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**For immediate release
March 14, 2014**

Report lays out hypothetical approaches for supporting culture and entertainment in Milwaukee County

Any new public funding source should consider broader policy objectives and priorities

Deliberations on a possible new funding source to support arts, cultural, recreational, and entertainment institutions in Milwaukee County involve far more than the selection of a taxing mechanism, according to a report released today by the Public Policy Forum. The report suggests those deliberations also will need to consider loftier questions, including the role of culture and entertainment in the regional economy and the desirability of potential reforms to local government finance and structure.

“Discussions in Milwaukee have focused, thus far, on the type and amount of a potential new tax,” says Forum President Rob Henken. “Our research shows that other communities that have engaged in similar debates also have thought carefully about the types of institutions that should be publicly supported, whether public support for those institutions should be ongoing or time-limited, and whether the need to support important regional cultural assets also should be viewed as an opportunity to promote greater equity and balance in the financing of certain local government functions.”

The report – entitled *The Show Must Go On?* – analyzes dedicated funding models in five other metro areas and models four hypothetical approaches for Milwaukee County. It is the second of

two comprehensive reports by the Forum on arts, cultural, recreational, and entertainment institutions in Greater Milwaukee. The first report – released in December 2013 – assessed the finances and physical needs of the county’s cultural and entertainment assets.

The five metro areas and their different funding strategies are summarized as follows:

- **The Allegheny Regional Asset District** in Pittsburgh uses a permanent half-cent county sales and use tax to provide substantial operating support to nine high-profile cultural assets, pay debt service on new sports stadiums and a new convention facility, and provide smaller grants to dozens of additional arts and cultural organizations.
- **Cuyahoga Arts and Culture** in Cleveland uses a 10-year (but renewable) 30-cent-per-pack cigarette tax to provide operating and project support grants solely to arts and cultural organizations.
- The **Scientific Cultural and Facilities District** in Denver uses a one-tenth-of-a-cent regional sales and use tax, which must be renewed by voters periodically, to support arts and cultural assets in a seven-county region.
- **Oklahoma City Metropolitan Area Projects (MAPS)** uses a temporary one-cent sales tax to finance major capital improvement projects that are considered central to improving the city’s economy and quality of life.
- The **Zoo Museum District** in St. Louis uses a permanent property tax mill rate of 27.97 cents per \$100 of assessed value as the primary source of operating and capital support for five major publicly-owned cultural institutions.

After considering these approaches and discussing considerations regarding the equity and effectiveness of specific taxing mechanisms, the report models four distinct dedicated funding approaches and their hypothetical application in Milwaukee County.

“Our modeling exercise reveals the advantages and disadvantages of using different funding approaches and different types of taxes to address the arts, cultural, recreational, and entertainment needs identified in our December 2013 report,” says Henken. “We conclude that there is no right or wrong approach, but the strategy that is pursued should reflect the Greater Milwaukee community’s unique objectives.”

While the report does not attempt to define the correct policy objectives for Milwaukee, it suggests that there are clear pathways for action depending on how they are defined by policymakers and the community at large:

- A **supplemental funding approach** could be pursued if the objective is narrowly geared toward addressing immediate basic operating and/or capital needs of arts and cultural institutions and parks, while leaving existing funding structures largely in place and deferring on the issue of a new arena or expanded convention center. The report’s modeling indicates that a 30-cent-per-pack cigarette tax or .1% (one-tenth-of-a-cent) sales tax could generate about \$120 million over 10 years in Milwaukee County to support this objective.
- A **high-quality public assets** approach could be pursued if the objective is to maintain quality and accessibility only for major *publicly-owned* arts and cultural assets by providing them with dedicated funding that would eliminate their need to compete for resources with other government functions. The report’s modeling shows that a dedicated property tax mill rate of \$1.32 per \$1,000 of equalized value in Milwaukee County could support that objective.
- A **major capital projects** approach could be pursued if the objective is oriented toward financing major capital improvements that hold potential for boosting the region’s image, enhancing tourism, and attracting and retaining talent. The report’s modeling suggests that a .7% (seven-tenths-of-a-cent) sales tax for eight years in Milwaukee County (or a lesser amount if applied regionally) could generate a \$692 million package of such improvements in Milwaukee, including a new arena and expanded convention center.

- A **comprehensive tiered approach** could be pursued if the objective is to reform local government finance and structure by permanently replacing a portion of the county property tax levy with a dedicated county or regional sales tax for the publicly-owned parks and cultural institutions. This approach also could be constructed to support debt service on a new arena and expanded convention center, and annual grants for the broad array of other arts and cultural entities. The report’s modeling shows that such an approach would require a permanent sales tax of about .75% (three-quarters-of-a-cent) in Milwaukee County and .35% if applied to the five-county Southeast Wisconsin Professional Baseball Park District region.

“Obviously, there are several variations of these strategic directions and several possibilities for merging them, and there is also the option of simply maintaining the status quo,” concludes the report. “Framing the discussion around these key questions and approaches, however, would allow policymakers, civic leaders, and interested citizens to clarify objectives and determine a possible path forward to achieve them.”

The report was commissioned by the Spirit of Milwaukee. Copies of the executive summary and full report can be downloaded at the Forum’s web site, www.publicpolicyforum.org.

The Milwaukee-based Public Policy Forum, established in 1913 as a local government watchdog, is a nonpartisan, nonprofit organization dedicated to enhancing the effectiveness of government and the development of southeastern Wisconsin through objective research of public policy issues.

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