Legistar 83518 – ALTERNATE WITH FISCAL NOTE

..Fiscal Note
No appropriation required.

This resolution requests the Finance Department confirm that a half-cent sales tax authorized in by the Wisconsin Legislature in the City of Madison would generate approximately $35 million annually. It also directs the City confer with the City of Milwaukee on its strategy for securing approval for a local sales tax from the Wisconsin Legislature and that a local option sales tax and a regional transit authority be the City's highest priority in its state legislative agenda.

..Title
ALTERNATE: Requesting information, studies, and plans regarding the authorization of a local sales tax.

..Body
WHEREAS, since 2011, the State Legislature has strictly limited the amount of revenues available to pay for City services; and,

WHEREAS, despite being a primary driver of the state economy and contributing over $1 billion dollars in state taxes, Madison residents get only 18 cents for every dollar they pay in state taxes; and,

WHEREAS, Madison receives less than 15% of the statewide average and only 3% of the highest amount paid to any community in the state and if Madison received the per-resident average for Wisconsin cities, it would receive $54 million, enough to close the current budget deficit more than two times over; and,

WHEREAS, the City of Madison has faced a structural deficit each year in its budget since 2011 with the growth in the cost to prove services to a growing city exceeding the allowable rate of growth in City revenues under state law, including a projected $22 million deficit in 2025; and,

WHEREAS, Wisconsin cities have the highest reliance on property taxes to fund services of any Midwestern state; and,

WHEREAS, City revenues remain nearly 10 percent ($33 million) below pre-COVID levels, despite strong economic growth in the City, due to State prohibitions on a local sales or income tax, combined with strict State limits on growth in property taxes; and,

WHEREAS, despite the largest increase in shared revenue from the State to municipalities in decades, Madison received the smallest amount per capita of any community in Wisconsin; and,

WHEREAS, the state currently has a $3 billion surplus which it refuses to spend and yet communities around the state are forced, every year, to balance budgets with higher costs and stagnant revenue; and,

WHEREAS, as a result of these policies, record numbers of local governments across the state have had to go to referendum in recent years, including 104 in 2022 and at least 122 more in the spring of 2024; and,

WHEREAS, the state legislature in 2011 effectively banned regional transit authorities and explicitly disbanded the Dane County Regional Transit Authority; and,

WHEREAS, nationally many metropolitan areas use a sales tax to pay for public transit operations and operating expenses; and,

WHEREAS, in the decade since, many efforts have been made to reinstate the ability to form regional transit authorities; and,

WHEREAS, in 2017, then-Madison Mayor Soglin introduced a resolution (Legistar #43726) calling on the state legislature to allow for the formation of a regional transit authority with the ability to levy a sales tax; and,

WHEREAS, the City of Madison has, in conjunction with other cities and the League of Wisconsin Municipalities, lobbied the state legislature for the ability to form regional transit authorities, to levy a local option sales tax, for additional shared revenue and for other revenue flexibility since 2011; and,

WHEREAS, Governor Evers has included the ability to form regional transit authorities, to levy a local option sales tax, additional shared revenue, and other revenue flexibility for municipalities in his last three executive budgets but those measures have been stripped out by the state legislature in each instance; and,

WHEREAS, the Madison Common Council recently passed Resolution 82079: Directing the Finance Department to issue a report analyzing the City operating budgets from 2019-2024 and calling on the State Legislature to authorize a local sales tax options;

THEREFORE BE IT RESOLVED that the Finance Department confirm that a half-cent sales tax would provide the City of Madison about $35 million annually.

THEREFORE BE IT FURTHER RESOLVED that representatives of the City continue to speak with representatives of the City of Milwaukee about the strategy and tactics they used to successfully advocate for a sales tax and other relief from the state legislature.

THEREFORE BE IT FINALLY RESOLVED that a local option sales tax and a regional transit authority shall be the City’s highest priority in its state legislative agenda, and that the City’s state lobbyist shall advise the Mayor and Common Council on the most effective way to advocate for those priorities.