

1993-94 SESSION
COMMITTEE HEARING
RECORDS

Committee Name:

Joint Committee on
Finance (JC-Fi)

Sample:

Record of Comm. Proceedings ... RCP

- 05hrAC-EdR_RCP_pt01a
- 05hrAC-EdR_RCP_pt01b
- 05hrAC-EdR_RCP_pt02

➤ Appointments ... Appt

➤ **

➤ Clearinghouse Rules ... CRule

➤ **

➤ Committee Hearings ... CH

➤ **

➤ Committee Reports ... CR

➤ **

➤ Executive Sessions ... ES

➤ **

➤ Hearing Records ... HR

➤ **

➤ Miscellaneous ... Misc

➤ 93hrJC-Fi_Misc_pt25

➤ Record of Comm. Proceedings ... RCP

➤ **

State of Wisconsin

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Madison, WI 53707-7882
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ASSEMBLY CHAIR
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Phone: 266-7690

JOINT COMMITTEE ON FINANCE

December 29, 1994

TO: JOINT COMMITTEE ON FINANCE MEMBERS

FROM: Senator Joe Leean
Representative Barbara J. Linton
Co-Chair, Joint Committee on Finance

We have reviewed the request from the Department of Administration dated December 9, 1994 under s. 16.515 and s. 16.505(2) pertaining to a request from the Department of Revenue.

There were no objections to this request and accordingly it has been approved.

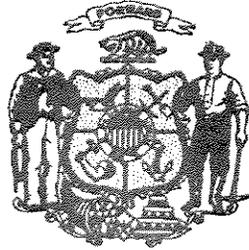
JL:BJL:ns

cc: Roger Grossman
Bob Lang

State of Wisconsin

SENATE CHAIR
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JOINT COMMITTEE ON FINANCE

December 12, 1994

MEMO TO: MEMBERS, JOINT COMMITTEE ON FINANCE

FROM: Senator Joe Leean
Representative Barbara J. Linton
Co-Chairs, Joint Committee on Finance

Attached is a copy of a request from the Department of Administration dated December 9, 1994 pursuant to s. 16.515 and s. 16.505(2) pertaining to requests from the Department of Revenue.

Please review this item and notify Senator Leean's office not later than Tuesday, December 27, 1994 if you have any concerns about the request or would like the Committee to meet formally to consider it.

Also, please contact us if you need additional information.

JL:BJL:ns

Attachments

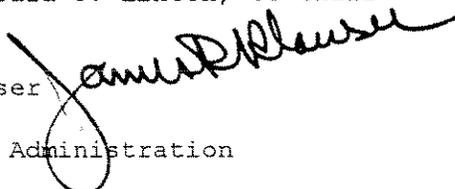
CORRESPONDENCE/MEMORANDUM

**STATE OF WISCONSIN
Department of Administration**

Date: Dec. 9, 1994

To: Honorable Joseph LEEAN, Co-Chair
Honorable Barbara J. LINTON, Co-Chair

From: James R. Klauser
Secretary
Department of Administration



Subject: s. 16.515/16.505(2) Requests

Enclosed are requests which have been approved by this department under the authority granted in s. 16.515 and s. 16.505(2). The explanation for each request is included in the attached materials. Listed below is a summary of each item:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>1993-94</u>		<u>1994-95</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
D.O.R. 20.566(1)(gg)	Admin. of Local Taxes			\$ 368,000	3.0

As provided in s. 16.515, this request will be approved on Dec. 30, 1994, unless we are notified prior to that time that the Joint Committee on Finance wishes to meet in formal session about this request.

Please contact Roger Grossman at 266-1072, or the analyst who approved the request in the Division of State Executive Budget and Planning, if you have any additional questions.

Attachments:

CORRESPONDENCE/MEMORANDUM

STATE OF WISCONSIN
Department of Administration

Date: November 25, 1994

To: James R. Klauser, Secretary

From: Paul D. Ziegler, Policy and Budget Analyst

Subject: Department of Revenue s.16.505/515 Request - Administration of Local Taxes for Milwaukee Convention Center



Request

The Department of Revenue requests 3.0 FTE permanent positions and \$368,000 PR expenditure authority in FY95 for appropriation s.20.566(1)(gg), Administration of Local Taxes, for the department's costs in administering the taxes imposed by the Wisconsin Center District for financing an exposition center in Milwaukee. Since a significant portion of the amount requested is one-time financing - some of which is requested to be carried into FY96 - the continuing funding requested falls to \$280,100 in FY96 and to \$163,700 in FY97.

Background

The City of Milwaukee, under the authority granted by 1993 Act 263, has adopted resolutions creating a local exposition district. The district, as allowed by the act, has imposed room, automobile, rental, and food and beverage taxes effective January 1995.

1993 Act 263 assigned responsibility for administration of these taxes to the Department of Revenue. In anticipation of the department's needs, the act allocated 3% of the amounts collected for the department's costs. While the act created appropriation language for the department, no funding was provided. Consequently, this s.16.505/515 request was necessitated.

Analysis

For the exposition district taxes (expo taxes), the department must implement and maintain an entire spectrum of tax administration systems and activities for an estimated 5000 tax filers. These functions include the development and maintenance of taxpayer account and tax collection databases, the creation and distribution of forms and instructions, the determination of tax liability and related billing and refund activities, the identification of those who should be filing but are not, and the distribution of the tax proceeds to the taxing authority.

Permanent Positions. The Department of Revenue requests 3.0 FTE permanent positions to assist in these functions:

1. Management Information Specialist 5 - An MIS 5 will oversee contract programmers and analyze, design, code and test the changes necessary to a new and several existing computer systems.

2. Revenue Tax Specialist 1 - A revenue tax specialist 1 will serve as a user analyst for the new computer system by being the primary trainer and consultant in use of the new computer system, monitoring and maintaining the system, and coordinating system documentation, implementation, and development.
3. Revenue Agent 2 - A revenue agent 2 will conduct office audits of returns, monitor computer generated adjustment notices, prepare manual determinations of refunds and assessments, provide taxpayer assistance and technical assistance to agency personnel.

Computer systems. The agency intends to develop an expo tax computer system capable of on-line registration, the scanning of tax returns, the storage of return data and the generation of adjustment and non-filer notices. The agency will also modify several existing computer systems. The revenue accounting system must track the collection and distribution of expo taxes. The sales tax system must allow the matching of accounts with the expo system. Sales tax mailings must be coordinated with expo tax activities. The delinquent tax system must accommodate the new taxes. Additional computer applications must also be developed to assist in expo tax audits.

The agency requests \$95,000 in both FY95 and FY96 to hire contract programmers to assist the requested MIS position with the significant computer workloads necessitated by startup of the taxes. Computer time costs will also be incurred.

Taxpayer Registration. The agency will incur one-time costs for printing and mailing to establish the initial database of taxpayers of the expo taxes. All of the 23,000 retailers registered for collection of the sales tax in Milwaukee County will be contacted in this process. Additionally, the agency must continually update its account database for new registrations and deletions.

Return Processing. The department intends to scan the returns filed by taxpayers in lieu of manually keying the information. The department requests \$96,300 for this purpose and this investment should reduce costs in long-run. In addition, the agency requests ongoing funding for printing and mailing tax forms.

Adjustments and Correspondence. The above mentioned revenue agent 2 will perform the necessary office audit activities. The department estimates that the position will annually conduct over 1300 tax determinations and adjustments and make over 2500 taxpayer contacts by mail and phone.

Field Audit. The addition of the new expo taxes will increase the workload on field auditors in Milwaukee County due to the additional calculations, verifications and audits necessary. The department, however, is making no request at this time for additional field audit resources.

Total Funding Request. Attachment 1 details the requested funding.

Cash flow. Start-up costs, especially for scanning equipment and programming, will force the PR appropriation into a negative cash balance through FY97. Once the start-up expenditures are completed, however, the balance will improve each year and a positive year-end balance for FY98 is anticipated. This situation parallels that which occurred in the county sales tax appropriation in its early years. The projected revenues in the table below represent the 3% of expo tax collections statutorily allowed the department for its expenses.

Appropriation Balance Projection

	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>
Beginning Balance	0	-210,500	-169,400	-2,200
Projected Revenue	157,500	324,500	334,300	344,400
Projected Expenditures	368,000	280,100	163,700	163,700
Reserves	<u>0</u>	<u>3,300</u>	<u>3,400</u>	<u>3,500</u>
Ending Balance	-210,500	-169,400	-2,200	175,000

Recommendation

Approve the request. It provides the department with necessary resources for its administrative responsibilities for the Milwaukee convention center taxes.

Attachment 1

Funding Request

	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>
Permanent Salaries	44,700	91,100	91,100
Fringe Benefits	16,300	33,100	33,100
Supplies and Services			
Telephone Service	800	1,200	900
Office Supplies	300	400	300
Space Rental	5,800	9,200	6,900
Training	500	800	600
MIS Travel and Training	1,400	2,800	2,800
Computer Time	35,000	42,000	24,000
Equipment Connects	2,300	1,400	900
Tax Forms/Envelope Printing	800	1,300	1,300
Tax Form Postage	1,400	1,400	1,400
Post Office Box Rental	400	400	400
Initial Registration - Printing	2,900		
Initial Registration - Postage	8,400		
System Furniture	19,000		
Telephone	200		
Chairs	1,500		
Contract Programming	95,000	95,000	
PC Software	4,100		
Permanent Property			
Scanner & Software	96,300		
PC Network Infrastructure	5,000		
Personal Computers	25,900		
TOTAL REQUEST	368,000	280,100	163,700



State of Wisconsin • DEPARTMENT OF REVENUE

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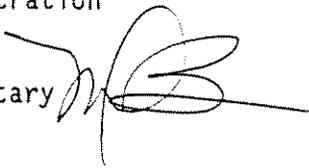
Tommy G. Thompson
Governor

NOV 17 1994 Mark D. Bugher
Secretary of Revenue

MEMORANDUM

November 17, 1994

TO: James R. Klauser, Secretary
Department of Administration

FROM: Mark D. Bugher, Secretary 
Department of Revenue

SUBJECT: Section 16.505/515 Request for Increased Position and Expenditure
Authority Under Section 20.566(1)(gg), Stats., Administration of
Local Taxes

SUMMARY OF REQUEST

The Department of Revenue (DOR) requests 3.00 FTE permanent positions and \$368,000 PR in 1994-95 under s. 20.566(1)(gg), stats., to fund the costs associated with administering the local exposition district tax. Additionally, the Department requests \$280,100 in 1995-96 and \$163,700 in 1996-97.

BACKGROUND OF REQUEST

1993 Wisconsin Act 263 authorized cities, villages, town and counties to create local exposition districts. The City of Milwaukee has adopted resolutions creating a local exposition district for Milwaukee County and imposing room, automobile rental, and food and beverage taxes within that jurisdiction. A copy of the resolution is attached (Attachment 1). Payments of local exposition district tax (expo tax) are expected to be made to the Department beginning in February, 1995 for the quarter ending January, 1995.

ADDITIONAL FUNDING ANALYSIS

The Department of Revenue expects to utilize standard methods of collecting tax and ensuring taxpayer compliance. This will require additional audit, compliance, and processing activity throughout the Division of Income, Sales and Excise Taxes. New computer systems will have to be created by applications development staff in the Division of Administrative Services, Bureau of Information Systems. The ongoing activities required to administer the expo tax include the following:

James. R. Klauser, Secretary
November 17, 1994
Page 2

1. Provision of forms and instructions for registering taxpayers and reporting tax.
2. Capture and computer storage of account and tax data reported by taxpayers.
3. Determination of tax payment and reporting requirements and corresponding, billing or refunding to taxpayers who are at variance with requirements.
4. Collection and deposit of tax and distribution of proper amounts of tax proceeds to local exposition districts.

Computer System

A new expo tax computer system (ETS) will be developed to support on-line registration, printing and scanning of tax returns and verification of return data on a personal computer network platform, upload and storage of return data on a mainframe platform, and generating adjustment and nonfiler notices. Changes will be made to the Revenue Accounting System to account for receipts and distribute proceeds to local exposition districts. Changes also will be made to the Delinquent Tax Control System so that it can accept delinquencies for expo taxes.

Applications development staff will be required to analyze, design, code and test the changes needed to existing systems and the writing of a new system to process expo taxes. A Management Information Specialist 5 position is requested to act as a team leader, giving assignments to the contract programmers, and verifying that completed work meets the required specifications. The position would also be the chief analyst and designer as the project is started and would be needed in an ongoing capacity to continue the enhancements, interfaces with other tax systems, and handle changes needed on a long-term basis, such as the creation of new local exposition districts.

Contract programmers will be used and expenditure authority is requested for 2,500 hours in 1994-95 and 2,500 hours in 1995-96 at \$38 per hour to complete the initial development.

Design and analysis tasks to be accomplished by the position would cover the following ETS functions:

1. Account Registration -- This function would draw information from the current Sales Tax System, create a unique table of registrants for the local exposition district, track accurate mailing information for this tax, produce acknowledgements, record deposits, and allow for renewal of permits.
2. Print Returns -- This function would create a process to print and mail returns to taxpayers who have records on the ETS. It would require creating forms needed, mail out information in a timely way,

James. R. Klauser, Secretary
November 17, 1994
Page 3

create an interface with the Mailer's Choice package to assure postal discounts, and interface address information with the Sales Tax system.

3. Return Handling/Payment Processing -- This function requires tracking returns that have been sent in, validating and identifying corresponding checks and forms with document location numbers and correct due amounts, capturing information from the form, comparing with expected due amounts, creating lists of non-filers and late filers, posting payments, determining accuracy of forms, and creating payment reports.
4. Adjustment Processing and Correspondence -- These functions cover the area of processing returns that are not accurately filed, are late, or are missing. They will deal with complex taxpayer errors that can not be easily corrected as forms are initially processed. The functions will also cover areas such as determining late filer assessments and penalties, calculating adjustments, creating bills or refunds, computing field audit adjustments, tracking address changes, identifying returns that need to interface with other tax systems and producing statistical reports. It will also aid in creating the correspondence to taxpayers.
5. System Interfaces -- Creating interfaces to other systems and transferring information to other systems will be a significant effort. The data on the ETS will need to be synchronized with the Sales Tax System, (particularly mailing and partnership information) and also with the Delinquent Tax Collection System. A way to record payments to the system outside the normal payment process will also be developed.

Contract programmers will also be involved in developing systems to support expo tax audits, including analysis and development of PC-based field audit workpaper and report templates, and developing audit selection and review programs, audit policies, training materials, and statistical reports.

A user analyst, a Revenue Tax Specialist I in Compliance Administration, is requested for coordinating efforts related to the design, development, analysis, documentation, implementation, and maintenance of the ETS. Following the development of the initial system, this position will be responsible for monitoring the system's performance. This position is also the primary trainer and consultant in ETS operation for user staff.

This position will review current and proposed tax statutes, rules, policies, procedures, and forms/publications for the effect of those proposed changes. This position also will be responsible for the development of cross-matching projects to identify business entities that have either failed to register or have failed to properly report taxable receipts for expo tax. Initially, these comparisons will focus on matching local government licensing information with local exposition district registrations.

James. R. Klauser, Secretary
November 17, 1994
Page 4

Three other revenue tax specialist positions, one of which is funded by the county sales tax appropriation, perform similar duties in the Compliance Bureau for the sales tax and withholding tax systems.

Additional computer time and equipment connect charges will be associated with development and operation of the new system. Costs for computer time are estimated at \$35,000 in 1994-95, \$42,000 in 1995-96, and \$24,000 ongoing. Connect charges are estimated at \$2,250 in 1994-95, \$1,350 in 1995-96, and \$900 ongoing.

Provision of network infrastructure for personal computers to be acquired for new positions will require acquisition of a communications access hub, a lobe attachment module, and a media filter at a cost of \$5,000.

Registration

Potential taxpayers, which include all 23,071 retailers registered for sales tax in Milwaukee county, will be contacted in November, 1994. Mailing labels will be generated for these retailers at a cost of \$10/M, or \$231. Mailing envelopes will cost \$20/M, or \$461. Items to be mailed include an informational letter and a registration questionnaire at a cost of \$7/M, or \$323, and a return envelope at a cost of \$15/M, or \$346. The total printing cost is \$1,361. Postage will cost \$5,722, based on a rate of \$0.248/piece.

A subsequent mailing to acknowledge registration will occur during December, 1994. A total of 5,096 registrants are assumed. Mailing labels will be generated for these taxpayers at a cost of \$10/M, or \$51. Items to be mailed include an acknowledgment letter at a cost of \$7/M, or \$36, and a 20-page special publication explaining the new taxes. Some taxpayers will also be sent a request for security. The publication will be on 20# white paper and will cost \$163/M, or \$831. These items will be mailed in a large envelope which will cost \$20/M, or \$102. The total printing cost is \$1,020. Postage will cost \$2,650, based on a rate of \$0.520/piece.

A supply of the special publication will be retained for distribution to central and field offices for taxpayer assistance and internal use: 3,000 copies at a cost of \$489. The existing sales tax registration form will be modified for ongoing registrations. The cost of this change will be minimal and will be absorbed.

The Compliance Registration Unit will perform the initial and ongoing registrations and enter new accounts to the ETS on-line. An estimated 650 annual registrations are anticipated. The unit will also maintain taxpayer accounts on-line, including inactivation upon termination of liability. An estimated 1,020 annual account updates and 610 annual inactivations are anticipated.

In addition to data entry, the work involves reviewing applications and other information to determine which accounts are required to post a security

James. R. Klauser, Secretary
 November 17, 1994
 Page 5

deposit to ensure the payment of expo tax, and to determine the additions, corrections, and other changes needed to update accounts. A Program Assistant I position may be requested at a later time if necessary to handle the additional workload.

Return Processing

Taxpayers will compute their tax using return forms and accompanying instructions and worksheets provided by the Department. The worksheets are required for computing the proper amount of tax on gross receipts.

Sufficient return forms are needed to accommodate an estimated 5,096 taxpayers filing on a quarterly basis. A year's supply of forms will be mailed to each taxpayer on an annual basis. The mailings will be spread over three months to coincide with each taxpayer's initial filing for the year. Normally four return forms covering an entire year (5,096 x 4 = 20,384) will be mailed to each taxpayer in July, August or September to avoid heavy mailing workloads in December. However, forms must be mailed out in January, February, and March, 1995 that cover the first two quarters of filing liability (5,096 x 2 = 10,192) before annual supplies of forms can be mailed out beginning in July, 1995.

Each mailing will utilize an 8 1/2 x 5 1/2 envelope and mailing label, and will include the proper number of return forms and accompanying worksheets and return envelopes. Annual postage for the mailings will be \$1,396, based on a rate of \$0.274/piece. This rate reflects an anticipated 10.3% postage rate increase in January, 1995.

In addition to the mailed return forms, an annual supply of 5,000 return forms and accompanying worksheets, instructions and return envelopes will be provided to central and field offices for new registrants, registrants who lost returns, etc. A summary of projected printing costs is provided below.

<u>Item</u>	<u>Rate/M</u>	<u>Volume</u>	<u>1994-95</u>	<u>Ongoing</u>
Return Forms-Initial	18.40	10,192	188	
Return Forms-Annual	18.40	20,384		375
Return Forms-Extra	18.40	5,000	92	92
Wksh/Instr-Initial	7.00	10,192	71	
Wksh/Instr-Annual	7.00	20,384		143
Wksh/Instr-Extra	7.00	5,000	35	35
Return Env.-Initial	15.00	10,192	153	
Return Env.-Annual	15.00	20,384		306
Return Env.-Extra	15.00	5,000	75	75
Mailing Env.-Initial	20.00	5,096	102	
Mailing Env.-Annual	20.00	5,096		102
Mailing Env.-Extra	20.00	1,000	20	20
Mailing Lab.-Initial	10.00	5,096	51	
Mailing Lab.-Annual	10.00	5,096		51
			<u>\$787</u>	<u>\$1,279</u>

James. R. Klauser, Secretary
November 17, 1994
Page 6

Returns filed by taxpayers will be mailed to a separate post office box which will be rented at \$400 per year. The returns will be scanned and the data verified. A scanning process will be used in lieu of a labor intensive key-entry process currently used in many other tax systems. It is intended to produce long range cost avoidance, while retaining a simple reporting format for the taxpayer. It also is intended to be expandable for other tax processing in the future.

Based on discussions with potential vendors, the following hardware and software will be required to perform the scanning and verifying functions:

<u>Item</u>	<u>Cost</u>
Scan processing station	\$10,500
Workflow/forms processing station	6,500
Laser printer	3,500
Scanner	32,540
Freight & installation	750
Misc. PC software	12,800
LAN-based scanning system consulting	<u>29,700</u>
Total	<u>\$96,290</u>

Adjustments and Correspondence

The computer system will detect discrepancies in reporting tax by checking computations and comparing data from the expo tax return with account data, and generate appropriate notices. Approximately 1,590 nonfiler notices, 550 incomplete report notices, and 1,830 adjustment notices are anticipated annually.

Monitoring computer adjustment notices, office auditing returns and preparing manual determinations (assessments or refunds), and providing technical assistance will require a Revenue Agent 2 position. Workload for these activities can be estimated based on comparisons with similar activities for sales tax. The ratio of the estimated number of expo tax accounts (5,096) to the number of sales and use tax accounts (170,300) is 0.03. Applying this ratio to an estimated 72,007 hours for sales tax adjustment activities in 1993-94 results in an estimated 2,160 hours for expo tax adjustment activities, or 1.3 FTE.

The Revenue Agent 2 position in Compliance Return Adjustment is being requested to perform moderately difficult tax compliance work related to office audit determinations of expo taxes and the adjustment of accounts related to previous department actions including delinquent debit or credit adjustments. The position reviews appeals related to these adjustments to determine if they should be withdrawn, modified, or referred to the Appellate Bureau. The position also provides technical assistance in expo tax and other

James. R. Klauser, Secretary
November 17, 1994
Page 7

topics to taxpayers, their representatives, and department or other agency personnel. This position is expected to make 1,350 determinations and adjustments, and 2,520 taxpayer contacts through telephone and correspondence annually.

Activities performed by the Revenue Agent 2 position will be similar to activities now performed in the Central Compliance Section by 4 revenue agents for sales tax and county sales tax. Productive hours are expected to be allocated to position activities as follows:

<u>Activity</u>	<u>Hours</u>
Technical assistance	786
Office audit	648
Return & adjustment review	142
Delinquent processing	<u>98</u>
Total	1,674

Field Audit

Additional time will be required to field audit sales and use tax accounts that also file expo tax returns, due to additional verifications and adjustment computations required. Also, more frequent audit of these accounts can be expected because of their additional tax liability.

Approximately 26,000 hours were spent auditing accounts in Milwaukee County. Of the 23,071 sales and use tax accounts in Milwaukee County, 5,096, or 22%, are expected to have liability for expo tax. Assuming equal audit coverage of accounts, applying this percentage to the audit hours in Milwaukee county produces 5,720 hours for auditing accounts with expo tax liability. The portion of this time to be devoted to expo tax is expected to approximate 1,640 hours, or 1.00 FTE. A Revenue Auditor 3 position may be requested at a later time to handle the additional field audit workload.

James. R. Klauser, Secretary
 November 17, 1994
 Page 8

SUMMARY OF REQUEST

The following is a summary of the Department's request for additional position and expenditure authority:

	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>
Permanent Salaries	44,700	91,100	91,100
Fringe Benefits	16,300	33,100	33,100
Supplies & Services:			
Telephone Service	800	1,200	900
Office Supplies	300	400	300
Space Rent	5,800	9,200	6,900
Training	500	800	600
Travel & Training(MIS)	1,400	2,800	2,800
Computer Time	35,000	42,000	24,000
Equipment Connects	2,300	1,400	900
Tax Forms/Envelopes	800	1,300	1,300
Printing			
Tax Forms Postage	1,400	1,400	1,400
PO Box Rental	400	400	400
Total Supplies & Services	48,700	60,900	39,500
One-Time Financing:			
Supplies & Services:			
Initial Registration	2,900		
Printing			
Initial Registration	8,400		
Postage			
Systems Furniture	19,000		
Telephone	200		
Chairs	1,500		
Contract Programming	95,000	95,000	
PC Software	4,100		
Permanent Property:			
Scanner & Software	96,300		
PC Network	5,000		
Infrastructure	5,000		
Personal Computers	25,900		
Total One-Time Financing:	258,300	95,000	0
Total Request	<u>\$368,000</u>	<u>\$280,100</u>	<u>\$163,700</u>
Permanent FTE	3.00	3.00	3.00

James. R. Klauser, Secretary
November 17, 1994
Page 9

APPROPRIATION STATUS ANALYSIS

The appropriation balance analysis presented below is extended through fiscal year 1997-98 with revenue and expenditure estimates as reflected in this request.

	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>
Beginning Balance	0	(210,500)	(168,200)	(2,200)
Projected Revenue	157,500	324,500	334,300	344,400
Projected Expenditures	(368,000)	(280,100)	(163,700)	(163,700)
Comp Reserves	<u>0</u>	<u>(3,300)</u>	<u>(3,400)</u>	<u>(3,500)</u>
Ending Balance	(210,500)	(169,400)	(2,200)	175,000

Attachment 2 shows the revenue analysis by each type of tax.

c:\docs\expoctr



Attachment 1
STATE OF WISCONSIN
DEPARTMENT OF REVENUE
RECEIVED
MAY 2 1994

SECRETARY OF REVENUE

Office of the City Clerk

Ronald D. Leonhardt
City Clerk

Carolyn Hill Robertson
Deputy City Clerk

April 29, 1994

Mr. Mark D. Bugher, Secretary
Department of Revenue
125 S. Webster St.
P.O. Box 8933
Madison, WI 53708-8933

Dear Mr. Bugher:

Re: Creation of Wisconsin
Center District

Pursuant to the requirements of sec. 229.42(1)(b), Stats., I am herewith filing with you a certified copy of Milwaukee Common Council Resolution File No. 932014, adopted by the Milwaukee Common Council on April 26, 1994 and approved by Milwaukee Mayor John O. Norquist on April 27, 1994. This resolution creates the Wisconsin Center District ("District") pursuant to the requirements of sec. 229.42(1)(a), Stats. The resolution also specifies the term of office of the members of the District's Board of Directors in accordance with the requirement of sec. 229.42(7)(b), Stats.

The District will construct, own and operate an exposition center and related exposition center facilities within Milwaukee County, the District's area of jurisdiction.

Appointments of members of the District's Board of Directors are to be made in accordance with sec. 229.42(4)(a)-(e), Stats. Letters informing the various appointing authorities of their obligation to make the appointments have been forwarded under separate cover.

If you have any questions relative to this matter, please feel free to contact Special Deputy City Attorney Patrick B. McDonnell in the Milwaukee City Attorney's Office, 800 City Hall, 200 E. Wells Street, Milwaukee, WI 53202, (414) 286-2601.

Very truly yours,

RONALD D. LEONHARDT
City Clerk

Enc.
Bugher

cc: Mayor John Norquist
Ald. John Kalwitz
Grant F. Langley
Patrick B. McDonnell
W. Martin Morics

City of Milwaukee

Office Of The City Clerk

Certified Copy of Resolution

FILE NUMBER: 932014

Substitute resolution enabling the creation of a special purpose district to finance, construct, own and operate an exposition center and related exposition center facilities.

Whereas, The City of Milwaukee ("City") is a first class city within the meaning of sec. 62.05(1)(a), Stats.; and

Whereas, The City is the sponsoring municipality, within the meaning of sec. 229.41(11), Stats., of a special purpose district, to be known as the Wisconsin Center District ("District"), that is a unit of government and a body corporate and politic, separate and distinct from the State of Wisconsin and the City of Milwaukee with the powers set forth in sec. 229.44, Stats.; and

Whereas, Numerous studies of the need for expanded convention and meeting facilities have been undertaken by the City, the MECCA Board ("Board") and the Milwaukee Redevelopment Corporation ("MRC"); and

Whereas, The City commissioned a study of downtown hotel supply which was completed in 1988; and

Whereas, The Board, the City, MRC and the State of Wisconsin Department of Development jointly commissioned an economic study and appraisal of a potential expansion of MECCA and convention center hotel dated September 18, 1991; and

Whereas, The Board later commissioned a study by Coopers & Lybrand entitled Market Review and Economic Analysis of the Milwaukee Exposition, Convention Center and Arena dated March 18, 1992; and

Whereas, The Board and the Milwaukee MECCA Hotel Associates jointly commissioned an owners representative report by Stein & Company, et al., dated January 25, 1993, which contained a master plan, economic benefit analysis and financial analysis of an expanded convention center; and

Whereas, The Mayor, the Chairman of the Common Council's Finance and Personnel Committee and the City Comptroller have concurred that \$300,000.00 should be appropriated from Special Purpose Account No. 31-709-0033 to the MECCA Board to enable the Board to undertake necessary actions to aid in the expansion and construction of the convention center to be constructed, owned and operated by the District, including but not limited to aiding the District, through an intergovernmental cooperation agreement, in undertaking certain preliminary organizational activities and in negotiating a transfer agreement, as authorized under sec. 229.47, Stats.; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee that a special purpose district, which is a unit of government, a body corporate and politic, separate and distinct from the State of Wisconsin and the City of Milwaukee, which is the District's sponsoring municipality, is hereby created pursuant to sec. 229.42(1), Stats.; and, be it

Further Resolved, That the Common Council finds that the establishment of the District is needed because the studies, referenced in the recitals, have shown Milwaukee is not competitive in the

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convention and meetings market due to inadequate exposition and meeting facilities in that:

- a. The existing MECCA convention facility does not provide the quality and functionality found in other such facilities in similar markets.
- b. The existing MECCA convention facility no longer meets general industry standards in terms of quality of finish, flexibility, environmental control, sound proofing and audio visual capabilities.
- c. Construction of a new convention center containing approximately 200,000 gross square feet of contiguous prime exhibition space is optimal to enable a city such as Milwaukee to reach its market potential as a first class convention center destination.
- d. Analysis done by nationally recognized experts have concluded that approximately 40,000 square feet of state-of-the-art meeting rooms and a 30,000 square foot divisible ballroom is appropriate for an expanded convention center in a market such as Milwaukee in order to enable Milwaukee to reach its full market potential; and, be it

Further Resolved, That the Common Council finds that the District will serve the following public purposes:

- a. Creation of 5,500 jobs during peak construction of the new convention center facility and over 2,000 permanent full-time equivalent jobs once the convention center facility is fully operational.
- b. A substantial increase in out-of-town visitors to the City of Milwaukee and State of Wisconsin resulting in both increased economic activity within the City and the State and increased tax revenues.
- c. Construction of the new convention center facility is expected to encourage the development of currently vacant land in the City's central business district, to aid in the redevelopment of existing under-utilized land in the City's central business district, to help eliminate blight and to create a positive externality for properties neighboring the new convention center which should also stimulate increased development including the possible expansion of hotel space in the City's central business district; and, be it

Further Resolved, That the District shall be named the Wisconsin Center District; and, be it

Further Resolved, That pursuant to sec. 229.42(1)(a)5., Stats., the Common Council shall take the necessary action to repeal the room tax imposed pursuant to sec. 66.75(1m)(a), Stats., and sec. 304-25, Milwaukee Code of Ordinances, effective the date upon which the District imposes and commences collection of a room tax equivalent to the room tax which had been imposed under sec. 304-25, Milwaukee Code of Ordinances; and, be it

Further Resolved, That the proposed exposition center to be developed, owned and operated by the District is generally described as: A convention center facility containing approximately 200,000 gross square feet of contiguous prime exhibition space, approximately 40,000 square feet of state-of-the-art meeting rooms and approximately 30,000 square feet of divisible ballroom space, with necessary ancillary convention center facilities for loading, pre-function preparation, and the like, all at a cost of approximately \$167,000,000; and, be it

Further Resolved, That \$300,000.00 is appropriated from Special Purpose Account No. 31-709-0033 to the MECCA Board to enable the Board to undertake necessary actions to aid in the expansion and

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construction of the convention center to be constructed, owned and operated by the District, including but not limited to aiding the District, through an intergovernmental cooperation agreement, in undertaking certain preliminary organizational activities and in negotiating a transfer agreement, as authorized under sec. 229.47, Stats.; and, be it

Further Resolved, That the City Clerk is directed to file certified copies of this resolution with the State of Wisconsin's Secretary of Administration, Secretary of Revenue and with the Milwaukee County Executive; and, be it

Further Resolved, That the initial term of the Board of Directors of the District shall be as follows:

1. One of the two members appointed by the Mayor under sec. 229.42(4)(a), Stats., shall have a three year term and the other member shall have a one year term;
2. One of the three members appointed by the Common Council President under sec. 229.42(4)(b), Stats., shall have a three year term, one shall have a two year term and one shall have a one year term;
3. The three members appointed by the County Executive under sec. 229.42(4)(b), Stats., shall have two year terms;
4. The Secretary of the State of Wisconsin's Department of Administration or the Secretary's designee, appointed pursuant to sec. 229.42(4)(e), Stats., shall have a three year term;
5. Of the three members appointed by the Governor pursuant to sec. 229.42(4)(e), Stats., the member who owns or manages an enterprise that has significant involvement with the food and beverage industry shall have a one year term; the member that is appointed from an enterprise that has significant involvement with the lodging industry shall have a one year term; and the other member appointed by the Governor shall have a three year term;
6. The co-chairpersons of the Legislature's Joint Committee on Finance or their designees shall have a term that is concurrent with their terms in office and the City Comptroller's appointment shall be for the Comptroller's tenure in that position.

I, Ronald D. Leonhardt, City Clerk, certify that the foregoing is a copy of a Resolution passed by the Common Council of the City Of Milwaukee on April 26, 1994.

15-Nov-94

Estimated Revenue for Expo Tax Administrative Costs

Tax Type	Tax Rate	Estimated Annual Collections(1)	Estimated Annual Revenues(2)	1994-95	1995-96	1996-97	1997-98
Basic Room Tax	2.00%	2,000,000	60,000	30,000	61,800	63,700	65,600
Supplemental Room Tax	7.00%	4,500,000	135,000	67,500	139,100	143,300	147,600
Food/Beverage Tax	0.25%	2,900,000	87,000	43,500	89,600	92,300	95,100
Auto Rental Tax	3.00%	1,100,000	33,000	16,500	34,000	35,000	36,100
Totals		10,500,000	315,000	157,500	324,500	334,300	344,400

(1) Based on Research and Analysis Division fiscal analysis of 1993 WI Act 263

(2) Revenues are 3% of collections

(3) Taxes are imposed, and revenues collected, for the last six months of 1994-95 only. Revenues for other years are assumed to increase by 3% annually.