

RESOLUTION 2021-03-06

RESOLUTION REGARDING THE PAYMENT IN LIEU OF TAXES (PILOT)

WHEREAS, the Trustees of the Village of Merrimac, Sauk County, Wisconsin are entrusted with the fiscal management of the Village's Water Utility, whose total (undepreciated) assessed property value is currently \$2.17M; and,

WHEREAS, Wisconsin Public Service Commission (PSC), which regulates water utilities, encourages municipalities to treat their Water Utilities as businesses that must operate in a fiscally responsible manner, including receiving adequate revenue for services rendered, to assure current and future operation; and

WHEREAS, private businesses are required to pay property taxes based on their Assessed Value and a Mill Rate (currently \$20.53/\$1,000 in property value); and

WHEREAS, because public utilities operate as businesses, in theory, they should also be liable for property taxes, but in a modified manner, owing to their publicly-owned status, for which the appropriately-reduced "Local Mill Rate" would be \$14.20 / \$1,000 in 2020; and,

WHEREAS, the PSC gives the Village of Merrimac the option of whether (and how much) to charge the Merrimac Water Utility in property taxes, pursuant to Wisc. Statutes 66.0811(2); and,

WHEREAS, this property-tax-like direct transfer is called the Payment in Lieu of Taxes (PILOT), which adds as income to the budget of the General Fund and subtracts as an expense from the budget of the Water Utility; and,

WHEREAS, unless the Village Board specifically passes a Resolution otherwise, the minimum PILOT is based on the property 1994 Tax Equivalent, which for the value was \$5,995; and

WHEREAS, since at least 2006, the Village has charged the Water Utility a PILOT of \$5,995.

WHEREAS, the Village has the option to charge a PILOT as low as \$0.

WHEREAS, the Village has the option to charge a PILOT of up to \$30,800, based on the \$14.20 Local Mill Rate and the Assessed Value of \$2.17M.

WHEREAS, increasing the PILOT from \$5,995 to the maximum of \$30,800 would make the anticipated 2022 Water Rate increase \$24,805 higher than currently anticipated but increase the budgeted income of the General Fund by that amount; and

WHEREAS, reducing the PILOT from \$5,995 to \$0 would reduce the 2022 Water Rate Increase, but also reduce the General Fund Budget, which currently is not balanced; and,

NOW, THEREFORE BE IT RESOLVED by the Village of Merrimac Board of Trustees to maintain the PILOT of \$5,955 for 2021 and 2022, unless changed by the Board by subsequent action.

Adopted and Recorded June 8, 2021

Approved June 8, 2021

APPROVED:



Philip Budde, President

ATTEST:



Brian Mooney, Administrator/Clerk/Treasurer