MINUTES OF THE TENTH MEETING

SOUTHEASTERN WISCONSIN REGIONAL TRANSIT AUTHORITY

DATE: January 30, 2007

TIME: 8:00 a.m.

PLACE: Milwaukee County Transit System
        Administration Facility
        First Floor Conference Room
        1942 North 17th Street
        Milwaukee, WI

Board Members
Karl Ostby, Chairman ................................................................. Kenosha County Representative
Len Brandrup ........................................................................... City of Kenosha Representative
Joseph “Jody” Karls ..................................................................... City of Racine Representative
Sharon Robinson ......................................................................... City of Milwaukee Representative
Julia Taylor ................................................................. Governor’s Representative from City of Milwaukee
George A. Torres ...................................................................... Milwaukee County Representative

Board Members Excused
David Eberle ........................................................................... Racine County Representative

Staff Members
Kenneth R. Yunker .............................................................. Deputy Director, SEWRPC
Albert A. Beck ........................................................................ Principal Planner, SEWRPC

Consultant Team (Transit Advocacy and Communications)
Ed Henschel
Michael Ley
James Madlom
H. Carl Mueller
Brandon Scholz
Barbara Ulichny

Guests
Dan Boehm .............................................................................. Interim Director of Administration,
Milwaukee County Transit System
Anita Gulotta-Connelly ........................................................... Acting Director, Milwaukee County Transit System
Brian Dranzik ........................................................................ Research Analyst,
Milwaukee County Board of Supervisors
Patrick Fitzgerald .................................................................... Wispolitics.com
Michael J. Glasheen .............................................................. Transit Planner, City of Racine
Jon Lehman ............................................................................. Racine County Corporation Counsel
Frederick J. Patrie ................................................................. Director of Public Works, Kenosha County
Joe Potente ............................................................................... Kenosha News
Rosemary Potter ........................................................................ Executive Director, Transit Now
Larry Sandler ........................................................................ Milwaukee Journal-Sentinel
Dennis A. Shook ...................................................................... Shepherd Express Newspaper
ROLL CALL AND INTRODUCTIONS

Chairman Ostby called the meeting to order at 8:00 a.m. He noted that, while Board member Dave Eberle was not in attendance at the meeting, there was still a quorum of six members present for the meeting.

APPROVAL OF AGENDA

There were no changes identified by Board members to the meeting agenda.

REVIEW AND APPROVAL OF MINUTES OF THE JANUARY 9, 2007, MEETING

A motion to approve the minutes as presented was made by Ms Robinson, seconded by Mr. Torres, and carried unanimously by the Board.

REVIEW AND DISCUSSION OF WRITTEN COMMENTS RECEIVED

Chairman Ostby drew the Board’s attention to the comments that had been received through the RTA website or by letter since the last Board meeting (see Attachment 1 to these minutes). On a motion by Mr. Karls, seconded by Mr. Brandrup, and carried unanimously, the Board acknowledged receipt of the comments and placed them on file.

UPDATE ON THE WORK OF THE KRM CORRIDOR STUDY DRAFT EIS

Chairman Ostby asked Mr. Yunker to provide an update on the KRM study and the preparation of the draft environmental impact statement. Mr. Yunker stated that a new edition of the newsletter for the KRM commuter rail study reviewing the costs and benefits of KRM commuter rail had been published and provided to each Board member, and that a second round of public informational meetings would be held during the first week of February. He indicated that there would be one more set of public meetings, most likely scheduled in April depending on the draft environmental impact statement (DEIS) for the KRM project. He also indicated that the University of Wisconsin-Milwaukee (UWM) study on of the economic impacts of the KRM commuter rail service had been finalized and a copy had been provided to each Board member.

[Secretary’s Note: Copies of both the current KRM newsletter, “KRM Newsletter No. 3 - January 2007,” and the final UWM study, “Community Economic Impact Study of the Proposed Kenosha-Racine-Milwaukee (KRM) Commuter Rail”, have been posted on the RTA website on the “Reports of Interest” page.]

Chairman Ostby noted the economic impacts identified in the UWM study, and asked whether the impacts should be considered conservative or optimistic. Mr. Yunker responded that the impacts represented most likely impacts, with the estimated increases in property values representing middle of the range of national experience. He noted that the estimates for potential additional development were developed in the KRM corridor study/DEIS. He stated that the Commission and consultant staffs had worked with the communities in the KRM corridor on assessing the current market potential of the areas within one-half
mile around each station to ensure that the estimates of future development that could result from the KRM project were reasonable. He indicated that for tourism impacts, the study estimate of a one percent increase was reasonable given that northeastern Illinois is a significant tourism market for southeastern Wisconsin, and that the estimates of the job and overall economic impacts from the KRM project were developed from standard Federal government estimated multipliers.

CONTINUED REVIEW OF ALTERNATIVE FUNDING SOURCES

Chairman Ostby asked Mr. Ley and Mr. Henschel from the consultant team to review with the Board additional information which had been developed on funding sources for the local share of the capital and operating costs of the KRM commuter rail project. Mr. Henschel distributed four handouts (see Attachment 2 to these minutes). The first handout presented the final estimates of the total operating and capital costs of the KRM commuter rail project and the Federal, State, and local shares of these costs. Mr. Ley stated that the final annual local share of the costs was now estimated at between $4.1 and $4.2 million.

The second handout presented estimates of average annual revenues resulting from the creation of a special transit benefit assessment district covering the areas within one-half mile of KRM commuter rail stations, with the revenue estimates assuming a fee of $750 per developed residential unit and $5 per square foot of commercial development. He explained that staff had concluded this revenue source would likely generate only about $1.2 million annually and, consequently, would have only limited potential for funding the $4.2 million annual local costs of the KRM project. He stated it could possibly be looked upon as a supplemental funding source for future capital or service needs.

The third and fourth handouts summarized the funding options that had been considered for the KRM project, and for all local public transit, providing information on the projected revenues for each option. Mr. Ley stated that staff had received information indicating that the motor fuel tax levied for the Petroleum Environmental Cleanup Fund Act (PECFA) program was used to guarantee bonds issued for that program, and that diverting a portion of these taxes to the KRM project should not be considered as viable. With respect to the $2 car rental fee levied to fund the current work of the RTA, Mr. Ley stated that fee would have to be raised to $15 per rental contract—an increase of $13—to generate the $4.2 million needed to fund the annual local cost of the KRM project.

The following questions were raised and comments made by Board members on the information presented:

1. Chairman Ostby inquired about the basis for the cost estimates and if they had been reviewed against costs for other similar projects in the country. Mr. Yunker responded that the KRM project costs were developed using Metra and other commuter rail system unit costs and the estimated project cost was comparable to costs for commuter rail services and projects under development in other areas. He indicated that staff would be meeting with Metra officials later in the week to discuss the KRM project including the final cost estimates.

2. Chairman Ostby asked if staff had researched other areas where car rental fees are used to provide revenues for other projects. Mr. Mueller and Mr. Henschel responded that, while they had not had time to extensively research the issue, indications were that it was being used with increasing frequency in other areas of the country, particularly in areas of the country with high tourism.

3. Mr. Brandrup asked if the revenue forecasts prepared for the higher car rental fee had taken into consideration how the demand for vehicle rentals would be affected by the new fees. He expressed a concern that Federal and State review agencies could indicate that they would expect lower revenues than forecast due to potential decreases in existing vehicle rentals with
the higher fee. Mr. Mueller responded that since most of the car rentals in the three RTA counties were by out-of-state visitors, and that since it was a flat fee per vehicle rental instead of a percentage of the total rental cost, the demand for rental vehicles was not expected to be significantly affected by the additional fee. Mr. Yunker stated that further analysis of the using the car rental fee as the local funding source for the KRM project would need to be done, including sensitivity tests that would examine how the source would be affected by inflation.

4. In response to a question from Ms. Robinson on how the higher car rental fee would be received by business groups and local officials, Mr. Mueller stated the business community, with the exception of the car rental companies, had generally indicated that it would support an RTA recommendation for increasing the car rental fee to fund the KRM project. Mr. Scholz stated that State legislators had identified fewer objections to increasing the car rental fee than to any of the other funding sources being considered for the KRM project. Ms. Taylor indicated that the option to raise the car rental fee had been preferred by the Governor over the other options being considered. Chairman Ostby observed that having the support of the mayors of Kenosha, Racine and Milwaukee and the county executives in the three RTA counties for the higher fee would be most important. Ms. Robinson stated her belief that more work needed to be done in assessing support for the various local funding sources under consideration by the RTA.

5. Mr. Torres asked if information was available on the revenues that would be generated in each RTA county with the higher car rental fee, noting that he believed the majority would come from Milwaukee County because of the number of car rental agencies serving General Mitchell International Airport. Mr. Yunker responded that Commission staff had attempted to obtain this information in the past from the Department of Revenue, but was told the data did not exist as they do not collect this data. Ms. Robinson stated that she would also like to see a comparison of the proposed car rental fee with the car rental fees that are charged in other metropolitan areas. Mr. Yunker stated that the Commission staff had prepared a comparison when the initial RTA $2 vehicle rental fee was proposed (see Attachment 3 to these minutes).

6. Referring to the January 18, 2007, letter to the Governor sent by the RTA pertaining to actions requested to be considered in the 2007-2009 State Budget, Ms. Robinson asked if there had been any indication of what the Governor would include in the his proposed State budget. Mr. Scholz responded that had met with Michael Morgan, Secretary of Administration, to discuss RTA’s requests and that and that no major problems had been identified with the actions it had asked to be included in the budget. Ms. Ulichny noted that one of the requested actions was to reserve the funds generated by the current car rental fee for use by the Southeastern Wisconsin RTA to prevent a draw on those funds by other areas.

[Secretary’s Note: Copies of the letter sent by the RTA to Governor Doyle on January 18, 2007, and a letter received from the Governor on January 31, 2007, with his response, are included in Attachment 4 to these minutes.]

7. Mr. Torres asked if consideration had been given to commercial development providing the stations on the KRM line. Mr. Yunker responded that such interest had been expressed in the current study at two station locations and that it could be studied further during preliminary engineering.
FURTHER CONSIDERATION OF POTENTIAL RTA RECOMMENDATIONS RELATIVE TO KRM AND PUBLIC TRANSIT LOCAL FUNDING

The Board next considered formal action to identify a local funding source for the KRM commuter rail project and public transit. In response to a request by Mr. Karls, Mr. Yunker summarized the content of the motion that had been tabled at the December 18, 2006, RTA meeting. He stated that the motion included the actions requested in Chairman Ostby’s January 18, 2006, letter to Governor Doyle, plus language requesting that the RTA be given the authority to levy a regional sales tax over all three RTA counties in an amount up to 0.05 percent to support commuter rail operations, including debt service, and also in amounts up to 0.45 percent to support local public transit systems with the intent of permitting property tax relief by shifting the local share of the cost of public transit in the three counties to the sales tax.

Chairman Ostby observed that there appeared to be a consensus among the Board members for increasing the current car rental fee to provide the local funding for the KRM project. He indicated that he did not believe there was a similar consensus on a way to fund public transit. He expressed his concern that combining a recommendation for using the higher car rental fee as the local funding source for the KRM project with one calling for a sales tax to serve as the local funding source for public transit would result in no action by the RTA at this meeting. He noted that action by the State legislature and Governor on KRM funding may be needed by June 2007, or the KRM project will be delayed for submittal to the Federal Transit Administration until June 2008. Ms. Taylor suggested that the Board take separate votes on local funding for the KRM project and public transit so that due deliberation could be given to both issues.

Ms. Robinson expressed her belief that the recommendation from the RTA should address both funding issues. She reminded the Board that at a prior meeting it had agreed to pursue funding sources for both the KRM project and public transit. She also noted that by making separate recommendations, the Governor and State legislature could decide to act on only the RTA recommendation for funding the KRM project and not the recommendation for funding public transit. Ms. Robinson noted that she could not support the initial proposed sales tax of 0.45 percent for local public transit, but would support a sales tax of 0.20 percent.

Mr. Torres stated that he could not support an RTA recommendation that included levying a sales tax. He suggested the RTA recommendation should be worded to remove the reference to the tax and indicate the RTA would continue to study dedicated local transit funding for public transit.

Mr. Brandrup stated that, while he could support increasing the car rental fee to provide local funding for the KRM project, he believed it was time the RTA took a stand on dedicated funding for both the KRM project and public transit. He indicated that he still believed the preliminary RTA recommendation favoring use of a sales tax to fund the KRM project and public transit was appropriate. He believed that because the FTA and the State will want to protect their investment of funds in the KRM project, both would look closely at the financial condition of the underlying transit systems. He stated that it was his perception that the Milwaukee County Transit System was on the verge of a major financial crisis and that the RTA would not be sending a good message to the FTA and the State if it did not address how to fund public transit.

Mr. Yunker stated that the RTA will need a strong financial plan for the KRM project to get FTA “new start” funding. He indicated that staff had worked to refine the cost-effectiveness of the project to improve its overall rating under the FTA “new starts” criteria, but that the financial condition of the underlying public transit systems could bring down that rating and weigh in on the FTA funding decision.

He noted that at the request of Milwaukee County, the Commission was conducting a study to prepare a short-range transit system development plan for the Milwaukee County Transit System covering the years 2007 through 2011, and that the study had documented how the transit system had avoided extreme service
cuts and fare increases in recent years by using Federal funds from a “bank” of accumulated funds intended for capital projects to, instead, fund operating costs and keep the property tax levy for the system within budget limits. He explained that the bank of Federal funds would run out in the year 2009, and the transit system will need to severely cut service, reducing it by between 35 and 40 percent. He indicated this funding crisis had been detailed in a newsletter for the Milwaukee County transit system development plan which would be posted on the RTA website. He stated that the financial problems faced by the Milwaukee County Transit System illustrated the need to reach agreement on providing dedicated funding for public transit.

[Secretary’s Note: A copy of the newsletter for the Milwaukee County Transit System Development Plan: 2007-2011 has been posted on the RTA website on the “Reports of Interest” page.]

Mr. Karls suggested a compromise motion addressing local funding for the KRM project and public transit. After the Board discussed the specific language, Mr. Karls made the following motion:

- That the RTA recommend to the Governor and Legislature that the local share of the capital and operating costs of the KRM commuter rail extension be funded by an increase in the existing car rental fee from $2 to $15 applicable within the counties of Kenosha, Racine and Milwaukee; and
- That the RTA reaffirms its commitment to public transit and will continue to discuss the overall needs of public transit and potential expansion in the RTA counties, and also to continue seeking alternative funding sources for the overall transit operations as the RTA’s second major initiative.

The RTA will forward its funding recommendations for both the KRM and local transit to the Governor and the Legislature with the stated conditions and ask that they be considered promptly. This motion recognizes that the statutory responsibility and authority of the RTA requires a super majority vote and that we can only move forward by reaching consensus on all issues.

Mr. Karls’ motion was seconded by Julia Taylor, and carried unanimously by the RTA.

CONFIRMATION OF NEXT MEETING DATE

Chairman Ostby stated that the Board had agreed to return to a schedule of regular meetings on the third Monday of each month beginning with the next meeting on February 19, 2007. Mr. Yunker stated that staff would distribute the proposed schedule of future meeting dates to the Board.

[Secretary’s Note: The proposed 2007 RTA meeting dates are: February 19, March 19, April 16, May 21, June 18, July 16, August 20, September 17, October 15, November 19, and December 17.]

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 10:05 a.m. on a motion by Mr. Karls, seconded by Ms. Robinson, and carried unanimously.

Respectfully submitted,
Kenneth R. Yunker
Recording Secretary
WRITTEN COMMENTS SUBMITTED TO SEWRTA  
(1/08/07 through 1/29/07)

From: Jay Warner [mailto:quality@a2q.com]  
Sent: Wednesday, January 24, 2007 11:31 AM  
To: SEWISRTA  
Subject: More info suggesting the RTA should specifically include on-demand transit in western Racine & Kenosha

the BizTimes (on-line adjunct of the Small Business Times publication in Milwaukee) for Jan 8 reported:

More Wisconsinites are staying put

The exodus of aging baby boomers moving out of Wisconsin for retirement in warmer climes may finally be tapering off. According to a study by United Van Lines, of 7,619 families moving in 2006 to or from Wisconsin, 53.2 percent moved out of the state, and 46.8 percent moved into the state. That 53.2 percent exodus rate is the lowest for Wisconsin since 2000, and it defied a regional trend of more people moving out of the Midwest and Northeast to the West and the Southeast.

Michigan and North Dakota tied at the top of the exodus heap with rates of 86.0 percent.
The top in-bound states were North Carolina, Oregon, South Carolina, Nevada, Idaho, New Mexico, Alabama, Utah, Tennessee and Arizona. This year marked the first time in 25 years that Minnesota (51.3 percent) saw more people entering than leaving.
The findings were announced today by Carl Walter, vice president of St. Louis-based United Van Lines, the nation's largest household goods mover. United has tracked shipment patterns annually on a state-by-state basis since 1977. For 2006, the accounting is based on the 227,254 interstate household moves handled by United among the 48 contiguous states, as well as Washington, D.C.

these additional "old folks" are going to need better transportation services than they get now.

Sincerely,

Jay

Jay Warner  
Principal Scientist  
Warner Consulting, Inc.  
4444 North Green Bay Road  
Racine, WI 53404-1216  
USA

Ph: 262.634.9100  
Fax: 262.681.1133  
email: quality@a2q.com  
web: www.a2q.com

The A2Q Method (tm) -- What do you want to improve today?
 COMMENTS (continued)

From: Jay Warner[SMTP:QUALITY@A2Q.COM]
Sent: Tuesday, January 23, 2007 6:05:39 PM
To: SEWISRTA

Karl Ostby, Chairman
Southeastern Wisconsin Regional Transit Authority (RTA)
Southeastern Wisconsin Regional Planning Commission
P.O. Box 1607
Waukesha, WI 53187–1607

Dear Mr. Ostby

I propose the following:

Expand the bus system across Racine and Kenosha counties. In the western populated areas, run a subsidized taxi service, rather like what Watertown is running very well right now. The taxi’s would be on call, would pick a person up at their door, deliver them as needed, and return them home again. It would cost the passenger under $3 per ride. People who were less than confident about driving in congested areas of town could easily get to their doctor, or to a bridge party, whenever they wanted. Physically handicapped people could get around as well as anyone else. Loosing a drivers license would no longer be a sentence of house arrest. I know this happens; my parents are in this group, and both gave up their drivers licenses. These are the members of the “Greatest Generation,” who won WWII and the Korean War. Now we hobble them at home when we take away their driving license. A taxi service would help everyone keep the mobility we all so dearly love.

In Watertown right now the Watertown Transit service handles 300 trips per day in winter in an area about 16 by 8 miles. GPS units can track all cabs and make additional pick-ups automatically. Adults pay $2.75 per ride; children and seniors pay less.

The RTA is a “Regional Transit Authority” with limited authority granted by the state legislature. We could give them the authority to oversee the expanded shuttle/taxi service. We would charge them with overseeing both the RTA Commuter Rail and the taxi services.

I am told informally that the 0.5% sales tax would far more than cover the cost of the Racine BUS. Perhaps for Racine county a 0.3% sales tax would fund the present BUS system and allow contracts with a private entity to operate the taxi services. A dispatch hub in Burlington could cover that city plus surrounding areas including Watertown and Union Grove. A similar one near Lake Geneva could cover most of western Kenosha County. Depending on the Milwaukee County bus coverage, a similar service in western Milwaukee County might be very useful.

The RTA could require each of these services to accept transfers from other areas. Perhaps a joint dispatch would work. This would make it truly a regional transit system.

Larger shuttles could come from Union Grove, Burlington, Waterford, Paddock Lake and Salem to the train stations, picking up commuters in the morning, and taking employees to outlying plants on the way back. The shuttles would match schedules to the trains, so the transfer wait would be short.

The best part is that everyone in each county benefits in a very direct, visible way. People in Union Grove don’t have to be aged to take advantage of the taxi service. People in Racine don’t have to live near the station to use the train.
COMMENTS (continued)

Information the staff will have to find:

What has been Watertown’s experience with this type of service?

How many people are there in western Kenosha, Racine, and Milwaukee Counties over the age of 60? Plus, how many physically challenged people, who cannot drive themselves? This is a key potential market.

Assuming one trip per two days for 50% of these people, how many vehicles would be needed to serve them?

Can we estimate where those vehicles should be based?

Can we estimate whether vans with chair lifts and multi-person ability would service better than regular taxis? Perhaps a mix of both would be best.

What might be the capital and operating costs for such a service? Would a 0.45% sales tax across the three counties cover (a) existing transit services plus (b) the ‘new’ taxi services? If so, then we can successfully remove a burden from the property tax rolls.

Jay Warner
4444 North Green Bay Road
Racine, WI 53404-1216
USA

Ph: 262.639.0918
email: kmtrain@a2q.com
web: www.a2q.com

Submitted: 1/23/2007 5:57:08 PM
Name: Julie Jacob
E-mail: jajwriter@aol.com
Organization: PO Box/Street: 3222 N. Main
City: Racine
State: WI
Zip:
Phone:
Comments: I would like to reiterate my support for the KRM commuter rail. It is vital to southeastern Wisconsin’s growth and future viability as a good place to live and work. I support either a sales tax or gas tax to support the commuter rail. I understand that Milwaukee County Executive Scott Walker opposes taxes to fund the commuter rail. While I understand why he feels that way after the Miller Park debacle, I sincerely hope the Milwaukee County representatives on the SWRTA committee will still vote in favor of funding the commuter rail. This is so important to Wisconsin’s future.
COMMENTS (continued)

Submitted: 1/23/2007 8:41:55 AM
Name: Linda & Jim Haack
E-mail: lindahaacker@yahoo.com
Organization: 
PO Box/Street: 626 West Lawn Ave
City: Racine
State: WI
Zip: 53405
Phone:
Comments: We strongly oppose a new sales tax to fund commuter rail from Kenosha to Milwaukee. We do not believe that the rail system will bring the economic benefits to our area that supporters project, and it will not serve the needs of the many but only of the few who want to live in Chicago suburbs, earn money in Milwaukee, and take it home to spend it. Sales tax is regressive and the majority who are paying it will not benefit from the proposed rail system.

Submitted: 1/10/2007 1:59:29 PM
Name: Julie Jacob
E-mail: jajwriter@aol.com
Organization: 
PO Box/Street: 
City: Racine
State: WI
Zip: 53402
Phone:
Comments: I strongly favor building a commuter rail between Kenosha and Milwaukee. A commuter rail is vital to southeastern Wisconsin's economic growth. Although I am generally against tax increases, I support a sales or gas tax to fund the railroad. I sincerely hope the SWRTA can come up with an acceptable plan to fund the commuter rail in time to apply for federal funds in June 2007. Please, Wisconsin cannot afford to miss this opportunity to build a commuter rail!

Name: James Sebern
E-mail: JLS eburn@aol.com
Organization: None
PO Box/Street: 
City: Fox Point
State: WI
Zip: 53217
Phone:
Comments: I am disappointed that you continue to pursue an expensive rail option linking Milwaukee, Racine and Kenosha, and are attempting to finance that with a multi-county tax. I have not seen any analysis of potential ridership, only some very poor analysis of "need." This will not benefit the majority of the residents in the area. The economic development benefits are dubious, and only relate to communitites near a station. I hope that you will terminate this project before anymore time and money are wasted.
As many Racine County residents have been reading and hearing about plans for the Kenosha, Racine, Milwaukee (KRM) commuter rail project, your thoughts may turn in several directions. Some people may think immediately of the personal convenience and financial benefits such a transportation system may bring to their lives, especially people who depend on public transportation for the bulk of their transportation needs.

Others may think of the ease of being able to ride a train to downtown Milwaukee or Chicago for recreational excursions without the hassles of fighting traffic or finding and paying for parking.

There are probably some people who feel they may never actually ride the trains. For those persons, I predict that a complimentary ride on one of these trains, perhaps on a beautiful summer day in 2010, might change their minds as to whether this is a service they will eventually make use of, even if only occasionally.

Lastly, there will always be skeptics who say they do not want this resource because they want to maintain the status quo and don’t want to pay for it. To those citizens, I must agree with the sentiments expressed in a recent Racine Journal Times editorial, “there ain’t no such thing as a free lunch.” The financial benefits to be reaped by our City and County from this project are expected to increase our tax base to such an extent that property taxes are likely to go down, and the amount of jobs created will revitalize our economy in ways we cannot even foresee.

Many Southeast Wisconsin citizens are already aware that the State Legislature created the Southeastern Wisconsin Regional Transit Authority in the 2003-06 state budget bill to provide the following recommendations to the State Legislature and Governor:
January 8, 2007

Governor Jim Doyle
P.O. Box 7803
Madison, WI 53708

Dear Governor Doyle:

Kenosha/Racine/Milwaukee Commuter rail is a priority for my business and for southeastern Wisconsin as a region. I request that you include KRM in your budget. From my point of view, KRM is significant for many reasons:

- It creates economic development along the rail corridor.
- It creates better access to jobs, education and entertainment venues.
- It connects to other forms of transportation (airport, bus, other rail).
- It strengthens the Milwaukee 7 regional economic development plan.
- It better connects southeastern Wisconsin to the economies of northern Illinois.
- It helps employers with recruitment and retention of talent, particularly young professionals.
- It reduces stress on roads.

Thanks for your interest in improved transportation infrastructure. Your continued support is appreciated.

Sincerely,

MILLER BRANDS - MILWAUKEE, LLC

Steven L. Johnson
President

cc: Kim Taylor, Tim Scheckel

P.O. BOX 13496, 1409 N. 113th STREET, WAUWATOSA, WI 53213-0496
www.millerbrands.com
Comments (continued)

Wisconsin Car Rental Alliance
January 25, 2007

Chairperson and Members
Southeastern Wisconsin Regional Transit Authority
c/o Southeastern Wisconsin Regional Planning Commission
P.O. Box 1607
W239 N1812 Rockwood Drive
Waukesha, WI 53187-1607

Dear RTA Member:

I am contacting you on behalf of the Wisconsin Car Rental Alliance, a statewide trade association of primarily small businesses (mainly franchisees and independent operators) engaged in the vehicle rental business.

We are aware that the Regional Transit Authority (RTA) is currently considering options to finance the KRM Commuter Link project. This is by many accounts an initiative with some impressive projections of future economic benefits to the Milwaukee, Racine, and Kenosha area and that entire part of the State.

It is not our intention nor are we in a position to comment on these projections and the accompanying assumptions relative to capital and operating costs, ridership, federal subsidies, and the like that you must consider as part of the financing equation. We would certainly hope that a project of this magnitude would be successful in every regard.

However, inasmuch as we are charged by law to collect a rental car transaction fee in the three-county area to help finance the RTA's activities, we believe we have a stake in the discussion. We have a particular interest in your review of local funding sources. Please consider the following:

A business or leisure visitor to Milwaukee who arrives by air and rents a car at General Mitchell International Airport will find the below-listed taxes and fees added to the base vehicle rental charge:

- Sales Tax (Includes State and County Sales Taxes) 5.5% of gross receipts
- Local Exposition Center Tax (Convention Center) 3%
- Stadium/Miller Park Tax 1%
- State Vehicle Rental Fee 5%
- On-Airport Fee (A 6.5% fee is levied if the car is rented off-airport) 9%

Total 22.6% of gross receipts

Plus:

- RTA Rental Vehicle Transaction Fee $2 per transaction

Oconomowoc Business Center
P. O. Box 247
Oconomowoc, WI 53066
Telephone (262) 244-0045
Fax (262) 567-5323
www.wicra.org
In Wisconsin and nationally, the rental car business is highly taxed. Attached are some recent articles that document the extent to which our business has been targeted for inequitable taxes and charges, in some cases to finance competitive modes of transportation!

The KRM rail project, while it may be a worthy project in its own right, will arguably offer a new travel option to some who might otherwise rent a car for the same trip. If, as portrayed, it is to be an economic boon to the three-county area and the entire region, then the local source of funding (in addition to fare revenue) should be the broadest possible in order to meet the test of being fair and equitable.

We hope that you will take these comments into consideration during your deliberations.

Very truly yours,

Bruce L. Werschem
Bruce L. Werschem
President
April 18, 2006

The Case Against Special Rental Car Excise Taxes

by Andrew Chamberlain

This morning's USA Today explores the rapid growth in taxes and fees imposed on the rental cars in recent years, often in an attempt to fund municipal projects that have no clear relationship to the rental car industry. We're cited toward the end of the piece:

Increasingly, governments are viewing taxes and fees on its cars as a primary option for local civic projects that the rental industry says should be funded locally: sports stadiums, art centers and convention centers.

"It's taken on a wave of popularity," says Richard Broome, a vice president at Hertz. "It's politically expedient to tax out-of-towners because the presumption is that they don't vote."

Enterprise estimates about 80 special car rental taxes — not including airport fees — have been imposed across the USA, and at least 44 proposals are pending. Some examples:

• To pay for a performing arts center and expand a culinary institute, Clark County, which includes Las Vegas, approved legislation last year to charge car renters 2% of the base price.

• In Dallas, renters pay a 5% charge to help pay for the American Airlines Center, home of the NBA's Dallas Mavericks.

• In Arkansas, a part of the 10% rental car tax goes toward teachers' salaries.

• In Wisconsin and several municipalities, the rental car tax is a key funding source for public transportation projects. "It's like taxing Pepsi to build a Coke manufacturing plant," Broome says....

The industry has plenty of support from business travelers such as Richard Hadden, a Jacksonville-based author and professional speaker who rents frequently in Florida. "The excessive amounts being charged in some localities are wrong," he says...

Rental car taxes unfairly single out one industry for a special tax, says Andrew Chamberlain of the Tax Foundation... "And it's not for the benefit of that industry."

The industry has complained about it repeatedly in the past. But competitiveness and the lack of a trade group that lobbies have undermined past lobbying attempts, Chamberlain says.

From an economist's perspective, these special excise taxes on the rental car industry are hard to defend. Most of them fail to satisfy basic, widely-agreed-upon principles of sound public finance.

For one, they're highly non-neutral. A basic goal of any tax system is to raise appropriate revenue for programs while doing the least harm to the economy. But these taxes seem designed to do the opposite. By singling out one industry for special taxation, these levies actually maximize the economic distortion of the tax system. A much more sound approach is to rely on broadly-based and low-rate taxes which raise large amounts of revenue but do less harm to the underlying economic activity.

Second, special rental car excise taxes don't closely link taxes paid with government services provided. This is a violation of what economists call the "benefit principle." For example, a special tax on gasoline to fund roads provided directly to drivers who use gas makes sense. But a special rental car tax used to supplement teacher's salaries, build sports stadiums, or fund other general government services bears no relationship to the industry being taxed. That's just poorly designed tax policy. General government services that benefit all residents should be funded through broadly-based levies, not high-rate excises on politically unpopular industries.

As we've noted before, there's a perception among lawmakers that rental car excise taxes are "good" taxes because they fall on tourists from other cities and states. While this is often not the case—more than half of rental car customer are local, not visiting tourists—it's a belief held by many lawmakers. As Tom Ambrosino, mayor of Revere, Mass. is quoted in the story, "We try to shift the (tax) burden away from our citizens as much as we can."

But this predatory approach to tax policy is impossible to defend from the perspective of sound public finance. The primary goal of tax policy is to raise revenue for programs demanded by citizens. To make intelligent choices about the costs and benefits of those programs, citizens must understand their full costs. How is this possible when the benefits of programs accrue to residents, while the tax burden supporting the programs is "exported" to taxpayers in other areas?

As a result, many of the current and proposed rental car excise taxes are a vivid illustration of the old slogan "taxation without representation." And in a democratic system, that's just poor public policy.
Taxes Driving Up Car Rental Costs

Taxation Without Representation a Problem for Travelers
By Dan Schlossberg
ConsumerAffairs.Com

July 18, 2006
Taxes are taking a heavy toll on car rental customers.

State, county, and municipal governments -- seeking revenue sources for such local projects as ballparks and convention centers -- see out-of-towners as easy prey for their projects.

Since visitors don't vote, they can't vote down the proposed taxes, or oust officials who enact them.

Car rental companies have complained constantly about rising costs but can't do much to thwart the myriad of surcharges and taxes piled onto their bills. Eight of them did meet to discuss the issue in April, however.

Other groups outraged by rental car taxes include the American Automobile Association, the National Business Travel Association, and Americans for Tax Reform. All oppose a Florida proposal that would double the $2 per day state surcharge -- allegedly for road improvement.

Florida fees, among the highest in the nation, already include concession recovery fee (paid by rental companies to the airport for the privilege of doing business there); a licensing fee (charged by car rental firms for licensing and registering each car); a state sales tax of 7.5 per cent; and even a tire and battery fee (charged by the state for disposing of old tires and batteries).

There's also a customer facility fee, charged by airports to rental car firms that use airport parking garages.

Companies complain that imposing a myriad of surcharges hurts business without helping the firms forced to assess the fees. They also say tax revenue does not directly help them.

Examples of excess tax fees are everywhere:

- Kansas City has applied a tax of $4 per day to finance a downtown arena

- Seattle's 1 per cent surcharge funds youth sports and stadium
COMMENTS (continued)

facilities

- A Dallas surcharge of 5 per cent helps subsidize the home of the NBA Mavericks
- Arkansas imposes a 10% tax to pay school teachers
- Las Vegas (Clark County) adds a 2 per cent levy for a performing arts center and expansion of a culinary training academy
- Salt Lake City imposes a 7 per cent tax for promotion of tourism (even though car renters are already there) and maintenance of cultural and convention facilities
- The $10-per-rental charge in Revere, MA (near Boston Logan) is for police and fire facilities

For car rental companies, the real kick-in-the-head is the $2-per-transaction fee imposed by the three-county region that includes Milwaukee; it extends a commuter rail line from Kenosha to Racine and Milwaukee counties.

Nationwide, more than 80 tax surcharges have been applied to car rentals and nearly four-dozen are pending. Concerned consumers should contact their Congressional representatives.

Back to the top(http://www.consumeraffairs.com/#top)
Economists Say Car Rental Excise Taxes Fail Tests of Good Tax Policy
Taxes are "inconsistent with basic principles of good taxation"

Chicago (July 17, 2006) -- As state and local governments rely more heavily upon the use of car rental excise taxes to fund sports facilities, civic centers and other local projects, a new study by a pair of nationally respected economists finds that these taxes are discriminatory and based on unsound tax policy.

Released today at the National Business Travel Association (NBTA) International Convention & Exposition, Taken for a Ride: The Economic Effects of Rental Car Excise Taxes, was conducted by William G. Gale of The Brookings Institution and Kim Rueben of the Urban Institute. NBTA has played a leading role in assembling a nationwide coalition of businesses and associations to defend car rental customers and business travelers against these taxes.

In the past decade, the number of car rental excise taxes has doubled, with 83 current car rental taxes in effect in 38 states and the District of Columbia, and new ones under consideration in at least 24 states (based on publicly available data and the status of research as of July 10, 2006).

The study finds car rental taxes are "inconsistent with basic principles of good taxation."

"Although local governments may need to raise revenue, they should still seek to raise revenue in the most equitable and efficient manner possible," Gale and Rueben wrote in the study. "Stacking extra taxes on car rental customers is unjustified by almost any criteria."

"This study supports NBTA's position that excessive excise taxes on rental cars have a negative impact on American businesses, consumers and local economies," said Bill Connors, NBTA Executive Director & Chief Operating Officer. "Car renters have been hit with more than $3 billion worth of these taxes. The projects funded by these users either have nothing to do with renting a car or benefit a broad base of additional constituents who are not taxed accordingly. We hope cities and counties can find funding solutions for major projects that don't damage the local economy or unfairly discriminate against select consumers or businesses."

Unsound Tax Policy
Gale and Rueben traced the rise in car rental excise taxes to three primary factors:
- The escalating revenue needs of state and local government;
- Decisions in many cities to provide public subsidies for the construction and renovation of professional sports facilities;
- The commonly held myth that such taxes are painless for local residents.

"On closer examination, none of these factors provides justification for the rise — or the existence — of rental car excise taxes," Gale and Rueben stated in the study, which cites a number of ways rental car excise taxes fail to measure up to generally accepted principles of sound tax policy.

"A standard view of tax analysis is to create a broad tax base to spread the burden to all who draw benefits from the project or purpose being funded with tax dollars," wrote Gale and Rueben. "A broad tax base also allows taxing authorities to maintain low marginal tax rates. States and localities, in their recent efforts to shore up revenues, appear to have strayed significantly from these precepts."

...
"Piling taxes onto car rental customers is, in general, both inefficient and inequitable. It is inefficient because it can distort the choices people make regarding what mode of transportation they use. It is inequitable because it is unclear why users of one particular business or service should bear a disproportionate cost of financing government."

While state and local governments clearly may need to raise additional revenues for a variety of purposes, Gale and Rueben conclude that new and existing taxes "should be designed to promote equity, simplicity, and economic prosperity. Our view is that rental car taxes fail all of these tests."

Unintended Consequences
The study also includes a market analysis that demonstrates the negative impacts of a specific car rental excise tax on a local economy. Using data from a leading car rental company in the Kansas City, Mo. market — which in 2005 began imposing a $4-per-day rental car tax — Gale and Rueben analyzed and tracked all of the company's rental car transactions in the market between January 2002 and June 2005. Key findings included the following results of the tax:

- a 9-percent reduction of car rental customers at locations where the tax was in affect
- reduced car rental demand among people living near taxed locations by as much as half
- a reduction of between 69 and 86 percent in the number of days people rented cars from taxed locations
- decreased Missouri state sales tax receipts as higher rental costs drove customers across the state border into Kansas

The proceeds of this particular tax were earmarked largely to finance a new sports arena in downtown Kansas City, Mo. But, Gale and Rueben concluded, "since its implementation the tax has generated significant unintended consequences — given its negative impact on consumers, on business activity, and even on the larger state economy."

Alternatives
Gale and Rueben suggested that, in place of car rental excise taxes to fund a stadium or arena, a more "economically appropriate financing mechanism would be private investment by team owners and their backers, so that customers from one industry are not being coerced into subsidizing the profit margins of another."

The study suggests that another mechanism for funding these facilities would be user fees, such as taxes on tickets. Therefore, the people who benefit from the investment would pay its costs.

Taken for a Ride was commissioned by Enterprise Rent-A-Car. To view it in its entirety, go to www.nbta.org/traveltaxes.

About NBTA
The National Business Travel Association is the source for critical information on the business travel industry. For more than 35 years, NBTA has dedicated itself to the professional development of its members through advocacy, education and training, and networking opportunities. NBTA represents over 2,700 corporate and government travel managers and travel service providers, who collectively manage and direct more than $170 billion of expenditures within the business travel industry. For more on NBTA, visit www.nbta.org.

About This Effort
This effort has brought together a diverse, broad-based group including NBTA, the nation's leading car rental companies, other organizations representing the views of local consumers and businesses, tourists, and tax experts. These entities have joined to represent the views of the millions of car renters and business travelers who historically had no voice against the growing impact and increasing reliance on car rental excise taxes.
# SOUTHEASTERN WISCONSIN REGIONAL TRANSIT AUTHORITY

## K-R-M COMMUTER RAIL LOCAL COST SHARE SUMMARY

**Preliminary - 2006 Dollars**

### CAPITAL COSTS AND REVENUES

<table>
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<tr>
<th>Cost</th>
<th>Federal Revenue</th>
<th>State Revenue *</th>
<th>Local Share</th>
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<td>FTA New Starts (50%)</td>
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<td>Total</td>
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<td></td>
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<td>($73 - $82 M State &amp; Local)</td>
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### ANNUAL OPERATING COSTS & DEBT SERVICE

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<thead>
<tr>
<th>Federal Operating Assistance</th>
<th>State Operating Assistance</th>
<th>Farebox Revenue</th>
<th>Net Local Share</th>
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<tr>
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<td>$2.3 M</td>
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</table>

**DEBT SERVICE**

- $41 M @ 4.5%, 20 Years **
- $3.2 M Annual P & I

**TOTAL ANNUAL LOCAL SHARE $4.2 M**

Source: SEWRPC, with modified TACT-VK assumptions

- State of Wisconsin provides 50% of non-federal share of capital costs
- Higher of $36.5-$41 M estimate range assumed

TACT
Virchow, Krause and Co.
January 15, 2007
### KRM Transit Development Benefit Fee

#### Revenue Estimates

<table>
<thead>
<tr>
<th>Residential Development (number of units)</th>
<th>Average</th>
<th>Annual Rev @ $750 Fee/unit within 1/2 mile of station</th>
<th>Per housing unit cost</th>
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<td>Downtown Milwaukee St</td>
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<th>Retail Development (Square Feet)</th>
<th>Average</th>
<th>Annual Rev @ $500 Fee/sq ft within 1/2 mile of station</th>
<th>Sample cost for 25,000 sq ft retail bid</th>
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<tr>
<th>Office Development (Square Feet)</th>
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<th>Annual Rev @ $500 Fee/sq ft within 1/2 mile of station</th>
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<tr>
<th>County</th>
<th>Equalized Value (2006)</th>
<th>Percent of total</th>
<th>M&amp;I Rate to raise $5 million (for commuter rail)</th>
<th>Tax Levy</th>
<th>M&amp;I rate to raise $50 million for all transit</th>
<th>Tax Levy</th>
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<tr>
<th>County</th>
<th>Vehicle Registrations</th>
<th>Percent of total</th>
<th>Registration fee increase to raise $5 million (for commuter rail)</th>
<th>Vehicle Registration Collections</th>
<th>Vehicle Registration fee to raise $50 million (for all transit)</th>
<th>Vehicle Registration Collections</th>
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<td>Kenosha</td>
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<tr>
<th>County</th>
<th>Sales Tax Revenue</th>
<th>Percent of total</th>
<th>Sales Tax rate to raise $5 million (for all transit)</th>
<th>Sales Tax Revenue</th>
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<tr>
<td>Kenosha</td>
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<td>Racine</td>
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<td>TOTAL</td>
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<tr>
<th>County</th>
<th>Motor Fuel Tax</th>
<th>Percent of total</th>
<th>Excise tax Revenue</th>
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<td>$896,000</td>
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<td>20,000,000</td>
<td>70%</td>
<td>$4,000,000</td>
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<td>TOTAL</td>
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<thead>
<tr>
<th>County</th>
<th>Hotel/Motel Room Tax</th>
<th>Percent of total</th>
<th>3% Surcharge</th>
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<td>TOTAL</td>
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<th>County</th>
<th>Development Transit Fee</th>
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<tr>
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<td>TOTAL</td>
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<table>
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<tr>
<th>County</th>
<th>Surcharge on Moving Violations</th>
<th>Amount of Surcharge</th>
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<tr>
<td>TOTAL</td>
<td>29,930,000</td>
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*Based on SEWRPC estimates

TACT – Vianow, Knouse Company
January 9, 2007
SOUTHEASTERN WISCONSIN REGIONAL TRANSIT AUTHORITY

FUNDING SOURCE ANALYSIS

January 30, 2007

I. KRM COMMUTER RAIL ONLY ($4.2 million annually in 2006 dollars assuming $200 million project cost and funding for local operating cost share and debt service on local share of capital costs – See Appendix 1 for revised project costs)

In Kenosha, Milwaukee, and Racine Counties only

- Increase existing car rental tax from $2 to $15
  (total estimated funding @ $15 = $4,875,000)

Revenues

$4,225,000

II. LOCAL TRANSIT COST PICKUP

Provide state enabling legislation that allows jurisdictions (e.g., cities, and counties) that own and operate bus transit systems to enact a local option sales tax to finance the local (non-state/federal) share of those systems in order to eliminate current property tax funding.

III. OTHER FUNDING SOURCES EXAMINED/CONSIDERED

A. Transit Development Benefit Fee (captures development increments and/or fees from development within one-half mile radius of new train stations)

Appears to have limited potential to fund $4 million annually for the new KRM commuter rail line (including repayment of bond principal and interest) due to uncertainties regarding timing of flow of revenues and how much this source would likely generate. Perhaps could be considered as supplemental revenue source to fund capital costs in the future.

See Appendix 2 that attempts to quantify the amount of revenue that may be generated using averages and assumptions on transit development benefit fee amounts based on and Earthtech/HNTB information.

B. KRM .03% dedicated sales tax Eliminated from consideration

C. Auto/light truck registration fee surcharge Eliminated from consideration

D. Property tax Eliminated from consideration

E. Motor fuel tax surcharge Eliminated from consideration

F. PECFA Appears not to be a feasible option

G. Automobile Sales Tax (NAICS category 441) .3% in 3 counties would generate ~ $5 million annually

H. Other sources See Appendix 3
BACKGROUND INFORMATION CONCERNING CAR RENTAL TAXES IN KENOSHA-RACINE-MILWAUKEE CORRIDOR

Car rental tax and fee components in southeastern Wisconsin include:

- State of Wisconsin general sales tax - 5.0 %
- State of Wisconsin rental vehicle fee tax - 3.0 %
- Other local taxes
  - County sales tax of 0.5 % in Kenosha and Milwaukee Counties
  - Baseball park district tax of 0.1 % in Milwaukee and Racine Counties
  - Exposition district car rental tax of 3.0 % in Milwaukee County
- Airport concession fee - 9.8 % at General Mitchell International Airport (GMIA); 10.0 % at Kenosha Regional Airport
- Vehicle license fee recovery - $2.04 charge per rental in southeastern Wisconsin
- Customer facility charge - $1.00 per rental at General Mitchell International Airport

Examples of rental vehicle taxes and fees in the Kenosha-Racine-Milwaukee corridor include:

- Milwaukee GMIA - 5.0 + 3.0 + 0.5 + 0.1 + 3.0 + 9.8 = 21.4 % plus $3.04
- Milwaukee Off-Airport - 5.0 + 3.0 + 0.5 + 0.1 + 3.0 = 11.6 % plus $2.04
- Racine - 5.0 + 3.0 + 0.1 = 8.1 % plus $2.04
- Kenosha Airport - 5.0 + 3.0 + 0.5 + 10.0 = 18.5 %
- Kenosha Off-Airport - 5.0 + 3.0 + 0.5 = 8.5 %

Annual revenues from State of Wisconsin rental vehicle tax

- Generated within Milwaukee County - $1.6 million
- Generated by Racine and Kenosha Counties - assumed to be very small
- Proposed State budget includes increase in state tax from 3 % to 5 % effective October 2005.

Applies to rental or lease of autos, station wagons, mobile homes, motor homes, and camping trailers. Limousines for hire are also subject to this tax but at a rate of 5.0 %.

Source: Wisconsin Department of Revenue, national car rental chains, and SEWRPC.

COMPARISON OF CAR RENTAL TAX RATES AT MILWAUKEE WITH OTHER U.S. CITIES
(For Rental Locations at Airports)

<table>
<thead>
<tr>
<th>City and State</th>
<th>Source of Car Rental Tax Estimates</th>
<th>Hertz Rent A Car</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Greater Milwaukee Convention and Visitors Bureau</td>
<td>Travelocity Car Rental Tax Survey</td>
</tr>
<tr>
<td>Minneapolis, MN</td>
<td>36.63</td>
<td>30.3</td>
</tr>
<tr>
<td>Kansas City, MO</td>
<td>37.75</td>
<td>45.4</td>
</tr>
<tr>
<td>Pittsburgh, PA</td>
<td>31.31</td>
<td>29.0</td>
</tr>
<tr>
<td>Cleveland, OH</td>
<td>28.83</td>
<td>39.0</td>
</tr>
<tr>
<td>Milwaukee, WI</td>
<td>24.62</td>
<td>25.0</td>
</tr>
<tr>
<td>Indianapolis, IN</td>
<td>23.32</td>
<td>23.6</td>
</tr>
<tr>
<td>Cincinnati, OH</td>
<td>21.4</td>
<td>22.0</td>
</tr>
<tr>
<td>St. Louis, MO</td>
<td>13.85</td>
<td>29.3</td>
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<tr>
<td>Columbus, OH</td>
<td>11.6</td>
<td>25.2</td>
</tr>
<tr>
<td>Charlotte, NC</td>
<td>N/A</td>
<td>24.2</td>
</tr>
</tbody>
</table>

Source: Greater Milwaukee Convention and Visitors Bureau, Travelocity, The Hertz Corporation, and SEWRPC.
Southeastern Wisconsin

Regional Transit Authority

January 18, 2007

The Honorable James P. Doyle
Governor of Wisconsin
Office of the Governor
115 East State Capitol
Madison, WI 53702

Dear Governor Doyle:

The Southeastern Wisconsin Regional Transit Authority (SEWRTA), serving the Counties of Kenosha, Milwaukee, and Racine, has been diligently pursuing its responsibilities following its creation in the 2005-2007 State Budget Bill. As you will recall, the charge to SEWRTA encompasses not only the proposed commuter rail service between Milwaukee and Kenosha with connections to the Chicago area, but also the largely bus-based transit systems servicing Milwaukee County and the Cities of Kenosha and Racine.

While we have not yet completed our work efforts, we have proceeded far enough along to be comfortable in conveying to you at this time our request for your support for inclusion in the forthcoming 2007-2009 State Budget Bill of the following items:

1. To permit the RTA to sponsor and operate the proposed Kenosha-Racine-Milwaukee commuter rail service.

2. To retain the present RTA authority to levy a per vehicle rental fee in the three-county region.

3. To authorize spending $1.0 million in State funds on the proposed KRM commuter rail project, which funds would represent an initial State share of capital costs. Such funds are to be used for preliminary and final engineering during the next State budget biennium (July 1, 2007 through June 30, 2009).
4. To establish bonding authority for the RTA of up to $50 million to enable it to borrow the anticipated local share of funds required for initiating the commuter rail service, it being understood that a source of local revenue to help service those bonds remains to be determined.

With respect to commuter rail service, the SEWRTA Board is working hard to meet a June 2007 deadline for submittal to the Federal Transit Administration of a Federal capital funding request under the "New Starts" program. It is critical to the success of this application that we work together to put forth a strong funding plan for the commuter rail service. Obtaining the authorities and commitments noted above will be essential to demonstrating to FTA that we are ready, willing, and able to initiate this important service. Consequently, we urge your support of these requests and we will work hard with you as your budget moves through the legislative process this spring.

Thank you for your attention to this important matter. Should you or members of your staff have any questions concerning this request, please contact me at 262-942-4321, or the SEWRTA staff in care of the Southeastern Wisconsin Regional Planning Commission, Philip C. Evenson, Executive Director, at 262-547-6721.

Sincerely,

Karl J. Ostby
Chair, Southeastern Wisconsin Regional Transit Authority

KJO/PCE/Ir
RTADoyleletter1.15.07

Cc: Department of Administration Secretary Michael Morgan
Department of Transportation Secretary Frank Busalacchi
Senate Majority Leader Judy Robson
Assembly Majority Leader Mike Huebsch
Senate Minority Leader Scott Fitzgerald
Assembly Minority Leader Jim Krueser
Joint Finance Co-chair Kitty Rhodes
Joint Finance Co-chair Russ Decker
January 24, 2007

Mr. Karl Ostby, Chair
Southeastern Wisconsin Regional Transit Authority
PO Box 1607
Waukesha, WI 53187

Dear Mr. Ostby:

Thank you for writing on behalf of the Southeastern Wisconsin Regional Transit Authority to let me know about your priorities for the 2007-2009 state budget including a $1 million allocation for the KRM commuter rail line.

As you know, I provided substantial funding for the KRM project in past budgets, and I know how important it is to the citizens of Racine, Kenosha, and Milwaukee, and to the economy of our entire state. The KRM project will provide tremendous mobility and economic opportunities for the citizens and businesses of Southeastern Wisconsin. The project has great potential for economic development, creating new jobs, retaining existing jobs, attracting new businesses, and providing current businesses with options that make them even stronger and more competitive.

We are in the early stages of the 2007-2009 state budget, and the budget bill that I will send to the Legislature is still under development. Your views are important to me, and I will thoroughly consider your request as the budget process moves forward.

Please feel free to contact me again any time I can be of help.

Sincerely,

[Signature]
Jim Doyle
Governor

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