

RESEARCH & ANALYSIS SECTION – LEGISLATIVE REFERENCE BUREAU

2008 Proposed Budget Summary: City Revenues

2008 Proposed Budget Expenditures

Category	Total '07 Adopted	Total 2008 Proposed	Change from '07
Total City Budget*	\$1,235,407,928	\$1,285,292,190	\$49,884,262 (4%)
Tax Levy-Supported Budget**	916,061,544	943,116,648	27,055,104 (2.9%)
General City Budget	551,924,743	575,249,454	23,324,711 (4.2%)

*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 2008 general City purposes budget totals \$575.2 million, an increase of \$23.3 million or 4.2% from the 2007 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 currently total \$274.5 million in the 2008 Budget. Of this amount, \$234.2 million is comprised of anticipated state shared revenues. This increase of \$3.65 million from the 2007 Budget anticipates the state legislature approving an increase shared revenue payments in the 2007-09 State Budget. Expenditure Restraint Aid is estimated at \$7.1 million for 2008, a decrease of \$2.1 million from 2007. In addition, Local Street Aids are expected to increase by \$200,000 to \$26 million in 2008. However, due to the budget stalemate at the State, the City's official notice of General Transportation Aids as received October 4th indicated a \$1.2 million reduction from 2007 levels. It is anticipated that these funds will be restored once the State budget is passed. At this time the Comptroller's estimate remains unchanged at \$7.1 million.
4. From 2003 to 2007, intergovernmental revenues decreased from \$284.6 million to \$273 million.
5. The Property Tax Levy will provide \$103.8 million for general City purposes in 2008, an increase of \$7.8 million from the 2007 levy. The levy for all tax supported purposes is \$227.4 million for 2008, an increase of \$7.3 million from 2007.

6. The 2008 Proposed Budget includes an estimated \$12.9 million in revenue attributed to taxes and payments in lieu of taxes (PILOTs), an increase of \$400,000 from 2007.
7. On December 21, 2004, the Common Council passed File Number 041042, an ordinance creating the “Fair Share Payment in Lieu of Taxes Program” (or “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 Commissioner approaches a property owner about the possibility of making a PILOT whenever the owner applies for property tax exemption or whenever the Department of City Development notifies the Commissioner that the owner has demonstrated intent to expand, improve, replace or acquire a facility. The PILOT ordinance also directs the Commissioner of Assessments to develop, implement and maintain a campaign to create awareness of the PILOT program among current and potential owners of tax-exempt properties.

The Assessor’s Office projects that the City will receive about \$177,000 in payments from existing PILOTs in 2008, including over \$34,000 from 5 PILOTs that are new in 2007. The City will also receive \$25,600 from one new PILOT in 2008. In addition, for the second year, Columbia/St. Mary’s will be making a \$500,000 contribution to the City to support 2 Health Department initiatives – the Nurse Family Partnership Program (to reduce Milwaukee’s infant mortality rate) and the Center for Health Equity (to study race-related health disparities). Columbia/St. Mary’s aside, the properties for which PILOTs are being paid are primarily churches and non-profit 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 \$5.5 million in the 2008 Proposed Budget, a \$300,000 increase from 2007.
9. The 2008 Proposed Budget includes \$78.6 million in revenue from charges for services provided by City departments, an increase of \$1.8 million from 2007.
 - 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 be proposed to increase from its current rate of \$0.2736 per foot of property frontage to \$0.4788 per foot. In 2008, it is estimated the fee will generate \$4.3 million, an increase of \$1.8 million from 2007 revenues. The Common Council has not approved the increase

and the Comptroller has not recognized the revenue the proposed increase would generate.

- 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 \$5 million in 2008, a \$400,000 increase from 2007.
- On September 25, 2007, the Common Council adopted File #070417, an ordinance amending various fees and forfeitures. The ordinance will increase general fund revenues for 2008 by an estimated \$290,000.

The ordinance created a new fee for property assessment of plumbing related permits which will generate a estimated \$115,000 of the \$290,000. The remaining increases reflect the recovery of \$175,000 in costs associated with the related City service. The revenue increase will occur in DPW-\$75,000, Health Department - \$50,000 and Common Council-City Clerk - \$50,000.

Since the Comptroller's Office did not recognize the \$290,000 increase in revenue before the 2008 Proposed Budget was submitted to the Common Council, the 2008 appropriation for the Wages Supplement Fund was reduced by \$290,000 to reflect a pending official revenue estimate from the Comptroller's Office to increase various fees and charges for services which will increase general fund revenues for 2008 by \$290,000. Once the revenue is recognized, an amendment to the 2008 Proposed Budget will be needed to adjust the 2008 Wages Supplement Fund appropriation.

9. 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 \$35.4 million in 2008, an increase of \$3 million from 2007. This \$ 3 million increase is primarily due an increase of \$1.2 million in the Parking Fund transfer payment to \$17.0 million; an increase of \$1.2 million in the Potawatomi payment to \$5.4 million, and a \$367,000 increase in the estimated interest earnings to \$8 million.
10. Revenues from licenses and permits are estimated at \$12.7 million in 2008, an increase of \$1 million from 2007. Adjustments are made to various licenses and permits in the 2008 Proposed Budget as a means of continued revenue diversification.
11. The balance in the Tax Stabilization Fund (TSF) as of April 15, 2007, totals \$58.9 million. The proposed withdrawal for 2008 totals \$29.457 million. After the 2008 withdrawal and anticipated regeneration at the end of 2007, the

Budget Office estimates the TSF should have a fund balance of approximately \$47.5 million.

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