Follow-up Information From July 17, 2006 RTA Meeting
Overview

- Northeastern Illinois transit funding
- Local sources of funding used by public transit systems which do not have dedicated funding
- Performance of the sales tax in southeastern Wisconsin
- Comparison of the operating cost per revenue vehicle mile for the Kenosha, Milwaukee, and Racine transit systems
- Comparison of taxes and fees of local governments in Wisconsin to local governments nationwide
Northeastern Illinois Transit Funding

- Regional Transit Authority
  - Six counties – Cook, DuPage, Kane, Lake, McHenry, and Will
  - Three transit operators – CTA, Metra, Pace
- Primary source of funds – six county sales tax
  - Cook County:
    - 1% on all food and drug sales
    - 0.75% on all other sales with the State providing 0.25% equivalent on “all other sales”
  - Other five counties:
    - 0.25% on all sales
- Estimated 2006 sales tax collections of $719,900,000 or about 71.6% or the RTA’s revenue
Northeastern Illinois Transit Funding (continued)

- **State funding:**
  - The Public Transportation Fund (PTF) is an amount equal to 25 percent of the net revenue realized from six-county sales tax.
    - 2006 estimated amount is $179,975,000 or about 17.9% of the RTA’s revenue
  - Reduced Fare (RF)
    - Operating assistance to partially reimburse the transit operators for fare discounts, mandated by law, to students, elderly, and disabled riders. 2006 estimated amount is $36,275,000, or about 3.6% of the RTA’s revenue
  - Additional State Funding – State appropriates additional funds to the RTA. 2006 estimated amount is $54,300,000, or about 5.4% of the RTA’s revenue
  - Other revenues consists of sales tax interest, investment income, and RTA revenue. 2006 estimated amount is $14,900,000, or about 1.5% of RTA’s revenue
Northeastern Illinois Transit Funding (continued)

Northeastern Illinois Transit Operating Funds

Total Funding $1,124,272,000

- State: 26.9% (Includes State “equivalent” funding)
- Local: 73.1%

\[ ^a \text{Includes State “equivalent” funding.} \]
Northeastern Illinois Transit Funding (continued)

- **RTA revenue distribution**
  - By State Statute – the RTA retains 15% of the sales tax revenue with the remaining 85% distributed to the three transit operators.
    - CTA receives 100% of the sales tax collected within the City of Chicago and 30% of the sales tax collected within Cook County, outside of the City of Chicago
    - Metra receives 55% of the sales tax collected within Cook County outside of the City of Chicago, and 70% of the sales tax collected in the other five counties
    - Pace receives 15% of the sales tax collected within Cook County outside of the City of Chicago, and 30% of the sales tax collected in the other five counties
Local Funds for Transit Systems Without Dedicated Funding

- Areas Similar in Size to Milwaukee
  - 4 of 23 systems reviewed do not have a dedicated source of local funding
  - Local funds for these transit systems obtained primarily for property taxes

<table>
<thead>
<tr>
<th>Area</th>
<th>2000 Population (in millions)</th>
<th>Transit System</th>
<th>Sources of Local Funding</th>
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</thead>
<tbody>
<tr>
<td>Norfolk, VA</td>
<td>1.39</td>
<td>Hampton Roads Transit</td>
<td>Property Taxes</td>
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<td>Milwaukee, WI</td>
<td>1.31</td>
<td>Milwaukee County Transit System</td>
<td>Property Taxes</td>
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<td>Indianapolis, IN</td>
<td>1.22</td>
<td>Indianapolis Public Transportation Corporation</td>
<td>Property Taxes, Commercial Vehicle Excise Tax, Financial Institutions Tax</td>
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<td>Memphis, TN</td>
<td>0.97</td>
<td>Memphis Area Transit Authority</td>
<td>Property Taxes, Sales tax</td>
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Local Funds for Transit Systems Without Dedicated Funding (continued)

- **Areas Similar in Size to Kenosha and Racine**
  - 9 of 15 systems reviewed do not have a dedicated source of local funding
  - Property taxes are the primary source of local funds

<table>
<thead>
<tr>
<th>Area</th>
<th>2000 Population (thousands)</th>
<th>Transit System</th>
<th>Sources of Local Funding</th>
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</thead>
<tbody>
<tr>
<td>Boise, ID</td>
<td>273</td>
<td>ValleyRide</td>
<td>Property Taxes</td>
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<tr>
<td>Springfield, MO</td>
<td>215</td>
<td>City Utilities of Springfield Transit Services</td>
<td>Utility Charges for Gas/Electric Services</td>
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<tr>
<td>Evansville, IN</td>
<td>212</td>
<td>Metropolitan Evansville Transit System</td>
<td>Property Taxes</td>
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<tr>
<td>Erie, PA</td>
<td>195</td>
<td>Erie Metropolitan Transit Authority</td>
<td>Property Taxes</td>
</tr>
<tr>
<td>Broome County, NY</td>
<td>159</td>
<td>Broome County Department of Public Transportation</td>
<td>Property Taxes</td>
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<tr>
<td>Racine, WI</td>
<td>130</td>
<td>Belle Urban System</td>
<td>Property Taxes</td>
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<tr>
<td>Utica, NY</td>
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<td>Utica Transit Authority</td>
<td>Property Taxes</td>
</tr>
<tr>
<td>Kenosha, WI</td>
<td>111</td>
<td>Kenosha Area Transit System</td>
<td>Property Taxes</td>
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<tr>
<td>Pittsfield, MA</td>
<td>53</td>
<td>Berkshire Regional Transit Authority</td>
<td>State Aid Payments to Municipalities in Service Area</td>
</tr>
</tbody>
</table>
Wisconsin State Sales Tax

- **State of Wisconsin – 5.0%**
  - Enacted a 3% selective sales and use tax in 1962, replaced with 4% general sales and use tax in 1969, increased to 5% in 1982
  - **FY 1996-2004 average annual growth rate: 4.68%**
  - **FY 2001-2004 average annual growth rate: 2.60%**

State of Wisconsin 5.0% Sales Tax Revenues 1996-2004
County Sales Tax

- Kenosha County – 0.5%
  - Enacted April 1, 1991
  - 1997-2005 average annual growth rate: 4.79%
  - 2001-2005 average annual growth rate: 3.50%

Kenosha County 0.5% Sales Tax Revenues 1997-2005
• Milwaukee County – 0.5%
  • Enacted April 1, 1991
  • 1997-2005 average annual growth rate: 3.09%
  • 2001-2005 average annual growth rate: 1.35%

Milwaukee County 0.5% Sales Tax Revenues 1997-2005
Ozaukee County – 0.5%

- Enacted April 1, 1991
- 1997-2005 average annual growth rate: 4.92%
- 2001-2005 average annual growth rate: 2.67%

Ozaukee County 0.5% Sales Tax Revenues 1997-2005
Walworth County – 0.5%
- Enacted April 1, 1987
- 1997-2005 average annual growth rate: 5.76%
- 2001-2005 average annual growth rate: 4.06%
County Sales Tax (continued)

- **Washington County – 0.5%**
  - **Enacted January 1, 1999**
  - **2000-2005 average annual growth rate: 5.05%**
  - **2001-2005 average annual growth rate: 4.73%**

Washington County 0.5% Sales Tax Revenues 1999-2005
Miller Park Sales Tax

- Milwaukee, Ozaukee, Racine, Washington, Waukesha Counties – 0.1%
  - Enacted January 1, 1996
  - 1997-2005 average annual growth rate: 4.57%
  - 2001-2005 average annual growth rate: 1.78%

Miller Park 0.1% Sales Tax Revenues 1996-2005
Financing Soldier Field Renovations

- Soldier Field is owned by the City of Chicago - The Chicago Park District

- Cost of renovations completed in 2003 was $606 million
  - The Illinois Sports Facility Authority provided the public contribution, $406 million, financed through the issuance of municipal bonds backed by a 2% hotel tax – By State Statute, the 2% Chicago Hotel Tax proceeds are used to promote tourism.

- $200 million contribution by the Chicago Bears
  - $100 million via a National Football League (NFL) loan
  - $100 million via bank loan and the sale of personal seat licenses in the stadium
Comparison of Unit Operating Costs: Milwaukee, Kenosha, Racine Transit Systems

- Operating cost per revenue bus mile
  - Milwaukee County Transit System: $8.07
  - Kenosha Area Transit System: $5.23
  - Racine Belle Urban System: $5.20

- Milwaukee County labor, fringe, and paratransit costs are higher and offset lower fuel, materials, supplies, and casualty and liability costs
Comparison of Unit Operating Costs: Milwaukee, Kenosha, Racine Transit Systems (continued)

Comparison of Operating Cost Per Vehicle Mile

Cost Category:
- Labor and Fringe Benefits
- Contracted Services
- Fuel, Materials, and Supplies
- Casualty and Liability
- Utilities, Leases, and Rentals, and Miscellaneous
- Paratransit and Other Purchased Transportation

Comparison of Operating Cost Per Revenue Vehicle Mile:
- Kenosha Area Transit System
- Racine Belle Urban System
- Milwaukee County Transit System
Comparison of Taxes and Fees of Local Government in Wisconsin to Local Government Nationwide

- **Source – Wisconsin Taxpayers Alliance**
  - “Property Taxes by State,” June 2005
Conclusions for Wisconsin State-Local government are as follows (2004):

- Moderate in overall state-local spending (21st* among 50 states)
- Tax-heavy due to federal revenues that are below average, and a smaller reliance on user fees and charges (28th*)
- Dependent to a greater degree on the big three taxes—property (8th*), individual income (9th*) and sales (30th*)
- One in which state government collects revenue and provides it to local governments (7th)

*Measured relative to personal income.
Conclusions for Wisconsin are as follows (2002):

- Ranks high in local expenditures as percent of total state and local spending (7th of 50 states)
- Ranks high in local property taxes as percent of total local revenue (11th of 50 states)
- Ranks high in property tax revenues as percent of locally raised revenue (8th of 50 states)
- Ranks high in local property taxes as percent of personal income (5th of 50 states)
## Local Government Sources of Revenue

<table>
<thead>
<tr>
<th></th>
<th>Illinois</th>
<th>Iowa</th>
<th>Michigan</th>
<th>Minnesota</th>
<th>Wisconsin</th>
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<tbody>
<tr>
<td>Federal</td>
<td>5.3%</td>
<td>3.4%</td>
<td>3.8%</td>
<td>4.1%</td>
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<td>State</td>
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<td>42.1</td>
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<td>Sales Tax</td>
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<td>Other Taxes</td>
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<td>Fees</td>
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<td>Other Revenues</td>
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<td>Total</td>
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<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
Comparison of Property Taxes and Tax Rates (Largest Cities in Each of 50 States and Washington, D.C.)

• Milwaukee

  • Median Value Home
    $197,300 (19 of 51)

  • Property Tax Rate
    $2.49 per $1,000 (3 of 51)

  • Property Taxes (on Median Value Home)
    $4,913 (10 of 51)