



SHEBOYGAN COUNTY

Thomas G. Wegner
County Board Chairman

Date: July 12, 2016

To: Editors of the Sheboygan Press, Plymouth Review and Sounder

From: Tom Wegner, Chairman

Re: County Transportation Proposal – Guest View/Column

I support the Sheboygan County Board enacting a one-half percent county sales tax to maintain our transportation system. As the newly elected County Board Chairman, I readily admit I am not enthusiastic about supporting a new tax. However, I strongly support working together to problem-solve, and this revenue is needed in order to address our growing transportation needs and be fiscally responsible.

Our transportation infrastructure is aging, and due to escalating costs and limited resources, the State, County and all local units of government are struggling to adequately maintain our roads and bridges. I think most people understand that borrowing significantly more is not fiscally responsible. If we don't have the collective strength to take action, our transportation system will continue to get worse, and there will be far greater costs down the road.

County Transportation Proposal

As has been widely reported, the County Board is considering enacting a one-half percent county sales tax to support our transportation infrastructure needs and accomplish the following objectives:

- Establish a dedicated funding source to maintain county roads and bridges.
- Share \$1.5 million with local municipalities based on their respective equalized value. Each municipality must spend the funding on additional road maintenance and their allocation will grow on a percentage basis going forward as the annual sales tax revenue increases.
- Significantly reduce borrowing to maintain roads and bridges.
- Provide direct property tax levy relief through reduced debt service.

Community Support and Commonly Asked Questions

Maintaining our transportation system is a key community investment, and essential for economic development, employment and our quality of life. We have a collective responsibility to take care of it. Passing the buck to future generations is wrong, fiscally irresponsible, and not the kind of legacy I want to be a part of.

The County's transportation proposal was unanimously supported by the County Transportation Committee on June 2, 2015. We have since received input, much of it positive.

The Heads of Local Government, which is comprised of the chief elected official of each of our 28 municipalities, fully understands the transportation system problem we face, and have voiced their support for the proposal. In addition, the Sheboygan County Economic Development Corporation Board of Directors, which is comprised of many of our communities largest employers, also recently voted in support of the county's transportation proposal. Like most people, they don't like taxes, but they recognize and appreciate that we must establish a dedicated funding source in order to maintain our transportation system.

As you can imagine, we have received both positive and negative feedback, and the following are some commonly asked questions:

Why can't you cut more programs and services to cover growing transportation costs?

Over the past decade, Sheboygan County has streamlined and consolidated a number of services and departments. On average, the property tax levy has increased less than 1% per year. Our staffing levels have been reduced by 38%, from 1,349 to 841, and our total payroll is less today than it was in 2005. Sheboygan County has a strong fiscal track record, and has been recognized for its responsive and cost-effective operations.

It will cost approximately \$11 million per year to keep up with our transportation system needs. If you exclude law enforcement, health and human services and our transportation departments, all of which we are experiencing demands for more service, and completely eliminated all of the remaining departments combined, that would equate to less than half the funding that is needed to maintain our road and bridges. In addition, to date, no one has suggested a specific service to cut or eliminate.

Why not raise property taxes instead?

State legislators have imposed property tax caps on local units of government. Surveys have shown that property taxes are the most unpopular form of taxation. Significantly raising property taxes to cover our transportation needs would be contrary to constituent feedback, state law, and the County Board's impressive fiscal track record.

Why the 1/2% county sales tax?

The State provided the one-half percent county sales tax option decades ago to help alleviate the pressure on property taxpayers.

How many other counties have implemented a county sales tax?

62 of 72 counties have already implemented a county sales tax, including Ozaukee (1990), Washington (1999) and Fond du Lac (2010).

Will all of the 1/2% county sales tax be used to maintain our transportation system?

Yes

How will revenue be shared with local municipalities?

A cooperative agreement will be established with each municipality to assure the funds are utilized for road and bridge maintenance. The county sales tax revenue will be shared based on

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the municipality's respective equalized value, so it is objective and fair. As each municipality's housing grows and/or they attract more economic development, their equalized value will increase and so too will their share of the sales tax revenue. If the cooperative agreement is not followed, or the municipality does not want the revenue, those dollars will be reallocated for other transportation needs.

Do any other counties share county sales tax revenue with local units of government?

No.

How does the county sales tax get collected?

In brief, if you are paying, or a retailer collecting, the 5% state sales tax, going forward, it would be 5.5%. The sales tax revenue is forwarded to the state, and the ½% county sales tax portion is subsequently returned to the county.

Time for Action

In order to maintain the County's transportation system and be fiscally responsible, we must have an adequate and dedicated revenue source. By implementing a one-half percent county sales tax, we will address a growing problem, and be far better positioned to maintain our transportation system going forward. We will also be able to help assist municipalities with their transportation needs, reduce borrowing, reduce debt service, and provide property tax relief.