

Fiscal Estimate Narratives

DPI 3/31/2011

LRB Number	11-0903/1	Introduction Number	SB-020	Estimate Type	Original
Description Authorizing the City of Milwaukee to sell city-owned property used for school purposes					

Assumptions Used in Arriving at Fiscal Estimate

Currently, the board of school directors of Milwaukee Public Schools (MPS) has the authority to purchase, lease, control, and manage the schools and property of the school district. School buildings located in the City of Milwaukee, and the sites on which the school buildings sit, however, are the property of the city, and deeds and conveyances of property are made to the city. MPS must adopt a resolution prior to purchasing or leasing a building site or constructing a school house. The city must sell city-owned property used for school purposes if MPS submits a written request to the city and the common council adopts a resolution approving the sale. The board determines whether proceeds of the sale of city-owned property used for school purposes are deposited into the school operations fund or the school construction fund. In general, if the proceeds are deposited into the school operations fund, the moneys must be used to pay the principal and other fees and premiums due on bonds issued for school facilities.

Under this bill, if the common council finds that city-owned property used for school purposes has been unused or underutilized for at least 18 consecutive months, the common council may sell or lease the property. The bill requires the board to provide the common council and city employees and agents copies of all documents related to the property and access to the property for purposes related to the sale or leasing of the property. Net proceeds from the sale or lease of property, when authorized by the common council as provided in the bill, are deposited in the school operations fund and are to be applied to reduce taxes levied by the city for MPS.

LOCAL: Currently, MPS has a deed restriction on the City of Milwaukee-owned buildings used for school purposes that keeps the buildings from being used as schools that are not part of MPS. Senate Bill (SB) 20 would allow the City of Milwaukee to sell or lease buildings if it determines they are unutilized or underutilized for 18 months. Any buildings that are not sold or leased must continue to be maintained by MPS which will result in continued costs for the school district. However, any buildings sold or leased by the city may reduce maintenance costs for MPS. If a sale or lease of an unutilized building(s) is agreed upon, net proceeds would go to the school operations fund which must be used to reduce the tax charged by the City of Milwaukee for MPS. It is indeterminate as to how many buildings may be sold or leased or how much the proceeds would be and therefore how much each taxpayer's bill would be reduced.

STATE: There would be no state fiscal effect.

Long-Range Fiscal Implications