

NON-DEPARTMENTAL REVENUES (190) BUDGET

DEPT: Non-Departmental Revenues

AGENCY NO. 190
FUND: General - 10001

B U D G E T S U M M A R Y

| Category | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget | 2023/2022 Variance |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|---------------------|
| Revenues | | | | | |
| 1901 Unclaimed Money | \$2,452 | \$1,250,631 | \$0 | \$1,250,000 | \$1,250,000 |
| 1902 State Personal Property Aid | \$1,499,034 | \$1,381,287 | \$1,562,944 | \$1,552,371 | (\$10,573) |
| 1933 Land Sales | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1937 Potawatomi Allocation** | \$2,926,239 | \$2,888,636 | \$3,326,352 | \$5,881,977 | \$2,555,625 |
| 1986 Fire Charge Uncollectable | \$0 | \$0 | (\$943,948) | (\$952,032) | (\$8,084) |
| 1992 Earnings on Investments*** | \$5,512,560 | (\$470,691) | \$1,720,839 | \$5,382,871 | \$3,662,032 |
| 1993 State Shared Taxes | \$27,430,719 | \$27,017,810 | \$30,967,836 | \$30,967,836 | \$0 |
| 1994 State Exempt Computer Aid | \$5,129,456 | \$5,129,456 | \$5,129,455 | \$5,129,455 | \$0 |
| 1995 Milwaukee Bucks Sports Arena | \$0 | \$0 | (\$4,000,000) | (\$4,000,000) | \$0 |
| 1996 County Sales Tax Revenue* | \$82,033,188 | \$92,058,662 | \$89,984,600 | \$98,760,154 | \$8,775,554 |
| 1998 Surplus from Prior Years | \$0 | \$0 | \$5,000,000 | \$5,000,000 | \$ 0 |
| 1999 Other Misc. Revenue | \$358,104 | \$2,660,057 | \$225,000 | \$25,000 | (\$200,000) |
| Total Revenue | \$124,891,752 | \$131,915,848 | \$132,973,078 | \$149,197,632 | \$16,024,554 |

*The figures stated above are presented as gross sales tax collections (less State administrative fees). Org 1996 contains net sales tax collections in the Operating Budget after allocations to capital improvements. See page 4 for detail.

**Beginning in 2023, Potawatomi net win revenue is accounted for 100% in non-departmental revenues. The allocations to DHHS and BHD have been substituted with tax levy.

***Prior to 2023, earnings on investments were reported in the Treasurer's Office (Org 309).

Department Mission: The objective of the non-departmental revenue agencies is to properly account for revenue sources that are not under the jurisdiction of any single department. The Office of Strategy, Budget and Performance has primary responsibility for budgeting and accounting for these revenues. The non-departmental revenue budgets are based on historical trends, current economic data, contract terms, and policy changes at the State and Federal level as appropriate.

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Recommended Amounts are based on the following:

Unclaimed Money: Pursuant to Section 59.66 of the Wisconsin Statutes, the County Treasurer is to publish a notice that the Treasurer's Office possesses unclaimed money. If no legal claim is made within the time specified in such notice, all funds and interest earned are to be turned over to the General Fund of the County treasury. Every other year, the Treasurer widely advertises unclaimed funds before they are forfeited. As a result, this revenue fluctuates from one year to the next and is difficult to predict. Funding is budgeted in this area in odd numbered years. In 2023, \$1,250,000 is budgeted.

State Personal Property Aid: As part of 2017 Act 59, municipal and county levy limits were set by the amount equal to an inaugural 2020 Personal Property Aid distribution to compensate local governments for an exemption to personal property tax of machinery, tools and patterns not used in manufacturing. The Wisconsin Department of Revenue estimates the payment to Milwaukee County to be \$1,522,371 for 2023.

Land Sales: Accounts for the sale of County land in accordance with state statute. Monies received through this revenue stream will be allocated in accordance with established policies on one-time revenues and Chapter 6 of the Milwaukee County Code of Ordinances. \$0 is budgeted in 2023.

Potawatomi Revenues: Represents payments based on Class III Net Win during the period July 1, 2022 to June 30, 2023 by the Potawatomi Bingo Casino per contract. Beginning in 2023, the amount budgeted includes the allocations previously allocated to DHHS orgs 630 and 800. These allocations have been replaced with tax levy. The 2022 budgeted net win is \$4,814,875. The 2023 budget increases by \$1,067,102 for a total of \$5,881,977 due to actual 2022 increases realized in collections of Class III Net Win.

Fire Charge-Uncollectable: The Fire protection charge will continue to be budgeted in the Water Distribution System (Agency 550) and charged out to all County Grounds users of the water system. However, payment from some non-County users of the water system has been challenging and has resulted in uncollectable payments. Although the County will continue to pursue payment for these charges, uncollectable revenue of \$952,032 is budgeted to account for potential uncollectable revenue.¹

Earnings on Investments: Earnings on investments income is derived from long and short-term investment of operating funds not required for immediate use. To maximize investment revenue, the County sets the investment policy and independent contracted investment advisors directly manage the funds. The 2023 budget for earnings on investments is \$5,328,871, an increase of \$3,662,032 from the 2022 adopted budget. This is due to the rise in short term interest rates in response to federal fund rate hikes which have already occurred, and rate hikes expected over the next 12 months. Prior to 2023, this revenue was reported in the Treasurer's Office (Org 309).

State Shared Taxes: Represents payment from the State under the County and Municipal Aid payment program. The base payment is given to each County on a per capita basis. The Utility Payment compensates local governments for costs incurred in providing services to tax exempt public utilities. Wisconsin State Statute 48.561(3) requires the Wisconsin Department of Administration to reallocate \$20,101,300 from Milwaukee County's shared revenue allocation to the Wisconsin Child Welfare Program. State Shared Revenues to the County are projected flat to 2022 for 2023 based on the information available at the time of budget preparation. As outlined in 2015 Wisconsin Act 60 ("Act 60"), Milwaukee County is required to commit \$4,000,000 annually to the construction of the Milwaukee Bucks Sports Arena. See Org. Unit 180-1995 for further explanation.

¹ Prior to the transfer of the fire protection charge to the water utility in 2012, DAS-Facilities, DAS-Fiscal Affairs and Corporation Counsel staff reviewed the existing fire protection agreement(s) as well as any applicable state statutes, county ordinance, and/or existing agreements between the non-county water system users and the County.

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The State of Wisconsin (State) received \$67.1 million of Mitigation Trust Funds from the national settlement with Volkswagen (VW) Corporation. The State apportioned part of its award towards a competitive statewide transit capital assistance grant program (Grant Program) to fund the replacement of eligible public transit vehicles. As a condition of the Grant Program (§ 79.035(7)), award recipients receive a reduction in State Shared Revenue (Shared Revenue) of 75% of the actual award amount amortized over a 10-year period. Pursuant to approved County Board file #18-640, the County applied for funding and was awarded \$5,461,500 in Grant Program funding. The Grant Program funding replaced bond funding for eligible County bus replacements.² Based upon Grant Program criteria, the County will receive an annual Shared Revenue reduction of \$409,613 beginning with the 2021 budget year through the 2030 budget year.

| <u>STATISTICAL SUPPORTING DATA</u> | 2020 | 2021 | 2022 | 2023 |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | <u>Budget</u> |
| Base Payment | \$ 47,023,963 | \$ 47,021,747 | \$ 47,022,794 | \$ 47,022,794 |
| Utility Payment | <u>4,508,056</u> | <u>4,506,975</u> | <u>4,455,955</u> | <u>4,455,955</u> |
| Subtotal State Shared Taxes | \$ 51,532,019 | \$ 51,528,722 | \$ 51,478,749 | \$ 51,478,749 |
| VW State Grant (Buses) | 0 | (409,613) | (409,613) | (409,613) |
| State Child Welfare Reallocation | <u>(20,101,300)</u> | <u>(20,101,300)</u> | <u>(20,101,300)</u> | <u>(20,101,300)</u> |
| Total State Shared Taxes | \$ 31,430,719 | \$ 31,017,809 | \$ 30,967,836 | \$ 30,967,836 |

State Exempt Computer Aid: Represents State payments to compensate for the exemption of computers from property tax rolls, per 1997 Wisconsin Act 237. The formula for determining the county share of State Exempt Computer Aid was discontinued in the 2017-19 Wisconsin State Budget and replaced with a flat increase of 1.47% in 2018 to 2019. In 2020 and each year thereafter, State Exempt Computer Aid will not have an inflation factor. The estimate at the time of budget preparation results in \$5,129,455 budgeted in State Exempt Computer Aid.

Milwaukee Bucks Sports Arena: Wisconsin State Statute 79.035(6) requires an annual \$4 million reduction to Milwaukee County’s shared revenue to offset costs for the Milwaukee Bucks sports and entertainment facility. This non-departmental account acknowledges the County’s contribution to the sports and entertainment facility through 2036.

County Sales Tax Revenue: Sales tax collections are projected to increase by approximately \$8.9 million, from \$91.6 million to \$100.5 million. The net sales tax budgeted in Org 1996 is \$90.6 million (\$100.5 million gross sales tax less State administrative fee of \$1.8 million and capital improvements allocations of \$8.1 million). An allocation of \$36.4 million is provided for debt service, resulting in \$55.2 million available for general fund purposes.

² Eligible buses included those in the 2018 and 2019 Adopted Capital Budget.

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| | 2022 | | | |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2020 Actual | 2021 Actual | Budget | 2023 Budget |
| Gross Sales Tax Collections | \$ 83,494,339 | \$ 93,698,384 | \$ 91,587,380 | \$ 100,519,240 |
| State Administrative Fee | <u>(1,461,151)</u> | <u>(1,639,722)</u> | <u>(1,602,780)</u> | <u>(1,759,086)</u> |
| County Sales Tax Collections | \$ 82,033,188 | \$ 92,058,662 | \$ 89,984,600 | \$ 98,760,154 |
| Less Sales Tax Allocated to | | | | |
| Capital Improvements | \$ <u>(7,354,784)</u> | \$ <u>(7,256,584)</u> | \$ <u>(7,914,736)</u> | \$ <u>(8,103,873)</u> |
| County Net Sales Tax Collections | \$ 74,678,404 | \$ 84,802,078 | \$ 82,069,864 | \$ 90,656,281 |
| Less Allocations to Debt Service | <u>(32,153,590)</u> | <u>(32,406,178)</u> | <u>(36,427,939)</u> | <u>(35,478,674)</u> |
| Available for General Fund | \$ 42,524,813 | \$ 52,395,901 | \$ 45,641,925 | \$ 55,177,607 |

Surplus (Deficit) from Prior Year: Represents \$5,000,000 of the County’s overall 2020 surplus as applied to the County’s 2022 budget (County Board file 20-937) per 59.60 of Wisconsin State Statutes.

Other Miscellaneous Revenue: Includes all other revenue sources, including closure of Tax Increment Financing (TIF) districts. The 2023 budget is reduced by \$200,000 due to fewer TIF anticipated TIF closures. Any revenue in excess of the amount budgeted shall be allocated in a manner consistent with the County’s financial policy related to land sales and one-time revenues.