

SHEBOYGAN COUNTY ORDINANCE NO. 02 (2016/17)

Re: **Enacting One-half Percent County Sales Tax to Maintain Sheboygan County's Transportation Infrastructure**

**Printed as amended*

WHEREAS, one of the greatest challenges to Sheboygan County government is to raise the revenues necessary to maintain the roads and bridges under County jurisdiction, and

WHEREAS, with 450 miles of County roads, each of which should be repaved approximately every 15 years, Sheboygan County needs to repave an average of 30 miles of the system each year in order to maintain the system to adequate contemporary standards, and

WHEREAS, even based on an average of \$3 million per year that the County currently devotes out of its capital borrowing and \$2 million in property tax levy for construction and paving, the County is currently only able to repave an average of 18 miles of road per year, thus falling further and further behind in addressing the maintenance needs for the County Road system, and

WHEREAS, if a County road is not repaved on a timely basis, the road will be subject to reconstruction costs which become significantly more expensive than timely repaving would have been, and

WHEREAS, in addition to the construction and paving of County roads, the County faces similar challenges with respect to maintaining bridges and town and state roads for which the County is responsible, and

WHEREAS, the problems that the County is facing to finance the required maintenance of its roads and bridges are also faced by the cities, villages, and towns in the County with respect to their transportation infrastructure as well, and

WHEREAS, Wis. Stat. § 77.70 allows counties to enact ordinances to raise revenues by imposing a county sales and use tax at the rate of one-half of one percent (0.5%), and

WHEREAS, 62 of the State's 72 counties have enacted county sales taxes, and

WHEREAS, a September 2015 Wisconsin Taxpayer Alliance publication estimated that if Sheboygan County had put a sales tax in place for all of 2014, it would have yielded approximately \$9.5 million in revenues for Sheboygan County, and

WHEREAS, from an analysis prepared for the Wisconsin Department of Tourism, it can be estimated that as much as \$1.7 million of an estimated \$9.5 million in annual sales tax income, or approximately 18% would be paid by tourists who come to Sheboygan County and who use the County's resources including the County Road system, and

WHEREAS, if Sheboygan County were to enact a county sales tax, the total state and county sales tax rate of five and one-half of one percent (5.5%) for Sheboygan County would still be less than the state rate alone in the neighboring states of Illinois, Indiana, Michigan, and Minnesota where many of Sheboygan County tourists are drawn from, and

WHEREAS, the enactment of a county sales tax will provide property tax relief for Sheboygan County residents by providing an alternate revenue source rather than raising property taxes, while at the same time providing property tax relief by furnishing revenues for County operations from non-resident spending that would otherwise have had to be provided by increasing the property tax rate, and

WHEREAS, in the absence of the enactment of a County sales tax, the County Board would have to borrow considerably more, significantly increase property taxes, or substantially reduce other government services in order to maintain the County's transportation infrastructure, and

WHEREAS, if Sheboygan County were to enact a sales tax and earmark the revenues for transportation spending, there would be a significant increase in revenue dedicated to address the ongoing transportation needs of the County a decrease on average of \$3 million from the County's annual bonding that has heretofore been used to pay for County transportation projects, and direct property tax relief as a result of less borrowing and therefore less debt service, and

WHEREAS, Sheboygan County recognizes the challenges for all municipalities in the County to repair and maintain their roads and would share revenue of \$1.5 Million in the first year of implementation and similar sums thereafter, and

WHEREAS, the enactment of a sales tax within these parameters would be consistent with the vision statement for Sheboygan County to be responsive, cost-effective, and fiscally responsible;

NOW, THEREFORE, the County Board of Supervisors of the County of Sheboygan does ordain as follows:

Section 1. **Creating Chapter 7.** Chapter 7 of the Sheboygan County Code of Ordinances is hereby created as follows:

CHAPTER 7
COUNTY SALES AND USE TAX ORDINANCE

- 7.01 TITLE. This Ordinance may be cited as the Sheboygan County Sales and Use Tax Ordinance.
- 7.02 AUTHORITY. This Ordinance is enacted under the authority of Subchapter V of Chapter 77 of the Wisconsin Statutes and acts amendatory thereto.
- 7.03 DEFINITION. As used in this Chapter, "sales and use tax" includes the excise tax referred to in Wis. Stat. § 77.71.
- 7.04 PURPOSE OF ORDINANCE. The purpose and goal of enacting this Ordinance is to utilize revenues from the County sales and use tax to reduce the property tax levy.
- 7.05 COUNTY SALES AND USE TAX. Pursuant to and in strict conformity with the provisions of Wis. Stat. ch. 77, Subchapter V, the County of Sheboygan does hereby elect to impose a County sales and use tax in the manner and to the extent permitted by Wis. Stat. ch. 77, Subchapter V.
- 7.06 SALES AND USE TAX RATE. The sales and use tax imposed by this Chapter shall be at the rate of one half of one percent (0.5%).
- 7.07 EARMARKED REVENUES. In order to assure the statutory goal of using sales and use tax revenues to reduce property taxes, as long as Sheboygan County receives revenues from this sales and use tax, all revenues derived therefrom shall be held in a segregated account. From that account, the revenues shall be designated for use for the following two purposes and no other:

- (1) The sum of \$1.5 Million in 2017 pursuant to Wis. Stat. § 77.76(3) will be available to be distributed in arrears to each of the cities, villages and towns ("Municipality") within Sheboygan County based on the respective equalized value as adjusted annually, in relation to the total sum to be distributed. The amount to be distributed will be adjusted annually from \$1.5 Million based on the percentage that \$1.5 Million comprises in relation to the total county sales and use tax revenue received annually after the first full year of revenue collection in 2018. The terms and conditions of the distribution to each Municipality shall be set forth in a standard Intergovernmental Cooperative Agreement between the County and each Municipality. In order to receive the distribution, the Municipality shall agree to be bound by the terms of the Intergovernmental Cooperative Agreement with the County, the terms of which shall be annually reviewed and approved by resolution by the County Board. In the event that the Municipality declines to be so bound, the sums that would otherwise be allocated to that Municipality shall be utilized by the County's Transportation Department. In the event that the Municipality does not act in accordance with the terms of an intergovernmental cooperative agreement, the County Board in its sole discretion may decline to offer any sums to that Municipality in the following year and the sums that would otherwise have been allocated to that Municipality shall be utilized by the County's Transportation Department.
- (2) The balance shall be assigned as revenue to the Transportation Department Highway Division in its annual budgets, for its use for maintaining and improving its transportation system and capital equipment.

7.08 HIGHWAY CAPITAL BORROWING. In consideration of receiving the sales and use tax revenues, no annual budget of the Transportation Department Highway Division shall include bonding capital projects or capital equipment related to road and bridge repairs, maintenance, or road and bridge reconstruction unless authorized by the County Board.

7.09 REPORTS FROM FINANCE DIRECTOR.

- (1) The Finance Director shall provide to the Finance Committee a report of all revenue received through the imposition of the sales and use tax since the previous reporting period. This report shall be given on a monthly basis or within thirty (30) days of such time as the Finance Director receives the information from the WI Department of Revenue.
- (2) The Finance Director shall provide a report to the Finance Committee no later than July 31 of each year analyzing the revenues derived hereunder.
- (3) After providing the report as described in (2) above and after consulting with the Finance Committee and the County Administrator, the Finance Director or County Administrator shall provide a similar report to the County Board at each August County Board meeting.

- *7.10 **SEVEN-YEAR REVIEW.** *After January 1, 2024, at which time the sales and use tax will have been in place for seven (7) years, the County Administrator, together with the Finance Director and the Transportation Director, shall prepare a report to the County Board as to the amount of revenue received through the tax since its inception, the amount of debt service reduction realized since its inception, the impact that the tax revenue has had on the stated goal to maintain the County transportation system, the projected future transportation infrastructure needs after 2024, and such other aspects as may be deemed relevant. The report shall contain a recommendation as to whether this Chapter shall be continued and be presented to the County Board no later than June 1, 2024, so that the Board may act on the report's recommendations as it determines may be appropriate for implementation prior to the enactment of the budget for 2025.*

- *7.11 **CONFORMITY TO STATE LAWS.** It is the express intent of the County of Sheboygan that the construction, administration, and application of this Ordinance to all persons in all situations shall conform to the laws of the State of Wisconsin in all ways and it shall be so construed, applied, and administered.

- *7.12 **EFFECTIVE DATE.** This Ordinance shall become effective as of the first day of January 2017 in the manner provided for by law.

Section 2. **Delivery to Department of Revenue.** The County Clerk is hereby directed to deliver a certified copy of this Ordinance to the Secretary of Revenue at least one hundred twenty (120) days prior to January 1, 2017.

Respectfully submitted this 21st day of June, 2016.

TRANSPORTATION COMMITTEE

Jacob Van Dixhorn
Jacob Van Dixhorn, Chairperson

Roger Te Stroete
Roger Te Stroete, Vice-Chairperson

James P. Glavan
James P. Glavan, Secretary

Richard C. Bemis
Richard C. Bemis

Al Bosman
Al Bosman

Opposed to Introduction:

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