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Editorial

High taxes and fees?

With taxes already high, can families and businesses in Wisconsin afford higher fees and utility rate hikes?

For a long time, the mantra in Wisconsin has been, "Yes, our property taxes may be high, but our fees are low compared with other states, so the real cost of government here is not much different from those other states." But what happens when those fees start going up, as they are now in a number of municipalities faced with stiff financial challenges, at least in part because of the recession?

Take the 28.5% water rate hike request the City of Milwaukee is asking the state Public Service Commission to approve. It's true that the city hasn't raised the fee in some time. It's also true that even with the increase, water costs for families and businesses in Milwaukee will be among the lowest in the region and among cities across the country.

But that's still a stiff hike, and it comes at the wrong time as those families and businesses struggle through the recession. Furthermore, while some increase may be warranted to help the city's Water Works balance its budget, some of the increase is designed to help the city make ends meet in its budget.

The PSC has tended to frown on such use of funds by municipal utilities, believing that any money the city brings in from selling water should go to improving the water utility. But as they should, city officials are studying what alternatives the Water Works could use to help ease the city's budget woes. The city also could pursue selling more water to surrounding communities.

Ald. Michael Murphy, chairman of the council's Finance & Personnel Committee, made a great point: This budget will hurt, and tough choices on layoffs and cutting services lie ahead. City officials aren't trying to gouge consumers; they're desperately trying to grapple with severe challenges.

But increasing the water bill for families and businesses also will hurt. Milwaukee desperately needs jobs. How does increasing costs for businesses make Milwaukee an attractive place to grow those jobs? Maybe additional furloughs or negotiated payouts or other cost-savings measures should be considered before layoffs or increasing water costs by 28%.

The PSC needs to take a very close look at the city's water rate hike request to see if it's in the community's best interest.

But there are larger questions here: How does government in Wisconsin justify high taxes *and* higher fees? And is the choice between higher taxes or reduced services the only choice? Is there a better way to fund the services that government provides and to grow jobs?

That's a conversation worth having. There are efforts under way to conduct that conversation, such as Wisconsin Way and the new Wisconsin Business Council, but more need to participate.

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