



Legislation Text

File #: 82079, **Version:** 1

Fiscal Note

No appropriation required. The resolution directs the Finance Department prepare a comparison chart for the years 2019 through 2024 that shows the city population, total City operating budget, and amounts by department (adjusted and noted for any transfers of services between departments during that time period). The resolution also calls on the State Legislature to authorize local option sales taxes for Wisconsin cities and to authorize a Madison Area Transit District with local sales tax authority.

Title

Directing the Finance Department to issue a report analyzing City operating budgets from 2019-2024 and calling on the State Legislature to authorize local sales tax options

Body

WHEREAS, nearly three-quarters of the City of Madison's budget comes from property taxes; and,

WHEREAS, by law, the State Legislature has placed strict limits on the ability of a city to increase its revenue; and,

WHEREAS, historically, the State Legislature has not provided specific state aid increases to adequately offset those revenue limits or inflation; and,

WHEREAS, Wisconsin is one of the few states that historically has not authorized local option sales or income taxes for its cities; and,

WHEREAS, Madison has had an ongoing structural deficit - meaning our expenses outpace our revenues, which is due, in part, to the state-imposed limitations; and,

WHEREAS, this structural deficit was made worse, in part, by the economic impact of the COVID-19 pandemic; and,

WHEREAS, City revenues remain nearly \$33 million below pre-pandemic trends; and,

WHEREAS, by law, the state requires that an increase in property taxes (above the legally allowable level currently set by the State Legislature) be approved and implemented via a local voter referendum (to increase such property taxes); and,

WHEREAS, the estimated structural deficit is currently estimated to be \$27 million for the 2025 budget, and if no action is taken, it could grow to over \$60 million by 2029; and,

WHEREAS, it is stated that how Wisconsin approaches financing local government and services reasonably needs to change; and,

WHEREAS, understanding that addressing the structural deficit simply with expenditure reductions or by imposing municipal fee increases could have a disproportionate burden on several communities including, but not limited to, our various life-sustaining nonprofits, underrepresented groups, and people with middle, working class and limited incomes; and,

WHEREAS, a local sales tax would help reduce the future property tax burden on Madison's families and businesses, better connect the City's revenues to its economy, and help maintain the current level of services enjoyed by Madison residents and its visitors; and,

WHEREAS, state law authorizes counties in Wisconsin to levy a 0.5 percent sales tax; and,

WHEREAS, Dane County has authorized a 0.5 percent sales tax, which generated approximately \$83 million for the County budget in 2023; and,

WHEREAS, the State Legislature recently authorized a two (2) percent sales tax for the City of Milwaukee; and,

WHEREAS, Governor Evers proposed a 0.5 percent local sales tax for Wisconsin cities in his recent budget recommendations to the State Legislature; and,

WHEREAS, if a 0.5 percent sales tax were authorized by the State Legislature for the City of Madison, it would generate an estimated \$35 million annually; and,

WHEREAS, if a 0.5 percent sales tax were authorized by the State Legislature in the cities served by Madison Metro, it would generate an estimated \$50 million annually;

NOW, THEREFORE, BE IT RESOLVED that the Madison Common Council calls on the State Legislature to authorize a local option sales tax for the City of Madison (and other cities in Wisconsin) and makes a local option sales tax a priority for its legislative lobbying efforts.

~~BE IT FURTHER RESOLVED that the Madison Common Council calls on the State Legislature to create a Madison Area Transit District and authorize said district to utilize a local option sales tax to fund said new transit district similar to the Milwaukee County Transit District.~~

~~BE IT FINALLY RESOLVED that, in order to fully understand our budgetary issues, the Madison Common Council directs the Finance Department to provide a comparison chart and/or graph showing for the years 2019 through 2024 the following data:~~

- ~~1. City population data~~
- ~~2. Size of City operating budget (including debt service and the public library)~~
- ~~3. The annual operating budget for each City department vs. the total city expenditures noting with footnotes transfer of services (Parking enforcement moved from Police to Transportation; Town of Madison included in City budget)~~
- ~~4. Any other useful data that helps in comparing the change in a department's operating budget to the change in the total City budget~~