

January 8, 2009

**LRB RESEARCH AND ANALYSIS SECTION MEMORANDUM**

TO: Ald. Robert Bauman

FROM: James Carroll, Legislative Fiscal Analyst

RE: Vehicle Registration Fee Ordinance Impact **(REVISED 6/16/08)**

1. The ordinance imposes a \$20 annual municipal motor vehicle registration fee (“MVR fee”) on every motor vehicle registered in Wisconsin and customarily kept in Milwaukee. The MVR fee applies to automobiles, station wagons and trucks whose gross weight is not more than 8,000 pounds.
2. According to the latest (July 2007) data available from the Wisconsin Department of Transportation (WisDOT) 333,533 vehicles in the City of Milwaukee are eligible for the vehicle registration fee. Based on the WisDOT data, a \$20 Vehicle Registration fee will generate approximately \$6,637,306.30. A \$10 Vehicle Registration Fee will generate approximately \$3,301,977.
3. This ordinance also adjusts the recovery ratios for certain assessable reconstruction improvements by eliminating the recovery ratio of 60% for paving improvements, reducing the recovery ratio for alley improvements from 90% to 30%, and reducing the recovery ratio walk improvements from 70% to 30%.
4. The table below shows the impact of the ordinance on the DPW’s 2009 requested funding submitted to the Mayor in May 2008 for the special assessment categories effected by the ordinance.

Category	2009 Budget Request	2009 Request with \$20 Ordinance	Difference
Major Streets	\$270,000	0	-\$270,000
Local Streets	\$2,800,000	0	-\$2,800,000
Alley	\$450,000	\$150,000	-\$300,000
Sidewalk	\$400,000	\$168,000	-\$168,000
Total	\$3,920,000	\$318,000	-\$3,538,000

As the table shows, with a \$20 Vehicle Registration Fee, approximately \$3.5 million is shifted from property owners to motor vehicle owners. This shift would leave approximately \$3.1 million of the approximately \$6.6 million of the revenue generated by the motor vehicle registration available to be used for other transportation related purposes.

Based on DPW’s 2009 budget request, \$1,000,000 of the \$3.1 million could be used to increase the funding for the street maintenance activities by increasing the budget for DPW’s Infrastructure Services Division –Field Operations-Streets & Bridges Decision Unit from the requested \$11,353,619 to \$12,353,619. The remaining \$2.1 million could be used to increase the number of Local Street miles resurfaced or reconstructed by adding \$2.1 million to the requested \$2.8 million in special assessments (replaced by vehicle registration revenue), the requested \$1,020,000 in cash levy funding for Local Streets, or the \$6,480,000 requested for new 2009 borrowing. The additional \$2.1 million in funding would increase the total funding for 2009 Local Street reconstruction or resurfacing from the requested \$10,300,000 to \$12,400,000.