

MANITOWOC COUNTY AD HOC COUNTY SALES TAX EXPLORATORY COMMITTEE
Communications & Technology Building
April 30, 2019

Attendance: Chair Jim Baumann, County Board Chair Jim Brey, Supervisor John Brunner, Supervisor Paul Hansen, Supervisor Chuck Hoffman, Supervisor Jon Neils, and Supervisor Ken Swade. Also in attendance: County Executive Bob Ziegelbauer, Comptroller Todd Reckelberg, Corporation Counsel Peter Conrad, Supervisor Kevin Behnke, Supervisor Susie Maresh, and Supervisor Don Zimmer. Supervisors Rita Metzger and Mike Williams were excused.

Call to Order: The meeting was called to order by Chairperson Baumann at 4:15 p.m.

Approval of the minutes of the April 4, 2019 Ad Hoc County Sales Tax Exploratory Committee meeting: Supervisor Hoffman moved to approve the meeting minutes, seconded by Supervisor Brunner. Upon vote, the motion passed unanimously.

Approval of the Agenda: Supervisor Brunner moved to approve the agenda, seconded by Supervisor Neils. Upon vote, the motion passed unanimously.

Public Comment:

Chairperson Baumann declared public comment open at 4:16p.m.

No one present wished to speak, subsequently Chairperson Baumann closed public input at 4:16 p.m.

Correspondence report from Supervisor Neils: Supervisor Neils informed the committee that a few municipalities provided road work or bridge work projects that need to be done. However, they do not have the excess funds available to even start the projects. The municipalities are interested in the tax and are in favor of it.

Discussion on Brown County results: Chairperson Baumann informed the committee that the Brown County case was postponed until the end of May, beginning of June.

Discussion and possible action on proposed Ordinance Chapter 33 County Sales and Use Tax:

Chairperson Baumann turned the discussion over to County Board Chairperson Brey.

County Board Chairperson Brey opened discussion regarding clarification on section 33.06 Earmarked Revenues of Chapter 33 County Sales and Use Tax regarding concerns of the collection not being a full year. Corporation Counsel Peter Conrad (CC Conrad) provided clarification on section 33.06 Earmarked Revenue regarding the concerns of the collection not being a full year by informing the committee that the lump sum would have to be identified if the intention would be to start in 2020, then language would read as such.

Discussion regarding the wording for the intergovernmental agreement. CC Conrad clarified that the wording for the intergovernmental agreement would instruct the municipalities that the distribution received would have to be directed towards roads or capital improvements.

CC Conrad reiterated that the ordinance would be unenforceable even if it passed through the committee to the County Board. From an administrative standpoint it is words on paper. The ordinance does not carry any weight as proposed for reasons outlined in previous memos according to Wisconsin Statutes. Excluding the school districts from distribution, the intergovernmental agreement, and the distribution of funds with strings attached are violations of state statute per his opinion.

Supervisor Hoffman questioned including the school districts in the distribution, could an amount be set instead of the equalized value formula for just the school districts? CC Conrad clarified that the equalized value would be the distribution formula for each city, village, town and school district if that was the chosen distribution method of the ordinance.

Supervisor Hansen discussed the ordinance passing through County Board and how does it become enforced? CC Conrad advised the committee that whoever is administering that program would determine whether they could administer the program or not, meaning collect and/or distribute the tax or not. The ultimate administrator would be the County Executive.

Hansen went on to question why the intergovernmental agreement can not specify that the distribution of funds is to be used for road work. CC Conrad emphasized that from a legal perspective, the statute says a county cannot tell a municipality how to use funds.

County Board Chairperson Brey moved, seconded by Supervisor Hoffman to adopt Chapter 33 County Sales and Use Tax with the following amendments:

Under Section 33.06 Earmarked Revenues, Subset 1, pursuant to Wis Stat. 77.76(3), the sum of \$1,500,000 in 2020 will be available to be distributed in arrears to each of the cities, villages, and towns within Manitowoc County based on equalized value, in relation to the total sum to be distributed. The amount to be distributed will be adjusted annually based on equalized value. Eliminate the following language from the draft ordinance: “The terms and conditions of the distribution to each city, village, and town shall be set forth in a standard intergovernmental cooperative agreement between Manitowoc County and each city, village, and town. In order to receive the distribution, each city, village, or town shall agree to be bound by the terms of the intergovernmental cooperative agreement with Manitowoc County, the terms of which shall be annually reviewed and approved by resolution by the County Board. In the event that a city, village, or town declines to be so bound, the sums that would otherwise be allocated to that city, village, or town shall be utilized by the Manitowoc County Highway Department as provided in §33.06(2) of this Sales and Use Tax Ordinance. In the event that a city, village, or town does not act in accordance with the terms of an intergovernmental cooperative agreement, Manitowoc County, in its sole discretion may decline to offer any sums to that city, village, or town in the following year and the sums that would otherwise have been allocated to that city, village, or town shall be utilized by the Manitowoc County Highway Department as provided in §33.06(2) of this Sales and Use Tax Ordinance.”

Under Subsection 2 of 33.06 – Eliminate the language: “and for purchasing capital equipment used in maintaining and constructing the Manitowoc County transportation system.”

Under Section 33.08 Seven Year Review, update the dates as follows: change October 1, 2026 to October 1, 2027; change 2027 to 2028; change June 1, 2027 to June 1, 2028; and change 2028 to 2029.

Discussion was opened on the amendment. Brey expressed that he was in favor of the sales tax and including the municipalities in the distribution. From the three listening session held by the Finance Committee, his impression was that people were not against the sales tax as long as they knew the money was going towards road repair.

Hansen questioned if it would be better to base the distribution off a percentage versus an exact amount. Future hope is that as a county we will grow. If that happens then the governmental bodies will benefit as well from the increase rather than set a fixed amount that would not change. The concern is that the distribution would not be used for the intention of road work. Hoffmann advised the committee that the local governments are only 3-5 member boards. They are controlled by their constituents. If this distribution is supposed to be used towards road work, the board budgets the distribution for road work.

County Board Chairperson Brey moved, seconded by Supervisor Baumann to amend his proposal, that the Sales and Use Tax shall become effective the 1st of January 2020.

Brey reviewed the proposal that starting in 2020 there will be a half a percent sales tax in Manitowoc County. After the first year, the County will start paying out the proposed amount of \$1,500,000 to all the municipalities based on equalized value and after 7 years on October 1, 2027 it would be reviewed again and whoever is the county board at that time would consider going on with it or ending it, that would be their prerogative at that time.

Discussion as to why a review rather than a sunset.

County Board Chairperson Brey moved, seconded by Supervisor Baumann to amend his proposal by changing Section 33.08 from a seven year review to a seven year sunset.

Discussion took place regarding the change from a lump sum to the use of a percentage for the distribution. The distribution may be small for some municipalities, but most are willing to take what the County would be willing to give. Supervisor Maresh mentioned at the town of Kossuth Annual Meeting many of those in attendance questioned her as to why the County was dragging their feet passing the ordinance. They want to see something done.

Supervisor Hansen moved, seconded by Neils to amend the amount provided under Section 33.06 (1) from the fixed sum of \$1,500,000 as proposed by Chair Brey to 30% of the sales and use tax collected in the previous year.

Supervisor Behnke discussed how it is important to have the municipalities in agreement with the County Board on the proposed ordinance before it goes to the County Board meeting.

Baumann and Brey agreed to send a joint letter to each municipality providing the opportunity to review the ordinance and request a recommendation/resolution either in support or opposition to the half percent sales tax.

Supervisor Hoffman moved, seconded by Supervisor Hansen to adopt the amendments to Chair Brey's initial proposal to the Ordinance for Chapter 33 County Sales and Use Tax. Upon voice vote, the motion carried unanimously.

Supervisor Hoffman moved, seconded by Supervisor Brunner to adopt the Ordinance for Chapter 33 County Sales and Use Tax as amended. Upon voice vote, the motion carried unanimously.

Brey mentioned the earliest the ordinance would come to the County Board would be for the June 18, 2019 meeting. This would give the municipalities time to respond with a recommendation or resolution.

Adjournment: Supervisor Brey moved to adjourn, seconded by Supervisor Brunner and the motion passed unanimously. The committee adjourned at 5:36 p.m.

Respectfully submitted,

Jessica Backus, County Clerk