

## **Four Reasons to Support the Motor Vehicle Registration Fee**

### **1. Property Tax Relief.**

Adopting a \$20 annual registration fee would reduce the 2006 property tax levy by the amount of \$1,966,501. This amount is the budgeted tax levy funds for three surface transportation infrastructure programs:

Local Street Reconstruction/Resurfacing:	\$1,336,454
Alley Reconstruction:	\$ 292,547
Sidewalk, Driveway and Gutter Replacement:	\$ 337,500

These costs would be shifted from property owners to the owners to motor vehicles registered in the city.

### **2. Fairness.**

This proposal would shift the cost of surface transportation infrastructure to the persons who use that infrastructure. Homeowners who do not own cars (elderly, disabled, etc.) would no longer have to pay property taxes, but owners of motor vehicles would pay for the surface transportation infrastructure that they use.

### **3. Eliminate Arbitrary and Burdensome Special Assessments.**

This proposal would also shift \$2,121,899 in special assessments for street, alley, and sidewalk improvements to the vehicle registration fee. Abutting property owners would no longer be assessed for these improvements. Rather, the cost would be born by all operators of motor vehicles in Milwaukee.

### **4. Facilitate a Rational Process for Maintaining Surface transportation Infrastructure.**

The rising financial burden of special assessments has resulted in a helter skelter approach to maintaining surface transportation infrastructure. Close to 50% of assessable surface transportation projects are rejected because of public opposition to the special assessment cost. Therefore needed improvements in surface transportation infrastructure are either delayed or deleted. The result is deteriorating infrastructure and higher costs later when the work is eventually performed.

By eliminating special assessments, surface transportation infrastructure repairs would be based solely on need and not politics. Better surface transportation infrastructure would be the result thereby benefiting the entire city.

DEPARTMENT	BUDGET IMPACT	TAX LEVY IMPACT	TAX RATE IMPACT PER \$1,000
CAPITAL IMPROVEMENTS, DPW-INFRASTRUCTURE SERVICES	\$0	-\$1,966,501	-\$0.081

**AMENDMENT INTENT**

This amendment eliminates tax levy funding and special assessments for the following programs from the 2006 Capital Improvements budget (DPW-Infrastructure Services): Street Reconstruction or Resurfacing Regular City Program; Alley Reconstruction Program; Street Improvements-Sidewalk, Driveway and Gutter Replacement. The tax levy and special assessment funding for these Capital Improvement programs would be replaced by revenues from a \$20 motor vehicle registration fee to be considered by the Common Council in File 050443.

**OVERVIEW**

1. The 2006 Proposed Budget includes \$4,763,400 in Capital Improvements funding for the Street Reconstruction or Resurfacing Regular City Program, including \$2,300,000 in new borrowing, \$1,336,454 cash levy funding and \$1,126,946 in property owner assessments.
2. The 2006 Proposed Budget includes \$875,000 in Capital Improvements funding for the City's Alley Reconstruction Program, including \$292,547 in cash levy funding and \$582,453 in property owner assessments.
3. The Capital Improvements section of the 2006 Proposed Budget also includes \$337,500 in cash levy funding and \$412,500 in property owner assessments for sidewalk, driveway and gutter replacement associated with street improvement projects.
4. State law authorizes any municipality to enact an ordinance creating a municipal motor vehicle registration fee for automobiles and light trucks (s. 341.35, Wis. Stats. and ch. Trans 126, Wis. Adm. Code).
5. State law requires that all revenues from a municipal motor vehicle registration fee be used "only for transportation related purposes".
6. Common Council File Number 050443, sponsored by Ald. Bauman, is an ordinance that would create a \$20 motor vehicle registration fee for light vehicles customarily kept in Milwaukee. This ordinance is currently in committee (Finance and Personnel). If passed by the Common Council, this ordinance would be effective 61 days after the city clerk notifies the Wisconsin Department of Transportation (DOT) that the City has enacted a motor vehicle registration fee ordinance. Therefore, if the ordinance is passed at the November 11 Common Council meeting, it would become effective sometime around February 1, 2006.

7. Since state law provides that DOT shall pay all vehicle registration fees collected during any month (minus \$0.10 per fee processed) to the municipality within 30 days of the end of the month (in this case, the end of February, 2006), the City would receive its first payment from DOT sometime in March, 2006. Thus, the City would receive 10 monthly payments from DOT in 2006. Assuming that there are approximately 342,000 automobiles and light trucks registered in Milwaukee, 2006 revenues would be an estimated \$5,671,500 (342,000 vehicles x \$19.90 per vehicle x 10/12 of the year).

**IMPACT**

1. This amendment is based on the assumption that the Common Council will pass File Number 050443. Revenues from the motor vehicle registration fee will be deposited in an enterprise fund known as the "Transportation Fund," which is to be used only to defray City costs for transportation-related purposes, including the portion of street and alley project costs which is assessable to property owners.
2. This amendment eliminates \$1,966,501 in cash levy funding from the 2006 Capital Improvements Budget as follows:

Street Reconstruction or Resurfacing Regular City Program	\$1,336,454
Alley Reconstruction Program	\$292,547
Sidewalk, Driveway and Gutter Replacement	\$337,500

3. This amendment also eliminates \$2,121,899 in assessments from the 2006 Capital Improvements Budget as follows:

Street Reconstruction or Resurfacing Regular City Program	\$1,126,946
Alley Reconstruction Program	\$582,453
Sidewalk, Driveway and Gutter Replacement	\$412,500

4. This amendment adds line-item funding, with lines titled "Cash Revenue," for the following programs in the 2006 Capital Improvements Budget:

Street Reconstruction or Resurfacing Regular City Program	\$2,463,400
Alley Reconstruction Program	\$875,000
Sidewalk, Driveway and Gutter Replacement	\$750,000

5. In conjunction with the addition of these line items, this amendment also adds capital revenue line items for the following source and program amounts:

Vehicle Registration Fee	
Streets	\$2,463,400
Alleys	\$875,000
Sidewalks	\$750,000

6. It is assumed that motor vehicle registration fee revenues will generate revenues sufficient for the Transportation Fund to cover the full amount -- \$4,088,400 -- of the 3 new cash-revenue line items.
7. This amendment replaces tax-levy and assessment funding for certain capital improvement items with another funding source for those items (i.e., the Transportation Fund). Therefore, this amendment reduces the property tax levy by \$1,966,501, for a tax rate impact of -\$0.081 per \$1,000 assessed valuation.

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