

Fiscal Estimate Narratives

DOR 3/4/2011

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

CURRENT LAW

Under current law, except in a first class city, public school districts are under the direction of a school board, and the school district can own, lease, control, and manage school buildings in its own name. In the City of Milwaukee (first class city), public schools are under the direction of a Board of School Directors. Although this Board has the authority to purchase, lease, control, and manage school buildings, title to such property legally rests with the City of Milwaukee.

The City of Milwaukee is required to sell city-owned property used for school purposes if the Board of School Directors submits a written request for such sale and the Common Council approves the sale. The Board of School Directors can deposit sale proceeds in the school construction fund or in the school operations fund. If deposited in the school operations fund, the proceeds must be used to make payments on bonds issued to finance school facilities.

PROPOSED LAW

Under this bill, if the Milwaukee Common Council determines that a city-owned property used for school purposes has been unused or underutilized for at least 18 consecutive months, the Common Council may provide for the sale or lease of the property. No written request from the Board of School Directors for such sale or lease would be necessary. Proceeds of a Common Council-initiated sale or lease would be deposited in the school operations fund and used to reduce the property tax levied by the City for school purposes.

FISCAL EFFECT

Based on articles published in the Milwaukee Journal-Sentinel in December 2010 and January 2011, it is possible that that between 13 and 27 city-owned facilities that were used for school purposes in the City of Milwaukee might qualify to be leased or sold by the Common Council under the powers granted under the bill.

The proceeds that could be obtained from the sale or rental on any buildings would depend on the location, age, and potential uses of these properties. The Department of Revenue (DOR) does not have information which would permit it to determine which, if any, buildings actually would qualify for the treatment allowed under the bill. As a result, it is not possible for DOR to reasonably estimate the reduction in property taxes that the sale or lease of these buildings could engender.

Long-Range Fiscal Implications