



Follow-up Information From July 17, 2006 RTA Meeting



Regional Transit Authority
September 18, 2006



Overview

- Northeastern Illinois transit funding
- Local sources of funding used by public transit systems which do not have dedicated funding
- Performance of the sales tax in southeastern Wisconsin
- Comparison of the operating cost per revenue vehicle mile for the Kenosha, Milwaukee, and Racine transit systems
- Comparison of taxes and fees of local governments in Wisconsin to local governments nationwide



Northeastern Illinois Transit Funding

- Regional Transit Authority
 - Six counties – Cook, DuPage, Kane, Lake, McHenry, and Will
 - Three transit operators – CTA, Metra, Pace
- Primary source of funds – six county sales tax
 - Cook County:
 - 1% on all food and drug sales
 - 0.75% on all other sales with the State providing 0.25% equivalent on “all other sales”
 - Other five counties:
 - 0.25% on all sales
 - Estimated 2006 sales tax collections of \$719,900,000 or about 71.6% of the RTA’s revenue

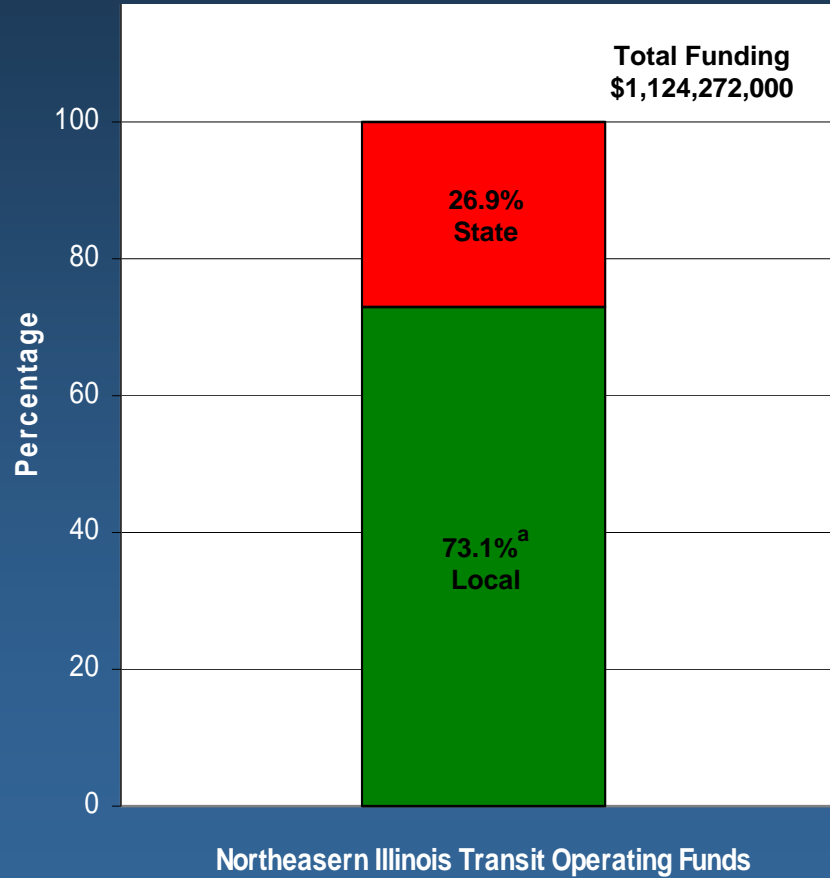


Northeastern Illinois Transit Funding (continued)

- State funding:
 - The Public Transportation Fund (PTF) is an amount equal to 25 percent of the net revenue realized from six-county sales tax.
 - 2006 estimated amount is \$179,975,000 or about 17.9% of the RTA's revenue
 - Reduced Fare (RF)
 - Operating assistance to partially reimburse the transit operators for fare discounts, mandated by law, to students, elderly, and disabled riders. 2006 estimated amount is \$36,275,000, or about 3.6% of the RTA's revenue
 - Additional State Funding – State appropriates additional funds to the RTA. 2006 estimated amount is \$54,300,000, or about 5.4% of the RTA's revenue
 - Other revenues consists of sales tax interest, investment income, and RTA revenue. 2006 estimated amount is \$14,900,000, or about 1.5% of RTA's revenue



Northeastern Illinois Transit Funding (continued)



^aIncludes State "equivalent" funding.



Northeastern Illinois Transit Funding (continued)

- RTA revenue distribution
 - By State Statute – the RTA retains 15% of the sales tax revenue with the remaining 85% distributed to the three transit operators.
 - CTA receives 100% of the sales tax collected within the City of Chicago and 30% of the sales tax collected within Cook County, outside of the City of Chicago
 - Metra receives 55% of the sales tax collected within Cook County outside of the City of Chicago, and 70% of the sales tax collected in the other five counties
 - Pace receives 15% of the sales tax collected within Cook County outside of the City of Chicago, and 30% of the sales tax collected in the other five counties



Local Funds for Transit Systems Without Dedicated Funding

- Areas Similar in Size to Milwaukee
 - 4 of 23 systems reviewed do not have a dedicated source of local funding
 - Local funds for these transit systems obtained primarily for property taxes

Area	2000 Population (in millions)	Transit System	Sources of Local Funding
Norfolk, VA	1.39	Hampton Roads Transit	Property Taxes
Milwaukee, WI	1.31	Milwaukee County Transit System	Property Taxes
Indianapolis, IN	1.22	Indianapolis Public Transportation Corporation	Property Taxes Commercial Vehicle Excise Tax Financial Institutions Tax
Memphis, TN	0.97	Memphis Area Transit Authority	Property Taxes Sales tax



Local Funds for Transit Systems Without Dedicated Funding (continued)

- Areas Similar in Size to Kenosha and Racine
 - 9 of 15 systems reviewed do not have a dedicated source of local funding
 - Property taxes are the primary source of local funds

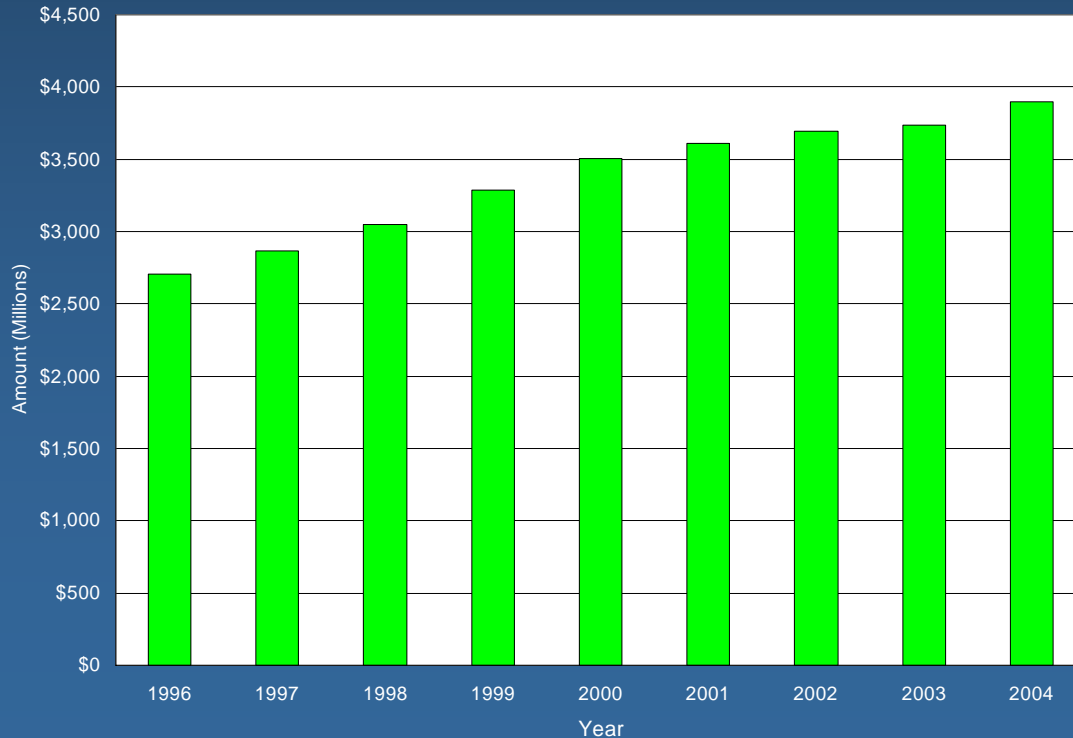
Area	2000 Population (thousands)	Transit System	Sources of Local Funding
Boise, ID	273	ValleyRide	Property Taxes
Springfield, MO	215	City Utilities of Springfield Transit Services	Utility Charges for Gas/Electric Services
Evansville, IN	212	Metropolitan Evansville Transit System	Property Taxes
Erie, PA	195	Erie Metropolitan Transit Authority	Property Taxes
Broome County, NY	159	Broome County Department of Public Transportation	Property Taxes
Racine, WI	130	Belle Urban System	Property Taxes
Utica, NY	113	Utica Transit Authority	Property Taxes
Kenosha, WI	111	Kenosha Area Transit System	Property Taxes
Pittsfield, MA	53	Berkshire Regional Transit Authority	State Aid Payments to Municipalities in Service Area



Wisconsin State Sales Tax

- State of Wisconsin – 5.0%
 - Enacted a 3% selective sales and use tax in 1962, replaced with 4% general sales and use tax in 1969, increased to 5% in 1982
 - FY 1996-2004 average annual growth rate: 4.68%
 - FY 2001-2004 average annual growth rate: 2.60%

State of Wisconsin 5.0% Sales Tax Revenues 1996-2004

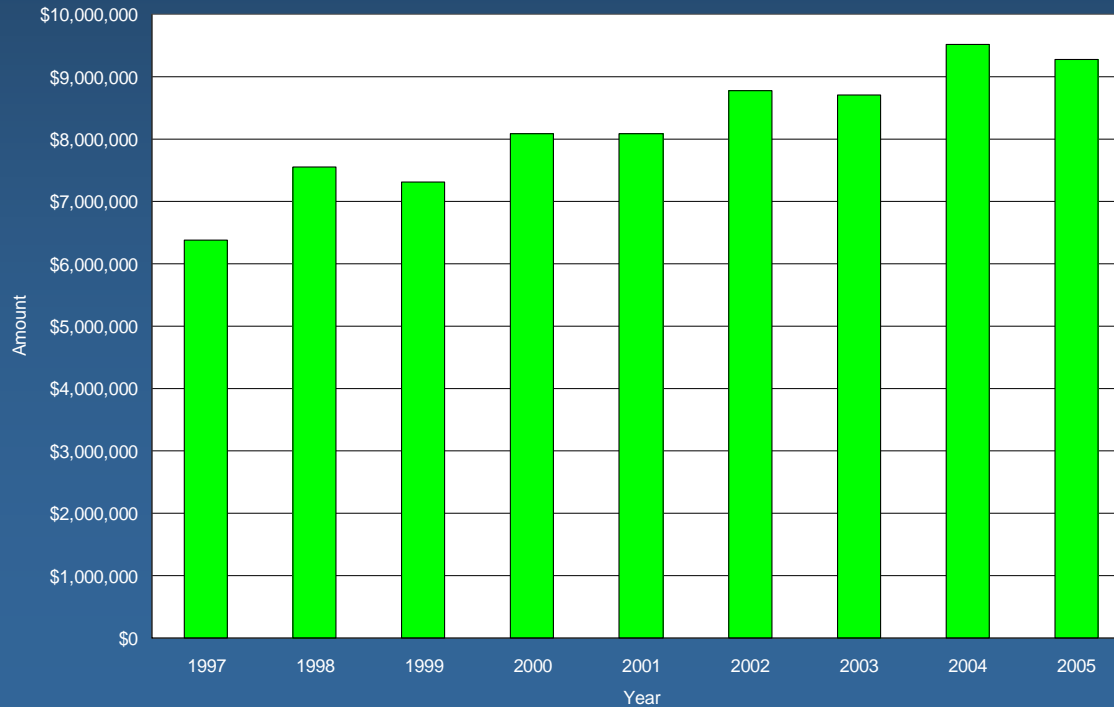




County Sales Tax

- Kenosha County – 0.5%
 - Enacted April 1, 1991
 - 1997-2005 average annual growth rate: 4.79%
 - 2001-2005 average annual growth rate: 3.50%

Kenosha County 0.5% Sales Tax Revenues 1997-2005

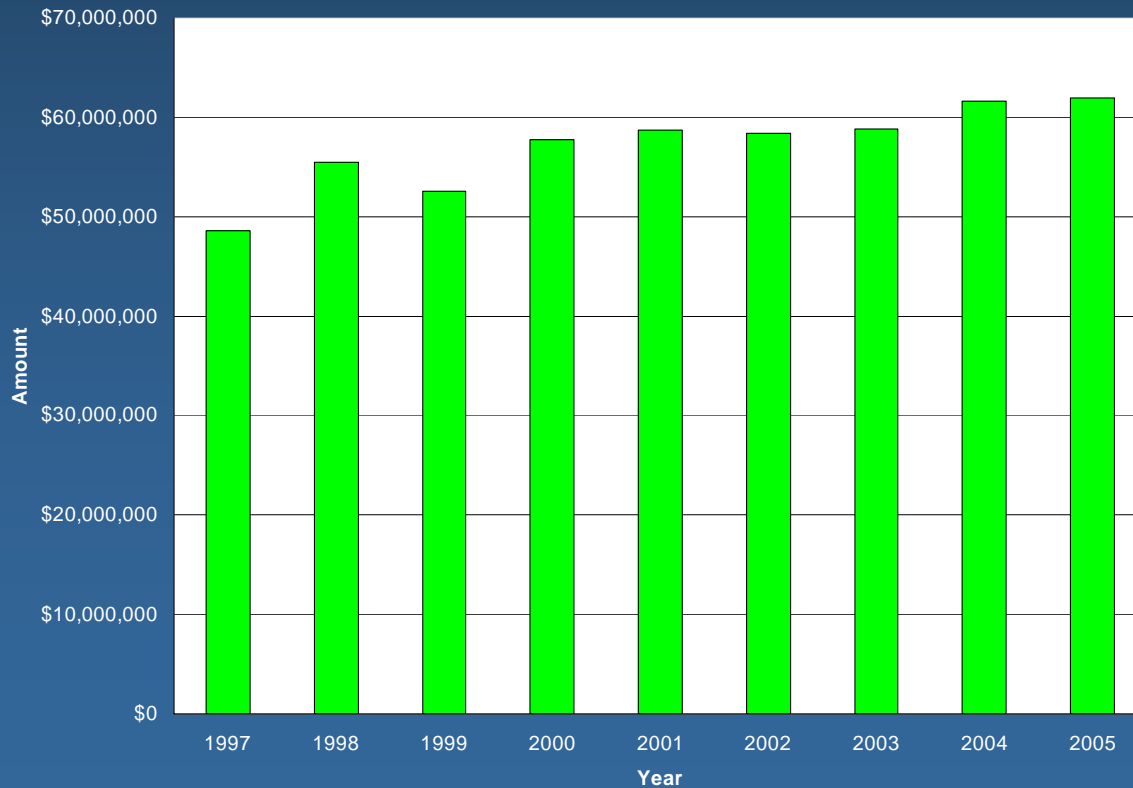




County Sales Tax (continued)

- Milwaukee County – 0.5%
 - Enacted April 1, 1991
 - 1997-2005 average annual growth rate: 3.09%
 - 2001-2005 average annual growth rate: 1.35%

Milwaukee County 0.5% Sales Tax Revenues 1997-2005

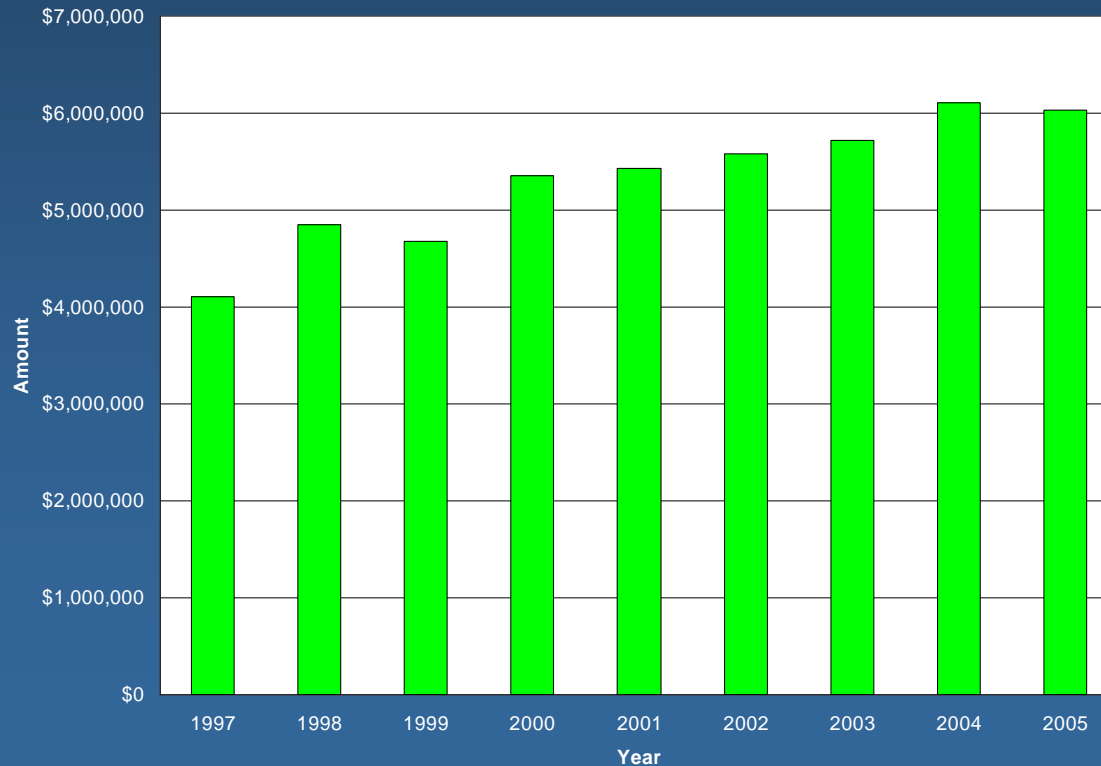




County Sales Tax (continued)

- Ozaukee County – 0.5%
 - Enacted April 1, 1991
 - 1997-2005 average annual growth rate: 4.92%
 - 2001-2005 average annual growth rate: 2.67%

Ozaukee County 0.5% Sales Tax Revenues 1997-2005

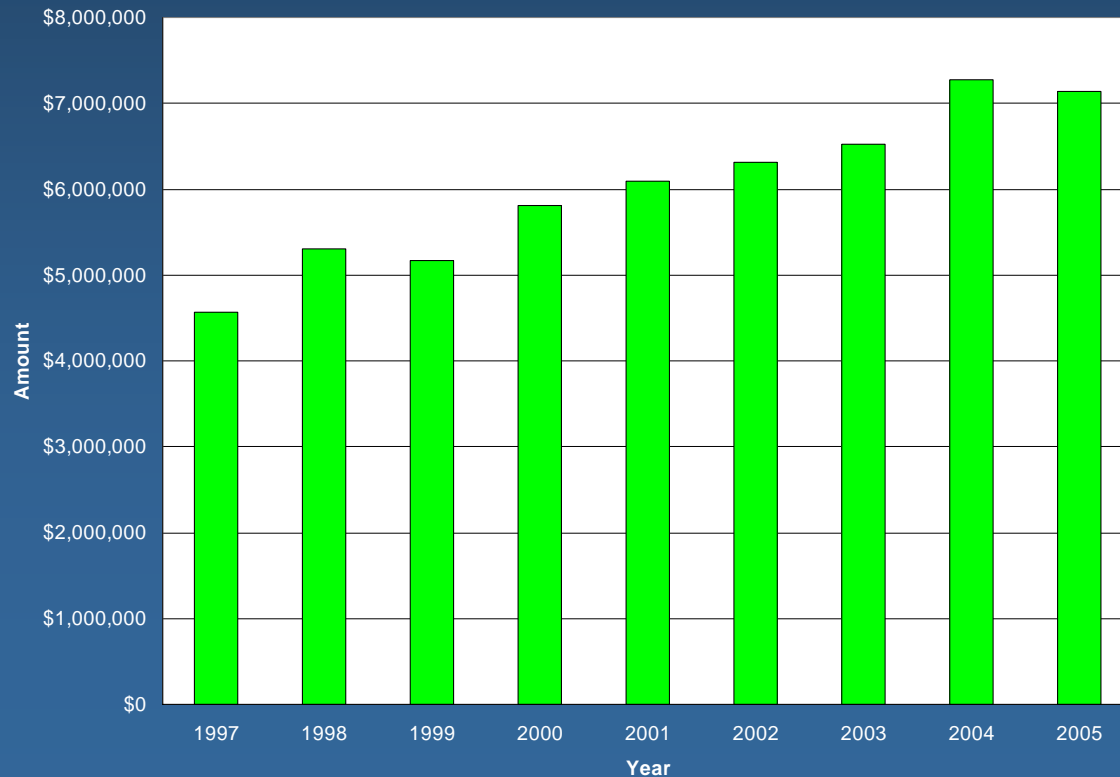




County Sales Tax (continued)

- Walworth County – 0.5%
 - Enacted April 1, 1987
 - 1997-2005 average annual growth rate: 5.76%
 - 2001-2005 average annual growth rate: 4.06%

Walworth County 0.5% Sales Tax Revenues 1997-2005

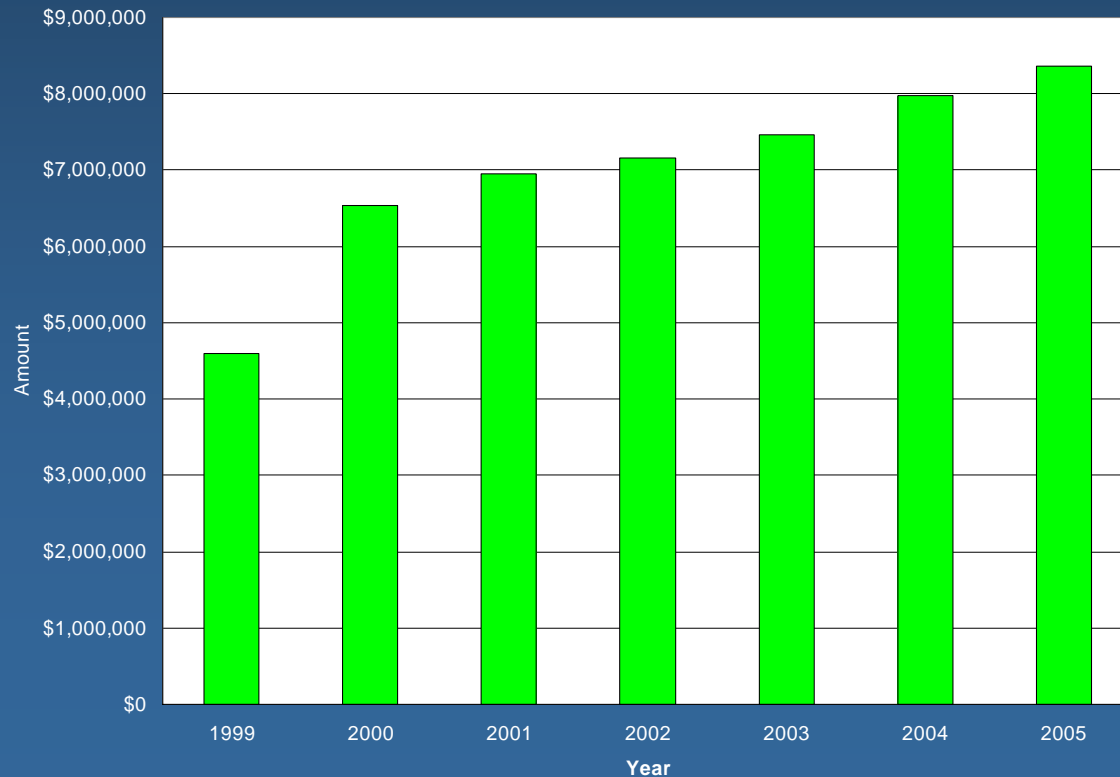




County Sales Tax (continued)

- Washington County – 0.5%
 - Enacted January 1, 1999
 - 2000-2005 average annual growth rate: 5.05%
 - 2001-2005 average annual growth rate: 4.73%

Washington County 0.5% Sales Tax Revenues 1999-2005

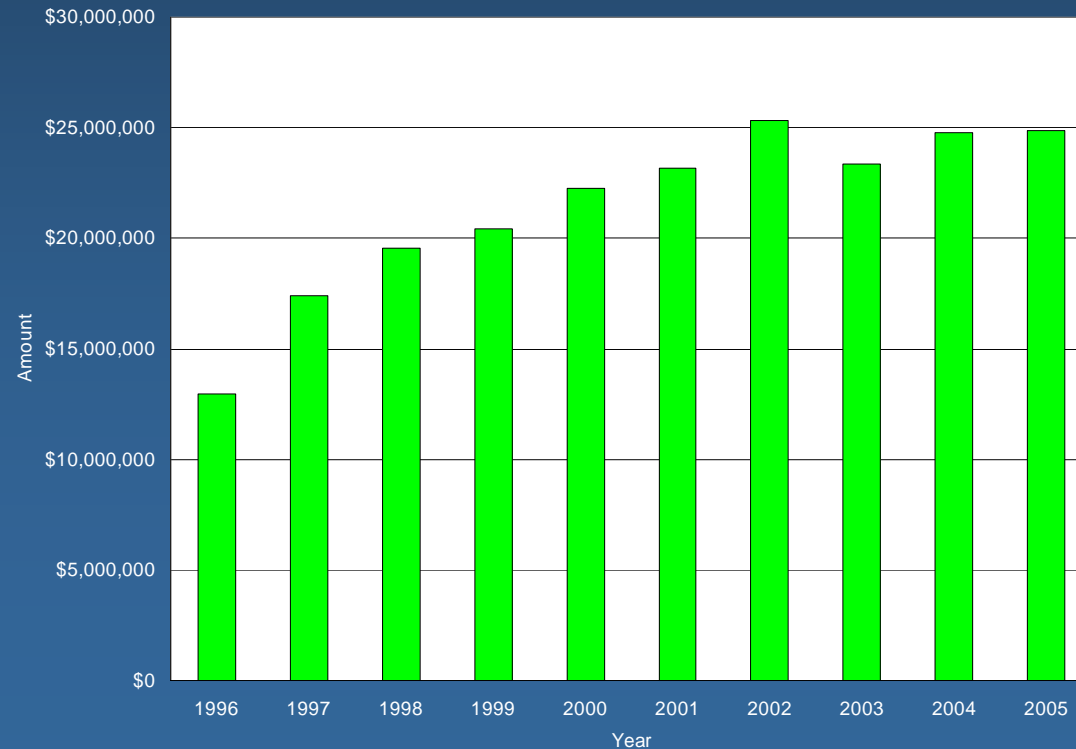




Miller Park Sales Tax

- Milwaukee, Ozaukee, Racine, Washington, Waukesha Counties – 0.1%
 - Enacted January 1, 1996
 - 1997-2005 average annual growth rate: 4.57%
 - 2001-2005 average annual growth rate: 1.78%

Miller Park 0.1% Sales Tax Revenues 1996-2005





Financing Soldier Field Renovations

- Soldier Field is owned by the City of Chicago - The Chicago Park District
- Cost of renovations completed in 2003 was \$606 million
 - The Illinois Sports Facility Authority provided the public contribution, \$406 million, financed through the issuance of municipal bonds backed by a 2% hotel tax - By State Statute, the 2% Chicago Hotel Tax proceeds are used to promote tourism.
 - \$200 million contribution by the Chicago Bears
 - \$100 million via a National Football League (NFL) loan
 - \$100 million via bank loan and the sale of personal seat licenses in the stadium





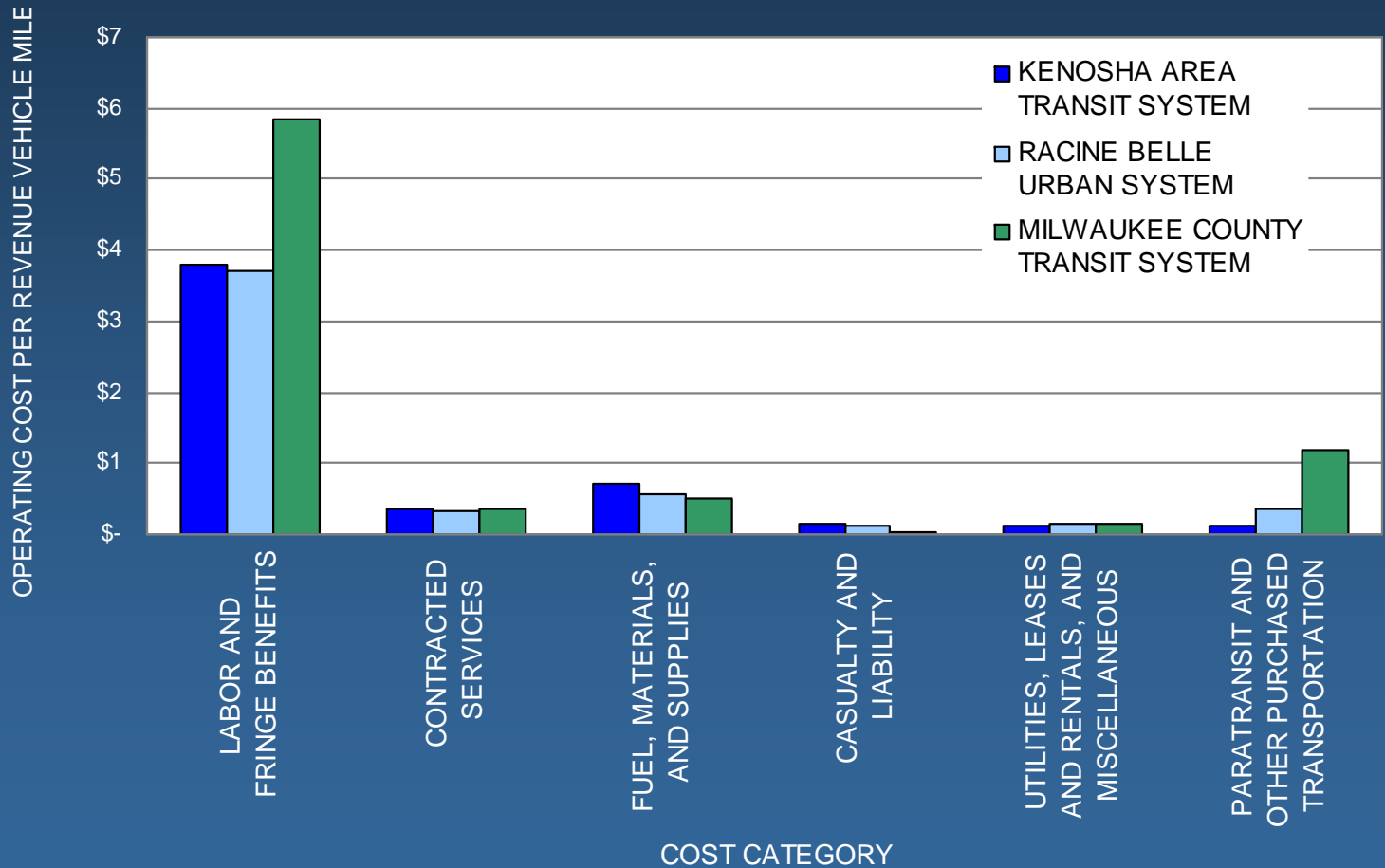
Comparison of Unit Operating Costs: Milwaukee, Kenosha, Racine Transit Systems

- Operating cost per revenue bus mile
 - Milwaukee County Transit System: \$8.07
 - Kenosha Area Transit System: \$5.23
 - Racine Belle Urban System: \$5.20
- Milwaukee County labor, fringe, and paratransit costs are higher and offset lower fuel, materials, supplies, and casualty and liability costs



Comparison of Unit Operating Costs: Milwaukee, Kenosha, Racine Transit Systems (continued)

COMPARISON OF OPERATING COST PER VEHICLE MILE





Comparison of Taxes and Fees of Local Government in Wisconsin to Local Government Nationwide

- Source – Wisconsin Taxpayers Alliance
 - “The Wisconsin Taxpayer – State-Local Finance Perspectives,” May 2006
 - “Property Taxes by State,” June 2005



"State-Local Finance Perspectives" - May 2006

- Conclusions for Wisconsin State-Local government are as follows (2004):
 - Moderate in overall state-local spending (21st* among 50 states)
 - Tax-heavy due to federal revenues that are below average, and a smaller reliance on user fees and charges (28th*)
 - Dependent to a greater degree on the big three taxes—property (8th*), individual income (9th*) and sales (30th*)
 - One in which state government collects revenue and provides it to local governments (7th)

*Measured relative to personal income.



"Property Taxes by State" - June 2005

- Conclusions for Wisconsin are as follows (2002):
 - Ranks high in local expenditures as percent of total state and local spending (7th of 50 states)
 - Ranks high in local property taxes as percent of total local revenue (11th of 50 states)
 - Ranks high in property tax revenues as percent of locally raised revenue (8th of 50 states)
 - Ranks high in local property taxes as percent of personal income (5th of 50 states)



"Property Taxes by State" - June 2005 (continued)

Local Government Sources of Revenue

	<u>Illinois</u>	<u>Iowa</u>	<u>Michigan</u>	<u>Minnesota</u>	<u>Wisconsin</u>
Federal	5.3%	3.4%	3.8%	4.1%	2.8%
State	30.0	34.5	49.3	42.1	44.6
Property Taxes	37.2	31.6	23.2	24.9	32.7
Sales Tax	6.2	3.8	0.5	0.8	1.4
Other Taxes	1.6	1.1	2.1	0.9	0.8
Fees	12.3	20.2	13.9	16.9	12.7
Other Revenues	7.4	5.5	7.5	10.4	5.0
Total	100.0%	100.0%	100.0%	100.0%	100.0%



Comparison of Property Taxes and Tax Rates (Largest Cities in Each of 50 States and Washington, D.C.)

- Milwaukee
 - Median Value Home
\$197,300 (19 of 51)
 - Property Tax Rate
\$2.49 per \$1,000 (3 of 51)
 - Property Taxes (on Median Value Home)
\$4,913 (10 of 51)