



CITY OF MILWAUKEE

City Hall, 200 E. Wells Street, Milwaukee, WI 53202 • www.city.milwaukee.gov

May 15, 2023

The Honorable,
Governor Tony Evers
P.O. Box 7863
Madison, WI 53707

RE: Assembly Bill 245, Streetcar Expansion Prohibition

Dear Governor Evers,

We are writing to provide some background on the Milwaukee streetcar, "The Hop", as you consider a veto of the legislation now pending in the state legislature regarding shared revenue and a local option sales tax for Milwaukee and Milwaukee County. As you know, the current version of Assembly Bill 245 bars the city from building The Hop extensions by prohibiting the city from using Tax Incremental Financing (TIF) to cover any costs associated with such expansion. We have used and would normally continue to use TIF to cover the local share (usually 20%) of any federal grants awarded to fund such expansion.

On the surface, this issue may seem relatively trivial in the great scheme of the financial challenges facing the city, Milwaukee County, and municipalities across the state as they struggle to deliver basic public services to their citizens. However, bedrock principles are implicated in Assembly Bill 245's Hop provision; namely, local control, democracy, and self-government. In addition, The Hop and the planned extensions are investments that will expand Milwaukee's tax base which is part of the solution to the city's financial challenges.

The current 2.1-mile Hop route was completed in November 2018. It was the culmination of over a decade of intense local debate, public meetings, legislative hearings, proceedings before the Public Service Commission, attempted recall drives, attempted binding referenda efforts, and election campaigns over three election cycles in 2008, 2012 and 2016. No local issue received more extensive media coverage or debate. The Common Council voted twice to approve the project (2011 and 2015). When we voted, we were all aware that expansion was part of the overall plan. Many of our colleagues faced election opponents based on our support of The HOP. We were all re-elected. In short, The HOP represented as pure an exercise in democracy and self-government as Milwaukee has witnessed in many years. (We have attached a comprehensive article on the history of The Hop that appeared in the summer 2022 issue of the rail transit publication *First and Fastest*).

May 15, 2023

Page 2

The Hop involved no state resources for either capital or operating costs. In fact, the legislature specifically barred The Hop from receiving any state transit assistance unlike every other transit system in the state.

The local share of capital funding for The Hop is being covered by the incremental property tax revenue generated by several tax incremental districts along the route. This incremental revenue is being generated in part because of the very existence of The Hop. The city has documented that assessed values along The Hop route have risen well in excess of surrounding areas. The developers of the \$160m 333 N. Water Street high rise building currently under construction cited the presence of The Hop as a key factor in their investment decision at a public hearing about a proposed zoning change before a Common Council committee. One new development along the route that involves the conversion of an office building to residential is being called, the Streetcar Flats.

In short, The Hop was an investment in economic development – an investment in growing the Milwaukee tax base that is working precisely as intended.

No property tax levy funds or state shared revenue were used for capital costs of The Hop and no property tax levy funds or state shared revenue are used for operating costs. We have not spent less on police or fire services because of The Hop. No part of the city's financial challenge has anything to do with The Hop. It is just the opposite: The Hop investment has generated an expanded tax base that allows the city to increase the property tax levy without raising anyone's tax bill, assuming all other factors remain equal.

So why would the expansion of a 2.1 mile streetcar route in downtown Milwaukee be on the radar screen of out-state GOP legislators? Your guess is as good as ours, but, perhaps, it is an aversion to democracy, local control and self-government itself, and/or a fundamental misunderstanding of how an expanding tax base is part of the solution to Milwaukee's financial challenges. This point brings us full circle to our opening paragraphs: as you consider your options with this legislation, we would hope that you will keep the principles informing The Hop debate front of mind.

Respectfully,



Alderman José G. Pérez
Common Council President



Alderman Robert J. Bauman
Chair, Public Works Committee

Attachment

Cc:
Ms. Maggie Gau
Chief of Staff