



May 1, 2015

Ald. Robert J. Bauman  
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## **Ald. Bauman’s “One Percent Solution” to arena funding in committee on Monday**

A resolution calling on the state legislature to enact a one percent sales tax in Milwaukee County to fund a new NBA arena downtown—as well as other recreational, cultural and transit needs—will get a committee hearing on Monday, sponsor **Alderman Robert Bauman** said.

“State lawmakers have called on the city and the county to come up with a contribution to the arena funding package, but we lack the tools we need to contribute on the scale they expect of us,” Alderman Bauman said. “A one-cent sales tax would help complete the funding puzzle without putting an undue burden on our local governments, while also providing revenue to support other important institutions.”

No sales tax may be enacted without action by the state legislature. Alderman Bauman’s resolution in support of such a measure, file #157925 (attached), will be heard at the next meeting of the Judiciary and Legislation Committee on **May 4 at 1:30 p.m. Media coverage is invited.** With an affirmative vote, it would then proceed to the full Common Council for approval.

At 5.6 percent, Alderman Bauman said Milwaukee County’s current sales tax is among the lowest of comparable metropolitan areas. He noted that many other municipalities use a sales tax to fund recreational facilities, cultural institutions and transit services, and Oklahoma City is a foremost example of a city where an NBA arena was supported through a sales tax.

“Previous referenda, the Public Policy Forum and the Cultural and Entertainment Capital Needs Task Force have all identified a need to better fund these institutions,” Alderman Bauman said. “If state lawmakers desire, they can give Milwaukee County residents an opportunity to decide whether the Bucks are worth keeping by making approval of a one-cent sales tax contingent upon a **countywide referendum.**”

Alderman Bauman’s resolution also calls on the legislature to create a new arena authority and assume responsibility for the state-owned Bradley Center’s demolition, disposition and existing bonds.

Number

150063

Version

ORIGINAL

Reference

Sponsor

ALD. BAUMAN

Title

Resolution relating to introduction and passage of state legislation relating to a Milwaukee County sales tax dedicated to fund a new basketball arena, Milwaukee County parks and cultural institutions, and local mass transit.

Analysis

This resolution:

1. Expresses the City of Milwaukee's support for creation of a one-percent Milwaukee County sales tax dedicated to funding the new Milwaukee Bucks basketball arena and to provide capital and operating funding for Milwaukee County parks and cultural institutions, and local mass transit.
2. Urges the Wisconsin Legislature to introduce and pass the legislation necessary to create this sales tax and, if the Legislature believes it is important to gauge public support for retaining professional basketball in Wisconsin and for providing stable and sustainable funding for Milwaukee County parks, cultural institutions and mass transit, to set a Milwaukee County referendum on this matter.
3. Further urges the Wisconsin Legislature to introduce and pass legislation creating a new arena authority, Milwaukee County transit authority and Milwaukee County parks and cultural institutions authority to administer their respective portions of the dedicated sales tax revenues.
4. Further urges the Wisconsin Legislature to introduce and pass legislation under which the State of Wisconsin assumes responsibility for the existing Bradley Center bonds and for demolition and disposition of the Bradley Center.

Body

Whereas, The Milwaukee Bucks have announced plans to build a new \$500 million arena just north of the BMO Harris Bradley Center in downtown Milwaukee; and

Whereas, This development would include a 17,000-seat arena, a 60,000-square-foot public plaza and new parking facilities; and

Whereas, The Milwaukee Bucks anticipate the new arena being the catalyst for an additional \$500 million in development occupying up to 30 acres, primarily on the Bradley Center site and in the Park East corridor, and consisting of office, entertainment, retail, hotel, commercial, residential and parking structures; and

Whereas, The new arena and related development have the potential to provide a major boost to the economy of the city of Milwaukee and all of Milwaukee County through the creation of new jobs, additional personal and business income, and increased tax revenues; and

Whereas, Funding currently committed for the new arena includes \$150 million from the Bucks ownership group, \$100 million from former U.S. Senator Herb Kohl, and \$150 million in State of Wisconsin bonding through the Board of Commissioners of Public Lands, leaving a funding gap of \$100 million - an amount which State legislators have suggested the City of Milwaukee and Milwaukee County should be responsible for; and

Whereas, It is not feasible for the City to come up with a contribution of \$50 million or more, particularly when the most effective financing tool available to the city - tax incremental financing - cannot be used due to the tax-exempt status of the arena; and

Whereas, In December, 2013, the Public Policy Forum released a report - *Pulling Back the Curtain* - that assessed the needs of Milwaukee County's major arts, cultural, recreational and entertainment assets and concluded that these assets "have substantial facility needs and face significant operational challenges, both of which are highly influenced by the inadequacy or volatility of crucial revenue sources" ; and

Whereas, The Public Policy Forum report identified projected 5-year capital needs for Milwaukee County-owned arts and cultural facilities totaling \$246 million; and

Whereas, In addition, the report found that the Milwaukee County Zoo and Milwaukee County Parks need at least \$5.6 million more in annual operating support from Milwaukee County; and

Whereas, The Public Policy Forum report further noted that "new or enhanced public funding would be helpful - and in some cases imperative - in addressing those issues"; and

Whereas, The Cultural and Entertainment Capital Needs Task Force is a 48-member body that has been meeting to discuss how the Milwaukee region can remain competitive and attractive as a cultural, recreational and entertainment destination through capital improvements to major institutions like the Milwaukee County Zoo, the Milwaukee Art Museum and the Bradley Center; and

Whereas, The Cultural and Entertainment Capital Needs Task Force has discussed the possibility of establishing a Milwaukee County-only sales tax to fund capital improvements to these major institutions; and

Whereas, The American Public Transportation Association recently reported that public transit ridership rose 1% nationwide between 2013 and 2014 and reached the highest number of rides in 58 years; and

Whereas, At the same time that mass transit ridership has surged nationally, ridership on the Milwaukee County Transit System fell almost 7% from 2013 to 2014, to just over 40 million rides, well below the 51 million recorded as recently as 2007; and

Whereas, The decrease in Milwaukee transit ridership is largely attributable to repeated service cuts and fare increases in recent years, both of which are the result of inadequate funding for the Milwaukee County Transit System; and

Whereas, In contrast to transit systems in most other major metropolitan areas across the nation, which receive substantial portions of their funding from dedicated local taxes (e.g., local-option sales taxes), the Milwaukee County Transit system is funded almost entirely through state and federal aid, passenger fares and local property taxes; and

Whereas, A recent report by the Public Policy Forum highlighted the "spatial mismatch" in metro Milwaukee's job market, with most available jobs located in suburban areas not accessible by public transit and the unemployed Milwaukee residents who could fill those positions often being transit-dependent, making it difficult or impossible to get to the jobs they so desperately need; and

Whereas, A recent report by the UWM Center for Economic Development found that as many as 40,000 Milwaukeeans lost access to jobs in the 2000s because of funding cuts to transit services; and

Whereas, In addition to mass transit, another function of Milwaukee County government -- providing, maintaining and operating parks and recreation - has suffered from lack of funding and investment, which has led to deferred maintenance and service reductions; and

Whereas, The Common Council finds that a one-cent, Milwaukee County-only sales tax dedicated for the new arena, Milwaukee County parks and cultural institutions, and mass transit would provide sufficient revenues to address the funding needs of all of these major community assets (see Exhibit A); and

Whereas, Benefits of a sales tax, compared to a property tax or income tax, include: payments are made in small increments; relatively stable proceeds with good potential for growth; collection from non-residents as well as residents; Milwaukee County's sales tax is low relative to most other cities and urban counties; and

Whereas, Most major metropolitan areas use a local sales tax to fund mass transit, several - including Pittsburgh and Denver -- use a sales tax to fund arts and cultural institutions, and at least one - Oklahoma City - uses a dedicated sales tax to fund the public portion of an NBA arena; and

Whereas, Use of a sales tax, rather than the property tax, to fund the capital and operating needs of parks, cultural institutions and transit would reduce the Milwaukee County property tax levy by nearly \$54 million; and

Whereas, Creation of a one-percent Milwaukee County dedicated sales tax for the arena, parks, cultural institutions and transit would enable Milwaukee and Wisconsin to retain a major amenity (professional basketball) and major-league status, while also putting many of the "public goods" provided by Milwaukee County (parks, cultural institutions and mass transit) on stable and sustainable footing; and

Whereas, In November, 2008, the voters of Milwaukee County approved, by a vote of 52% to 48%, the following advisory referendum 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, culture, transit and emergency medical services (EMS)?"

; and

Whereas, Voter approval of this 2008 referendum question indicates popular support for using the sales tax to fund parks, cultural institutions and mass transit in Milwaukee County; and

Whereas, A one-percent Milwaukee County sales tax dedicated for the arena, parks, cultural institutions and transit can only be implemented through a change in state law by the Wisconsin Legislature; and

Whereas, If desired, this state legislation could include a provision making establishment of the Milwaukee County sales tax contingent upon voter approval of a referendum on the matter, thereby giving County residents an opportunity to decide whether the Milwaukee Bucks are worth keeping and whether stable and sustainable funding for parks, cultural institutions and transit is worth an extra penny on every dollar they spend; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the City of Milwaukee supports the creation of a one-percent Milwaukee County sales tax dedicated for funding the new Milwaukee Bucks basketball arena and to provide capital and operating funding for Milwaukee County parks and cultural institutions and local mass transit, in accordance with the proposal set forth in Exhibit A of this resolution; and, be it

Further Resolved, That the Common Council of the City of Milwaukee urges the Wisconsin Legislature to introduce and pass state legislation necessary to create this sales tax and, if the Legislature believes it is important to gauge public support for retaining professional basketball in Wisconsin and for providing stable and sustainable funding for Milwaukee County parks, cultural institutions and mass transit, to set a Milwaukee County referendum on this matter; and, be it

Further Resolved, That the Common Council further urges the Wisconsin Legislature to introduce and pass legislation creating a new arena authority, Milwaukee County transit authority and Milwaukee County parks and cultural institutions authority to administer their respective portions of the dedicated sales tax revenues; and, be it

Further Resolved, That the Common Council further urges the Wisconsin Legislature to introduce and pass legislation under which the State of Wisconsin assumes responsibility for the existing Bradley Center bonds and for demolition and disposition of the Bradley Center, a State-owned facility; and, be it

Further Resolved, That upon adoption of this resolution, the City Clerk shall mail a copy of the resolution to Wisconsin Governor Scott Walker and each member of Milwaukee's delegation to the Wisconsin Legislature.

Requestor

Drafter  
LRB157925-1  
Jeff Osterman  
04/21/2015