



February 20, 2009

TDA Budget Update #2: Governor's Budget

The following is a brief summary of the major transportation components of the Governor's proposed biennial budget which he introduced on Tuesday. There are still some items which we are in the process of tracking down. In an effort to get information out in a timely manner, however, we are sharing what we know at this moment and will continue to provide additional information as it becomes available.

The big story as far as transportation funding goes is the federal stimulus. The bill recently signed into law by President Obama is expected to provide Wisconsin \$529 million for highways and \$81 million for transit. Yesterday, the Governor signed a bill directing expenditure of \$300 million, funding almost 50 projects across the state. The transit stimulus money is for capital and will be distributed to the various transit systems based on federal formulas.

Programs receiving increases in this proposed budget, therefore, are largely funded by the federal stimulus money. Programs not receiving stimulus funding are generally receiving a decrease over the biennium due to a 1% decrease in state funding.

State Revenue

The Governor's 2009-2011 biennial budget request also includes \$272 million in new transportation revenue from a gross proceeds tax, also known as the "oil company profits tax". The bill allows for up to a 3% assessment on a supplier's gross receipts from the sale of motor vehicle fuel in the state. The proposal prohibits oil companies from passing this assessment on to consumers. Governor Doyle originally proposed this tax in the previous biennium.

Transfers

In this budget proposal, the Governor transfers \$63 million of transportation revenue to the general fund, primarily to fund pupil transportation aids. This transfer/funding source will most likely become part of the base funding for these programs and continue in future budgets.

Across the Board Funding Cut

The Governor's budget provides for an across-the-board one percent funding reduction in all state funding. Programs not listed below will probably receive state funding in both years of the biennium equal to 2009 base less one percent.

Other Program Funding of Note

Majors - increase funding by \$34.1 million over the biennium for the Major Highway

Program to advance currently enumerated projects. This represents an approximate 5% increase over the 2009 base level.

Rehabilitation - provide an additional \$87.9 million over the biennium for the

State Highway Rehabilitation Program to meet increased costs and provide safe driving conditions on state highways. This represents an approximate 6% increase over the 2009 base level.

Southeastern Wisconsin Freeways (I94) - provide \$517 million over the biennium for construction on the I-94 corridor between Wisconsin's border with Illinois and the Mitchell Interchange in Milwaukee. The biennial appropriation is funded with SEG revenue, federal funds and \$250.3 million of 20-year transportation fund SEG-supported general obligation bonds.

Southeastern Wisconsin Freeways (Zoo Interchange) - provide \$20 million to continue preliminary engineering for the reconstruction of the Zoo Interchange.

Southeastern Wisconsin Freeways (other) - provide \$97 million over the biennium to address rehabilitation needs to the southeast Wisconsin freeways, other than the Interstate 94 North-South corridor or Zoo Interchange.

Transit and Elderly/Disabled Aids - increase funding for the Transit Aid and the County Elderly and Disabled Transportation Assistance programs by 2 percent in calendar year 2010 and 3 percent in calendar year 2011 to maintain local transportation systems.

Southeast Wisconsin Transit Capital Assistance Program - create new program and authorize \$100 million in general obligation (GO) bonding to fund the program. The program would provide a share of funding for transit capital and also provide an incentive to local governments in Southeast Wisconsin to come to consensus on regional governance and local revenue options for support of transit operations.

Intercity Bus Assistance - create a program funded at approximately \$2.5 million over the biennium to provide transportation options through support of intercity bus services.

Amtrak - fund Wisconsin's portion of Amtrak service from Milwaukee to Chicago and provide \$2,369,100 over the biennium to add a rail car to increase capacity and add additional trips.

Passenger Rail - provide an additional \$40 million of GPR-supported general obligation bonding authority to increase to \$120 million the total funding available to compete for federal funds to develop a passenger rail system across southern and eastern Wisconsin.

Harbor Assistance Program - provide \$19.1 million of bonding authority over the biennium for harbor projects.

Freight Rail Preservation Program - provide \$60 million in bonding authority, which is \$38 million more than the previous biennium.

Policy Changes

Regional Transit Authorities - authorize the creation of, three regional transit authorities: a southeast regional transit authority, a Dane County regional transit authority, and a Fox Cities regional transit authority. The RTA's board of

directors may impose, by the adoption of a resolution, a sales and use tax in the RTA's jurisdictional area at a rate of not more than 0.5 percent of the gross receipts or sales price; and issue tax-exempt revenue bonds.

Primary Seat Belt Enforcement -authorize a law enforcement officer to stop or inspect a vehicle solely to determine compliance with seat belt use requirements, subject to any constitutional requirement that the officer have probable cause to believe that a violation has occurred. The bill also increases from \$10 to \$25 the penalty for violating this state's laws requiring the use of seat belts.

Registration Plates - provide for only one registration plate (two currently) for most motor vehicles, which is generally required to be displayed on the rear of the motor vehicle. This bill also eliminates the ten-year redesign and reissuance schedule and instead requires these registration plates to be redesigned and reissued at intervals determined by the Wisconsin Department of Transportation.

Registration Decals - eliminate the requirements that vehicle registration plates display an indication of the vehicle's registration period or expiration date and that registration plates for certain vehicles indicate the weight class into which the vehicle falls. The bill also eliminates DOT's issuance of decals to indicate a vehicle's period of registration.

The Governor's proposal now goes to the Joint Committee on Finance.

This summary was compiled using the budget summary issued by the Governor and the actual bill text. Additional information and clarification will be provided when the Legislative Fiscal Bureau analyzes the proposed legislation.