

ORDINANCE NO. 2024-60-S

ORDINANCE BY THE FINANCE AND HUMAN RESOURCES COMMITTEE AND EXECUTIVE COMMITTEE CREATING CHAPTER 7, ARTICLE IX – COUNTY SALES AND USE TAX AND PROPERTY TAX RELIEF – OF THE RACINE COUNTY CODE OF ORDINANCES

To the Honorable members of the Racine County Board of Supervisors:

WHEREAS, Wisconsin counties provide a wide array of services (many of which are mandated by state law) that are critical to the community and the health and safety of its residents; and

WHEREAS, Wisconsin counties are limited in their ability to raise revenue by the general levy limit law; and

WHEREAS, like virtually every Wisconsin county (69 of 72 which, unlike Racine County, have already enacted a county sales and use tax ordinance), Racine County faces a structural imbalance due to state cuts, stagnant revenues, and increasing costs; and

WHEREAS, Racine County is known for consistently and successfully delivering critical services at a high level while remaining fiscally conservative and being responsible stewards of taxpayers’ money; and

WHEREAS, under state law, Wisconsin counties are authorized to levy a sales tax of up to 0.5 percent on top of the 5 percent sales tax imposed by the state; and

WHEREAS, projected revenues from a 0.5 percent sales tax are reasonably estimated to be a minimum of \$20 million per year with a realistic opportunity to exceed \$25 million in 2025, and beyond; and

WHEREAS, sales and use taxes benefit county residents by allowing them to enjoy a reduced property tax burden that is paid for in part by the in-county spending of out-of-county visitors; in contrast, borrowing falls solely on the resident property taxpayers and then compounds the burden as those taxpayers are responsible for both the borrowed principle and the interest payments (*i.e.*, it is more costly to resident-taxpayers); and

WHEREAS, Racine County faces a \$17 million deficit; and

WHEREAS, it is estimated that 156 additional positions (*i.e.*, in addition to those positions that would otherwise remain unfunded and other cost-saving measures in the proposed 2025 budget) would need to be eliminated or otherwise defunded in the 2025 budget without a county sales tax taking effect April 1, 2025; and

WHEREAS, of those 156 positions, 91 positions would come from within the Racine County Sheriff’s Office; and

WHEREAS, defunding the Sheriff’s Office and other critical services to such a degree amidst increasing rates of violent crime and health services needs could lead to, among other things, catastrophic public safety outcomes for the community, particularly at a time when

3
4 municipal law enforcement agencies face similar budget shortfalls and shrinking hiring pools and
5 the need for increased intergovernmental cooperation is paramount; and
6

7 **WHEREAS**, the average resident could expect to pay approximately \$126 per year if
8 Racine County levied a 0.5 percent sales and use tax, with a reasonable expectation that the
9 number would be reduced and the difference borne instead by non-residents; and
10

11 **WHEREAS**, a review of annual budgets since 2015, shows that the county property tax
12 levy has not kept pace with national inflation and operational spending (which has increasingly
13 relied upon use of reserves and one-time funding sources) in that time period; and
14

15 **WHEREAS**, Racine County has exhausted all other reasonable options to delay
16 implementation of a sales and use tax, including: asset divestment (e.g., sale of Ridgewood Care
17 Center and County-owned land), use of one-time funding sources (e.g., American Rescue Plan
18 Act, opioid settlement, Microsoft proceeds, etc.), elimination/reduction of nonessential
19 programs/positions, service consolidation (e.g., public health, 911 dispatch services, etc.), health
20 care solutions, periodic wage freezes, and furloughs; and
21

22 **WHEREAS**, Racine County is at a critical tipping point where further avoidance of a sales
23 and use tax will invariably result in higher employee turnover, increased property tax impacts,
24 service cuts, and placing county residents who rely on critical and timely services (e.g.,
25 overseeing fair administration of elections, snow removal, human and social services, child
26 welfare, emergency mental health interventions, law enforcement, highway repair and
27 maintenance, etc.) in risk of real harm; and
28

29 **NOW, THEREFORE**, the Racine County Board of Supervisors does hereby ordain as
30 follows:
31

32
33 **Creating Chapter 7, Article IX.** Chapter 7, Article IX of the Racine County Code of Ordinances
34 is hereby created to read as follows:
35

36 **ARTICLE IX. – COUNTY SALES AND USE TAX AND PROPERTY TAX RELIEF**

37
38 **Section 7-226. – Authority.**

39
40 This Ordinance is enacted under the authority of Subchapter V of Chapter 77 of the
41 Wisconsin Statutes, and acts amendatory thereto.
42

43 **Section 7-227. – Purpose.**

44
45 The purpose and goal of enacting this Ordinance is to utilize revenues from the County
46 sales and use tax to reduce the property tax levy. Racine County is committed to the general
47 principle that tax revenues should not be an invitation to expand services and operational
48 expenses needlessly, but, rather, as a means to maintain critical services that make Racine
49 County a great place to live and work.
50
51
52

3
4 **Section 7-228. – County Sales and Use Tax Rate.**

5
6 The County sales and use tax shall be at the rate of one half of one percent (0.5%).

7
8 **Section 7-229. – Property Tax Levy Not to be Increased.**

9
10 In order to assure the statutory goal of using sales and use tax revenues to actually reduce
11 property taxes, the county mill rate for any given calendar year shall not exceed the preceding
12 year county mill rate.

13
14 **Section 7-230. – Conformity to State Laws.**

15
16 It is the express intent of Racine County that the construction, administration, and
17 application of this Ordinance to all persons in all situations shall conform to the laws of the State
18 of Wisconsin in all ways and it shall be so construed, applied, and administered.

19
20 **Section 7-231. – Direct Property Tax Reduction.**

21
22 Beginning with the 2026 budget, the county executive shall submit a proposed budget that
23 commits not less than Two Million dollars (\$2,000,000.00) of tax revenues collected in that budget
24 year toward debt service on general obligation debt to effect direct property tax relief. In the event
25 debt service obligations in any year are less than the amount of tax revenues proposed by the
26 county executive to go toward direct property tax reduction, such excess revenues shall be placed
27 in general fund financial reserves. The reallocation of tax revenues in any given budget year less
28 than the amount provided herein or otherwise counter to this section shall not be approved, except
29 on a majority vote of a quorum of the county board.

30
31 **Section 7-232. – Credit to be Made Available for Tax Bills.**

32
33 Each year, prior to the date tax bills are forwarded to real property owners, the finance
34 director shall calculate the amount of property tax reduction achieved from sales and use tax
35 revenue as a percentage of the county-imposed levy for that fiscal year. The finance director shall
36 furnish such information to those responsible for the mailing and/or posting online of property tax
37 bills and shall request of such persons that the information be included on each tax bill.

38
39 **Section 7-233. – Reports from Finance Director.**

40
41 The finance director shall provide to the finance and human resources committee a report
42 on all revenue received through the imposition of the sales and use tax since the previous
43 reporting period. This report shall be given on a monthly basis or within thirty (30) days of such
44 time as the finance director receives the information from the Wisconsin Department of Revenue.

45
46 **Section 7-234 – Effective Date.**

47
48 This Ordinance shall become effective as of the first day of April 2025, in the manner
49 provided for by law.

3
4 **Section 7-235. – Delivery to Department of Revenue.**

5
6 The County Clerk is hereby directed to deliver a certified copy of this Ordinance to the
7 Secretary of Revenue at least one hundred twenty (120) days prior to April 1, 2025.

8
9 Respectfully submitted,

10
11 1st Reading _____

**FINANCE AND HUMAN RESOURCES
COMMITTEE**

12
13 2nd Reading _____

14
15 **BOARD ACTION**

Donald J. Trottier, Chairman

16 Adopted _____

17 For _____

18 Against _____

19 Absent _____

Robert N. Miller, Vice-Chairman

20
21 VOTE REQUIRED: Majority

Jody Spencer, Secretary

22
23 Prepared by:
24 Corporation Counsel

Jason Eckman

Renee Kelly

John A. Wisch

Brett Nielsen

34
35 -and/or-

36
37 **EXECUTIVE COMMITTEE**

38
39 _____
40 Tom Kramer, Chairman

41
42 _____
43 Scott Maier, Vice-Chairman

44
45 _____
46 Bob Miller, Secretary

47
48 _____
49 Donald J. Trottier

1 Ordinance No. 2024-60-S
2 Page Five

3
4 _____
5 Melissa Kaprelian

6
7 _____
8 Jason Eckman

9
10 _____
11 Tom Rutkowski

12
13 _____
14 Jody Spencer

15
16 _____
17 Eric Hopkins

18
19
20 **The foregoing legislation adopted by the County Board of Supervisors of**
21 **Racine County, Wisconsin, is hereby:**

22
23 **Approved:** _____

24 **Vetoed:** _____

25
26 **Date:** _____,

27
28 _____
29 **Thomas E. Roanhouse, Interim County Executive**