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Sales tax proposed for train line

Funds would also take buses off property tax

By LARRY SANDLER
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Posted: Dec. 20, 2006

The new Southeastern Wisconsin Regional Transit Authority is considering local sales taxes to help pay for a proposed commuter train line and to take public buses off the property tax in Milwaukee, Racine and Kenosha counties.

Authority members could vote Jan. 9 to ask the Legislature to authorize the new sales taxes. But other funding options, including property and gas taxes, remain under consideration, authority chairman Karl Ostby noted.

Under the sales tax plan, the three-county authority would be able to levy a 0.05% tax - or 5 cents on each \$100 purchase - to cover the local share of building and operating the KRM Commuter Link, a train line that would connect Kenosha, Racine, Milwaukee and its southern suburbs. Federal and state aid and passenger fares would pay most of the train line's \$237 million construction cost and \$14.7 million-a-year operating cost.

The authority also would ask the state to give each of the three counties the option of levying up to 0.45% more in sales taxes to replace property tax support for local public transit systems. If lawmakers agreed to both the train and bus taxes and Milwaukee County opted for the maximum bus tax, the sales tax on most items would rise from 5.6% to 6.1% when the new taxes are added to existing state, county and stadium taxes.

A 0.05% sales tax in the three counties would raise \$8 million a year. That would be enough to cover both the local share of the train line's annual operating cost and the debt service on the bonds issued to fund construction, transit authority spokesman H. Carl Mueller said. The transit authority itself is funded by a rental car tax that is raising about \$600,000 a year.

As currently planned, the KRM Commuter Link would run 14 round trips each weekday - and seven on Saturdays, Sundays and holidays - with stops in downtown Milwaukee, the Bay View neighborhood, Cudahy, South Milwaukee, Oak Creek, the Town of Caledonia, Racine, the Town of Somers and Kenosha.



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Not on board with tax

Train, bus funding plan opposed

By **LARRY SANDLER**
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Posted: Dec. 21, 2006

A proposed three-county sales tax for commuter trains and public buses is certain to be reworked in the face of swift opposition from local leaders and state legislators Thursday.

Shortly after the Journal Sentinel reported Thursday that the new Southeastern Wisconsin Regional Transit Authority was considering the sales tax plan for Milwaukee, Racine and Kenosha counties, Milwaukee County Executive Scott Walker and four suburban Assembly Republicans announced their opposition to any new taxes.

Milwaukee Mayor Tom Barrett, meanwhile, said he didn't oppose a small sales tax for commuter trains but feared an additional sales tax for bus systems would block his goal of a comprehensive sales tax for public transit, parks and public safety services.

Walker and Barrett each have one appointee on the seven-member transit authority. By law, the authority needs six votes to do anything, which means the original plan can't advance if both the Walker and Barrett appointees oppose it.

This week, the transit authority told the Southeastern Wisconsin Regional Planning Commission staff to draft a two-part sales tax plan for funding a new train line linking Racine, Kenosha, Milwaukee and its southern suburbs and for taking public bus systems off the property tax.

One part of that plan would call on the Legislature to authorize the transit authority to levy a 0.05% sales tax, or 5 cents on a \$100 purchase, to pay for the KRM Commuter Link. That would raise \$8 million a year. Federal and state aid and passenger fares would pay the rest of the rail line's \$237 million construction cost and \$14.7 million a year operating cost.

The other part of the plan would ask lawmakers to give each of the three counties the option of levying another sales tax of up to 0.45%, or 45 cents on a \$100 purchase, to replace property tax support for existing bus systems.

If legislators agreed and all three counties opted for the maximum bus tax, the combined state, county, stadium, train and bus taxes on most purchases would rise from 5.6% to 6.1% in Milwaukee and Kenosha counties and from 5.1% to 5.6% in Racine County. Without the bus option, the train tax alone would raise sales taxes to 5.65% in Milwaukee and Kenosha counties and 5.15% in Racine County.

Exploring alternatives

A vote on the plan was expected at the authority's Jan. 9 meeting. But in light of the opposition, authority members are likely to seek other funding options, said Walker appointee George Torres, Milwaukee County director of transportation and public works.

Walker has opposed County Board attempts to seek legislative authority for new county sales taxes to support public transit, parks and cultural programs, or to call an advisory referendum on the idea.

"My answer to the idea of a new sales tax is simple: No," Walker said in a prepared statement. Similar comments came from state Reps. Scott Gunderson (R-Waterford), Samantha Kerkman (R-Genoa City), Steve Nass (R-Whitewater) and Robin Vos (R-Caledonia).

Barrett, meanwhile, harked back to his statements in summer, when he opposed a parks-only sales tax. The mayor wants a Milwaukee County sales tax that could be shared among county parks; county buses; city police, fire and public health services; and possibly suburban safety services. Imposing a 0.45% sales tax for buses alone would shut out consideration of a more comprehensive sales tax, he said.

"Any discussion of a sales tax shouldn't be a game of dubs," in which the advocates of particular services compete to be the first to win a dedicated sales tax, Barrett said.

Barrett said a 0.05% sales tax for the train line alone would not undermine his goal.

Transit authority members picked the sales tax from a menu of nearly 20 options because it is paid partly by visitors and is used by many other U.S. bus and train systems, said Torres and transit authority Chairman Karl Ostby.

But if the sales tax were ruled out, other options aren't necessarily better, warned Ostby, Torres and transit authority spokesman H. Carl Mueller.

A regional property tax would be sure to draw fire, Ostby and Torres said. Consultants found a regional gas tax would be too unpredictable because of fluctuating gasoline usage, Mueller said.

Because the rail stations are expected to spur development nearby, Torres and state Rep. Jeff Stone (R-Greendale) have spoken favorably of some sort of tax-incremental financing plan to capitalize on the rising value of property near the depots. But consultants said that wouldn't produce a steady revenue stream, because no one could predict the pace of development, Mueller said.

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Making use of northern migration

Let's promote area more, mayor says

By TOM DAYKIN
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Posted: Jan. 6, 2007

When he travels throughout the country, Mayor Tom Barrett is proud to say he's from Milwaukee.

But when Barrett goes overseas, where Milwaukee might not be well known, he finds it easier to say he's from a city near Chicago.

There's nothing wrong with identifying Milwaukee with its much larger neighbor, Barrett said. With more Chicago-area development pushing northward, Milwaukee and other southeastern Wisconsin communities should take advantage of that trend, Barrett said.

One way to tap into that movement could be making Chicagoans more aware of Milwaukee's finer points - minus the big city hassles, Barrett said.

Milwaukee and Chicago both could use their locations on Lake Michigan to jointly attract businesses from outside the Midwest, Barrett said. People are drawn to water, and the two cities have plenty of it, he said.

"There's more that unites us than divides us," Barrett said.

Others say that a more comprehensive approach is needed.

Developer Mark Irgens, who has built office and industrial buildings in Milwaukee and Chicago, said Milwaukee could learn a lesson from northern Illinois, where public funds have been used to preserve forests as development pressure grows.

"We should capture our share of good development and not spoil what we have," Irgens said.

Wisconsin Secretary of Commerce Mary Burke said her department and other state agencies are preparing southeastern Wisconsin for continued development from the Chicago area. Those efforts include long-range plans to rebuild I-94 from Milwaukee to the Illinois border.

Meanwhile, southeastern Wisconsin governments and businesses have formed the Milwaukee 7, a public-private group creating a unified approach to market the region to outside businesses. The group's resource center and Web site both began operating in late November.

There also will be opportunities for Milwaukee 7 to link with Chicago in promoting the wider Midwestern region to businesses outside the United States, said Julia Taylor, president of the Greater Milwaukee Committee, which helped launch Milwaukee 7.

Paul O'Connor, executive director of World Business Chicago, calls that broader region the mid-American economy. Wisconsin and other states should join forces to improve work-force skills and infrastructure, O'Connor said.

"It's time for us all to get our act together," said O'Connor, whose organization is a public-private economic development group led by Chicago Mayor Richard M. Daley.

Appreciate opportunities

But, before going global, it would be helpful for local government officials and business executives from throughout southeastern Wisconsin to better appreciate the opportunities they have in their own backyard, said Kenosha Mayor John Antaramian.

Developers credit Antaramian for taking steps to exploit Kenosha's closeness to northern Illinois. They say Antaramian, first elected in 1992, pursued mass transit funds, pushed for redevelopment of former industrial sites and took other steps to draw investment to his city.

Antaramian said Milwaukee leaders should be more aggressive in taking similar steps, especially in pursuing a proposed commuter rail system that would run from Milwaukee to Kenosha, where it would connect with Chicago's Metra commuter rail service.

"You have a tremendous opportunity between Chicago and Milwaukee," Antaramian said. "I don't believe we've taken anywhere near the advantage that we should."

Barrett said rail service is "very important to tie the two cities together." He said he might support a sales tax to help fund a proposed Milwaukee-Kenosha commuter rail system.

Tax levy considered

The Southeastern Wisconsin Regional Transit Authority, at its Tuesday meeting, might vote to seek state permission to levy such a tax in Milwaukee, Racine and Kenosha counties.

If approved by the Legislature, the three-county authority would be able to levy a 0.05% tax, or 5 cents on each \$100 purchase, to cover the local share of building and operating the rail service.

The authority also might ask the Legislature to give each of the three counties the option of levying up to 0.45% more in sales taxes to replace property tax support for bus lines and other local public transit systems.

Both sales taxes together might be "too much to swallow," Barrett said.



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Getting mileage out of proximity

In this age of a global economy, Chicago, with its short distance from Milwaukee, can help draw more businesses, investors and residents to southeastern Wisconsin

By TOM DAYKIN
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Posted: Jan. 6, 2007

A wave of downtown condo construction led Lamonte Cranston Cook to open a luxury home furnishings shop in Milwaukee's Historic Third Ward.

But a lot of Cook's customers have come from a place that is shouldering a bigger role in the economic future of Milwaukee, and all of southeastern Wisconsin.

"Milwaukeeans are good about spending at the high end," Cook said. "But people from Chicago are less likely to quibble over price."

People from Chicago, and its affluent northern suburbs, are buying waterfront vacation condos in Milwaukee, Racine and Kenosha and spending money at local shops and attractions. A larger share of Chicago-area residents are moving permanently to southeastern Wisconsin, especially near the state line in Kenosha County, and are commuting to jobs in northern Illinois. More Chicago-area businesses are expanding northward, and an attempted takeover of Midwest Airlines is being driven partly by Mitchell International Airport's easy access for travelers from the northern Chicago suburbs.

Some Wisconsin natives have long viewed with disdain Milwaukee's relative closeness to the Windy City. The *FIB* acronym and the phrase *Chicago-style politics* are not compliments.

But new homes and businesses continue to fill some of the undeveloped gaps between the two cities. Although Milwaukee and Chicago likely will retain their separate identities - no rooting for the Bears in the playoffs - there's a growing sense among many business and government leaders that southeastern Wisconsin should better exploit the economic ties with northern Illinois, home to the nation's third-largest metropolitan economy (after New York and Los Angeles).

"Two hours to the south is 8 million people," said Gordon Segal, chief executive officer of the Crate & Barrel home furnishings chain, based in suburban Chicago. Segal also owns a vacation home in rural Walworth County.

Some are eager to create a commuter rail line that would run from Milwaukee to Kenosha, where it would connect with Chicago's Metra commuter rail system. Others have additional ideas, including steps to transform swatches of southeastern Wisconsin into affluent bedroom communities for professionals working in Chicago and its suburbs.

"Milwaukee can gain from these border effects by being near Chicago," said Don Nichols, a retired economics professor from the University of Wisconsin-Madison.

Milwaukee's closeness to Chicago, with its global identity, also can help as southeastern Wisconsin tries to attract business investment from throughout the nation and the world.

"There are a lot of people in China, Japan and Europe who don't necessarily know Milwaukee or Wisconsin. But chances are they've heard of Chicago," said Tom Still, president of the Wisconsin Technology Council.

Strength in numbers

To understand southeastern Wisconsin's stake in the Chicago area, consider perhaps the main driver of economic strength: population growth.

From April 2000 to July 2005, Wisconsin's population increased by 3.2%. But in southeastern Wisconsin's two border counties with Illinois, the population grew at much faster rates: 7.3% in Kenosha County and 6.5% in Walworth County, according to Census Bureau figures. Of the five remaining counties in the region, only Washington County grew at a comparable rate.

Also, look at that growth's source.

In Washington County, home to Germantown and other developing suburbs, a large share of the new homes are drawing families from Milwaukee County, where the population declined by 2% from 2000 to 2005. That was good for Washington County, but it didn't create a net gain for southeastern Wisconsin.

Kenosha and Walworth counties, however, draw much of their growth from Illinois, said Ken Johnson, sociology professor at Loyola University in Chicago.

Those Illinois migrants, many of them moving from Lake County, Ill., to Kenosha County, are attracted by lower housing costs, said Johnson, who studies Chicago-area population trends. They are mainly middle-class families with children.

"These are the people who are going into the PTA, be the coaches of the softball team, and are active as volunteers and in government," Johnson said.

They include Josh and Jackie Orr, who moved in October from Grayslake, Ill., to the Tyler's Ridge development in Kenosha. Josh, 28, commutes to his job in Gurnee, Ill., while Jackie, 26, stays home with their daughter.

The Orrs moved to the Chicago suburbs two years ago from Charlotte, N.C. They came to the Midwest because of a transfer for Josh, a manager with United Propane & Energy Co. Wisconsin's lower housing costs and good public schools attracted them to Kenosha. To buy a similar three-bedroom home in northern Illinois, for a comparable price, the family would have had to move to the McHenry area,

northwest of Chicago, Josh Orr said. His commute would have been more than an hour, instead of the 15- to 20-minute ride he takes.

Life in Wisconsin reminds the Orrs of Charlotte, where they both grew up. "Once you cross the border, it seems the pace slows a little bit," Orr said.

More growth projected

The Orr family and others have boosted Kenosha County's new-housing starts, from 628 in 2000 to 736 in 2001, and well above 800 each year since, according to census data. Even in 2005, when new-housing starts dropped 16.3% statewide, Kenosha County posted a 1.5% increase.

The growth will continue. Kenosha County's population, estimated at 159,677, is projected to grow 4.6%, to 167,099, by 2011, according to Claritas Inc., a market research information firm. The county's median household income is expected to increase 10.7%, from \$55,262 to \$61,200, during that period.

By contrast, Milwaukee County's population is expected to decline, by 0.3%, and median household income is expected to increase 8.2%.

The newcomers also bring entrepreneurship.

The U.S. Small Business Administration is seeing an upswing in commercial loan activity in Kenosha County, said Patrick Rea, regional administrator for the SBA in Chicago. The agency's lending in Kenosha County more than doubled from 2001 to 2006, compared with a 75% statewide increase during that same period.

Curt and Jane Dukes and their three school-aged children live in Glen Ellyn, Ill., but recently purchased a lot in the Town of Dover, in Racine County, where they're building a home. They plan to move there this year, and they also will start a business to rehab vacation lake homes in Racine, Kenosha and Walworth counties.

The Dukeses became acquainted with southeastern Wisconsin when they drove one of their children to a summer camp on Browns Lake, near Burlington. They bought a vacation home and eventually decided to become full-time Wisconsin residents.

Compared with those in the Chicago area, people in Wisconsin are "not as uptight," Curt Dukes said. And the schools in Burlington, which the Dukeses' children will attend, are "top notch," he said.

Dukes said he will keep his job as a sales rep for a telecommunications provider, which requires him to travel out of Chicago's O'Hare International Airport. But, from his home in Dover, he also will have the option of flying out of Mitchell International.

Lure of lake, community

Chris Rintz was among the first developers to understand southeastern Wisconsin's appeal to suburban Chicago residents.

In 2000, his firm, New England Builders Inc. in Skokie, Ill., began marketing the HarborPark condo development planned for the site of Kenosha's former Chrysler Corp. automobile plant, overlooking Lake Michigan. By 2005, all 351 units had been sold - 70% of them to northern Illinois residents. The

lure of the lakefront and the promise of a re-emerging community were among the main draws, Rintz said.

Other developers have created single-family subdivisions in Kenosha and the neighboring community of Pleasant Prairie.

Thanks to higher demand, homes in the Kenosha area tend to carry values 10% to 15% higher than comparable homes in Racine, said Karl Ostby, president of Kenosha-based Southport Bank.

The wealth generated by that growth is felt in Kenosha, where new museums are among the expanded cultural attractions, and in Pleasant Prairie, which boasts LakeView RecPlex/ IcePlex, a modern, publicly owned recreation center that includes a pool, fitness center and ice rinks. Retail growth in the Kenosha area has been heavy, fueled by the influx of new residents.

Along with full-time residents, an increasing number of Illinois residents are buying condos in southeastern Wisconsin for weekend getaways.

Chicago retiree Jim Jones and his wife recently bought a condo in St. Francis, overlooking Lake Michigan. They plan to use it frequently for visits to family members who live here. Jones said Milwaukee offers a lot of attractions - minus Chicago's overwhelming traffic.

"We've been to the fests, fairs, the zoo, the whole bit," Jones said about Milwaukee. "It's a small Chicago. You can actually enjoy the city, without being bombarded by it."

Lamonte Cranston Cook is among the Milwaukee retail operators who've seen increased business from Chicago-area customers. Cook said his shop, Cranston, has drawn close to 40% of its sales from northern Illinois residents since it opened two years ago. The store also draws a fair chunk of business from Kenosha County residents who work in northern Illinois, Cook said.

Karin Hembrock's interior furnishings business, From Afar, draws at least one-third of its business at its Walker's Point store from northern Illinois.

Four years ago, Hembrock opened a second store, in the Chicago suburb of Winnetka, which has helped push more Chicago-area residents to her Milwaukee location. Her Illinois customers tell her it's easier to drive from the northern Chicago suburbs to Milwaukee than to downtown Chicago. Once they're here, they can combine shopping with a trip to the Milwaukee Art Museum or other attractions, she said.

Businesses make move, too

Along with homeowners, businesses have been migrating from northern Illinois to southeastern Wisconsin.

That trend actually dates back nearly 20 years, when Wispark LLC, the real estate development division of Wisconsin Energy Corp., began marketing its 2,300-acre LakeView Corporate Park, in Pleasant Prairie. Today, around half of the companies doing business in LakeView relocated or expanded from northern Illinois.

From 1987 through 2004, Kenosha County landed 8.2% of the out-of-state business expansion, relocation and start-up projects tallied by Forward Wisconsin, the state's public-private business marketing agency. Polk and St. Croix counties, near the Minneapolis-St. Paul metro area, were No. 1

and No. 2 on the list, respectively, each landing 11% of business recruits. Dane and Milwaukee counties were No. 4 and No. 5, respectively, each with 7.5%. Minnesota generated the most projects, followed by Illinois.

Chicago-area companies such as the Jelly Belly Candy Co. and hospital equipment-maker Hospira Inc. moved to LakeView, east of I-94, just two miles north of the state line. Those businesses cashed in on lower land and power prices, and they tapped into a large labor pool made available when Chrysler shut down its Kenosha assembly plant, said Jerry Franke, Wispark president.

Businesses expanding northward include Uline Corp., a shipping and packaging supplies distributor in Waukegan, Ill.

Uline in June announced it would lease a 300,000-square-foot distribution center at LakeView. The company since has decided to double the facility's size. The distribution center opened recently with 75 employees, said Dick Uihlein, chief executive officer of the family-owned company.

Uline looked at locations in Lake County, Ill., but didn't find sites large enough to accommodate the new building, Uihlein said. That led the company to LakeView, which also creates an easier commute for Uline employees who live in Kenosha County.

Lately, other southeastern Wisconsin developers have been marketing their buildings - some as far north as Oak Creek - to northern Illinois companies.

"In the next 10 or 12 years, you're going to have Milwaukee and Chicago meeting," said Peter Ginn, Milwaukee regional manager for First Industrial Realty Trust Inc. in Chicago.

The businesses that have shifted from Illinois into Wisconsin generally bring blue collar jobs, with a recent focus on distribution centers. Those large buildings typically create relatively small numbers of jobs for their size.

The preliminary plans by global pharmaceutical-maker Abbott Laboratories Inc. to expand into Pleasant Prairie could radically change that picture by bringing thousands of professional jobs from a suburban Chicago company.

Closing the gap

But it's the possible creation of a \$237 million commuter rail system that carries the most potential to reduce the figurative distance between southeastern Wisconsin and Chicago, according to some business and civic leaders. The service would run on existing railroad tracks from Milwaukee to Kenosha, where it would link with Chicago's Metra rail system.

Better rail links would make the Milwaukee area more attractive to professionals who would view Milwaukee and Chicago as one large labor market, said Dan Weinfurter, owner of Capital H Group, a Chicago-based human resources consulting firm.

People could choose to live in Milwaukee, with its lower costs and fewer hassles, while pursuing careers in either Milwaukee or Chicago, with its much greater range of job opportunities, said Weinfurter, a Wauwatosa native and Marquette University graduate.

That larger labor market is especially important for families in which both parents have professional

jobs in an economy that is becoming more specialized, said William Testa, vice president of the Federal Reserve Bank of Chicago.

Those views were echoed by developer Scott Fergus.

Fergus is creating the \$185 million Pointe Blue, a 430-unit condo development overlooking Lake Michigan, just north of downtown Racine. He envisions people living there and taking the train to their jobs in Chicago and its northern suburbs.

The rail service, by linking with Metra, also could whisk northern Illinois residents to Mitchell International, home to Midwest Airlines. AirTran Airways is pursuing a hostile takeover of Midwest. If it acquires the airline, AirTran vows to greatly boost the number of flights from Milwaukee while lowering business class fares by as much as 30%.

The lower fares, and greater number of destinations, would draw travelers from northern Illinois who'd rather not deal with the hassles of O'Hare International Airport, said Kevin Healy, AirTran vice president of planning and sales.

That growth at Mitchell International - driven by Chicago-area travelers - in turn would help the Milwaukee area draw more businesses because its air service would be more extensive, he said.

"You'll have one big burst and then consistent growth after that," Healy said.

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Rail link could reinforce cities' ties

Finances for Milwaukee-Chicago service remain in question

By **TOM DAYKIN**
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Posted: Jan. 6, 2007

The possible creation of a commuter rail system has the most potential to reduce the figurative distance between southeastern Wisconsin and Chicago, some civic and business leaders say.

It also figures to be an expensive project, with construction costs estimated at \$237 million - a combination of federal, state and local funds. But some area officials, including Milwaukee County Executive Scott Walker, have said they would oppose a new sales tax to provide local funding, saying Milwaukee County residents already are taxed enough.

The service would run on existing railroad tracks from downtown Milwaukee to Kenosha, where it would link with Chicago's Metra rail system.

A commuter rail link from Milwaukee to Chicago - with stops at communities between both cities - would make it easier for professionals to live in southeastern Wisconsin and work in either or both cities, said Robert Mariano, chief executive officer at Roundy's Inc., the corporate parent of Pick 'n Save and other supermarket chains.

The system, known as the Kenosha-Racine-Milwaukee commuter rail line, or KRM Commuter Link, would provide more opportunities to travel by rail between southeastern Wisconsin and northern Illinois.

Amtrak's trains run from Milwaukee to Chicago seven times daily. But once they leave downtown Milwaukee and Mitchell International Airport, those trains offer just two other stops - at Sturtevant, in Racine County, and in Glenview, Ill. - before they reach Union Station in downtown Chicago. A one-way fare is \$21.

The KRM link would offer 14 round trips on weekdays, seven on weekends and a lot more destinations, including likely stops in Milwaukee's Bay View neighborhood, Cudahy, South Milwaukee, Oak Creek, Caledonia, Racine, the Town of Somers and Kenosha. Shuttle service would connect travelers who stop in Cudahy to Mitchell airport. Fares would be similar to the Metra trains, at less than \$10 one-way

between Milwaukee and Kenosha.

The rail service could start by 2010, providing an alternative to driving on I-94 during freeway reconstruction between Milwaukee and the state line.

How to pay

The question of how to pay for more rail remains unanswered.

A Southeastern Wisconsin Regional Planning Commission study estimated the cost of buying train cars and upgrading existing freight rail tracks at \$237 million and projected operating costs at \$14.7 million a year.

Congress has authorized \$80 million for construction, and fares would bring in \$3.8 million a year to help cover operating costs, the study says. Officials hope to get additional federal and state funds that would cover most of both the construction and operating costs.

But the 33-mile extension cannot move forward without a local funding source.

The newly created Southeastern Wisconsin Regional Transit Authority is considering its options, including a local sales tax. Commission members could vote at its Tuesday meeting to ask the Legislature to authorize the new sales tax.

The three-county authority would be able to levy a 0.05% tax, or 5 cents on each \$100 purchase, to cover the local share of building and operating the rail service. That would raise \$8 million a year.

Many area business operators support the rail project, said Karl Ostby, president of Kenosha-based Southport Bank. A region tied together by commuter rail would allow southeastern Wisconsin companies to draw employees from a much larger talent pool, said Ostby, the transit authority's chairman.

The creation of rail stations also would stimulate development, said Richard Hansen, president of Racine-based Johnson Financial Group, which operates Johnson Bank.

"You look at every Metra stop, it turns into a great growth area," Hansen said.

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Transit backers try a new tack

Sales tax proposal for train line revamped

By **LARRY SANDLER**
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Posted: Jan. 7, 2007

With a key vote approaching Tuesday on a regional transportation sales tax, public transit advocates are trying to rally support by packaging the idea as a way to cut property taxes and to shift the cost of a new commuter rail line to tourists.

Part of that approach could include reducing the proposed sales tax from 0.5% to 0.25% - 25 cents on a \$100 purchase - to pay for the new train line linking Milwaukee, Racine, Kenosha and the southern suburbs, and to take public buses off the property tax, Racine Mayor Gary Becker said.

The Southeastern Wisconsin Regional Transit Authority is to consider asking the Legislature to authorize a three-county sales tax for trains and buses Tuesday. Other funding options likely will be considered as well, said Lori Richards, a spokeswoman for the authority.

Much of the authority's focus has been on the commuter rail line, called the KRM Commuter Link, which is strongly backed by business leaders as a way to spur development and connect workers to jobs. The rail line would cost \$237 million to build and \$14.7 million a year to operate. But supporters say state and federal aid and fares would cover 80% of capital costs and 90% of operating costs.

Last month, the authority signaled preliminary support for a two-level sales tax of up to 0.5%. One-tenth of that amount, 0.05%, would raise the \$8 million-a-year local share of operating costs and debt service on bonds issued to pay for construction. Milwaukee, Racine and Kenosha counties each could ask for more, up to 0.45%, to move public bus systems off the property tax.

But Milwaukee County Executive Scott Walker and several suburban Republican state legislators quickly declared their opposition to any new taxes. And Milwaukee Mayor Tom Barrett said he didn't oppose the 0.05% for trains, but feared the additional 0.45% for buses would foreclose his goal of a broader local sales tax that would cover parks and public safety, as well as transit.

That posed a problem for the transit authority. By law, the seven-member body needs six votes to do anything. Walker and Barrett each have one appointee on the authority, as do their Racine and Kenosha

counterparts and Gov. Jim Doyle. No plan can advance if more than one member oppose it.

Scaling back proposal

Becker is hoping to win consensus by cutting the tax in half. At 0.25%, he says, the sales tax would raise \$40 million, which is still enough money to pay for the train line and take the Milwaukee County, Racine and Kenosha transit systems off the property tax.

Furthermore, Becker says, visitors are expected to pay about 22% of the sales tax, or \$8.8 million - more than enough to pay for the train line. Therefore, he argues, the train line wouldn't cost local taxpayers anything, and the additional sales taxes paid by local residents would replace the property taxes they're paying now.

That analysis does not include state funding, which also comes partly from local taxpayers. Consultants say the state would have to budget more for public transportation if the train line is set up.

Support for sales tax

Milwaukee County Board Chairman Lee Holloway and Supervisor James White, chairman of the board's Transportation, Public Works and Transit Committee, agreed the sales tax could help cut property taxes by replacing levy funding for the Milwaukee County Transit System.

In a written statement, they called on George Torres, county director of transportation and public works, to join them in backing the sales tax.

But Torres, who is Walker's appointee to the transit authority, said he was under orders to oppose any new taxes.

Torres said the transit authority needs either to find revenue from non-tax sources or try to shift existing government revenue from other programs to transit.

Milwaukee Aldermen Bob Bauman and Mike D'Amato also backed the idea of a sales tax that would fund public buses as well as commuter trains. They said the train line alone would not benefit the city enough to justify a sales tax, while funding is needed to support the current transit system and possibly expand it.

Transit authority members are trying to move quickly to influence the 2007-'09 state budget that Doyle will present to the Legislature in a few weeks, and to apply for federal funding this summer.

Those deadlines reflect a desire to start service on the rail line by 2010, providing an option for commuters when work shifts into high gear on rebuilding I-94 between Milwaukee and the Illinois state line.