



**Fiscal Estimate Narratives**  
**DOR 3/10/2010**

LRB Number <b>09-3326/1</b>	Introduction Number <b>AB-0734</b>	Estimate Type <b>Original</b>
<b>Description</b> The creation of a Fox Cities regional transit authority		

**Assumptions Used in Arriving at Fiscal Estimate**

This bill allows for the creation of a Fox Cities RTA that would have similar powers and duties as several RTAs authorized under current law (the Dane County RTA, the Chippewa Valley RTA, and the Chequamegon Bay RTA).

Specifically, the bill would allow the Fox Cities RTA to be created if two or more municipalities located in the urbanized Fox Cities metropolitan planning area (which includes the City of Appleton) adopt a resolution to join the RTA and the resolution is ratified by the electors by referendum. Other municipalities located in whole or in part in the counties of Outagamie, Calumet, and Winnebago would be eligible to join the Fox Cities RTA if approved by referendum within the joining municipality. The RTA may operate, or contract for the operation of, a transportation system. The jurisdictional area of the RTA would be combined territorial boundaries of all municipalities creating or joining the RTA.

The Fox Cities RTA would have the authority to impose up to a 0.5% sales tax in its jurisdictional area. The Department of Revenue would retain 1.5% of the amounts collected for the department's costs in administering the tax on behalf of the RTA.

If the Fox Cities RTA imposes a sales tax, no municipality that is a member of the RTA may levy property taxes for transit purposes more than an amount that it levied in the year before the year the sales tax is imposed. The amount of the levy for transit purposes must also be decreased by the amount that sales tax collections exceed the amount of federal funding the municipality previously received for transit purposes.

The amount of revenue generated by a Fox Cities RTA sales tax would be dependent on both the tax rate imposed and the particular municipalities that join the RTA. Based on the UW-Extension's estimates of the amount of revenue that could be generated in 2010 by Outagamie, Calumet, and Winnebago Counties if these counties were to adopt the county sales tax, the maximum annual Fox Cities RTA sales tax collections would be an estimated \$33.1 million assuming that the tax is imposed at the maximum 0.5% and across the entirety of these three counties.

If, however, the municipalities that join the Fox Cities RTA are limited to those that are currently served by Valley Transit (which is owned and operated by the City of Appleton), a narrower estimate concentrating on the Appleton area may be developed. Assuming that the sales tax revenue that could be generated across the three counties would be generated solely upon the population of each municipality within the three counties, an estimated \$16.6 million could be generated at the full 0.5% maximum sales tax allowed under the bill. Valley transit operates in the cities of Appleton, Kaukauna, Menasha, and Neenah; the villages of Kimberly and Little Chute; and the towns of Buchanan, Grand Chute, and Menasha.

Under this scenario, DOR would retain approximately \$250,000 for the costs of administering the tax.

The bill's impact on property tax levies is uncertain. While municipalities that join the RTA may not levy more for transit purposes than they did prior to adoption of the sales tax, it is uncertain if the aggregate levy of any individual participating locality would go up or down because a flat or decreased levy for transit purposes could be offset by an increase in the levy for other purposes.

**Long-Range Fiscal Implications**

