

**COUNTY OF MILWAUKEE**  
INTEROFFICE COMMUNICATION

DATE : January 21, 2011

TO : Michael Mayo, Sr., Chairman, Milwaukee County Board of Supervisors

FROM : Lee Holloway, Milwaukee County Executive

SUBJECT: Resolution urging that the \$18 car rental tax be redirected to Transit

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

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

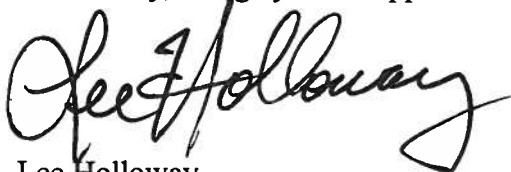
A separate 3% Milwaukee County car rental tax helps fund the Wisconsin Center District, which runs the Frontier Airlines Center, U.S. Cellular Arena and Milwaukee Theatre. The State of Wisconsin also imposes a 5% statewide rental car tax that generates about \$7 million a year for the state transportation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

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

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

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

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

A handwritten signature in black ink, appearing to read "Lee Holloway". The signature is fluid and cursive, with a large loop at the end.

Lee Holloway  
Milwaukee County Executive

Attachment

cc: Milwaukee County Supervisors