From: Ann Kovich
To: Larson, Aidan
Subject: Fwd: For equity, will Madison use an "infrastructure special charge" (TUF) to fund Fare Free Public Transit via Metro?
Date: Thursday, November 7, 2024 3:06:01 PM

Caution: This email was sent from an external source. Avoid unknown links and attachments.

Hi, Aidan. Please save this email in your folder for the 11/20/24 TC meeting. It can go under #1 - Items not on the agenda.

Thanks,
Ann

---------- Forwarded message ---------
From: **Jon Becker** <jonbecker@aol.com>
Date: Thu, Nov 7, 2024 at 10:01 AM
Subject: For equity, will Madison use an "infrastructure special charge" (TUF) to fund Fare Free Public Transit via Metro?
To: allalders@cityofmadison.com <allalders@cityofmadison.com>, county_board_recipients@co.dane.wi.us <county_board_recipients@co.dane.wi.us>
Cc: sparkman@countyofdane.com <sparkman@countyofdane.com>, kkumar@cityofmadison.com <kkumar@cityofmadison.com>, tsaqqaf@cityofmadison.com <tsaqqaf@cityofmadison.com>, julies.majerus@wisconsin.gov <julies.majerus@wisconsin.gov>

Why no mention of using this revenue to fund Fare Free Public Transportation (FFPT)?

Corvallis OR funds its FFPT system with a Transportation Utility Fee (TUF) of ~$3-4/mo/residence, along with commercial fees (determined using formulae based on property-specific transportation infrastructure use).

Madison's financial future may hinge on new infrastructure fee

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Lucas Robinson | Wisconsin State Journal

The city is counting on an untested infrastructure charge to bring it tens of millions of dollars by the end of ...

Madison's financial future may hinge on new infrastructure fee

Madison residents dodged having to pay a new infrastructure charge with the success of the city's $22 million referendum Tuesday — but plans still call for the property-by-property fee to eventually be implemented in the years ahead.

Residents and property owners will have to pay a monthly "infrastructure special charge" by 2027 to help the city continue balancing its budget if more financial support from the state Legislature doesn't materialize in budget talks next year.

Even with the referendum's success, the city is counting on the untested charge to bring in millions in revenue every year by the end of the decade. But similar fees attempted by municipalities have been struck down by the Wisconsin court system.

Properties would be charged based on the amount of traffic they generate, with the money balancing how much the city spends on upkeep for its roads and infrastructure.

The monthly charge for a single-family home would be $6.35, according to the city.

If the referendum had failed, the charge would have been enacted for 2025, and the city relied on estimates that it would generate $10 million in revenue to help close its $22 million budget gap.

The city has grown more reliant on residents paying monthly charges and other fees to balance its budget since state limits on property tax hikes were implemented in 2011. Since 2015, three new fees and charges have brought in $87.3 million in revenue for city coffers.

Untested charge

Under current plans, Madison would rely on the infrastructure charge to fill $10 million of the city's budget in 2027 and $25 million by 2030.

But if implemented, the charge could face legal challenges, according to a report on the city's budget from the Wisconsin Policy Forum.

Two other local governments in Wisconsin — the city of Pewaukee in Waukesha County and the town of Buchanan in Outagamie County — have attempted to create transportation utility fees in recent years.

Buchanan's fee faced a legal challenge by the Wisconsin Institute for Law & Liberty, a well-known conservative legal group.

WILL successfully argued before the state Supreme Court that the fee constituted an unlawful tax that violated how state law requires roads to be financed through property taxes.

The Supreme Court refused to take up the question of Pewaukee's fee, which an appellate court struck down citing the Buchanan case as precedent.

Madison has said it would have relied on a different state statute from what other communities relied on, but the language creating the charge had not been fully drafted before the referendum succeeded, noted Jason Stein, the president of the Wisconsin Policy Forum.

But the legal nuances of the charge could be moot.

Madison has vowed to lobby the state Legislature to secure some sort of financial relief, either through changes to property tax law or greater funding for municipalities through shared revenue or other aid.
But with Republicans retaining control of the state Legislature in Tuesday's elections, how successful the city will be in such a lobbying effort remains uncertain.

If no help comes in state budget talks slated to begin in the coming months, the city may implement the special charge in the 2027 budget to avert another budget gap and potential cuts.

Other charges

The infrastructure charge is the latest in the city's growing reliance on newly created fees and charges to balance its budget over the past decade.

Since 2015, an urban forestry charge, which helps sustain the city's tree canopy, has brought $45.8 million to city coffers, including $7 million in 2024.

A vehicle registration fee has brought in $6.7 million a year on average since being created in 2020. The newest charge, for recycling, brought in $3.4 million this year, its third year on the books.

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