is built as proposed—with the streetcar component. If the project is not built as proposed, no incremental tax revenues would be generated or deferred for the City and the other property taxing entities.

³ This \$104 million includes the repayment of the debt incurred to finance approximately \$69 million of improvements as detailed in Table 2 of this memo, plus financing charges, including capitalized interest, bond issuance costs and bond interest. TID 56 and TID 82 are amortized through 2027 and 2036, respectively.

⁴ The proportion is based on the City's 2014 tax rate of \$10.58 per \$1,000 of assessed valuation as compared to the total 2014 property tax rate of \$32.61, before State Tax Credit and assuming no changes in tax rates.

4. The \$34 million in deferred property taxes is approximately \$2.5 million annually over the life of the TIDs.⁵

Table 1. Proportion of Total Estimated Property Tax Deferrals by Taxing Entity.

Taxing Entity	Total Estimated Amount of Property Tax Deferred
City of Milwaukee	\$33,692,411
Milwaukee Public Schools	\$39,774,878
Milwaukee County	\$17,037,278
MATC	\$7,069,674
MMSD	\$5,700,323
State Forestry	\$573,217
Total	\$103,847,780

Table 2. Relevant Project Expenditures for Revised TID 56 and New TID 82.

Project Expenditures	TID 56	TID 82	Total
Streetcar Line & Infrastructure	\$18,300,000	\$31,000,000	\$49,300,000
Public Infrastructure			
Couture		\$17,500,000	\$17,500,000
Milwaukee St. & Corcoran Ave.	\$540,000		\$540,000
Administration		\$500,000	\$500,000
Workforce Training		\$400,000	\$400,000
Business Expansion/Relocation Grants	\$400,000		\$400,000
Street Repaving		\$150,000	\$150,000
Total	\$19,240,000	\$49,550,000	\$68,790,000

LRB156515

⁵ This estimate is based on the City's proportion of total 2014 property tax revenues of the estimated annual debt service for TID 56 debt incurred plus annual debt service for TID 82 between 2022 and 2034.