

**Budget Update Gov
11-13**

March 2, 2011

Governor's 2011-13 Budget Proposal

The following is a brief summary of the major transportation components of the Governor's proposed biennial budget which he introduced yesterday. This summary was compiled using the budget summary issued by the Department of Administration and the actual bill text. Additional information and clarification will be provided when the Legislative Fiscal Bureau analyzes the proposed legislation.

State Revenue

The governor's 2011-2013 budget request recommends depositing \$95.1 million in existing automobile-related user fees in the transportation fund. These fees include:

- A percentage of sales and use tax revenue generated from automobile-related sales beginning with 7.5 percent in FY 2013 (\$35.2 million), increasing to 10 percent in FY2014, and by 5 percent annual increments thereafter until 50 percent of the automobile-related sales tax is deposited in the transportation fund.
- The proceeds from the environmental impact fee, combining the fee with the existing titling fee (\$10.5 million annually).
- Transfer of \$19.5 million annually from the petroleum inspection fund to the transportation fund.

Transfers

The governor's transportation budget doesn't include any transfer of highway trust fund user fees to the general fund.

Program Funding Changes

Southeast Wisconsin Freeway Rehabilitation – replace the Southeast Wisconsin Freeway Rehabilitation appropriation with a new program to fund Southeast Wisconsin freeway megaprojects and provide \$420 million – \$225 million for the Zoo Interchange and \$195 million for the I-94 North-South Corridor project. A megaproject is to be defined as any Southeast Wisconsin freeway project with a total cost of more than \$500 million with the threshold indexed to construction inflation.

Major Highway Projects – provide approximately \$372 million in each year of the biennium with transportation revenue bonding to make up a little more than 42 percent of the total. The governor also proposes to increase the project threshold cost for the program from \$5 million to \$30 million, treat any project with a cost over \$75 million as a major highway project subject to the Transportation Projects Commission and index the threshold amounts to construction inflation.

The governor further proposes the enumeration of the following four projects as recommended by the Transportation Projects Commission: Interstate 39/90 in Dane and Rock counties, State

Highway 38 in Racine and Milwaukee counties, US Highway 10/State Highway 441 in Winnebago and Calumet counties, and State Highway 15 in Outagamie County.

State Highway Rehabilitation – provide approximately \$812 million each year of the biennium. This represents a \$110 million increase over base funding.

Transit – reduce transit operating aids by 10 percent in 2012, with no increase in 2013. The governor also recommends changing the source of transit funding from the transportation fund to the general fund and the elimination of \$100 million dollars of general obligation bonding authority for transit assistance in Southeast Wisconsin.

The governor also recommends requiring a binding referendum in any regional transit authority district before any tax or fee is imposed.

General Transportation Aids (GTA) – reduce GTA by 10 percent in calendar year 2012. No increase in calendar year 2013.

Highway Maintenance – provide a 2 percent increase in each year.

Harbor Assistance Program – provide \$12.7 million of bonding authority over the biennium for harbor projects.

Freight Rail Preservation Program – increase bonding authority by \$60 million.



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