



Finance Department

David P. Schmiedicke, Director
City-County Building, Room 406
210 Martin Luther King, Jr. Blvd.
Madison, WI 53703
Phone: (608) 266-4671 | Fax: (608) 267-8705
finance@cityofmadison.com
cityofmadison.com/finance

Accounting Services Manager
Patricia A. McDermott, CPA

Budget & Program Evaluation Manager
Christine Koh

Risk Manager
Eric Veum

Treasury & Revenue Manager
Craig Franklin, CPA

Date: October 21, 2021

To: Mayor Rhodes-Conway and Council Members

From: David Schmiedicke
Finance Director

Subject: Revisions to 2022 Executive Operating Budget Levy Limit Calculation and Tax Computation Table

This memo discusses two revisions to the presentation of the 2022 Executive Operating Budget since its introduction on October 5.

Levy Limit Calculation Adjustment – Property Tax Refund Revision

One element of the levy limit calculation is an adjustment for the amount of property tax refunds made over the past year. Since introduction of the executive budget on October 5, additional tax refund data has become available. Final approval of the tax refund amount is made by the Wisconsin Department of Revenue (DOR) in early November. The total tax refund amount under review is \$187,000. This is approximately \$149,000 higher than the adjustment included in the executive operating budget levy limit calculation. The largest single refund amount is for \$80,000. Until the approval from DOR is received, an upward adjustment in the remaining available levy limit of \$69,000 (\$149,000 minus \$80,000) is prudent. The available levy limit after this adjustment is \$329,000, compared to \$260,000 under the executive budget. Further information on the allowable levy, including a possible further upward adjustment from \$329,000, will be provided prior to the Council's action on budget amendments and adoption of the 2022 budget on November 9th. The \$329,000 of remaining levy limit capacity will be used for purposes of the Finance Committee's amendment process during its meeting on Monday, October 25th.

Tax Computation Table – Net Taxable Property Value Adjustment

The 2022 executive operating budget document includes a Tax Computation Table (page 7) that shows preliminary projections of assessed value and net taxable property value, as well as the general and library fund expenditures, total revenues and property tax levy. The property tax levy is divided by the net taxable property value to calculate a projected mill rate (property tax rate) and tax on the average value home.

The assessed value figures are preliminary as the City Assessor's Office completes its work on the final assessed property values for purposes of the 2021 tax levy that finances the city's 2022 budget. Since introduction of the operating budget on October 5, the tax increment financing (TIF) property value increment has been updated. These figures are set by the State of Wisconsin through an equalization process.

The table on the next page shows the difference in the net taxable property and the mill rate due to this update of the TIF property value increment. The final TIF increment is approximately \$141 million higher than the amount used in the executive operating budget document. Since the TIF increment is deducted from assessed value to generate the net taxable property, this revision increases the estimated mill rate by approximately 0.04 mills. This change in the mill rate also changes the estimated increase in taxes on the value home. The increase in the property tax levy that is proposed in the executive budget remains unchanged at \$258,650,981, an increase of 1.06% over the levy for the 2021 budget.

October 22, 2021

Page 2

Please feel free to contact me with questions.

	Executive Budget	Executive Budget (adjusted)
Net Taxable Property Value	\$ 31,300,240,600	\$ 31,158,920,400
Mill Rate	8.2636	8.3011
Taxes on Average Value Home		
at Levy in Executive Budget	\$ 2,769.96	\$ 2,782.53
\$ Change over Prior Year	\$ 33.90	\$ 46.47
% Change over Prior Year	1.24%	1.70%
at Estimated Maximum Levy	2,772.72	2,785.30
\$ Change over Prior Year	\$ 36.66	\$ 49.24
% Change over Prior Year	1.34%	1.80%