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Local Government Revenue Options

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Introduction

Wisconsin's local general purpose government system consists of municipalities (towns, villages, and cities) and counties. These local governments may levy only those taxes that are authorized by the Legislature. In addition to the property tax (and several in lieu of property tax revenues), the Legislature has authorized three optional local taxes for general local governments: (1) a county sales and use tax of 0.5%; (2) a municipal and/or county registration fee for certain motor vehicles (the "wheel" tax); and (3) a municipal tax on establishments providing short-term lodging to the public (the "room" tax). Although the property tax accounts for the vast majority of all local tax revenue, use of these other local taxes has increased as local governments seek to reduce their reliance on the property tax.

The structure of local government in Wisconsin extends beyond the general units of municipalities and counties. Wisconsin law allows the formation of special purpose districts that possess taxing authority. As with general units of government, these special purpose districts can levy only those taxes that are authorized by the Legislature, and for the most part, taxing authority is restricted to the property tax and related taxes. Five exceptions to this restriction exist: (1) a local exposition center district, which, if it meets certain requirements, is allowed to impose a room tax, a food and beverage sales tax, and a car rental tax; (2) a local professional baseball park district for the construction and operation of a new baseball stadium for the Milwaukee Brewers, which is allowed to impose 0.1% sales and use taxes to pay the debt service costs on District-issued revenue bonds and facility operation expenses; (3) a local professional football stadium district for the

construction and maintenance of a renovated football stadium for the Green Bay Packers, which is allowed to impose 0.5% sales and use taxes to pay the debt service on District-issued revenue bonds and to pay specific District administrative and facility maintenance expenses; (4) a premier resort area, which can impose a 0.5% sales tax on sales by tourism-related retailers within the area; and (5) a regional transit authority, which can impose a \$2 vehicle rental fee on rental transactions in the region.

For each of these taxes, this paper discusses the tax, the process for local adoption, and the revenue it generates. This paper first discusses the nonproperty taxes that can be levied by general units of government and then discusses the nonproperty taxes that can be levied by local exposition districts, the local professional baseball park district, the local professional football stadium district, premier resort areas, and the regional transit authority.

County Sales and Use Tax

Wisconsin counties may adopt a 0.5% sales tax imposed on the same goods and services that are subject to the state sales tax. The tax is "piggybacked" onto the state sales tax in that the county rate is added to the state rate and the county tax is administered, enforced, and collected by the state. The 0.5% tax applies to items purchased within the county and to some items purchased in a county without a tax, if they are customarily kept in a county with a tax (this is the "use" tax). The use tax

applies to most registered vehicles and certain construction materials purchased by contractors. It also applies to items purchased out-of-state and brought to a county with the tax.

Since 1969, Wisconsin counties have had the authority to enact a countywide sales tax, but it was not until 1985 that one was adopted. Until 1985, a county adopting the tax had to distribute all tax collections to its underlying municipalities. The 1985-87 state budget gave a county the option of retaining the sales tax revenues for its own use or distributing all or a portion of the revenues to the towns, villages, cities, and school districts in the county. The method for distributing tax proceeds is left for the county to determine.

Further revisions to the tax were made by 1985 Wisconsin Acts 41 and 120. Several of these changes were needed in order to improve the administration and enforcement of the tax. The use tax component was added at this time to decrease the incentive to make major purchases outside of a county to avoid paying the county sales tax. In addition, Act 41 specified that the county sales and use taxes may be imposed only for the purpose of directly reducing the property tax levy.

These changes are generally viewed as having made the taxes a more attractive option for a county to consider, especially the change that allows the county to retain the tax proceeds.

Local Adoption of the Taxes

The legal requirement for establishment of county sales and use taxes is that the county board adopt an ordinance imposing them. The taxes can be effective at the start of any calendar quarter, provided a certified copy of the ordinance is received by the Department of Revenue (DOR) 120 days in advance. An ordinance adopted by the county board is also required to repeal the taxes. The repeal is effective on December 31. DOR must be notified 60 days in advance of this date.

In 1986, Barron and Dunn counties became the

first counties to impose the taxes. Currently, the taxes are in place in 60 counties, including Florence County (effective July, 2006) and Rock County (effective April, 2007). Table 1 identifies the 58 counties with sales and use taxes for 2005.

Revenue from the Taxes

DOR retains 1.75% of the county sales and use taxes to cover the administrative costs of collecting the taxes. At the end of each fiscal year, any unencumbered balance in DOR's appropriation account for administration of the taxes is lapsed to the general fund. In addition, retailers are permitted to retain 0.5% of the taxes collected to cover their administrative costs. Thus, 97.75% of county tax collections are paid to the county. Table 1 identifies the annual amounts received by each county since 1999.

Under current law, DOR must distribute tax revenue to the county by the end of the calendar quarter following the quarter when collected. However, DOR began making monthly distributions in 1988 after discovering that it could reimburse counties on a more timely basis.

Table 2 compares the county share of 2005 county sales and use tax collections with the 2004(05) gross county property tax levy for the 58 counties with a tax in effect for 2005. On average, the county share was equivalent to 23.2% of the county levy. The county share of the property tax levy varied from a low of 8.1% in Adams and Waushara counties to a high of 42.5% in Eau Claire County.

State sales tax collections totaled \$4,127.6 million in 2005-06, out of \$4,148.3 million in sales taxes imposed on consumers (the difference is the estimated retailers' discount). Therefore, if all counties enacted the county sales tax, the estimated yield would be \$405.5 million annually (after the retailers' discount of \$2.1 million and \$7.2 million for state administrative costs). This equals 24.3% of the \$1,671.1 million 2005(06) gross county property tax levy.

Table 1: County Sales and Use Tax Revenue Distributions

County	1999	2000	2001	2002	2003	2004	2005
Adams	\$768,906	\$811,096	\$841,861	\$872,495	\$892,280	\$982,910	\$1,032,327
Ashland	909,728	950,854	952,458	964,056	957,853	1,020,052	994,480
Barron	2,640,995	2,834,691	2,858,850	3,124,672	3,268,915	3,456,553	3,412,122
Bayfield	682,328	676,305	758,112	785,390	743,632	827,872	817,922
Buffalo	455,782	480,162	506,725	508,791	513,278	571,389	537,771
Burnett	591,287	669,835	729,294	770,806	719,296	862,015	830,979
Chippewa	2,990,985	3,230,494	3,173,716	3,150,682	3,302,372	3,358,768	3,488,462
Columbia	2,598,334	2,871,533	2,843,870	3,020,796	3,160,318	3,385,448	3,472,069
Crawford	949,325	1,133,938	1,143,923	1,235,485	1,177,514	1,270,325	1,259,565
Dane	30,821,454	34,141,750	36,087,757	37,032,071	38,364,437	41,141,077	41,340,379
Dodge	3,641,126	4,001,337	4,067,754	3,968,721	4,111,431	4,585,383	4,782,522
Door	2,431,658	2,703,716	2,734,905	2,776,248	2,748,771	2,971,221	2,968,901
Douglas	2,162,745	2,411,416	2,518,519	2,519,143	2,572,925	2,956,289	2,764,560
Dunn	1,686,778	1,847,212	1,914,047	2,000,380	2,079,768	2,184,646	2,212,411
Eau Claire	4,725,208	6,871,466	6,984,820	7,226,874	7,315,483	7,905,427	7,655,312
Forest	307,707	322,731	339,628	341,421	361,195	376,941	373,790
Grant	0	0	0	1,104,083	1,975,285	2,274,119	2,221,797
Green	0	0	0	0	1,374,806	1,866,494	1,913,672
Green Lake	274,276	936,010	988,634	1,046,480	953,524	1,134,238	1,085,752
Iowa	1,082,846	1,222,020	1,262,752	1,299,342	1,389,785	1,660,373	1,550,226
Iron	318,886	330,017	386,497	375,307	343,691	386,778	387,661
Jackson	803,131	884,931	908,168	927,481	948,184	1,004,313	960,278
Jefferson	3,780,026	4,117,205	4,186,755	4,388,190	4,485,478	4,773,729	4,959,324
Juneau	1,052,061	1,188,693	1,166,997	1,119,742	1,123,875	1,259,679	1,265,682
Kenosha	7,310,558	8,079,279	8,078,088	8,767,898	8,701,170	9,514,183	9,269,127
La Crosse	7,566,498	8,206,837	8,425,170	8,364,247	8,519,246	9,311,371	9,146,798
Lafayette	0	0	247,133	465,956	481,310	604,434	541,005
Langlade	1,055,256	1,118,001	1,163,918	1,228,394	1,207,156	1,256,905	1,284,142
Lincoln	1,329,699	1,435,018	1,453,174	1,486,770	1,483,289	1,535,860	1,541,098
Marathon	8,025,886	8,649,046	9,371,837	9,742,890	9,759,001	10,595,278	11,061,668
Marinette	0	0	144,228	2,336,256	2,569,826	2,799,484	2,907,257
Marquette	713,099	789,838	805,976	699,366	646,450	687,631	705,873
Milwaukee	52,582,709	57,774,631	58,734,309	58,324,285	58,808,732	61,556,248	61,971,367
Monroe	1,843,897	2,012,968	2,043,804	2,124,865	2,220,072	2,479,972	2,512,525
Oconto	1,207,537	1,338,939	1,397,450	1,418,158	1,468,608	1,556,084	1,534,883
Oneida	2,718,689	2,975,638	3,163,021	3,349,784	3,505,124	3,753,174	3,733,644
Ozaukee	4,680,384	5,349,873	5,426,718	5,584,401	5,723,350	6,110,050	6,030,268
Pepin	312,138	324,759	360,906	349,577	331,400	352,125	338,247
Pierce	1,121,862	1,201,797	1,281,656	1,295,838	1,288,945	1,510,868	1,350,855
Polk	1,642,787	1,784,929	1,895,765	2,019,578	2,011,543	2,248,208	2,190,035
Portage	3,729,727	4,006,760	4,124,083	4,192,887	4,375,025	4,568,420	4,635,330
Price	671,837	764,265	773,984	787,459	779,248	834,870	815,951
Richland	754,162	830,424	856,016	880,873	873,090	921,917	954,112
Rusk	622,320	672,815	680,697	660,738	685,629	700,100	700,031
St. Croix	3,274,573	3,799,228	4,238,196	4,459,011	4,548,085	5,282,319	4,970,212
Sauk	4,281,353	4,821,787	4,981,258	5,498,409	5,670,513	6,538,711	6,701,515
Sawyer	1,048,554	1,188,487	1,301,198	1,282,143	1,340,228	1,445,196	1,432,315
Shawano	1,682,194	1,786,057	1,781,760	1,874,914	1,876,220	2,016,332	1,988,919
Taylor	248,644	835,594	897,618	879,432	887,598	930,877	905,123
Trempealeau	1,045,698	1,089,242	1,101,169	1,141,945	1,159,800	1,256,783	1,269,034
Vernon	875,740	963,334	1,032,800	1,081,155	1,075,641	1,162,134	1,169,672
Vilas	1,539,151	1,747,544	1,789,375	1,810,308	1,877,297	2,024,931	1,988,448
Walworth	5,165,235	5,809,686	6,093,017	6,316,159	6,521,873	7,272,968	7,144,520
Washburn	785,160	864,801	885,459	890,056	911,745	1,001,458	977,973
Washington	4,600,980	6,533,989	6,948,925	7,162,141	7,467,696	7,979,394	8,358,662
Waupaca	2,555,773	2,794,090	2,689,369	2,775,384	2,790,393	2,948,215	2,976,122
Waushara	856,549	1,027,660	1,007,568	967,183	926,852	1,038,494	997,308
Wood	0	0	0	0	0	3,642,920	4,617,955
Total	\$191,524,221	\$215,214,728	\$222,531,687	\$230,777,112	\$237,376,249	\$259,653,953	\$261,009,961

Table 2: 2005 County Sales and Use Tax Revenue Distributions and Property Tax Levies

County	2005 County Sales and Use Tax	2004(05) County Property Tax Levy	Sales and Use Tax as a % of Property Tax Levy	County	2005 County Sales and Use Tax	2004(05) County Property Tax Levy	Sales and Use Tax as a % of Property Tax Levy
Adams	\$1,032,327	\$12,754,492	8.1%	Marinette	\$2,907,257	\$12,432,748	23.4%
Ashland	994,480	5,461,943	18.2	Marquette	705,873	8,175,201	8.6
Barron	3,412,122	14,072,046	24.2	Milwaukee	61,971,367	226,776,351	27.3
Bayfield	817,922	7,624,054	10.7	Monroe	2,512,525	12,277,186	20.5
Buffalo	537,771	5,202,688	10.3	Oconto	1,534,883	15,605,256	9.8
Burnett	830,979	7,203,852	11.5	Oneida	3,733,644	13,487,888	27.7
Chippewa	3,488,462	12,476,996	28.0	Ozaukee	6,030,268	16,860,542	35.8
Columbia	3,472,069	19,201,616	18.1	Pepin	338,247	3,201,363	10.6
Crawford	1,259,565	5,528,977	22.8	Pierce	1,350,855	12,133,968	11.1
Dane	41,340,379	100,806,060	41.0	Polk	2,190,035	15,835,842	13.8
Dodge	4,782,522	28,592,474	16.7	Portage	4,635,330	20,535,514	22.6
Door	2,968,901	19,548,588	15.2	Price	815,951	6,772,436	12.0
Douglas	2,764,560	12,221,547	22.6	Richland	954,112	5,673,773	16.8
Dunn	2,212,411	15,033,066	14.7	Rusk	700,031	4,672,886	15.0
Eau Claire	7,655,312	18,016,108	42.5	St. Croix	4,970,212	20,875,191	23.8
Forest	373,790	4,254,484	8.8	Sauk	6,701,515	23,021,243	29.1
Grant	2,221,797	8,969,098	24.8	Sawyer	1,432,315	8,262,292	17.3
Green	1,913,672	9,930,922	19.3	Shawano	1,988,919	12,136,156	16.4
Green Lake	1,085,752	11,051,859	9.8	Taylor	905,123	8,075,473	11.2
Iowa	1,550,226	8,099,743	19.1	Trempealeau	1,269,034	8,311,906	15.3
Iron	387,661	3,378,300	11.5	Vernon	1,169,672	7,692,051	15.2
Jackson	960,278	7,745,696	12.4	Vilas	1,988,448	11,720,172	17.0
Jefferson	4,959,324	22,471,210	22.1	Walworth	7,144,520	47,083,849	15.2
Juneau	1,265,682	8,845,605	14.3	Washburn	977,973	9,322,308	10.5
Kenosha	9,269,127	48,905,611	19.0	Washington	8,358,662	35,085,103	23.8
La Crosse	9,146,798	23,378,199	39.1	Waupaca	2,976,122	18,009,806	16.5
Lafayette	541,005	5,240,276	10.3	Waushara	997,308	12,262,673	8.1
Langlade	1,284,142	7,385,962	17.4	Wood	4,617,955	19,564,607	23.6
Lincoln	1,541,098	10,673,220	14.4				
Marathon	11,061,668	42,730,933	25.9	Total	\$261,009,961	\$1,122,669,409	23.2%

**Local Registration Fees for Motor Vehicles
("Wheel" Tax)**

Municipalities have been allowed to impose an annual registration fee, or "wheel tax," on motor vehicles since 1967. In 1979, this authority was extended to counties. Until 1983, the fee applied only to automobiles and station wagons. The fee was limited to 50% of the state registration fee and was collected by the local government that imposed it.

Since 1983, state law has permitted any municipality or county to adopt an ordinance that imposes a flat, annual registration fee on automobiles and trucks of not more than 8,000 pounds customarily kept within that jurisdiction. Vehicles may be subject to both a municipal and a county fee. All vehicles exempt from the state fee are also exempt from local fees. (This exempts, for example, certain trucks not operated on highways, federal vehicles, and certain vehicles registered to Indian tribes.) All vehicles subject to a state registration fee of \$5 are also exempt. (This category includes, for example, automobiles and

buses owned and operated by human service agencies or school districts and vehicles owned and operated for public service by a municipality, county, Indian tribe, or the state.) There is no limit on the amount of the fee. The fee is collected by the Department of Transportation (DOT).

Municipalities are permitted, but not required, to share any portion of the fee with the county or vice versa. Under 1997 Act 27, effective for 1998 revenues, any county or municipality that imposes an annual registration fee must use the revenues from the fee for transportation-related purposes.

Local Adoption of the Fee

An ordinance adopted by the county board or municipal governing body is required to impose a local registration fee. The local government must notify DOT at least 120 days prior to the first day of the month in which the ordinance takes effect. Repeal of the fee is also by adoption of an ordinance by majority vote of the local governing body. At least 60 days notice to DOT is required prior to the first day of the month in which the repeal is effective.

The following five governments are the only ones that have imposed a local registration fee: (1) the City of Kenosha, a \$10 fee from 1977 to 1978; (2) the City of Beloit, a \$10 fee from 1986 to the present; (3) the City of Amery (Polk County), a \$5 fee from 1987 to 1991; (4) Marathon County, a \$10 fee from 1987 to 1988; and (5) the City of Sheboygan, a \$10 fee from 1990 through 2001, and a \$6 fee from 2002 until the fee's end on December 31, 2006.

Revenue from the Fee

The local fee is collected by DOT at the time the annual state registration fee is paid. DOT retains 10 cents per registration for administrative costs. The rest of the fee is remitted to the jurisdiction imposing the fee.

Table 3 compares the amount of revenue

Table 3: 2005 Local Registration Fee Revenue Distributions

Jurisdiction	Fee Revenue	2004(05) Local Property Tax Levy	Fee Revenue as a % of Property Tax Levy	Amount of Fee
Beloit (City)	\$274,676	\$9,776,546	2.8%	\$10
Sheboygan (City)	<u>209,644</u>	<u>19,822,268</u>	1.1	6
Total	\$484,320	\$29,598,814	1.6%	

received by the two local governments that imposed a local registration fee in 2005 with their 2004(05) gross municipal property tax levies.

Based on estimated vehicle registrations for 2006, if a local vehicle registration fee of \$10 was imposed statewide, \$44.2 million in annual revenues would be raised. That equals 2.3% of the 2005(06) gross municipal property tax levy and 2.7% of the gross county property tax levy for that year.

Tax on Short-Term Lodging ("Room" Tax)

Since 1967, towns, villages, and cities have been authorized to impose a tax on establishments providing rooms or short-term lodging to the public. In general, the tax applies to hotels, motels, and rooming houses for lodging furnished for less than one month. Hospitals, nursing homes, and accommodations provided by religious, charitable, or educational organizations are excluded from the tax. The tax applies only to gross receipts from furnishing sleeping accommodations; therefore, food and other items or services furnished by hotels or motels are not subject to the tax. The room tax is in addition to state and county sales taxes that apply to room charges.

Prior to June, 1994, municipalities were not restricted as to the tax rate or use of room tax collections. However, 1993 Wisconsin Act 467 imposed a maximum tax rate of 8% and required that at least 70% of any new room taxes be used for tourism promotion and development.

Tourism promotion and development was defined under 2005 Act 135 to mean any of the following: (a) marketing projects, including advertising media buys, creation and distribution of printed or electronic promotional tourist materials, or efforts to recruit conventions, sporting events, or motorcoach groups; (b) transient tourist informational services; or (c) a tangible municipal development, including a convention center. The allowable tourism promotion and development activities must be significantly used by transient tourists and reasonably likely to generate paid overnight stays at more than one establishment on which the room tax is imposed, that are owned by different persons. If a municipality has only one such establishment, the tourism development and promotion activity must be reasonably likely to generate paid overnight stays in that establishment.

For room taxes enacted prior to May 13, 1994, Act 467 prohibits the municipality from retaining a greater percentage of room tax revenues than it retained prior to May 13, 1994. A municipality can exceed the 8% maximum limit and fall below the 70% tourism promotion requirement for new room tax revenues if any of the following situations apply:

1. The municipality is located in a county with a population of at least 380,000 and a convention center is being constructed or renovated within that county;

2. The municipality intends to use at least 60% of the revenue collected from its room tax in excess of 7% to fund all or part of the construction or renovation of a convention center that is located in a county with a population of at least 380,000;

3. The municipality is located in a county with a population of less than 380,000 and that county is not adjacent to a county with a population of at least 380,000, and the municipality is constructing a convention center or making improvements to an existing convention center; or

4. The municipality has any long-term debt outstanding with which it financed any part of the construction or renovation of a convention center.

Situations (1) to (4) do not excuse a municipality from the requirement that the percentage of room tax revenues that it retains is equal to, or less than, the percentage it retained prior to May 13, 1994.

Act 467 also created the additional governmental entity of a tourism commission to coordinate tourism promotion and development. If two or more municipalities in a tourism zone impose a room tax, those municipalities are required to enter into a contract to create a tourism commission. A tourism zone is defined as an area of two or more municipalities that those municipalities agree is a single destination as perceived by the traveling public. The municipalities in a given tourism zone must impose the same room tax rate. If there is only a single municipality that imposes a room tax in a tourism zone, the creation of a tourism commission is optional.

The tourism commission is responsible for monitoring the collection of room tax revenues and for contracting with one tourism entity, or other organization if a tourism entity does not exist, for staff, support services, and assistance in developing and implementing programs to promote and develop tourism. A tourism entity means a nonprofit organization that came into existence before January 1, 1992, and provides staff, development, or promotional services for the tourism industry in a municipality.

In the case of a single municipality, the tourism commission consists of four to six members, of whom one must be a representative of the Wisconsin hotel and motel industry. Members are appointed by the principal elected official of the municipality with confirmation by a majority vote of the municipality's governing body. When there is more than one municipality in a tourism zone, the commission consists of one to three members

from each municipality (depending on the amount of room tax revenues) and two additional members representing the hotel and motel industry. The members representing the municipalities are appointed by the principal elected official of each municipality with confirmation by the governing body. The two members representing the hotel and motel industry are appointed by the chairperson of the tourism commission.

Local Adoption of the Tax

To implement a room tax, a municipal governing body must adopt an ordinance that authorizes the tax, determines the tax rate, and designates the date the tax takes effect. The last complete information regarding municipalities that levy the tax is provided by financial reports filed with DOR for 2005. According to those reports, 212 of the state's 1,851 municipalities collected the tax in 2005. DOR does not collect information on room tax rates.

Surveys of room tax rates have been conducted by the Legislative Fiscal Bureau. These surveys found that room tax rates have ranged from 1% to 8%. The survey results are shown in Table 4. The rates shown in Table 4 for 2006 are for those municipalities that had a room tax in 2005, according to DOR reports. The most common rate found in the surveys was 5%. However, room tax rates have tended to increase. In 1999, the portion of municipalities with a room tax rate greater than 5% was 31.9%. In 2006, 42.9% of these municipalities had a room tax rate greater than 5%.

Revenue from the Tax

Table 5 indicates the annual amount of room tax revenues reported to DOR on municipalities' financial reports from 1996 through 2005, on a statewide basis, and the annual percentage increase in revenues. The table also shows the growth in the number of municipalities that have adopted the tax over this period. Room tax revenues declined by 4.6% in 2001, the only decline over the ten-year period. However, since 1996, collections have

Table 4: Room Tax Rates -- 1999, 2002, 2004, and 2006

Tax Rate	Number of Municipalities			
	1999	2002	2004	2006
1.0%	0	0	1	1
1.5	0	0	0	0
2	3	2	2	1
2.5	0	0	1	1
3	19	17	26	27
3.5	3	5	4	3
4	22	23	23	21
4.5	7	8	10	16
5	44	51	50	51
5.5	0	3	4	3
6	16	21	24	30
6.5	0	5	6	6
7	17	18	20	19
7.5	0	0	1	1
8	<u>13</u>	<u>21</u>	<u>24</u>	<u>32</u>
Total	144	174	196	212

Source: Legislative Fiscal Bureau surveys

Table 5: Room Tax Revenues

Year	Amount	Percent Change	Number of Municipalities
1996	\$30,337,400		143
1997	32,958,800	8.6%	145
1998	38,963,600	18.2	160
1999	43,669,300	12.1	171
2000	45,012,500	3.1	173
2001	42,932,000	-4.6	176
2002	44,884,900	4.5	189
2003	46,443,200	3.5	196
2004	48,955,700	5.4	205
2005	52,344,300	6.9	212

Source: Department of Revenue

increased by 72.5% and the number of municipalities imposing the tax has increased by 48.3%.

Table 6 shows the revenue reported by the municipalities that imposed a room tax in 2005. On average, reported room tax collections were equal to 3.8% of the corresponding municipalities' 2004(05) municipal purpose property tax levies. However, the significance of room tax collections varied considerably by municipality. For example, room tax collections for 20 municipalities totaled 20% or more of their municipal property tax levies.

Table 6: 2005 Room Tax Collections and Property Tax Levies

Municipality ⁽¹⁾	2006 Room Tax Rate ⁽²⁾	2005 Reported Tax Revenues ⁽³⁾	2004(05) Municipal Property Tax Levy	Room Tax Revenue as a % of Property Tax Levy	Municipality ⁽¹⁾	2006 Room Tax Rate ⁽²⁾	2005 Reported Tax Revenues ⁽³⁾	2004(05) Municipal Property Tax Levy	Room Tax Revenue as a % of Property Tax Levy
Adams					Green				
Dell Prairie (T)	5.0%	\$58,971	\$85,003	69.4%	Monroe (C)	4.0%	\$62,942	\$5,322,880	1.2%
Ashland					New Glarus (V)	3.0	26,021	1,055,562	2.5
Ashland (C)	6.5	70,703	2,757,572	2.6	Green Lake				
La Pointe (T)	6.5	88,027	1,072,101	8.2	Berlin (C)	4.0	10,108	1,464,783	0.7
Barron					Brooklyn (T)	5.0	31,151	366,054	8.5
Rice Lake (C)	5.0	139,578	4,094,259	3.4	Green Lake (C)	7.0	169,852	951,591	17.8
Turtle Lake (V)	4.0	72,264	428,532	16.9	Iowa				
Bayfield					Mineral Point (C)	3.0	23,743	967,122	2.5
Bayfield (C)	6.5	193,721	509,250	38.0	Iron				
Bayfield (T)	6.5	70,093	310,963	22.5	Hurley (C)	5.0	38,600	621,000	6.2
Bayview (T)	6.0	8,458	121,778	6.9	Kimball (T)	3.0	25,071	108,887	23.0
Cable (T)	3.0	30,279	436,501	6.9	Jackson				
Drummond (T)	3.0	3,719	223,565	1.7	Black River Falls (C)	5.0	30,676	1,414,422	2.2
Eileen (T)	4.5	36,201	163,032	22.2	Brockway (T)	5.0	156,276	249,289	62.7
Grand View (T)	3.0	7,519	150,515	5.0	Jefferson				
Hughes (T)	3.0	3,826	109,051	3.5	Fort Atkinson (C)	5.0	26,404	5,435,123	0.5
Iron River (T)	3.0	976	654,673	0.1	Jefferson (C)	5.0	5,402	2,905,003	0.2
Namakagon (T)	3.0	78,924	213,989	36.9	Watertown (C)	3.0	30,283	8,196,096	0.4
Washburn (C)	6.5	39,339	702,000	5.6	Juneau				
Brown					Lemonweir (T)	5.0	11,869	100,006	11.9
Allouez (V)	8.0	5,420	5,228,002	0.1	Mauston (C)	5.0	110,301	1,327,897	8.3
Ashwaubenon (V)	8.0	270,756	7,483,603	3.6	New Lisbon (C)	5.0	42,250	448,474	9.4
De Pere (C)	8.0	7,824	6,413,079	0.1	Union Center (V)	5.0	231	57,736	0.4
Green Bay (C)	8.0	237,488	42,872,472	0.6	Kenosha				
Howard (V)	8.0	10,042	3,844,777	0.3	Bristol (T)	8.0	2,639	1,385,177	0.2
Burnett					Kenosha (C)	8.0	450,485	45,033,257	1.0
Siren (V)	4.0	51,067	361,186	14.1	Pleasant Prairie (V)	8.0	40,533	6,822,711	0.6
Chippewa					Wheatland (T)	8.0	3,818	466,330	0.8
Chippewa Falls (C)	6.0	169,834	5,295,971	3.2	Kewaunee				
Clark					Algoma (C)	6.0	31,651	1,286,233	2.5
Thorp (C)	5.0	19,549	301,432	6.5	Kewaunee (C)	4.0	7,149	884,764	0.8
Columbia					La Crosse				
Caledonia (T)	4.0	41,939	199,996	21.0	Campbell (T)	5.0	32,750	778,753	4.2
Columbus (C)	3.0	18,585	2,835,557	0.7	Holmen (V)	5.0	198	1,300,291	0.0
Portage (C)	5.0	98,779	4,069,147	2.4	La Crosse (C)	7.0	1,094,040	26,883,835	4.1
Wisconsin Dells (C)	5.0	970,852	2,278,782	42.6	West Salem (V)	1.0	6,054	875,665	0.7
Crawford					Langlade				
Clayton (T)	3.0	388	234,083	0.2	Antigo (C)	6.0	39,762	2,702,528	1.5
Prairie du Chien (C)	5.0	125,573	1,753,141	7.2	Lincoln				
Soldiers Grove (V)	3.0	2,431	20,000	12.2	Merrill (C)	4.0	4,774	4,109,404	0.1
Dane					Tomahawk (C)	4.0	49,387	1,374,660	3.6
Blooming Grove (T)	6.0	73,920	574,099	12.9	Manitowoc				
Burke (T)	3.0	12,617	741,808	1.7	Manitowoc (C)	6.0	372,347	9,690,878	3.8
Fitchburg (C)	5.0	12,702	11,792,534	0.1	Mishicot (V)	6.0	74,323	411,236	18.1
Madison (C)	8.0	6,663,863	130,922,616	5.1	Two Rivers (C)	6.0	372,347	3,761,675	9.9
Madison (T)	8.0	122,727	2,357,644	5.2	Marathon				
Middleton (C)	5.0	687,068	8,962,266	7.7	Mosinee (C)	5.5	27,358	1,462,800	1.9
Middleton (T)	5.0	31,591	1,459,250	2.2	Rib Mountain (T)	5.5	178,763	1,811,411	9.9
Monona (C)	8.0	201,678	4,428,028	4.6	Rothschild (V)	7.5	614,098	1,862,164	33.0
Stoughton (C)	6.0	62,374	5,527,912	1.1	Schofield (C)	6.5	31,422	1,126,000	2.8
Sun Prairie (C)	4.0	47,843	14,737,043	0.3	Wausau (C)	8.0	710,520	17,054,778	4.2
Verona (C)	6.0	35,791	4,856,312	0.7	Weston (V)	7.0	51,672	3,227,879	1.6
Vienna (T)	3.0	33,867	423,245	8.0	Marinette				
Waunakee (V)	5.0	23,663	5,081,892	0.5	Marinette (C)	2.0	56,840	3,500,548	1.6
Windsor (T)	3.0	17,125	1,657,943	1.0	Marquette				
Dodge					Buffalo (T)	4.5	275	89,722	0.3
Beaver Dam (C)	5.0	112,927	505,685	22.3	Harris (T)	4.5	1,306	117,124	1.1
Lomira (V)	4.0	21,572	413,900	5.2	Mecan (T)	4.5	3,605	80,000	4.5
Waupun (C)	5.0	27,538	2,156,914	1.3	Montello (C)	4.5	897	453,529	0.2
Door					Montello (T)	4.5	149	95,620	0.2
Sturgeon Bay (C)	4.0	341,175	4,672,712	7.3	Neshkoro (V)	4.5	153	123,241	0.1
Douglas					Westfield (V)	4.5	12,313	351,877	3.5
Superior (C)	6.0	429,717	9,965,481	4.3	Milwaukee				
Dunn					Brown Deer (V)	7.0	463,345	6,602,436	7.0
Menomonie (C)	6.0	199,784	4,679,034	4.3	Franklin (C)	6.0	52,548	16,899,300	0.3
Eau Claire					Glendale (C)	7.0	759,386	9,992,093	7.6
Altoona (C)	7.0	10,369	1,542,678	0.7	Greenfield (C)	7.0	18,993	17,378,482	0.1
Eau Claire (C)	7.0	1,039,099	25,333,173	4.1	Milwaukee (C)	7.0	7,680,400	191,209,551	4.0
Union (T)	7.0	39,622	433,460	9.1	Oak Creek (C)	6.0	403,623	16,831,613	2.4
Fond du Lac					Wauwatosa (C)	7.0	609,433	31,595,960	1.9
Fond du Lac (C)	7.0	496,609	16,753,472	3.0	West Allis (C)	6.0	32,185	33,278,234	0.1
N. Fond du Lac (V)	7.0	48	1,204,282	0.0	West Milwaukee (V)	7.0	54,597	3,460,600	1.6
Ripon (C)	6.0	49,385	2,592,000	1.9	Monroe				
Grant					Sparta (C)	5.0	108,407	2,734,955	4.0
Boscobel (C)	5.0	23,682	852,416	2.8	Tomah (C)	5.0	283,561	3,032,768	9.3
Platteville (C)	4.0	22,488	3,332,573	0.7					

Table 6: 2005 Room Tax Collections and Property Tax Levies

Municipality ⁽¹⁾	2006 Room Tax Rate ⁽²⁾	2005 Reported Tax Revenues ⁽³⁾	2004(05) Municipal Property Tax Levy	Room Tax Revenue as a % of Property Tax Levy	Municipality ⁽¹⁾	2006 Room Tax Rate ⁽²⁾	2005 Reported Tax Revenues ⁽³⁾	2004(05) Municipal Property Tax Levy	Room Tax Revenue as a % of Property Tax Levy
Oneida					Taylor				
Minocqua (T)	4.0%	\$349,913	\$3,328,042	10.5%	Ford (T) ⁽⁴⁾	0.0%	\$20	\$16,000	0.1%
Pelican (T)	3.5	55,139	382,456	14.4	Medford (C)	4.0	42,866	1,307,090	3.3
Rhineland (C)	3.5	122,785	4,265,612	2.9	Rib Lake (V)	5.0	3,866	169,833	2.3
Woodruff (T)	4.0	7,297	1,141,490	0.6	Trempealeau				
Outagamie					Trempealeau (V)	2.5	8,698	282,487	3.1
Appleton (C)	3.0	258,920	29,515,803	0.9	Vernon				
Grand Chute (T)	6.0	923,725	6,605,639	14.0	Hillsboro (C)	5.0	15,649	360,765	4.3
Kaukauna (C)	5.0	1,541	5,724,124	0.0	Viroqua (C)	3.0	19,993	1,192,000	1.7
Kimberly (V)	5.0	7,769	2,731,766	0.3	Vilas				
Ozaukee					Arbor Vitae (T)	4.0	58,462	598,174	9.8
Belgium (V)	7.0	11,369	552,231	2.1	Boulder Junction (T)	4.5	103,414	612,899	16.9
Cedarburg (C)	5.0	55,053	6,705,819	0.8	Eagle River (C)	4.5	75,050	1,081,241	6.9
Grafton (V)	7.0	69,693	5,794,816	1.2	Lincoln (T)	4.5	84,240	361,445	23.3
Port Washington (C)	7.0	199,251	4,257,447	4.7	Manitowish Waters (T)	4.5	44,794	664,603	6.7
Saukville (V)	7.0	39,914	2,246,067	1.8	Presque Isle (T)	4.5	7,366	815,882	0.9
Polk					Saint Germain (T)	3.5	159,476	534,823	29.8
Amery (C)	5.0	10,946	1,296,325	0.8	Washington (T)	4.5	112,947	526,009	21.5
St. Croix Falls (C)	3.0	40,877	714,900	5.7	Walworth				
Portage					Delavan (C)	8.0	506,264	2,652,191	19.1
Plover (V)	8.0	106,321	4,201,000	2.5	Delavan (T)	8.0	78,536	2,197,942	3.6
Stevens Point (C)	8.0	544,629	10,078,282	5.4	East Troy (V)	5.0	9,912	1,629,628	0.6
Price					Elkhorn (C)	4.0	26,438	2,652,191	1.0
Park Falls (C)	3.0	21,243	850,000	2.5	Fontana (V)	5.0	244,442	2,288,486	10.7
Phillips (C)	3.0	19,832	628,669	3.2	Geneva (T)	6.0	222,113	1,405,977	15.8
Racine					La Fayette (T)	6.0	28,515	279,398	10.2
Burlington (C)	3.0	22,150	4,352,988	0.5	Lake Geneva (C)	5.0	480,691	4,812,855	10.0
Caledonia (T)	8.0	740	10,531,048	0.0	Lyons (T)	3.0	603,335	309,108	195.2
Mount Pleasant (V)	8.0	158,088	12,133,639	1.3	Whitewater (C)	5.0	48,867	2,082,329	2.3
Racine (C)	8.0	151,192	37,729,765	0.4	Williams Bay (V)	5.0	9,825	1,556,349	0.6
Waterford (V)	6.0	37,972	2,029,176	1.9	Washburn				
Yorkville (T)	8.0	2,308	847,853	0.3	Spooner (C)	5.5	4,137	945,160	0.4
Rock					Washington				
Beloit (C)	8.0	44,551	9,776,546	0.5	Germantown (V)	6.0	266,748	8,368,953	3.2
Janesville (C)	8.0	784,699	23,660,305	3.3	Hartford (C)	6.0	31,680	5,133,750	0.6
Rusk					Jackson (V)	5.0	38,115	1,955,232	1.9
Ladysmith (C)	4.0	10,420	814,250	1.3	West Bend (C)	5.0	124,311	15,844,113	0.8
St. Croix					Waukesha				
Baldwin (V)	5.0	61,129	1,700,000	3.6	Brookfield (C)	8.0	2,231,860	30,847,002	7.2
Hudson (C)	3.0	146,245	4,645,001	3.1	Brookfield (T)	8.0	576,275	3,462,825	16.6
New Richmond (C)	5.0	59,100	3,708,880	1.6	Delafield (C)	8.0	288,744	4,151,337	7.0
Somers (V)	5.0	3,516	958,092	0.4	Menomonee Falls (V)	5.0	1,955	18,438,995	0.0
Sauk					Mukwonago (V)	6.0	7,990	3,872,759	0.2
Baraboo (C)	6.0	6,316	5,457,121	0.1	New Berlin (C)	8.0	262,295	20,166,095	1.3
Delton (T)	5.0	139,694	249,500	56.0	Oconomowoc (C)	5.0	110,302	6,544,442	1.7
Lake Delton (V)	5.0	6,153,335	2,111,819	291.4	Pewaukee (C)	6.0	640,504	6,057,582	10.6
Merrimac (T)	7.0	49,682	193,629	25.7	Waukesha (C)	8.0	579,891	40,017,560	1.4
Reedsburg (C)	4.5	14,524	3,759,698	0.4	Waupaca				
West Baraboo (V)	6.0	86,631	634,315	13.7	New London (C)	6.0	13,271	2,011,055	0.7
Sawyer					Waupaca (C)	8.0	115,273	2,722,906	4.2
Hayward (C)	4.0	153,100	1,046,262	14.6	Winnebago				
Hayward (T)	4.0	43,403	503,722	8.6	Menasha (T)	6.0	824	6,003,091	0.0
Shawano					Neenah (C)	5.0	77,600	12,587,640	0.6
Belle Plaine (T)	3.0	19,978	339,862	5.9	Neenah (T)	5.0	32	278,632	0.0
Shawano (C)	4.5	2,496	3,536,720	0.1	Oshkosh (C)	8.0	805,353	23,563,164	3.4
Washington (T)	3.0	787	415,037	0.2	Wood				
Wescott (T)	3.0	11,261	1,023,296	1.1	Marshfield (C)	6.0	266,823	10,793,804	2.5
Sheboygan					Wisconsin Rapids (C)	8.0	345,657	9,323,208	3.7
Elkhart Lake (V)	5.0	206,385	759,602	27.2	Total/Average				
Kohler (V)	5.0	859,663	1,557,047	55.2			\$52,344,275	\$1,379,224,292	3.8%
Plymouth (C)	4.0	76,301	2,937,786	2.6					
Sheboygan (C)	8.0	1,044,107	19,822,268	5.3					
Sheboygan (T)	6.0	47,606	1,173,176	4.1					

⁽¹⁾ T=Town, V=Village, C=City

⁽²⁾ Rate effective on January 1, 2006, for those municipalities that had a tax in effect for 2005, according to DOR reports.

⁽³⁾ Totals equal amounts reported on municipal financial report forms submitted to DOR and some totals are unaudited.

⁽⁴⁾ Eliminated tax.

Sources: Department of Revenue and Legislative Fiscal Bureau

Local Exposition District Taxes

Effective April 26, 1994, 1993 Wisconsin Act 263 authorized cities, villages, and counties to individually or jointly create a local exposition district that is separate and distinct from the municipality, county, and state. Such a district has the power to build and operate an exposition center, own and lease property, enter into contracts, employ personnel, issue bonds, and, under certain conditions, impose three different local taxes (room tax, food and beverage tax, and car rental tax). The composition of the board of directors presiding over the district depends on the type and number of sponsors. If the district is sponsored by a city of the first class, the board is composed of 15 individuals from both the public and private sectors, and appointment powers are spread between city, county, and state officials.

Requirements to Levy Taxes

The requirements for a local exposition district to levy one or more of the three local taxes are very restrictive and probably only allow a district created by the City of Milwaukee to impose such taxes. The specific requirements that an exposition district must meet are as follows:

1. The municipality adopts a resolution certifying that the planned exposition center would be of substantial statewide public purpose. This requires an exposition center that: (a) includes an exhibition hall of at least 100,000 square feet; (b) is projected to support at least 2,000 full-time equivalent jobs; (c) is projected to stimulate at least \$6.5 billion in total spending in the state over a 30-year period; (d) is projected to attract at least 50,000 out-of-state visitors annually; and (e) is projected to generate at least \$150 million of incremental state income, franchise, and sales tax revenues over the 30-year period.

2. The district's sponsoring municipality

agrees to stop imposing and collecting its room tax.

3. The district adopts a resolution to impose the tax(es), and a copy of the resolution is sent to the Secretary of the Department of Revenue at least 120 days before its effective date.

Restrictions on Taxes

State statutes limit the amount, duration, and use of the three local taxes. First, the revenues of each of the district-wide local taxes must be used only for the district's debt service on its bond obligations. Once the district's bonds (those required to be issued by April 1, 1999, and those issued to refund that debt) are retired, the collection of these taxes must cease. Collection of the taxes must also terminate if bonds are not issued within two years of imposition of the tax, but whatever has been collected can be used for any lawful purpose.

State statutes impose a maximum limit on the tax rate for each of the three taxes, as follows: (1) a 0.25% (0.50% with a majority vote of the board) districtwide sales tax on certain food and beverage sales; (2) a 3% (4% with a majority vote of the board) districtwide sales tax on the rental of passenger cars without drivers; (3) a basic room tax of up to 3% of total districtwide room charges; and (4) if the sponsoring municipality is a city of the first class, the Act allows the city to dedicate its existing room tax to the district.

The Department of Revenue is responsible for administering any of the local taxes imposed by a local exposition district. The state distributes 97.45% of the taxes collected to the exposition district by the end of the month following the end of the calendar quarter in which the amounts were collected. The remaining 2.55% of collections are retained by the state to cover administrative costs. Beginning with 2005-06, any unencumbered balance in DOR's appropriation account for the administration of the tax at the end of each fiscal year is also distributed back to the district.

Milwaukee's Exposition District

The City of Milwaukee has created a local exposition district called the Wisconsin Center Tax District for the purpose of acquiring and managing its exposition center facilities. The District is comprised of cities and villages wholly or partially in Milwaukee County. The taxes imposed by the District were first effective on January 1, 1995.

Table 7 shows the tax rate and the amount of revenue collected for each of the taxes imposed by the Wisconsin Center District for calendar year 2005. As shown in Table 7, the basic room tax is currently imposed at 2% of total room charges and the additional room tax imposed by the City of Milwaukee is 7% of total room charges (this figure is also included in Table 6). The room tax imposed by the City accounted for 48.7% of the District's collections in 2005.

Table 7: Wisconsin Center District Collections (2005)

	Tax Rate	Revenues
Basic Room Tax	2.0%	\$2,941,800
Additional Room Tax	7.0	7,680,400
Food and Beverage Tax	0.25	3,369,900
Car Rental Tax	3.0	<u>1,779,100</u>
Total		\$15,771,200

Source: Department of Revenue

In 2005 a total of \$15,771,200 was collected by DOR from the District taxes. However, after 2.55% of revenues were deducted to cover for DOR administration of the taxes, actual distributions to the District for 2005 were \$15,369,000.

Local Professional Baseball Park District Taxes

A local professional baseball park district for the construction and operation of a new baseball

stadium for the Milwaukee Brewers was created by 1995 Act 56. The District is made up of five counties: Milwaukee, Ozaukee, Racine, Washington, and Waukesha. The District is governed by a 13-member board, appointed as follows: six persons appointed by the Governor; one person appointed by the Mayor of the City of Milwaukee; two people appointed by the Milwaukee County executive; one person appointed by the Racine County executive; one person appointed by the Waukesha County executive; one person appointed by the chairperson of the Ozaukee County Board of Supervisors; and one person appointed by the chairperson of the Washington County Board of Supervisors.

Use of Sales and Use Tax Revenue

The District Board has the authority to enact a 0.1% sales and use tax in the five-county area. Based on the Board's actions, the taxes were first imposed in January, 1996.

Stadium Construction. At the time Act 56 was passed by the Legislature, it was anticipated that stadium construction would cost \$250 million, of which \$160 million would come from the issuance of revenue bonds by the District. The District's initial \$160 million contribution established its 64% ownership share of the stadium. From 1996 through 1999, the District issued revenue bond for the construction of the stadium and infrastructure improvements near the stadium totaling \$202 million. In addition, the District has entered into \$45 million in lease certificates of participation, which were used to fund the acquisition of leased capital equipment in the stadium (the scoreboard, drive mechanism for the retractable roof, seating, and food service equipment). Subsequently, in order to take advantage of lower interest rates, the District refinanced a portion of these debt obligations. These refunding debt issues also added \$11.9 in principal debt, which results in \$259.1 million in total principal borrowed for the stadium construction and related equipment. The debt service (the payment of principal and interest) on these debt instruments is paid from the 0.1%

sales and use taxes imposed in the five-county District. In addition, District sales and use tax revenues, or interest earnings on those revenues, were applied to the stadium construction, infrastructure improvements, and the initial year of operation of the facility.

The District had \$230.8 million in total principal amount of debt outstanding at the end of 2006. However, in 2005, the District set aside \$51.3 million in an escrow account that is required to be used to retire a portion of the \$230.8 million in outstanding bond principal that is not callable at this time.

Stadium Maintenance and District Expenses. In addition to funding the construction of the stadium, the 0.1% sales and use taxes will be used to contribute towards the maintenance and repair of the stadium over the 30-year anticipated life of the stadium. A memorandum of understanding (MOU) signed by representatives from the State of Wisconsin, Milwaukee County, the City of Milwaukee, and the Brewers indicates that the District's annual contribution will be the lesser of 64% (District's initial ownership share) of actual, annual maintenance costs or \$3.85 million. However, subsequent to the MOU, the Stadium District agreed to take on \$41.2 million of the Brewers' debt associated with the team's contribution toward the stadium construction. In exchange, the District's annual facility maintenance payment was reduced to \$2.16 million until 2008, at which time the Brewers will assume full responsibility for maintenance at Miller Park.

The District will also be responsible for major capital repairs and necessary improvements. Under the MOU, the District will contribute \$700,000 per year to a segregated reserve fund for this purpose and the Brewers will contribute \$300,000 per year. Finally, revenues from the stadium sales and use taxes are used to fund other operations of the District, including the District's staff and other administrative costs.

Early Retirement of Bonds and Reserves. Act 56 specifies that if, at any time, the District's tax revenues exceed current operating expenses, the excess amount will be placed in a fund for future maintenance and capital improvement costs or to retire the bonds early. Once sufficient funds are available to meet the obligations of the District, the 0.1% taxes will end. In a review of the District's costs released by the Legislative Audit Bureau in the spring of 2002, one year after the facility opened, it was estimated that it would be necessary to collect the taxes through 2014.

DOR administers the sales and use taxes on behalf of the District. On a quarterly basis, the Department initially distributed 97% of the taxes collected to the District, retaining 3% of collections for administrative expenses. However, the distribution percentage increased to 98.5% in 1998. Beginning with 2005-06, any unencumbered balance in DOR's appropriation account for the administration of the tax at the end of each fiscal year is also distributed back to the District.

In calendar year 2005, the taxes generated revenues of \$24.9 million, net of the 1.5% fee retained by DOR for administering the taxes. Distributions of sales and use tax revenues to the District have totaled \$237.6 million through November, 2006.

Local Professional Football Stadium District Taxes

A local professional football stadium district for the construction and maintenance of a renovated football stadium for the Green Bay Packers was created by 1999 Act 167. The Green Bay-Brown County Professional Football Stadium District is contiguous with Brown County and is governed by a seven-member board, appointed as follows: three persons appointed by the Mayor of Green Bay, three persons appointed by the Brown County

Executive, and one person appointed by the Ashwaubenon Village President.

The District board has several powers and duties related to the renovation and management of the professional football stadium facilities. Specifically, the District is provided authority, if approved by the electors of the District at referendum, to impose 0.5% sales and use taxes for purposes related to football stadium facilities. On September 12, 2000, the voters of Brown County approved the District resolution imposing the 0.5% sales and use taxes.

The District also has authority to issue up to \$160 million in revenue bonds, excluding reserves and issuance costs, or take out up to a \$160 million loan from Brown County, using proceeds from a loan to the county from the state Board of Commissioners of Public Lands, to acquire, construct, or renovate its professional football stadium facilities. In April, 2001, the District issued three series of revenue bonds totaling \$174.8 million. Of this amount, \$160 million in bond proceeds were provided to the stadium project and the remaining \$14.8 million were used to fund required reserves and cover the issuance costs of the bonds. As of December, 2006, the District has \$122.6 million in outstanding principal remaining on these bonds.

The Act requires the District board to establish a facility maintenance and operating fund to which the following annual revenues must be deposited: (a) the amounts derived from the Packers football stadium donation state income tax checkoff; (b) the revenue received from the sale of engraved tiles or bricks; (c) the revenue received from DOT associated with the issuance of professional football team license plates; and (d) \$500,000 annually from a District fee or charge imposed on the right to purchase admission to events at the stadium facility, pursuant to an agreement with a professional football team. These annual revenues to the fund are to be used to reduce the annual District sales and use tax proceeds needed for

annual maintenance and operating expenses. In 2005-06, \$443,900 associated with the sale of license plates was deposited to the fund. For tax year 2005, \$63,286 associated with the voluntary football stadium donation state income tax checkoff was deposited to the fund.

In addition, any excess, annual District sales and use tax revenues must also be deposited to the fund. Any excess, annual revenues deposited in the fund and interest earnings of the fund can be used to establish a reserve for future facility maintenance and operating expenses.

Brown County Sales Tax Referendum.

Act 167 also provided the county authority to receive excess, annual sales and use tax revenue after the District met its annual, stadium-related obligations. Under the Act, the county's authority to receive excess, annual revenues needed to be approved by a majority of the electors in the county at referendum. On a September 12, 2000, county referendum ballot, Brown County electors voted against providing the county this authority.

Use of Sales and Use Tax Revenues

Act 167 limits the types and the amount of District or stadium-related costs that can be funded from District sales and use tax revenues. The first allowable use of the revenues is to pay the annual debt service on any outstanding District revenue obligations (bonds). The next allowable use for the revenues is to pay the annual principal and interest cost on any county loan from the Board of Commissioners of Public Lands for the acquisition, renovation, or construction of football stadium facilities.

Any excess revenues, in any one year, after annual debt service or county loan payments are paid, must be used for the following purposes, in the order listed:

District Administration. District administration

expenses of up to \$750,000 in the first calendar year beginning after the District sales and use taxes are imposed, up to \$500,000 in the second calendar year beginning after the sales and use taxes are imposed, and up to \$100,000 per year, thereafter, for up to 29 years after the year in which the initial District administration expenses are paid or until the District board determines that the balance, plus any projected earnings, in a reserve for District administration expenses are sufficient to pay the District administration expenses throughout this period.

Facility Operating and Maintenance Expenses. Beginning in the third calendar year after the District sales and use taxes are imposed, an amount equal to \$3,400,000, less the annual amounts to be paid from the football stadium facility maintenance and operating fund, to pay the operating and maintenance costs of the football stadium facilities. The portion of the \$3,400,000 used to pay any compensation for employees of a municipality that provides maintenance or operating services for the football stadium facilities can be increased by up to 3% each year thereafter. All other portions of the \$3,400,000 may only be increased by up to 2% each year thereafter.

These payments are to be made annually for up to 27 years after the year in which the initial maintenance payment is made or until the District board determines that the balance, plus any projected earnings, in the football stadium facility maintenance and operating cost fund are sufficient to pay the specified maintenance and operating expenses throughout this period.

Early Retirement of Bonds and Reserves. Any remaining annual funds must be applied to the following: (a) to retire any bonds issued for purposes related to football stadium facilities and any bonds issued to refund those bonds; and (b) to fully fund a facility maintenance and operating cost fund for future facility maintenance and operating expenses and to establish a reserve to pay future District administration expenses. Revenues may be provided to this fund or reserve

only after all bonds issued for the purposes of football stadium facilities have been retired or paid in accordance with the defeasance provisions of the authorizing resolution and the District is no longer required to make loan payments to the county on any funds borrowed for this purpose.

DOR administers the sales and use taxes on behalf of the District. On a quarterly basis, the Department distributes 98.5% of the taxes collected to the District. DOR is allowed to retain 1.5% of collections for administrative expenses. Beginning with 2005-06, any unencumbered balance in DOR's appropriation account for the administration of the tax at the end of each fiscal year is also distributed back to the District.

The District sales and use taxes began to be collected on November 1, 2000. In calendar year 2005, the taxes generated revenues of \$20.9 million, net of the 1.5% fee retained by DOR for administering the taxes. Distributions of sales and use tax revenues have totaled \$116.0 million through November, 2006.

Premier Resort Area Tax

A premier resort area tax option for units of local government that meet certain eligibility criteria was created by 1997 Act 27. The governing body of a political subdivision can enact an ordinance or adopt a resolution declaring itself to be a premier resort area if at least 40% of the equalized value of the taxable property within the political subdivision is used by retailers that fall within certain tourism-related standard industrial classifications. Proceeds from a premier resort area tax may only be used to pay for infrastructure expenses within the jurisdiction of that premier resort area. A municipality or county, all of which is included in a premier resort area, can enact an ordinance to impose a tax at a rate of 0.5% on the gross receipts from the sale, lease, or rental in the

municipality or county of goods or services that are taxable under current state sales tax provisions made by businesses that are included in a second list of tourism-related retailers (this list is more extensive than that used to determine whether the 40% threshold is met). However, the tax does not apply to the storage, use, or other consumption of taxable goods or services within the municipality or county (there is no "use" tax). Further, a county and a municipality within that county cannot each impose the tax on sales by the same tourism-related retailer.

DOR administers, enforces, and collects the premier resort tax. Specifically, DOR rules define the standard industrial classifications subject to the tax and determine whether businesses are subject to the tax. Businesses obtaining a business tax registration certificate from DOR are required to report the standard industrial classification for each place of business in the state. Counties and municipalities imposing the tax receive distributions from DOR that equal 97% of the collections for a reporting period. DOR is authorized to retain 3% of collections to cover the costs of administration, enforcement, and collection of the tax. Beginning with 2005-06, any unencumbered balance in DOR's appropriation account for the administration of the tax at the end of each fiscal year is also distributed back to the premier resort areas.

In 1998, the Village of Lake Delton and the City of Wisconsin Dells each enacted a 0.5% premier resort area tax under the statutory requirements. Under 2001 Act 16, the City of Eagle River was exempted from the statutory requirement that 40% of its equalized value be used by tourism-related retailers in order to declare itself a premier resort area. The City of Eagle River enacted a premier resort area tax effective October 1, 2006. The City of Bayfield was provided a similar exemption by 2001 Act 109 and enacted a premier resort area tax in 2003.

Table 8 lists the premier resort area tax revenues for those municipalities that collected the

Table 8: Premier Resort Area Tax Collections (2005)

	Revenues
Bayfield	\$59,415
Lake Delton	1,447,417
Wisconsin Dells	<u>514,005</u>
Total	\$2,020,837

Source: Department of Revenue

tax during that year. The amounts shown are net of the 3% retained by DOR for the Department's costs of administering the tax.

Regional Transit Authority

Under 2005 Act 25, a three-county regional transit authority (RTA) was established in southeastern Wisconsin. The RTA's region includes the geographic areas composed of Kenosha, Milwaukee, and Racine counties. The counties are required to create an RTA with a governing body composed of the following seven members: (a) three members, one from each county, appointed by the county executive of each county and approved by the county board of each county; (b) three members, one from the largest city in each county, appointed by the mayor of each of the cities and approved by the city council of each city; and (c) one member from the largest city in the region, appointed by the Governor. Six of the seven RTA board members have to vote in favor of any action to be taken by the board relative to any authority provided to the board. The RTA board held its first meeting in February, 2006.

Act 25 provided the RTA board with the authority to impose a vehicle rental fee that cannot exceed \$2 per rental transaction in the region. The RTA board voted to impose the vehicle rental fee, effective July 1, 2006. DOR administers the rental fee and retains 2.55% of the fee revenues to cover its administrative costs associated with collecting the fee. However, at the end of each fiscal year, any

unencumbered balance in DOR's administrative appropriation account that exceeds 10% of the expenditures from the appropriation during the fiscal year is also distributed to the RTA.

The RTA has the following duties and responsibilities: (a) to coordinate the transit and commuter rail programs in the region; (b) to submit a report to the Governor and Chief Clerk of each house of the Legislature on the activities of the Authority by November 15, 2008; (c) to hire staff, conduct studies, and expend funds essential to the preparation of their report to the Legislature; and (d) to retain any vehicle rental fee funding received, other than those amounts expended on developing the required report for the Legislature, until the submittal of the report, and until action on the report is taken by the Legislature.

DOT, or an entity designated by DOT, the Southeastern Wisconsin Regional Planning Commission, or an entity designated by the RTA board, can provide administrative support services to assist the RTA in fulfilling its duties. The RTA is considered a political subdivision that could receive a grant under DOT's commuter rail transit system development grant program. Any grant recipient under DOT's program who receives a

grant for a commuter rail project in the RTA region is required to periodically report to the RTA board. Also, any entity that receives any state funding for the planning or engineering of a commuter rail project in the region is required to periodically report to the RTA board or staff.

The RTA's report to the Legislature must include the following: (a) a proposal that specifically identifies a permanent regional funding source to provide local funds for the local portion of operating and capital costs of commuter rail and public transit that are not covered by passenger fares and that considers all potential funding sources; (b) a plan for the distribution of such permanent regional funding among the mass transit operators in the region; (c) recommendations as to whether the responsibilities of the RTA should be limited to collection and distribution of regional transit funding, or also include operation of transit service; (d) a recommendation on the use of bonding for commuter rail and public transit in the region, and the role of the RTA in such bonding; (e) a plan to improve the coordination of expanded mass transit, commuter rail, and passenger rail in the region; and (f) a recommendation on whether the RTA should continue in existence after September 30, 2009.