

Milwaukee Sales Tax Referendum

Most Milwaukee businesses currently charge sales tax of 5.6%, which is comprised of a 5% Wisconsin sales tax, 0.5% county tax and 0.1% stadium tax. The highest county sales tax allowed is currently 0.5%; however, this new referendum allows the State Legislature and governor to authorize an additional 1.0% sales tax in **Milwaukee County only**.

The referendum was intended to generate dedicated funding for county parks, buses and emergency medical services where there is a backlog of unfunded maintenance, with the tradeoff being \$67 million of guaranteed property tax relief. To translate into dollars, a Milwaukee property owner with a house assessed at \$250,000 could expect a reduction of \$278 of property taxes assuming no change in assessment or tax rates between years. The property tax relief is potentially a zero sum game, assuming that same homeowner purchases around \$28,000 of goods subject to sales tax.

This referendum does not automatically increase the county sales tax and is a direct cost to consumers as opposed to sellers. We can expect to see legislative attention to the county tax early in 2009 with possible enactment later in the year. We do not recommend any major changes in business purchasing decisions, but the possible increased sales tax does yield a slight competitive disadvantage to Milwaukee County businesses if enacted. We will update you as to the progress of any sales tax legislation that may take place in 2009.

Milwaukee Referenda Affect the Health of Milwaukee Business Owners

While the 2008 presidential election had the most advertising and received the bulk of the media attention, two important referenda on the Milwaukee ballot may have a more immediate effect on area small businesses.

In addition to the sales tax increase, The City of Milwaukee overwhelmingly passed a referendum to require employers to provide paid sick leave to all employees.

We would be happy to discuss how these referenda may affect you and your business.