

Milwaukee County Exec Crowley: What they're saying: "Policy Forum report shows sales tax critical to local government"

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MILWAUKEE, Wis - Last month, County Executive David Crowley introduced the 2023 Recommended Budget which prioritizes targeted investments in public health and safety, mental health, substance abuse, youth services, public transportation, parks, and neighborhood amenities. In the weeks since the budget's introduction, the County's simultaneous commitment to fiscal responsibility and community investment has been applauded by budget experts and recognized by others.

For the third year in the row, the County Executive has led the way on passing fiscally responsible budgets that reflect the County's shared values and its organizational vision of achieving race and health equity. Although there are no major cuts to public-facing services in the 2023 budget, Milwaukee County is having to do more with less year over year as the structural budget gap persists.

However, budgetary analysis shows the 2023 County Budget is buttressed heavily by an increase in sales tax collections. Yet still, small scale service reductions had to be made in order to close a \$12 million structural deficit.

Milwaukee County has proven it can do amazing things to serve its residents if given the resources. To continue do so, the County needs a sustainable revenue source to make the important investments that will improve quality of life in Milwaukee County.

Without a solution to our funding challenges, by 2027 the County will be unable to

continue the current services like parks, bus routes, emergency services, arts, senior services, public safety, disability services, and youth services.

“Without key services residents rely on, the Southeastern region of Wisconsin can’t possibly continue our competitiveness with other global metro regions to attract capital investments and human capital to our region,” **said County Executive David Crowley**. “One sustainable, long-term way to solve our budget problems is to implement a local option sales tax increase. A one percent increase would create \$180M in revenue, allow us to lower property taxes by a historic 14 percent, keep critical services going – and eventually make even bigger investments in equity to improve quality of life for our residents.”

What they’re saying:

“For a third year running, the county has dodged major service cuts, seeing a multi-million-dollar investment in the county-run parks and staffing, programs and opportunities at the House of Correction, which the budget envisions rebranding the Community Reintegration Center. The budget proposal also plans to inject more than \$21 million into Milwaukee’s community-based mental health and substance abuse programs and support for residents.”

[Milwaukee Journal Sentinel, 9/29/22](#)

“[...] for the third consecutive year, the recommended budget not only avoids major cuts in services and staff, but also makes important new investments in areas like corrections reforms and parks operations, and it even initiates construction of a \$127 million state-of-the-art forensic science center to house the county’s medical examiner and emergency management personnel. Moreover, pension and health care costs – which often have been a primary source of financial distress – are reduced by a combined \$4.3 million, freeing up resources for other needs.”

Wisconsin Policy Forum, 2023 Budget in Brief, 10/14/22

“The budget’s positive vibes also stem from continued strong growth in sales tax revenues – up \$8.8 million in the recommended budget – as well as a healthy contribution from the county’s debt service reserve, which heading into this year had a balance of nearly \$120 million, more than double the amount it held just five years ago. Perhaps most encouraging is the fact that outside of transit, the recommended budget would again avoid the use of one-time federal aid from the American Rescue Plan Act (ARPA) to prop up operations; instead, those funds are largely being used for onetime needs and investments.”

Wisconsin Policy Forum, 2023 Budget in Brief, 10/14/22

“[...] the county’s stewardship of these federal funds was made possible in part by the county’s 0.5% sales tax and county departments managing spending to produce year-end budget surpluses in recent years. In the short term, inflation appears to be helping the county out. Increasing consumer prices have also driven up the county’s sales tax revenue. And, as the U.S. Federal Reserve has pushed interest rates higher in order to combat inflation, the county’s earnings on investments are projected to “sharply increase,” the policy forum notes.”

[Urban Milwaukee, Policy Forum Report Shows Sales Tax Critical to Local Government, 10/17/22](#)

“[...] one reason that Milwaukee County has not faced the same desperate need as the city of Milwaukee to plug ARPA funds into general operations is its 0.5% county sales tax. Under state law, counties are authorized to levy a sales tax of up to 0.5% (68 of the state’s 72 counties have done so) on top of the 5% sales tax imposed by the state. Municipalities are prohibited from doing so with the exception of a small number designated as special tourism districts. This advantage for Milwaukee County, particularly during a time of high inflation, has been critical. As prices have risen rapidly during the past year and pent-up consumer demand escalated after the early months of the pandemic, the county’s sales tax collections have skyrocketed.”

Wisconsin Policy Forum, 2023 Budget in Brief, 10/14/22

“The county’s budgeted sales tax collections have increased by 48.5% over the past 10 budgets, providing policymakers an extra \$32.3 million over the period to spend on various priorities. Notably, the county’s property tax levy collections have grown by only 12.1% during the same period, producing just \$1.5 million more in revenue growth than the sales tax despite being the single largest revenue source in the county budget. That limited growth is due largely to state restrictions that generally limit the rate of growth in the operating levy to the net rate of new construction in the county, which has generally fallen below 2% annually and is 1.1% in the most recent year.”

Wisconsin Policy Forum, 2023 Budget in Brief, 10/14/22

“County leaders, of course, have argued for years for an expansion of their sales tax authority. A proposal advocated by county and city of Milwaukee officials, as well as area business and civic leaders, would raise the current county rate from 0.5% to 1.5%, with the proceeds split roughly evenly between the county, its municipal

governments, and property tax relief. While the Forum takes no position on this proposal, we have pointed out the benefits of revenue diversity in previous reports. The county's recent good fortune with its sales tax collections certainly appears to buttress that case."

Wisconsin Policy Forum, 2023 Budget in Brief, 10/14/22

Learn more about the effort to generate much needed additional revenue on [MoveForwardMKE.com](https://www.moveforwardmke.com)

Read the entire Wisconsin Policy Forum 2023 budget analysis [here](#).