

## LRB – FISCAL REVIEW SECTION ANALYSIS

**MAY 19, 2004**

**ITEM 5, FILE 031734**

**FINANCE & PERSONNEL COMMITTEE**

**JAMES CARROLL**

File #031734 is a resolution requesting \$475,682 from the 2004 Common Council Contingent Fund.

### **Background**

1. The Remission of Taxes SPA funds the refund of property taxes to property owners who have had tax liability reduced or canceled such as a result of Board of Review actions, a finding of exempt status, etc. Refunds are based on the amount of erroneous taxes plus applicable interest. Appropriations are made upon Common Council resolutions.
2. The 2004 Budget provided \$500,000 for the Remission of Taxes SPA. Most of this funding has or will be expended.

### **Discussion**

1. Most of the tenants in The Federal Plaza Building are federal agencies. Since the federal security requirements that were implemented after 9-11, the owners of the Federal Plaza Building (310 W. Wisconsin Ave) property have had difficulty attracting and retaining tenants. Based on the increased vacancy rate, the Board of Review reduced the building's 2002 assessed value by approximately \$9 million and the 2003 assessed value by approximately \$6.5 million.
2. The reduction in the building's assessed value requires the City to remit property taxes to the owners for 2002 (\$244,060.73) and 2003 (\$170,231.30) (In addition the City is required to pay interest and the repay the state property tax credit.)
3. If the remission of the taxes is delayed, the City will be required to make additional payments for interest (9.6% annually).

### **Fiscal Impact**

1. This file authorizes the expenditure of \$475,682 from the 2004 Common Council Contingent Fund for the remission of taxes.

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