

**SHEBOYGAN COUNTY ORDINANCE NO. 22 (2009/10)**

Re: **Enacting One-half Percent County Sales Tax**

**WHEREAS**, Wis. Stat. § 77.70 allows counties to enact ordinances imposing a county sales and use tax at the rate of one half of one percent (0.5%) for the purpose of directly reducing the property tax levy, and

**WHEREAS**, with the enactment of a county sales tax by Fond du Lac County set to commence on April 1, 2010, 63 of the state's 72 counties have enacted county sales taxes, and

**WHEREAS**, a University of Wisconsin Extension 2009 publication estimated that if Sheboygan County had put a sales tax in place for all of 2010, it would have yielded as much as \$8,985,034 in revenues for Sheboygan County, and

**WHEREAS**, an analysis prepared for the Wisconsin Department of Tourism estimated that in 2007, tourists spent as much as \$352,495,626 in Sheboygan County, and

**WHEREAS**, from 1994 through 2007, the Wisconsin Department of Tourism estimated that tourism expenditure in Sheboygan County had risen 219% compared to 122% for the state as a whole, making Sheboygan County the ninth-ranked County in the state for tourism expenditure, and

**WHEREAS**, based on the foregoing, it could be argued that if Sheboygan County had a county sales tax for all of 2010, and the level of tourist spending in 2010 would be the same as in 2007, tourists would pay approximately \$1,762,475 of the estimated tax yield of \$8,985,034 (or almost 20%) and that 80% of the estimated tax yield would be paid by Sheboygan County residents, and

**WHEREAS**, if Sheboygan County were to enact a county sales tax, the total state and county sales tax rate of five and one half of one percent (5.5%) for Sheboygan County would still be less than the state rate alone in the neighboring states of Illinois, Indiana, Michigan, and Minnesota where many of Sheboygan County tourists are drawn from, and

**WHEREAS**, the enactment of a county sales tax could provide property tax relief for Sheboygan County residents by providing an alternate revenue source rather than simply raising property taxes, while at the same time providing property tax relief by furnishing revenues for County operations from non-resident spending that would otherwise have had to be provided by increasing the property tax rate, and

**WHEREAS**, one of the greatest challenges to Sheboygan County government is to finance the ever-increasing number of state-mandated programs that are unfunded or underfunded and which have grown to the point that approximately 75% of the property tax revenues that the County now receives are spent on state-mandated programs, and

**WHEREAS**, in the absence of the enactment of a County sales tax, the County Board is likely to have to raise property taxes, deplete County reserves and reduce government services in order to continue to have a balanced budget and to provide the services that the State of Wisconsin has mandated that Sheboygan County must provide, and

**WHEREAS**, if Sheboygan County were to enact a sales tax and were to earmark \$4,000,000 of the annual sales tax revenues to pay for capital projects rather than bonding at the current borrowing level of \$4,000,000 each year for capital projects for the next ten (10) years, Sheboygan County could be completely debt-free by 2020 and could save the property taxpayers an estimated \$5,636,950 in interest payments on the bonding debt over the next ten (10) years, and

**WHEREAS**, the enactment of a sales tax would be consistent with the vision statement for Sheboygan County to be responsive, cost-effective, and fiscally responsible;

**NOW, THEREFORE**, the County Board of Supervisors of the County of Sheboygan does ordain as follows:

Section 1. **Creating Chapter 7.** Chapter 7 of the Sheboygan County Code of Ordinances is hereby created as follows:

CHAPTER 7  
COUNTY SALE AND USE TAX ORDINANCE

- 7.01 TITLE. This Ordinance may be cited as the Sheboygan County Sales and Use Tax Ordinance.
- 7.02 AUTHORITY. This Ordinance is enacted under the authority of Subchapter V of Chapter 77 of the Wisconsin Statutes and acts amendatory thereto.
- 7.03 DEFINITION. As used in this Chapter, "sales and use tax" includes the excise tax referred to in Wis. Stat. § 77.71.
- 7.04 PURPOSE OF ORDINANCE. The purpose and goal of enacting this Ordinance is to utilize revenues from the County sales and use tax to reduce the property tax levy.
- 7.05 COUNTY SALES AND USE TAX. Pursuant to and in strict conformity with the provisions of Wis. Stat. ch. 77, Subchapter V, the County of Sheboygan does hereby elect to impose a County sales and use tax in the manner and to the extent permitted by Wis. Stat. ch. 77, Subchapter V.
- 7.06 SALES AND USE TAX RATE. The sales and use tax imposed by this Chapter shall be at the rate of one half of one percent (0.5%).
- 7.07 EARMARKED REVENUES. In order to assure the statutory goal of using sales and use tax revenues to actually reduce property taxes, as long as Sheboygan County receives revenues from this sales and use tax, all revenues derived therefrom shall be held in a segregated account. From that account, the following sums shall be designated for use for the following purposes and no other:

- (1) In budget years 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, and 2020, no less than Two Hundred Thousand (\$200,000) of the revenue derived therefrom in each year shall be included in the County's annual budget to be used to support economic development and job creation and preservation in the County which would otherwise have to be budgeted from property tax revenue proceeds;
- (2) In budget years 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, and 2020, no less than One Million Dollars (\$1,000,000) of the revenue derived therefrom in each year shall be included in the County's annual budget to be used to reduce the Highway Department shortfall which would otherwise have to be budgeted from property tax revenue proceeds.
- (3) In budget years 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, and 2020, in the event that the County would otherwise borrow through bonding for capital projects as provided for in Wis. Stat. § 67.05 and Section 5.07(6) of the Code, no less than Four Million Dollars (\$4,000,000) of the revenue derived hereunder shall be used first for financing capital projects before bonding would be undertaken.
- (4) In budget years 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, and 2020, the balance of any revenue derived therefrom in each year shall be used to support law enforcement, health and human services, and all other existing programs and services as existing in 2010 which would otherwise have to be budgeted from property tax revenue proceeds

#### 7.08 REPORTS FROM FINANCE DIRECTOR.

- (1) The Finance Director shall provide to the Finance Committee a report of all revenue received through the imposition of the sales and use tax since the previous reporting period. This report shall be given on a monthly basis or within thirty (30) days of such time as the Finance Director receives the information from the Department of Revenue.
- (2) The Finance Director shall provide a report to the Finance Committee no later than June 1 of each year analyzing the revenues derived hereunder and providing an estimate as to what the property tax rate and levy in the prior year's budget would have been but for the imposition of the taxes provided for herein. The Finance Director shall include in the estimates the property tax implications of not incurring

principal and interest obligations by using sales and use taxes for capital projects rather than bonding as provided for in Section 7.07(1)(c), above.

- (3) After providing the report as provided in (2) above and after consulting with the Finance Committee and the County Administrator, the Finance Director shall provide a similar report to the County Board at each June County Board meeting.

7.09 CONFORMITY TO STATE LAWS. It is the express intent of the County of Sheboygan that the construction, administration, and application of this Ordinance to all persons in all situations shall conform to the laws of the State of Wisconsin in all ways and it shall be so construed, applied, and administered.

7.10 EFFECTIVE DATE. This Ordinance shall become effective as of the first day of October 2010 in the manner provided for by law.

Section 2. **Delivery to Department of Revenue.** The County Clerk is hereby directed to deliver a certified copy of this Ordinance to the Secretary of Revenue at least one hundred twenty (120) days prior to October 1, 2010.

Respectfully submitted this 16th day of February, 2010.

**FINANCE COMMITTEE**

\_\_\_\_\_  
Roger Te Stroete, Chairperson

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Constance Ziegelbauer, Secretary

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William C. Goehring, Vice-Chairperson

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*Keith Abler*  
Keith Abler

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*Jacob Van Dixhorn*  
Jacob Van Dixhorn

Opposed to Introduction:

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*Roger Te Stroete*

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*William Goehring*