

MILWAUKEE COUNTY'S \$130,000,000 QUESTION

Presented to Forum on Disability Issues
October 3, 2008

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What's Wrong With This Question?

“Shall the State of Wisconsin grant Milwaukee County the authority to provide property tax relief of at least sixty seven million dollars (\$67 million) by levying a one percent (1%) county sales and use tax to be used to remove the following three items from the property tax levy: parks recreation and culture; transit; and emergency medical services (EMS)?”

What's Wrong With This Question?

“Shall the State of Wisconsin grant Milwaukee County the authority to provide property tax relief...”

- ✓ Intended to persuade not inform
- ✓ Implies a benefit, when it will actually cost more
- ✓ Misleads voters into believing savings will result
- ✓ County has this authority now

What's Wrong With This Question?

“... by levying a one percent (1%) county sales and use tax...”

- ✓ No Disclosure of True Cost (\$130,000,000)
- ✓ Defeated an Amendment to Disclose Actual Amount

What's Wrong With This Question?

“...to remove the following three items from the property tax levy: parks recreation and culture; transit; and emergency medical services (EMS)?”

- ✓ Emphasis on Supposed “Savings” Not on Actual Impact
- ✓ History Shows It Is an Empty Promise
- ✓ Property Tax Reduction Cannot be Guaranteed

Net Impact of Sales Tax Increase

- A “Yes” Vote is a Vote for a \$60+ Million Tax Increase

\$130,000,000 – New Sales Tax

– \$67,000,000 – Property Tax “Relief”

\$63,000,000 – **New Taxes**

How will it Impact Taxpayers?

Consider who pays now:

Ten States with the Highest Taxes on the Poor

Washington	17.1%
New York	16.2%
New Jersey	15.9%
New Mexico	15.0%
Florida	14.0%
Texas	13.8%
Wisconsin	13.7%
Illinois	13.6%
Louisiana	13.4%
Pennsylvania	13.3%

* *Citizens for Tax Justice and the Institute on Taxation and Economic Policy*

Sales Tax is “Regressive”

- The less you earn, the higher your tax rate.
- Poor lack mobility or opportunity to avoid tax.
- *“The bottom line is that, on average, poor families pay more than six times as great a share of their incomes in sales and excise taxes as do rich families, and middle income families pay four times as great a share of their income in these consumption taxes as the rich.”*

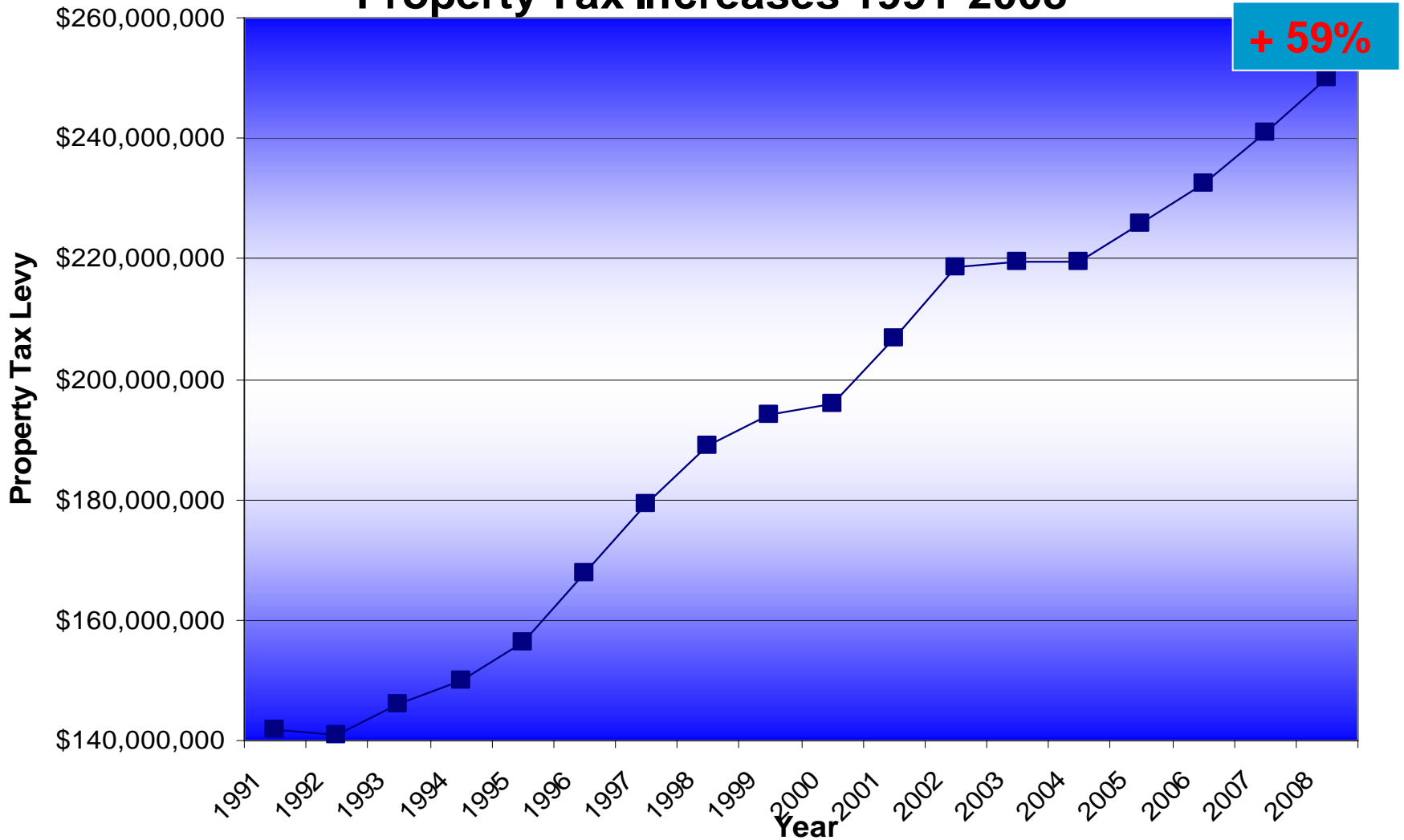
* Citizens for Tax Justice and the Institute on Taxation and Economic Policy

Will it Reduce Local Property Taxes?

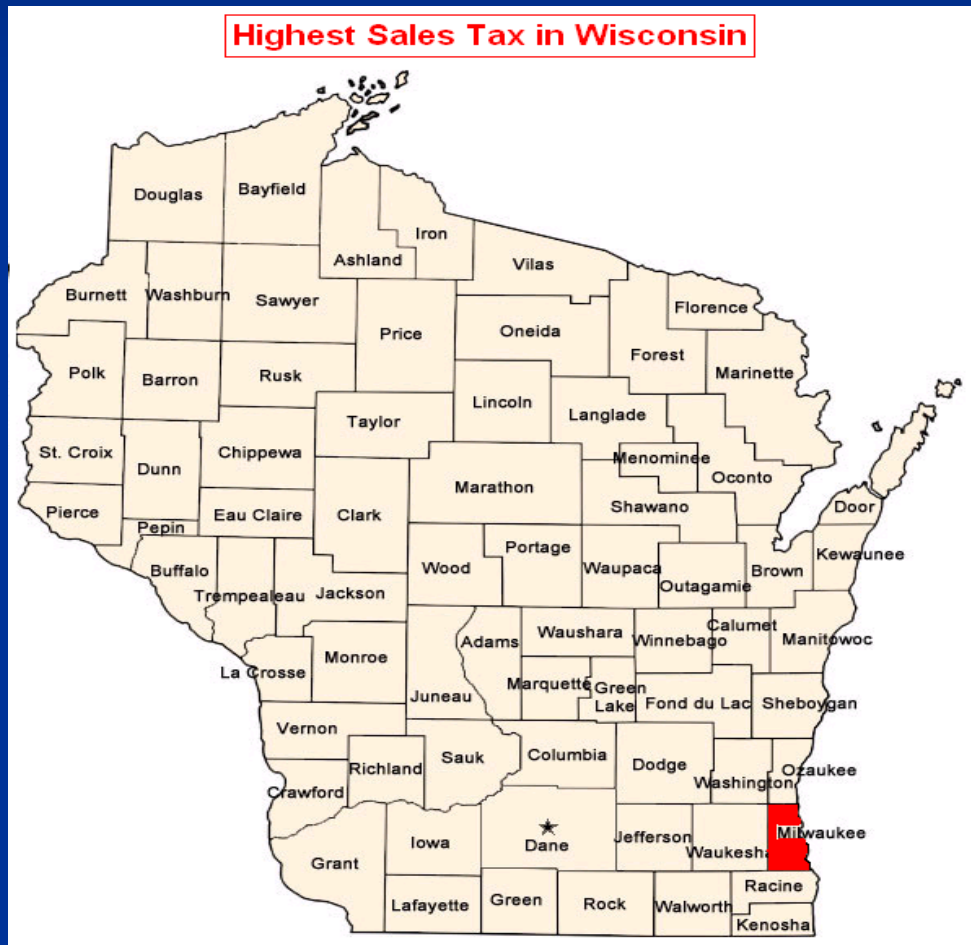
In 1991 the County Increased Sales Tax With the
Promise of Property Tax Relief

What's Happened Since?

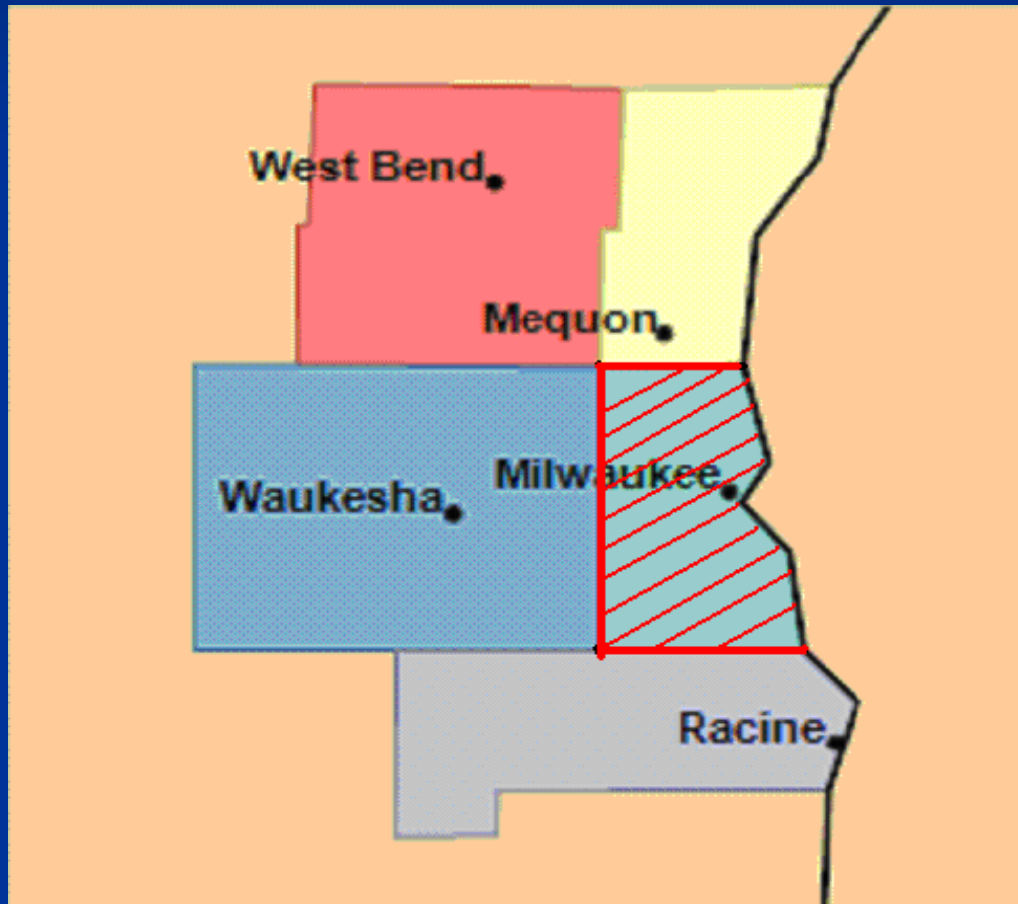
Property Tax Increases 1991-2008



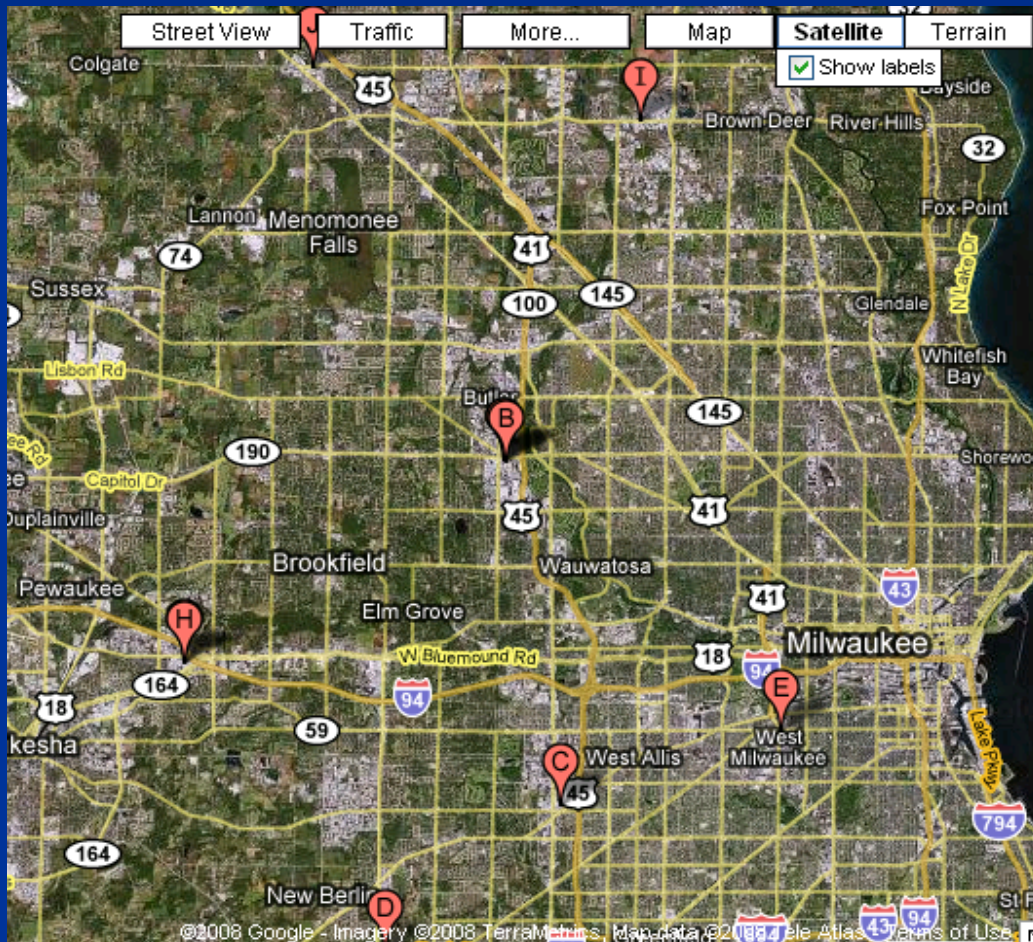
How will it Impact Local Businesses?



Create a “Tax Island”



Consumers Will Buy Outside Milwaukee County



Economic Impact

- Higher taxes reduce prospects for new jobs
- Regions with high taxes have slow economic growth
- Tax increases cause a shrinking tax base

Economic Impact



What others have said



Robbing Peter to Pay Paul

“I guess I have somewhat of a concern about increasing taxes in one area to give back to taxes where we raise funds in another area.”

1% is Too Much

“On the campaign trail I was indicating that I felt one percent was too much.”

It Would Hurt Business

If the taxes increased, it would create a tax island and hurt business.

September, 2007

Supervisor Joseph A. Rice



What Happens If Sales Tax Increase is OK'd?

- Taxes Go Up Over \$60,000,000
- Tax Burden is Shifted
- No Guarantee of Property Tax Reduction
- Hurts Small Business
- Legislature Less Inclined to Support More \$ for Milwaukee

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