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KRM DEBATE SWITCHES TO DEVELOPMENT

## KRM debate switches to development

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Tags: Charlotte, commuter rail, Denver, economic development, International Brotherhood of Electrical Workers Local 430, Kenosha-Racine-Milwaukee, Kerry Thomas, KRM, O'Toole, Portland, Racine, Rail, Taxed Enough Already Party, TEA, Tea Party, Van Koningsveld, Vos

By Sean Ryan

Competing predictions of commuter rail in southeast Wisconsin are casting the project as either a development mirage or a dream come true for struggling builders.

"That puts construction people to work, and a lot of the projects that happen with rail, it's prevailing wage work," said Jeff Van Koningsveld, president of the International Brotherhood of Electrical Workers Local 430, Racine. "And it's prevailing wage work unions can compete for."



The Chicago and Northwestern Railway train station in Racine was remodeled in 2006. The depot now operates as a waiting room for bus riders at the Racine Transit Center. It would be one of two train stations in Racine if commuter rail service was extended from Kenosha to Milwaukee. (AP Photo/Journal Times, Mark Hertzberg)

Opponents of the Kenosha-Racine-Milwaukee commuter rail project say it is an empty promise that new development will sprout up around commuter rail.

Other rail projects, particularly those in Portland, Ore., needed government subsidies to generate new development around stations, said Randal O'Toole, a senior fellow at the Cato Institute, a nonprofit research foundation in Washington, D.C. He said there would not be enough people getting off at the train stations for the proposed KRM line to spark projects.

"Do you think the few people who will be getting off in Racine will be enough to stimulate economic development?" O'Toole said. "Of course not."

O'Toole spoke at a meeting of the Racine Taxed Enough Already Party on Tuesday night in Franksville. The group is organizing against the proposed \$232.7 million KRM project. The project would rely primarily on federal money, but it would require up to \$40 million through new car rental fees and include a new sales tax to pay for buses.

But construction labor unions are lining up in support of the transit proposal to reap the benefits of jobs they say the KRM project and development around the stations would create. Van Koningsveld, who said about 30 percent of his members are out of work, predicted construction of coffee shops and restaurants around a station in Racine and new housing projects sprouting on the city's undeveloped land.

"Racine is so green," Van Koningsveld said. "We could put subdivisions in that are green that have new technologies, and there's so many things we can do."

O'Toole said those new developments would happen anyway, just not around train stations. Cities such as Portland use incentives such as tax-incremental financing to attract projects around the new stations, he said.

Portland, O'Toole said, invested roughly \$2 billion through TIF districts to spawn projects around

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streetcar and rail stations.



Randal O'Toole, a senior fellow at the Cato Institute, speaks Tuesday night in Franksville during a meeting of the Racine Taxed Enough Already Party. The group is organizing against the proposed \$232.7 million Kenosha-Racine-Milwaukee commuter rail project. (Photo by David W. Hoel)

"It's not the trains," he said. "It's the tax-incremental financing."

TIF districts let municipalities borrow money for projects and pay off the debt with the increased property taxes generated by the new development. O'Toole warned that those districts would divert money from other government services, such as police and fire protection.

Train stations attract developers, and new developments around stations in Denver and Charlotte, N.C., show the potential, said Kerry Thomas, executive director of Transit NOW, a coalition of Wisconsin business and community associations.

The KRM project will generate 71,000 jobs through development around the commuter line, according to plans from the Southeastern Wisconsin Regional Transit Authority, which is overseeing the project.

"It's not going to occur without the transit line there," Thomas said.

A regional transit authority bill under consideration in the Wisconsin Legislature would let the RTA approve new taxes to pay for buses. New sources of money for buses will improve the KRM project's chances of getting \$140 million in federal grants.

Van Koningsveld said the new taxes would put people to work, which in turn would put money into the state budget.

"The thing is, people have to understand that there's money to be had," he said, "but you have to do things to get it."



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[Fred](#) says:

Who to trust? A published author who has been studying transportation issues on a world wide level for years, or a union head stumping for work for his union?

Posted on 03/24/10 at 11:18 am

[sam](#) says:

O'Toole fails to grasp that the money captured from tax increment financing wouldn't have been generated without the development. Those districts wouldn't have gotten the money if redevelopment didn't increase property values, and therefore property taxes. And is it so bad that development is directed toward areas served by transit, where it will do the most good, instead of in sprawl? Here in Portland, we'll gladly put the accomplishments of our publicly funded transit system against Cato's kooky libertarian schemes. Don't hate us because we're beautiful.

Posted on 03/24/10 at 2:13 pm

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