



Legislation Text

File #: 210662, Version: 0

210662
ORIGINAL

THE CHAIR

An ordinance relating to the minimum and maximum balances in the tax stabilization fund.

304-29-5 am

304-29-6 cr

This ordinance increases the maximum ceiling balance of the tax stabilization fund from 5% of the current year, total common council controlled budget to 15% of the most recently audited year's general fund expenditures as reported by the office of the comptroller. It further creates a minimum floor for the tax stabilization fund of 10% of the most recently audited year's general fund expenditures.

Whereas, The Tax Stabilization Fund is intended to assist in stabilizing the property tax rate and is sourced by various surplus funds from prior years; and

Whereas, Standard and Poor downgraded the City's bond rating from AA- in 2019 to A in 2020; and

Whereas, The Tax Stabilization Fund balance is one of the primary indicators rating agencies evaluate to determine municipal bond ratings; and

Whereas, The Comprehensive Annual Financial Report from the Office of the Comptroller indicates that total general fund expenditures in 2019 was \$756,027,000; and

Whereas, Establishing a minimum required balance for the Tax Stabilization Fund would prohibit any transfers out of the Tax Stabilization Fund and into the general fund should the Tax Stabilization Fund balance fall below its minimum floor; and

Whereas, Establishing a minimum required balance would preclude the need for the Common Council or Mayor to directly transfer property tax revenue into the Tax Stabilization Fund should it fall below its minimum floor, a practice that undermines the Tax Stabilization Fund's purpose in creating a less volatile property tax burden; now, therefore

The Mayor and Common Council of the City of Milwaukee do ordain as follows:

Part 1. Section 304-29-5 of the code is amended to read:

304-29. Tax Stabilization Fund.

5. MAXIMUM CEILING ON FUND. Any uncommitted balance in the fund as of June 1 of the current year that is in excess of ~~[[5]]~~ >>15<< % of the ~~[[current year, total common council controlled budget]]~~ >>most recently audited year's total general fund expenditures as reported by the office of the

comptroller<< shall be applied to tax reduction for the following year notwithstanding any other provisions of this section.

Part 2. Section 304-29-6 of the code is created to read:

6. MINIMUM FLOOR ON FUND. No withdrawal from the fund shall be budgeted for the following year if after such withdrawal the uncommitted balance in the fund, as of June 1 of the current year, would be below 10% of the most recently audited year's total general fund expenditures as reported by the office of the comptroller.

APPROVED AS TO FORM

Legislative Reference Bureau

Date: _____

IT IS OUR OPINION THAT THE ORDINANCE
IS LEGAL AND ENFORCEABLE

Office of the City Attorney

Date: _____

Alex Highley
LRB176636-1
4/7/2021