

The Show Must Go On!
Exploring dedicated funding possibilities for
Milwaukee's cultural and entertainment assets

The Show Must Go On?

*Exploring dedicated funding possibilities for
Milwaukee's cultural and entertainment assets*

Rob Henken, President
Anne Chapman, Researcher
Vanessa Allen, Senior Fiscal Researcher



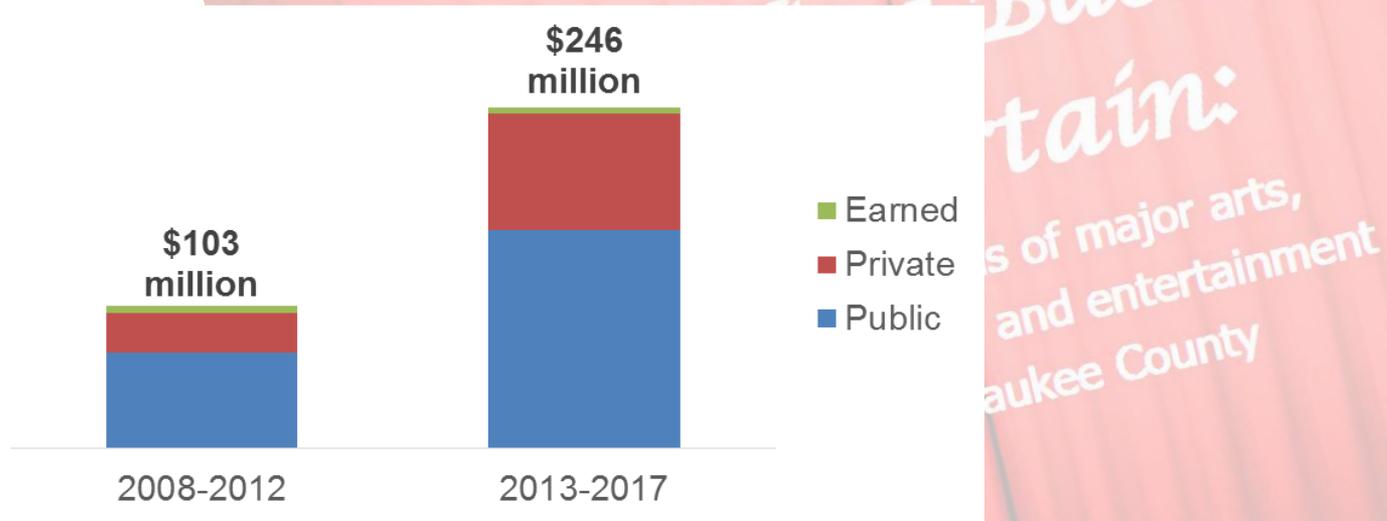
Public Policy Forum

Impartial research. Informed debate.

Public Policy Forum

Pulling Back the Curtain – December 2013

5-year capital needs for Milwaukee County institutions are immense.



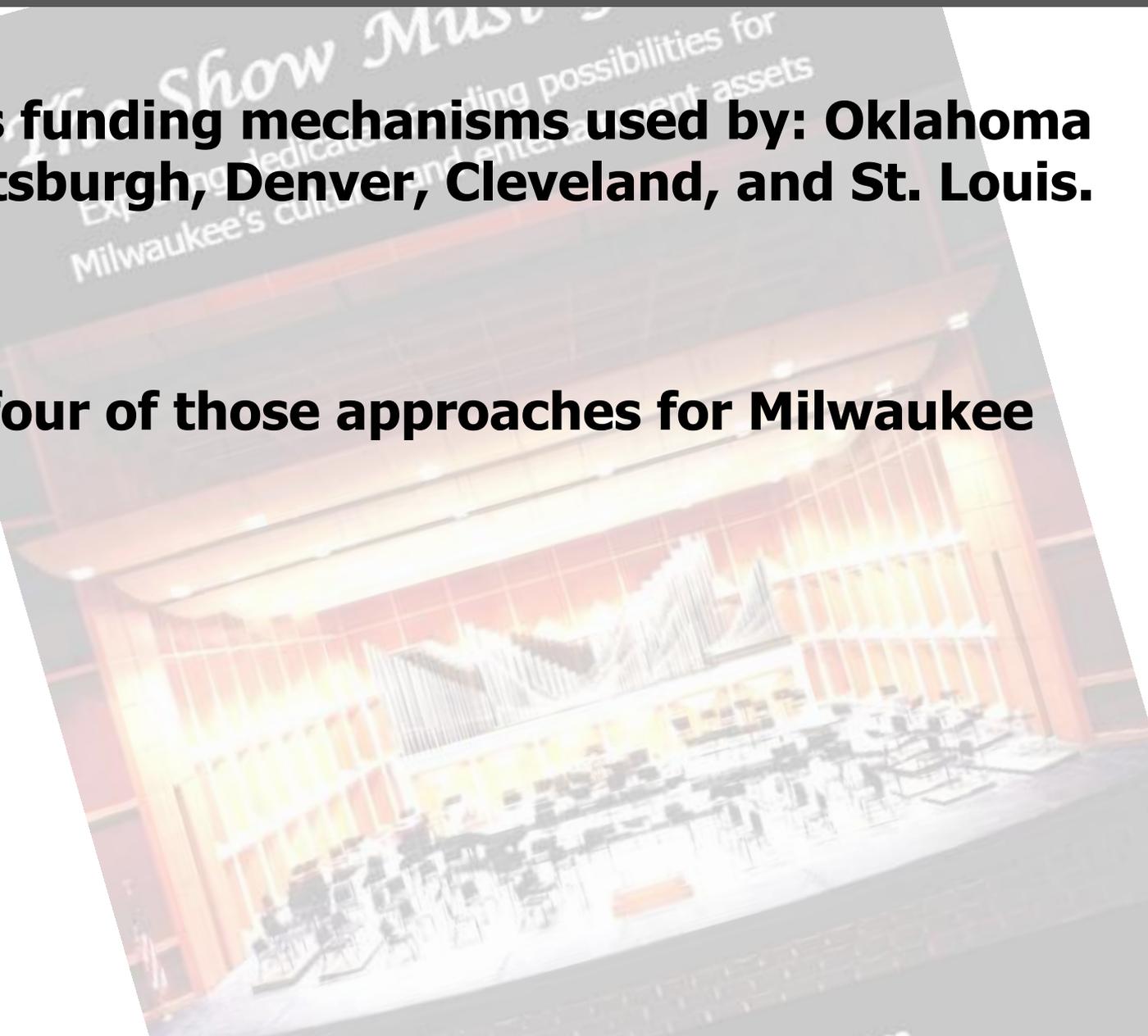
Sizable basic repair/maintenance challenges at several privately-owned facilities.

Severely challenged business models at two major sports/convention facilities.

The Show Must Go On? – March 2014

Explores funding mechanisms used by: Oklahoma City, Pittsburgh, Denver, Cleveland, and St. Louis.

Models four of those approaches for Milwaukee County.



Oklahoma City

Metropolitan Area Projects (MAPS)

- 1-cent sales tax
- Approval: Voter referendum
- Term: Temporary

map
OKL

Allocation

- Four sequential project packages, outlined in the voter referendum
 - MAPS 3 (current package):
\$777 million, 8 years, 8 projects
-

Eligible Use

- Capital only
 - Separate use tax for ongoing operating/maintenance
 - Cash-financed (almost no bonding)
-

Funded Assets

- Performing arts centers
- Parks
- Convention, sports, and civic centers
- State fairgrounds
- Transit
- Schools, libraries

Pittsburgh Area

Allegheny County Regional Asset District

- Half-cent sales tax
- Approval: County Council ordinance
- Term: Indefinite



Allegheny Regional Asset District

Allocation

- \$91.2 million to 91 assets in 3 funding levels
 - Contractual assets, multi-year assets, annual grantees
-

Eligible Use

- Operating (96.4%) & capital (3.6%)
 - Nonprofits and governmental units serving region
-

Funded Assets

- Libraries (32%)
- Regional parks/trails (30%)
- Sports facilities/convention (16%)
- Arts and culture (10%)
- Zoo, aviary, bot. garden (8.5%)
- Transit (3%)

Denver 7-County Area

Scientific & Cultural Facilities District

- One-tenth-cent regional sales tax
- Approval: Voter referendum
- Term: Temporary but renewable



CITIZENS MAKING IT POSSIBLE

Allocation

- \$45.7 million to 284 orgs in 3 funding tiers
 - Set percentage, formula-based, annual competitive grants
-

Eligible Use

- Operating only (excl. debt service)
 - Nonprofits and governmental units
-

Funded Assets

- Botany/zoology (26%)
- Dance, music, theater (25%)
- Natural history (19%)
- Visual art (18%)
- Multi-discipline (8%)
- Cultural history (4%)

Cleveland Area

Cuyahoga Arts & Culture

- 30-cents-per-pack cigarette tax
- Approval: Voter referendum
- Term: Temporary but renewable



arts & c
strengthening

Allocation

- \$15.6 million to 196 organizations in 2 main grant programs
- General operating support
- Project support grants

Eligible Use

- Annual operating or project-based grants
- Nonprofits and governmental units

Funded Assets

- Arts services
- Dance, music, theater
- Visual and media art
- Nature and science
- Fairs and festivals
- Community education
- History

St. Louis City and County

Zoo Museum District

- Property tax: 27.97 cents per \$100 assessed value
- Approval: Voter referendum
- Term: Indefinite

Allocation

- \$74 million to 5 subdistricts
- Institutions receive mill rate, specified in statute

Eligible Use

- Unrestricted: Operating or capital expenditures allowable

Funded Assets

- St. Louis Zoo
- St. Louis Art Museum
- St. Louis Science Center
- Missouri Botanical Garden
- Missouri History Museum



ZOOMUSEUMDISTRICT

Metropolitan Zoological Park and Museum District

Lessons Learned from Other Regions

The debate in Milwaukee will go beyond the type and amount of tax. Other critical considerations include:

- **Eligibility – Types of covered institutions/projects?**
- **Specificity – Statute, formula, or competitive grants?**
- **Time-frame – Ongoing or time-limited funding?**
- **Flexibility – Operations? Capital? Project-based?**
- **Governance – Special district? Regional or one-county?**

Four Models

Model 1: Major Capital Projects Approach

Model 2: Comprehensive Tiered Approach

Model 3: Supplemental Funding Approach

Model 4: High-Quality Public Assets Approach

Modeling Considerations

Milwaukee County-only revenue mechanisms

Revenue distribution limited to arts, culture, recreation, and entertainment

Pros & cons of potential dedicated revenue sources

How Milwaukee County's sales, property, and sin taxes compare to others

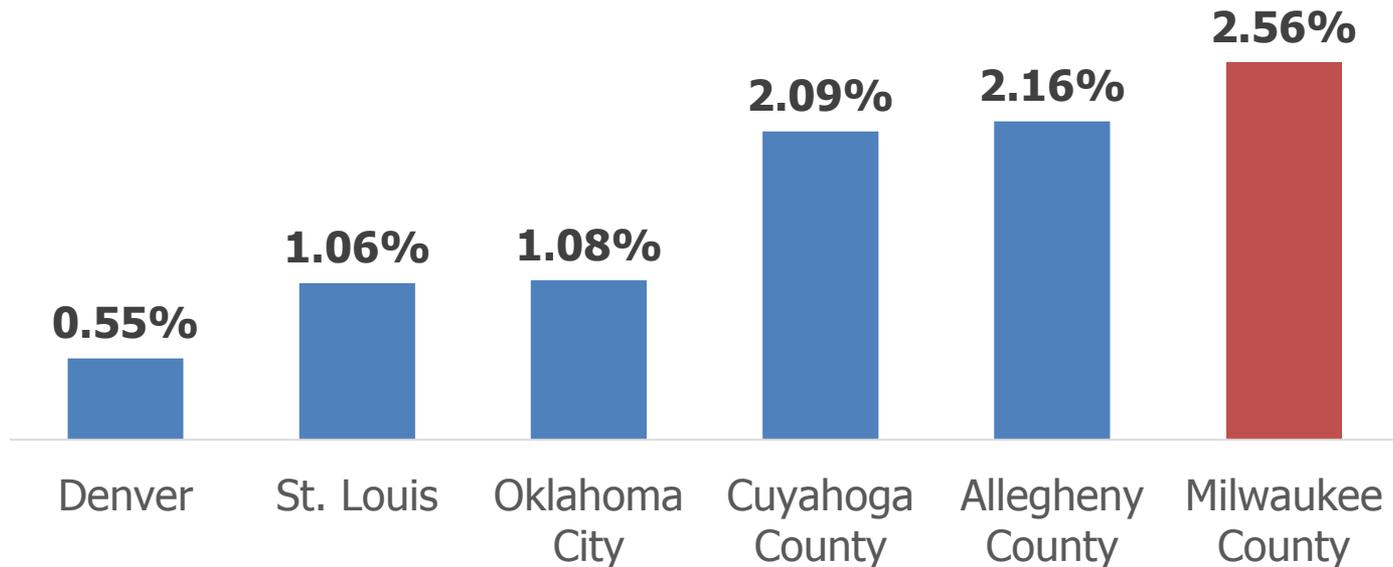
The question of governance

Milwaukee County tax comparisons

Property Taxes

	Milwaukee County	Oklahoma City	Allegheny County	Denver (City/County)	Cuyahoga County	St. Louis (City/County)
	Wisconsin	Oklahoma	Pennsylvania	Colorado	Ohio	Missouri
Average home value	\$153,200	\$126,900	\$121,900	\$251,200	\$134,900	\$119,400
Average property taxes	\$3,918	\$1,372	\$2,629	\$1,390	\$2,817	\$1,267

Taxes as % of Average Home Value

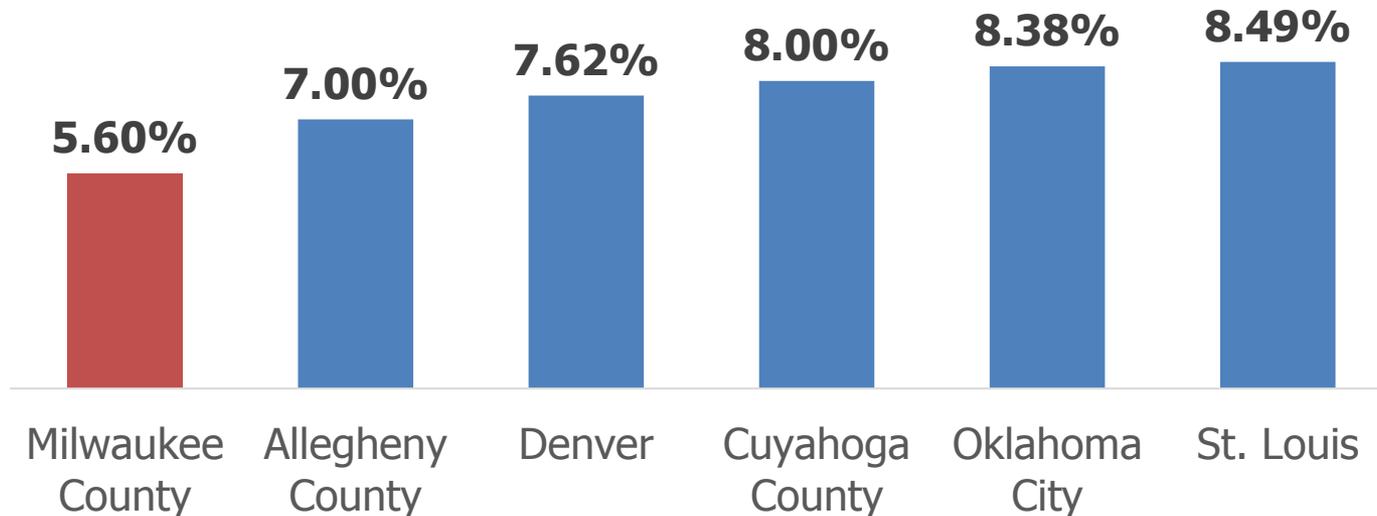


Milwaukee County tax comparisons

Sales Taxes

	Milwaukee County	Oklahoma City	Allegheny County	Denver (City/County)	Cuyahoga County	St. Louis (City/County)
	Wisconsin	Oklahoma	Pennsylvania	Colorado	Ohio	Missouri
State	5.00%	4.50%	6.00%	2.90%	5.75%	4.23%
County	0.50%	0.00%	1.00%	0.00%	1.25%	0.00%
City	0.00%	3.88%	0.00%	3.62%	0.00%	4.27%
Other	0.10%	0.00%	0.00%	1.10%	1.00%	0.00%

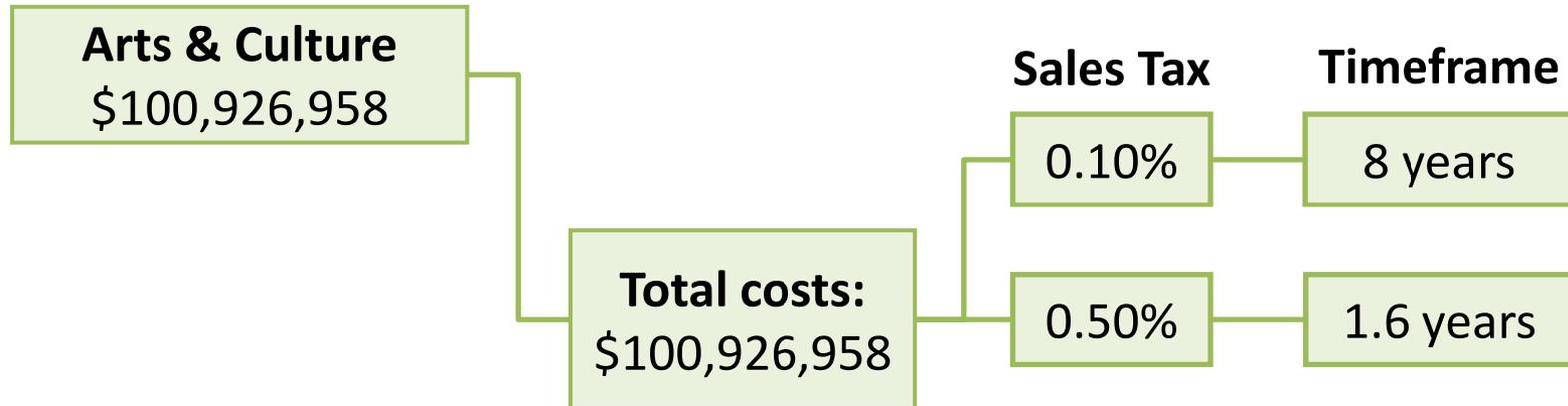
Combined Sales Tax



Major Capital Projects Approach



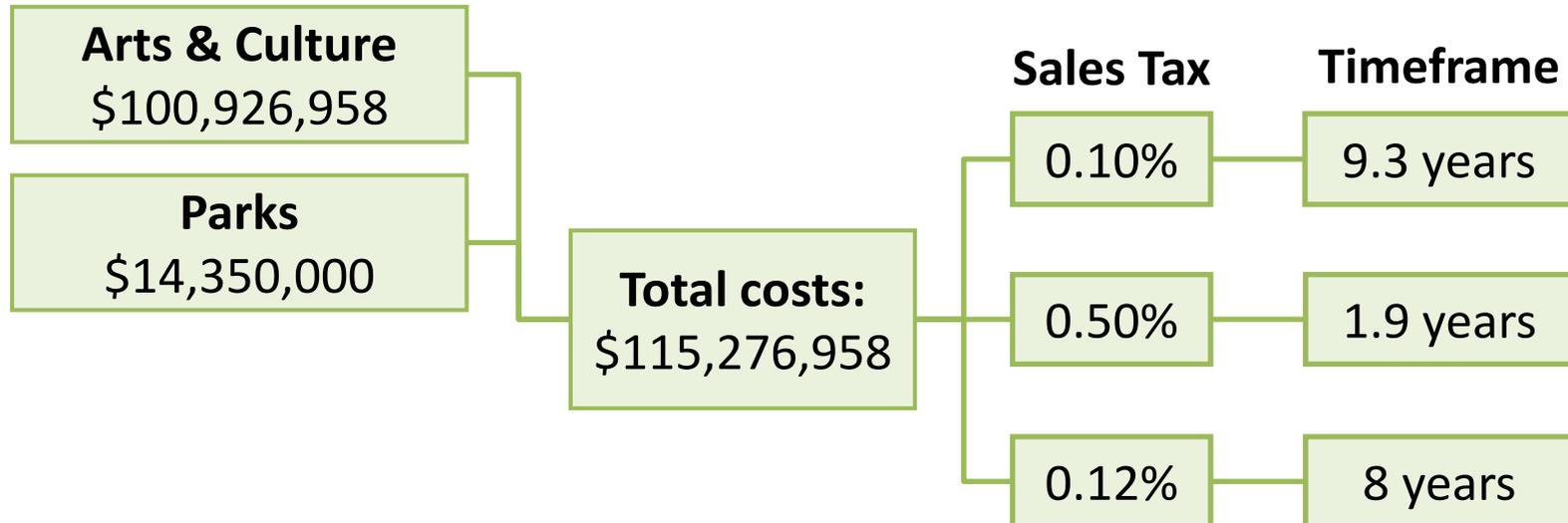
Model 1A (Arts, Culture)



Major Capital Projects Approach



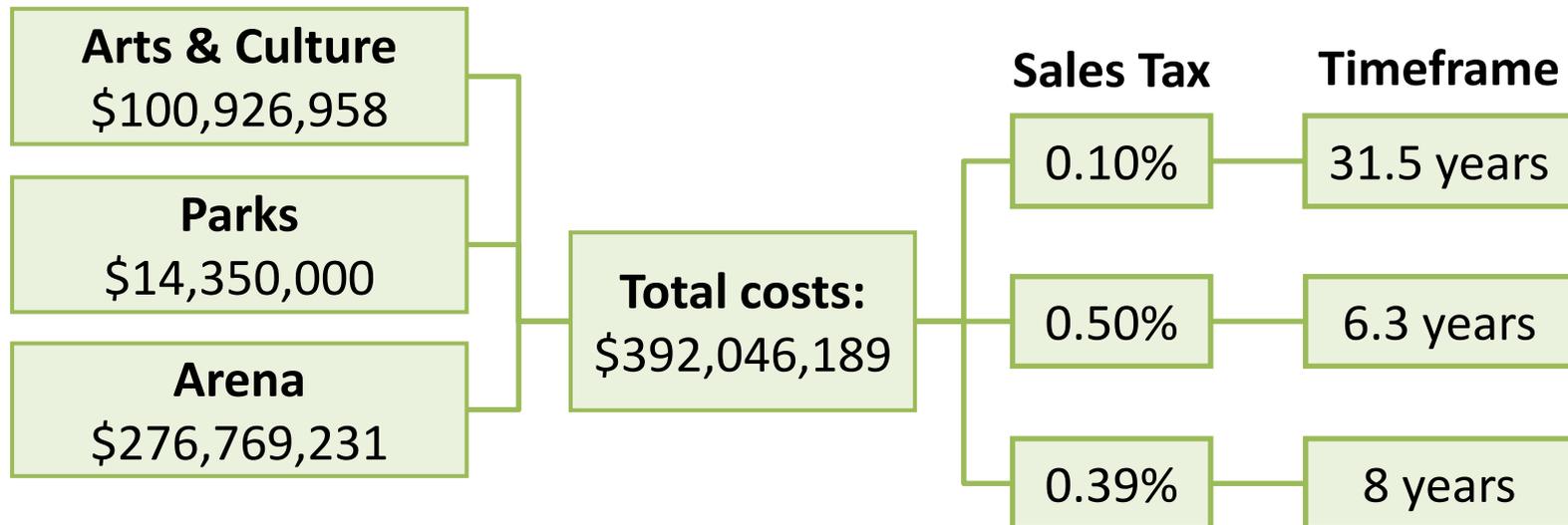
Model 1B (Arts, Culture, Parks)



Major Capital Projects Approach



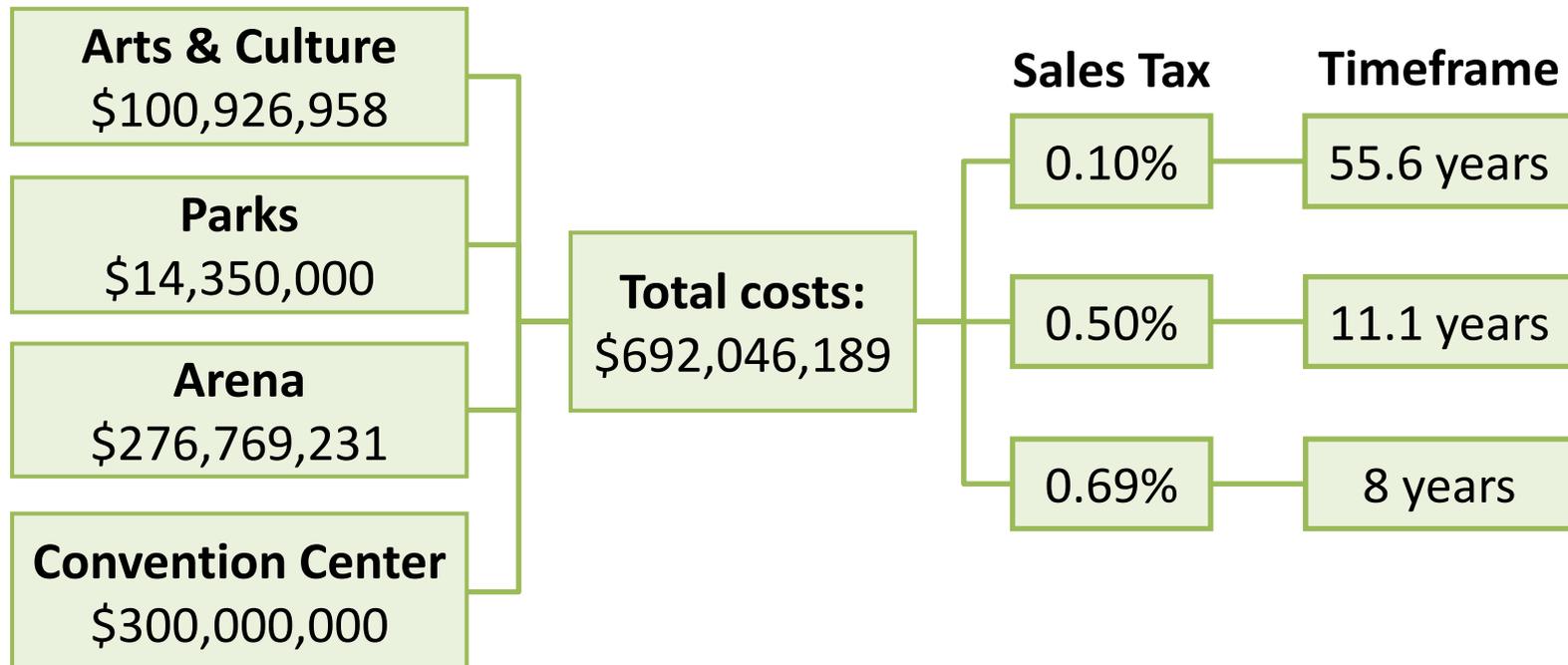
Model 1C (Arts, Culture, Parks, Arena)



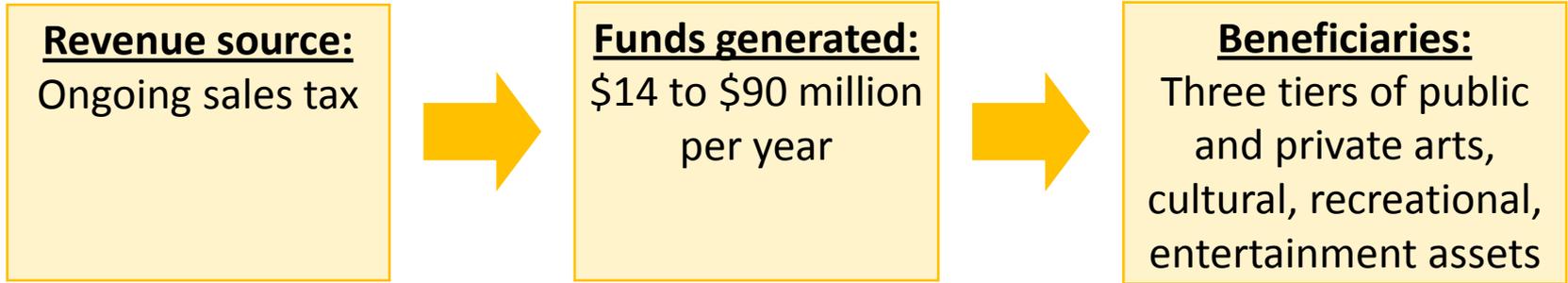
Major Capital Projects Approach



Model 1D (Arts, Culture, Parks, Arena, Convention Center)



Comprehensive Tiered Approach



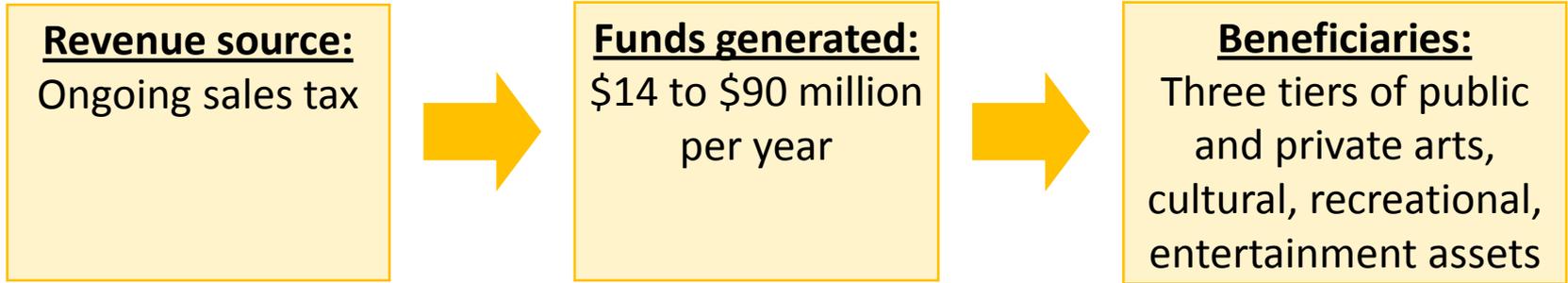
Model 2A (Arts, Culture)

	Associated Costs	Sales Tax
Tier 1: County-owned arts, culture, and parks (contractual-based)	\$13,125,883	0.11%
Tier 2: Regionally significant organizations (formula-based)	\$4,176,417	0.03%
Tier 3: Other arts & cultural organizations (competitive grants)	\$2,585,401	0.02%

Total costs:
\$19,887,701

Total sales tax:
0.16%

Comprehensive Tiered Approach



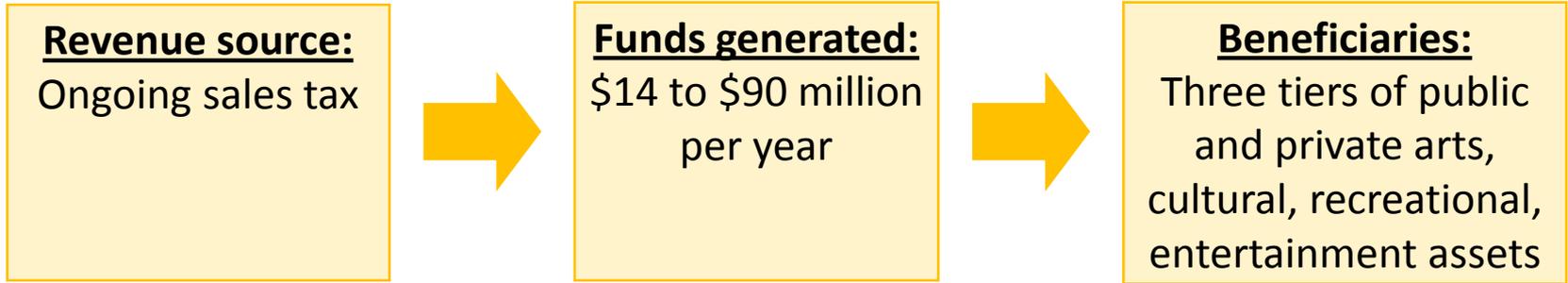
Model 2B (Arts, Culture, Parks)

	Associated Costs	Sales Tax
Tier 1: County-owned arts, culture, and parks (contractual-based)	\$41,260,665	0.33%
Tier 2: Regionally significant organizations (formula-based)	\$4,176,417	0.03%
Tier 3: Other arts & cultural organizations (competitive grants)	\$2,585,401	0.02%

Total costs:
\$48,022,483

Total sales tax:
0.39%

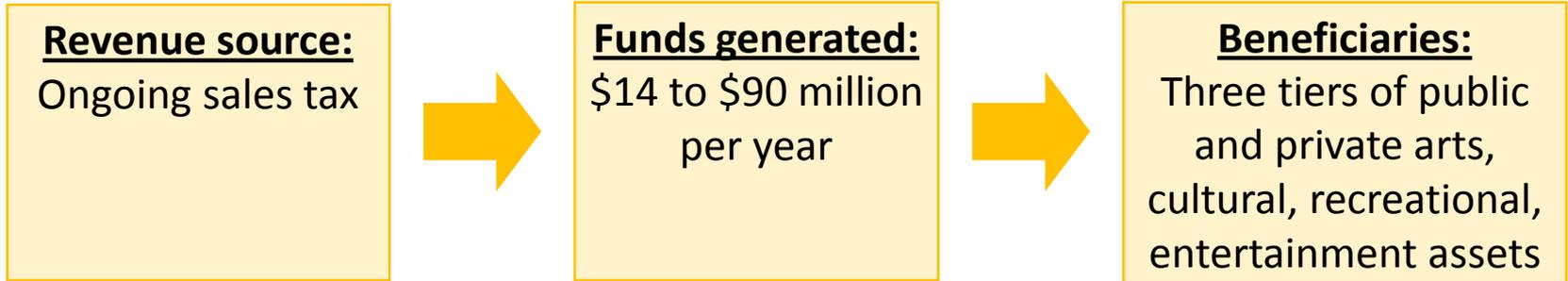
Comprehensive Tiered Approach



Model 2C (Arts, Culture, Parks, and Debt Service for Arena & Convention Center)

	Associated Costs	Sales Tax
Tier 1: County-owned arts, culture, and parks (contractual-based)	\$41,260,665	0.33%
Tier 2: Regionally significant organizations (formula-based)	\$4,176,417	0.03%
Tier 3: Other arts & cultural organizations (competitive grants)	\$2,585,401	0.02%
Tier 4: Debt service for arena and convention center	\$42,439,690	0.34%
	Total costs: \$90,462,173	Total sales tax: 0.72%

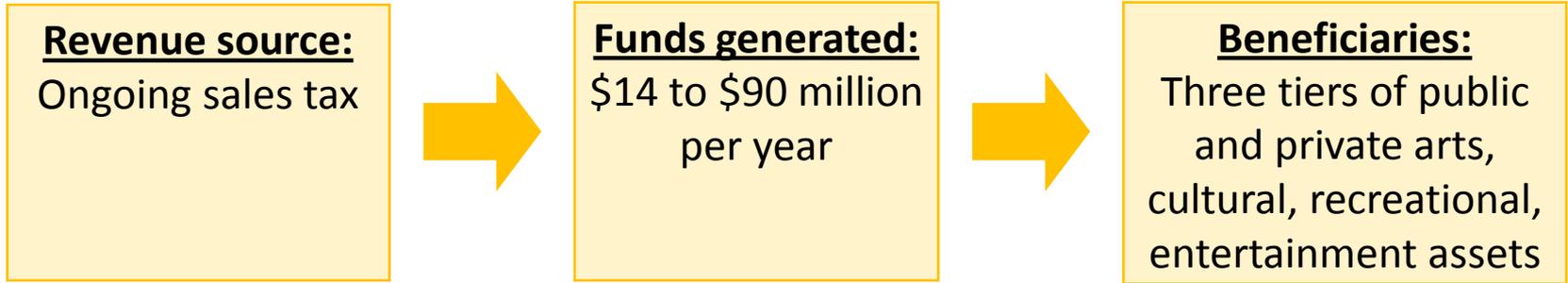
Comprehensive Tiered Approach



Model 2C – Applied to 5-county region

	Associated Costs	Sales Tax
Tier 1: County-owned arts, culture, and parks (contractual-based)	\$41,260,665	0.16%
Tier 2: Regionally significant organizations (formula-based)	\$4,176,417	0.02%
Tier 3: Other arts & cultural organizations (competitive grants)	\$2,585,401	0.01%
Tier 4: Debt service for arena and convention center	\$42,439,690	0.16%
	Total costs: \$90,462,173	Total sales tax: 0.35%

Comprehensive Tiered Approach



Model 2D (Arts, Culture, and Parks Capital Needs)

	Associated Costs	Sales Tax
Tier 1: County-owned arts, culture, and parks (contractual-based)	\$9,244,860	0.07%
Tier 2: Regionally significant organizations (formula-based)	\$2,941,546	0.02%
Tier 3: Other arts & cultural organizations (competitive grants)	\$1,820,957	0.01%

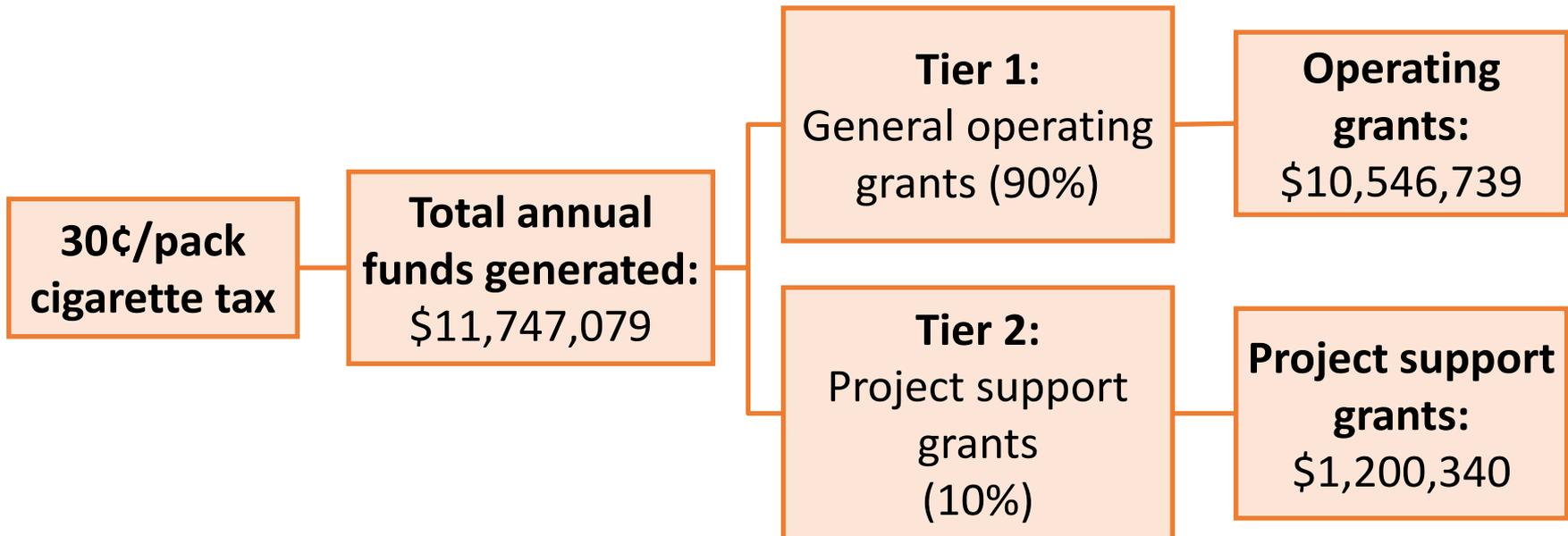
Total costs:
\$14,007,363

Total sales tax:
0.11%

Supplemental Funding Approach



Model 3A (Arts, Culture, and Parks)



Supplemental Funding Approach



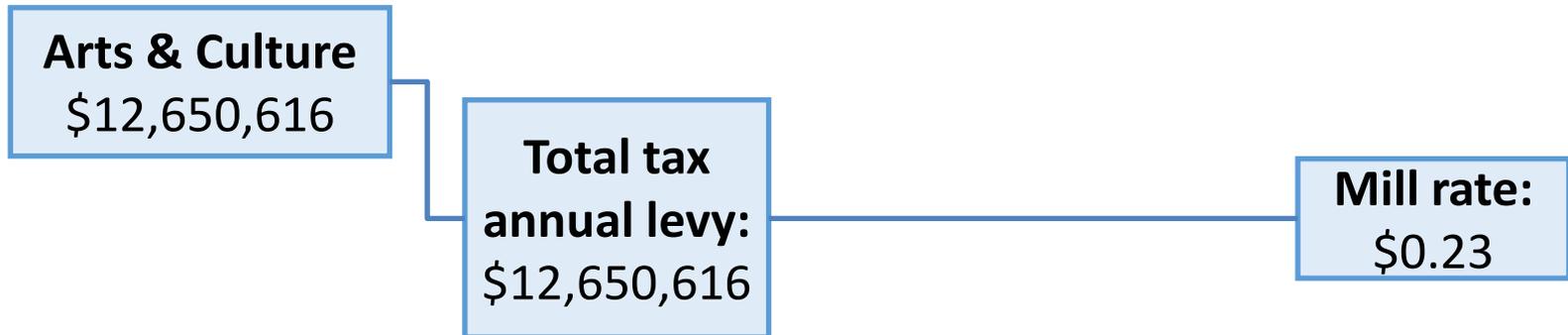
Potential General Operating Support Grants

Entities involved	2013 County operating support	% of total	Estimated annual allocation for Model 3A
Milwaukee Public Museum	\$3,502,376	10%	\$664,376
Marcus Center	\$1,088,000	3%	\$206,386
War Memorial/Art Museum	\$1,491,405	4%	\$282,909
Milwaukee County Zoo	\$4,918,755	14%	\$933,053
Milwaukee County Parks	\$24,465,028	69%	\$4,640,841
	\$35,465,564	100%	\$6,727,564

High-Quality Public Assets Approach



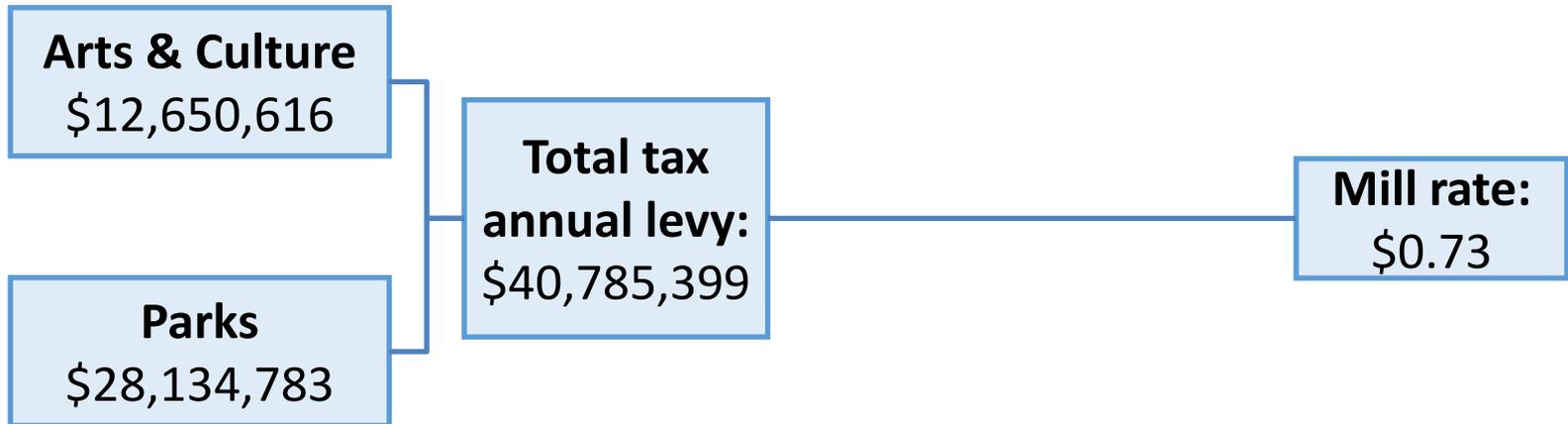
Model 4A (Arts and Culture Operations)



High-Quality Public Assets Approach



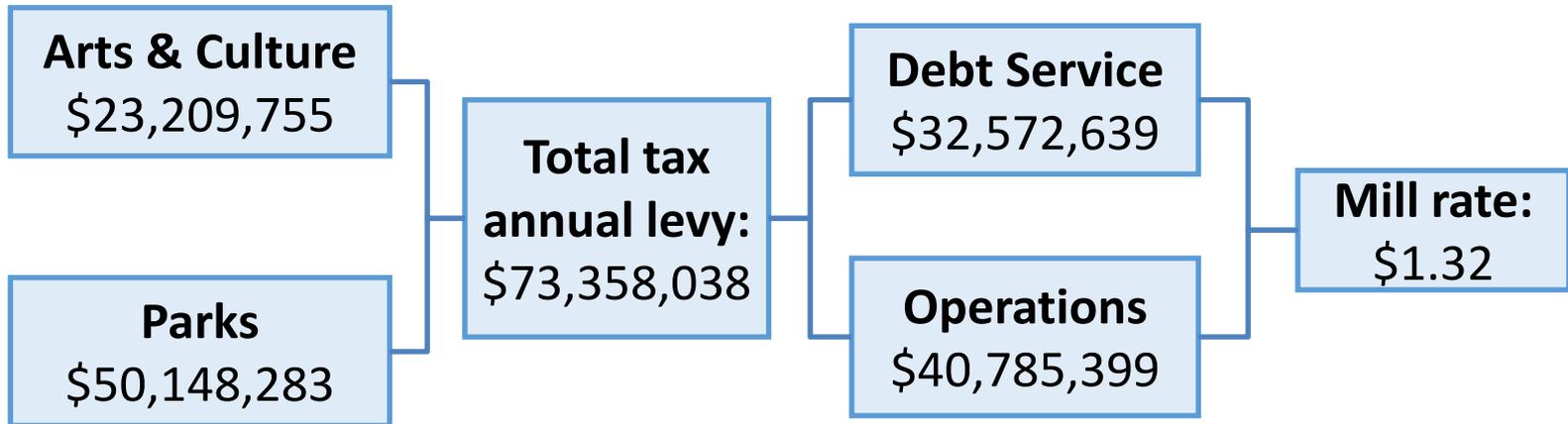
Model 4B (Arts, Culture, and Parks Operations)



High-Quality Public Assets Approach



Model 4C (Arts, Culture, and Parks Operations and Debt Service)



High-Quality Public Assets Approach



Hypothetical property tax allocation for county-owned assets

	2012 hypothetical property tax w/St. Louis model	<i>Hypothetical additional funding</i>
Milwaukee Public Museum	\$4,639,863	\$1,137,487
Marcus Center	\$1,817,327	\$729,327
War Memorial/Art Museum	\$1,789,516	\$298,111
	\$8,246,706	\$2,164,925

Conclusion

- ***Do we need to do anything at all?*** – Must consider the value that taxpayers place on these assets; their importance to local economy; how their needs measure up to those faced by other community assets; and whether other viable strategies exist.
- ***If we do act, what is the primary driver?*** – Spread cost of supporting regional assets to broader geographic area? Undertake transformational projects to boost competitiveness? Enhance public access and quality of publicly-owned assets? Solely address immediate challenges?
- ***Should broader public policy objectives come into play?*** – Should this issue be seen as the opportunity to address longstanding concerns about local government finance and structure?
- ***While we cannot answer these questions, our research points to clear pathways for action depending on how they are answered by policymakers and the community at large.***

Pulling Back the Curtain:

Assessing the needs of major arts, cultural, recreational, and entertainment assets in Milwaukee County

The Show Must Go On?

Exploring dedicated funding possibilities for Milwaukee's cultural and entertainment assets

