



Local Option Sales Tax

BACKGROUND: A financing mechanism that would significantly help counties address their highway funding needs includes a proposal authorizing an optional one half percent (0.5%) local option sales tax, for transportation purposes at the local level. In their report titled “Keep Wisconsin Moving—Smart Investments, Measurable Results,” the Wisconsin Transportation Finance and Policy Commission recommended this as a viable option for the legislature to consider.

A county highway dedicated sales tax would help spread part of the burden of paying for county highway projects to residents, visitors and tourists alike. Counties would use the revenue raised by the local option sales tax exclusively for reconstruction and/or major repair projects to county highways and bridges.

In addition, the funding from this potential revenue source would be shared by towns, municipalities and counties based on the weighted combination of their population and lane miles measured on their road, street and highway systems. Under this proposal, local units of government would maintain their current level of highway project levy spending through a “maintenance of effort.”

The WCA and WCHA have long supported additional revenue sources that seek to address transportation funding shortfalls at the local level. Not only are new transportation-designated revenues needed to address long overdue construction and/or reconstruction activities, they are also critical to ensuring the long-term viability of the county trunk highway system and the vehicle miles traveled that it supports each day.

A local option sales tax would be a solution for local governments seeking to make major upgrades in the area of transportation. The proposal would also give local units of government the option to minimize debt service.

REQUESTED ACTION: WCHA and WCA respectfully request that the Governor and the Wisconsin Legislature include in the Wisconsin Budget, language providing the counties of Wisconsin the option of a 0.5% local sales tax to fund transportation related reconstruction and rehabilitation projects.

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