

1 By Supervisor Mayo

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A RESOLUTION

Seeking a change in State statutes to permit Milwaukee County to establish a health care expenditure stabilization fund

WHEREAS, the Milwaukee County 2011 Adopted Budget appropriates \$138.6 million for health care benefit expenditures for employees and retirees; and

WHEREAS, Milwaukee County is “self-insured” for health care benefits which, by nature, makes it difficult to precisely project actual health care expenditures each year; and

WHEREAS, the County purchases “stop-loss” insurance to cover claims above a certain threshold and to hedge against possible deficits that could have a significant fiscal impact on the County’s bottom line; and

WHEREAS, current state law prohibits Milwaukee County from creating reserve accounts, except for debt service, emergency needs or if required by an external funding source; and,

WHEREAS, the establishment of a health care expenditure stabilization reserve account would help the County protect itself against fluctuations in health care expenditures and, depending on the amount in the reserve, may allow the County to achieve savings by reducing its stop-loss insurance needs; and

WHEREAS, a funded reserve account is also viewed positively by outside bond rating agencies as it is seen as an additional protection that the County will be available to meet its debt service obligations; and

WHEREAS, if State policymakers permit the County to create a health care expenditure stabilization fund, Milwaukee County policymakers would be afforded an opportunity to develop guidelines and procedures for its use prior to implementation; now, therefore,

BE IT RESOLVED, that the Milwaukee County Board of Supervisors hereby supports a change in State law to permit Milwaukee County to establish and fund a health care expenditure stabilization reserve account for employee/retiree health care expenditures in order to protect against fluctuations that are typical in a self-insured health care plan; and

BE IT FURTHER RESOLVED, that the Director of Intergovernmental Relations is authorized and directed to communicate this resolution to State policymakers and work to implement this change in State law.

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 1/20/11

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: A resolution seeking a change in State statutes to permit Milwaukee County to establish a health care expenditure stabilization fund

FISCAL EFFECT:

- | | |
|--|--|
| <input checked="" type="checkbox"/> No Direct County Fiscal Impact
<input checked="" type="checkbox"/> Existing Staff Time Required
<input type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below)
<input type="checkbox"/> Absorbed Within Agency's Budget
<input type="checkbox"/> Not Absorbed Within Agency's Budget
<input type="checkbox"/> Decrease Operating Expenditures
<input type="checkbox"/> Increase Operating Revenues
<input type="checkbox"/> Decrease Operating Revenues | <input type="checkbox"/> Increase Capital Expenditures
<input type="checkbox"/> Decrease Capital Expenditures
<input type="checkbox"/> Increase Capital Revenues
<input type="checkbox"/> Decrease Capital Revenues
<input type="checkbox"/> Use of contingent funds |
|--|--|

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	0	0
	Revenue	0	0
	Net Cost	0	0
Capital Improvement Budget	Expenditure	0	0
	Revenue	0	0
	Net Cost	0	0

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated. ¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

Approval of this resolution will not require an expenditure of funds, however it will require staff time to communicate and advocate for its passage to state policymakers. This resolution does not obligate the funding of a health care expenditure stabilization reserve account..

Department/Prepared By Steve Cady, Fiscal and Budget Analyst, County Board

Authorized Signature _____

Did DAS-Fiscal Staff Review? Yes No

¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

DATE : January 21, 2011
TO : Michael Mayo, Sr., Chairman, Milwaukee County Board of Supervisors
FROM : Lee Holloway, Milwaukee County Executive
SUBJECT: Resolution urging that the \$18 car rental tax be redirected to Transit

As you know, the Wisconsin Legislature authorized the Southeastern Regional Transit Authority (SERTA) to levy a rental car tax of up to \$18 per car in Milwaukee, Racine and Kenosha counties to fund the local share of construction and operating costs for the KRM commuter line, which would connect downtown Milwaukee to Racine, Kenosha and the southern suburbs of Milwaukee County. For every dollar of a rental care tax, \$400,000 to \$450,000 would be raised, which could translate to as much as \$7.2 million from a full \$18 rental car tax, most of which would be generated in Milwaukee County.

The SERTA has not yet imposed the rental car tax, while awaiting federal permission to start preliminary engineering. Federal officials have indicated they wouldn't grant approval to build the KRM until the Milwaukee County Transit System (MCTS) is financially stabilized.

A separate 3% Milwaukee County car rental tax helps fund the Wisconsin Center District, which runs the Frontier Airlines Center, U.S. Cellular Arena and Milwaukee Theatre. The State of Wisconsin also imposes a 5% statewide rental car tax that generates about \$7 million a year for the state transportation fund.

As you also know, MCTS has endured service cuts and continues to search for a dedicated funding source other than the property tax to avoid further erosion of an already strained system. The Milwaukee County Transit System is a key part of the economic job-creating engine in Milwaukee County, and any revenue generated and redirected to MCTS will be used for economic development purposes, to get people to and from their jobs, their schools and to patronize places of business.

It is reasonable and prudent for the State of Wisconsin to redirect any revenue generated in Milwaukee County from the \$18 rental car tax for the local share of KRM construction, to the Milwaukee County Transit System. This action would redirect these revenues from a new and as yet undeveloped system (KRM) to an existing system (the Milwaukee county Transit System).

Given that the car rental tax has been approved by the Governor and the Legislature for transit purposes, and given the complete lack of movement on a dedicated sales tax for mass transit in Milwaukee County, as passed in 2008 as part of a County-wide referendum, and given the State of Wisconsin's past and pending budget deficits, the car rental fee is the best and most viable alternative at this time to fund mass transit.

Consequently, the attached resolution urges the Wisconsin Governor and Legislature to redirect or designate any revenue generated in Milwaukee County from the \$18 rental car tax as a local dedicated funding source for transit to the Milwaukee County Transit System and neighboring transit systems. For the sake of our transit system and our community, I urge you to support this resolution

A handwritten signature in black ink, appearing to read "Lee Holloway". The signature is fluid and cursive, with a large initial "L" and "H".

Lee Holloway
Milwaukee County Executive

Attachment

cc: Milwaukee County Supervisors

1 (Item 1) From the County Executive requesting adoption of a resolution urging
2 the State of Wisconsin to redirect or designate any revenue generated in
3 Milwaukee County from the eighteen-dollar rental car tax as a local dedicated
4 funding source for transit, to the Milwaukee County Transit System (MCTS).
5
6

7 **A RESOLUTION**
8

9 WHEREAS, the State of Wisconsin Legislature authorized the
10 Southeastern Regional Transit Authority (SERTA) to levy a rental car tax of up to
11 \$18 per car in Milwaukee, Racine and Kenosha counties to fund the local share
12 of construction and operating costs for the KRM commuter line, a rail line that
13 would connect downtown Milwaukee to Racine, Kenosha and the southern
14 suburbs of Milwaukee County; and
15

16 WHEREAS, for every dollar of a rental car tax, \$400,000 to \$450,000
17 would be raised, which could translate to as much as \$7.2 million per year from a
18 full \$18 rental car tax, the large majority of which would be generated within
19 Milwaukee County; and
20

21 WHEREAS, the SERTA has not imposed the rental car tax, while awaiting
22 federal permission to start preliminary engineering; and
23

24 WHEREAS, federal officials have indicated they won't grant approval to
25 build the KRM until the existing Milwaukee County Transit System (MCTS) is
26 financially stabilized; and
27

28 WHEREAS, a separate 3% Milwaukee County car rental tax helps fund
29 the Wisconsin Center District, which runs the Frontier Airlines Center, U.S.
30 Cellular Arena and Milwaukee Theatre; and
31

32 WHEREAS, the State of Wisconsin also imposes a 5% statewide rental
33 car tax that generates about \$7 million a year for the state transportation fund;
34 and
35

36 WHEREAS, MCTS has endured service cuts and continues to search for
37 and identify a dedicated local funding source other than the property tax to avoid
38 further erosion of an already strained system; and
39

40 WHEREAS, the Milwaukee County Transit System is a key part of the
41 economic job-creating engine in Milwaukee County, and any revenue generated
42 and redirected to MCTS will be used for economic development purposes, to get
43 people to and from their jobs, their schools and to patronize places of business;
44 and
45

46 WHEREAS, it is reasonable and prudent for the State of Wisconsin to
47 redirect any revenue generated in Milwaukee County from the eighteen-dollar
48 rental car tax for the local share of Kenosha-Racine-Milwaukee (KRM)
49 construction, to the Milwaukee County Transit System to stabilize local transit;
50 and

51
52 WHEREAS, given that the car rental tax has been approved by the
53 Governor and the Legislature for transit purposes; and given the complete lack of
54 movement on a dedicated sales tax for mass transit in Milwaukee County, as
55 passed in 2008 as part of a County-wide referendum; and given the State of
56 Wisconsin's past and pending budget deficits, the car rental fee is the best and
57 most viable alternative at this time to fund mass transit; now, therefore

58
59 BE IT RESOLVED, the Milwaukee County Board of Supervisors hereby
60 urges the Governor of the State of Wisconsin and the Legislature to redirect or
61 designate any revenue generated in Milwaukee County from the eighteen-dollar
62 rental car tax as a local dedicated funding source for transit to the Milwaukee
63 County Transit System.
64

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: January 21, 2011

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: From the County Executive requesting adoption of a resolution urging the State of Wisconsin to redirect or designate any revenue generated in Milwaukee County from the eighteen-dollar rental car tax as a local dedicated funding source for transit, to the Milwaukee County Transit System (MCTS).

FISCAL EFFECT:

- | | |
|--|--|
| <input checked="" type="checkbox"/> No Direct County Fiscal Impact | <input type="checkbox"/> Increase Capital Expenditures |
| <input type="checkbox"/> Existing Staff Time Required | <input type="checkbox"/> Decrease Capital Expenditures |
| <input type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues |
| <input type="checkbox"/> Absorbed Within Agency's Budget | <input type="checkbox"/> Decrease Capital Revenues |
| <input type="checkbox"/> Not Absorbed Within Agency's Budget | |
| <input type="checkbox"/> Decrease Operating Expenditures | <input type="checkbox"/> Use of contingent funds |
| <input type="checkbox"/> Increase Operating Revenues | |
| <input type="checkbox"/> Decrease Operating Revenues | |

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
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	Net Cost	0	0
Capital Improvement Budget	Expenditure		
	Revenue		
	Net Cost		

DESCRIPTION OF FISCAL EFFECT

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- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

A. The resolution urges the State of Wisconsin to redirect or designate any revenue generated in Milwaukee County from the eighteen-dollar rental car tax as a local dedicated funding source for transit, to the Milwaukee County Transit System (MCTS).

B. An expenditure of staff time to pursue the legislation would be incurred.

C. Since the resolution urges State action, there is no direct budgetary impact at this time.

D. No assumptions were made.

Department/Prepared By John Ruggini

Authorized Signature _____

Did DAS-Fiscal Staff Review? Yes No

¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.