



# *The* Hamilton Consulting Group

Legislative, Regulatory & Information Services

## **2005-07 Biennial Budget Bill – Summary**

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## **Transportation**

On Tuesday, Feb. 8, Governor Jim Doyle unveiled his \$52.6 billion 2005-07 biennial budget. Contained in those recommendations is a plan to spend more than \$4.6 billion on transportation in Wisconsin through the Department of Transportation.

The transportation fund is a segregated account that has a direct revenue stream largely comprised of user fees (gas taxes, registration fees, etc.) as well as proceeds from bonding and federal funds. Traditionally, transportation funds are dedicated for transportation program purposes; however, in the 2003-05 biennial budget, transportation funds were used to help fill the general fund budget deficit with a \$675 million transfer. That transfer to the general fund set the precedent for future transfers out of the segregated transportation fund, which occur with the current budget recommendations.

Governor Doyle's transportation budget calls for increases in certain user fees, contains substantial bonding and slightly increases spending, while keeping most programs at current funding levels or providing modest or inflationary increases. There are, however, several transfers to the general fund that have been criticized by transportation stakeholders throughout the state.

Specifically, the budget contains \$172 million in ongoing and new transfers for pupil transportation; a \$250 million loan to the general fund in 2006, which is replaced with general obligation bonds with future debt service paid with GPR., and an \$18 million transfer to the general fund in 2007 as well as \$28 million in new transfers for programs in other state agencies.

Specifics of the transportation budget are as follows:

- Transfers out of SEG fund: Total = \$508 million
  - \$120 million – ongoing transfer for pupil transportation
  - \$52 million – additional transfer for pupil transportation
  - \$250 million – new transfer to general fund in 06\*
  - \$18 million – new transfer to general fund in 07
  - \$68 million – transfers to other agencies over biennium (\$40 million is ongoing, \$28 million is new)
- \* The \$250 million transfer is replaced with General Obligation bonds, with future debt service paid with General Purpose Revenues.
  
- Bonding: \$781 million in total bonding for transportation, or approximately 13% of the budget. Most of the bonding will be utilized for the Major Highway Program, the Marquette Interchange, the Harbor Assistance Program and the Freight Rail Preservation Program.
  
- Fee Increases:
  - Vehicle Registration Fee - \$10 increase to \$65
  - Truck Registration Fees – from \$48.50, \$61.50 and \$77.50 to \$65, \$71 and \$87 respectively
  - Duplicate title fees - \$8 to \$20
  - Title transfer fees - \$35 to \$45 (Supplemental title transfer fee of \$7.50 goes to environmental fund instead of transportation fund for nonpoint source water pollution abatement)
  - Repeals sunset of \$9 environmental impact fee to environmental fund (currently part of the vehicle registration fee)
  - Car rental tax – increases from 3% to 5%. Proceeds go to the Dept. of Tourism
  
- Highway Programs:
  - Major Highway Program – provides a 2% inflationary increase over the biennium (\$64 million).
  - Rehab – provides a 2% inflationary increase (\$32.9 million) and an additional \$65 million over the biennium to maintain highway pavement quality.
  - Maintenance – provides a 2% inflationary increase over the biennium (\$8.7 million) and an additional \$9 million to cover additional costs related to growth in lane miles.
  - Marquette/SE freeway system – for the Marquette Interchange, \$345.4 million is provided in FY06, of which \$213.1 million is new transportation-supported GO bonding authority to complete the project on schedule. The Governor also recommends the following for the SE Wisconsin freeway system: address non-Marquette Interchange highway rehab needs (\$19.3 million in FY06 and \$49.3 million in FY07); and begin preliminary engineering for the next phase of system reconstruction (\$9.5 million in FY06 and \$19.6 million in FY07).

- **Highway Operations:**  
The Governor's budget recommends providing additional spending and hiring authority for additional highway engineers (\$722,000 and 10 positions) and highway planning and research (\$1.9 million annually).
- **TEA Program:**  
Provides an additional \$2.4 million in funding for the Transportation Economic Assistance grant program. The TEA Program provides 50% state grants to governing bodies, private businesses, and consortiums for road, rail, harbor and airport projects that have a direct impact on job creation or retention.
- **Harbor Assistance:**  
Provides \$12.1 million over the biennium of which \$8.1 million is for specific projects in Northeastern Wisconsin. Governor also recommends funding for Wisconsin's share of the Soo Locks (\$117,000 annually for 50 years).
- **Rail Assistance:**  
Increases bonding authority for the Freight Rail Preservation Program to \$6.5 million over the biennium; expands the potential uses for existing bonding authority for passenger rail capital improvements.
- **Airport Improvement Program:**  
Provides a 2% increase in each year for the program. The Airport Improvement Program combines federal, state and local resources to help fund improvements to Wisconsin's public-use airports primarily owned by counties, cities, towns and villages. Improvements may include runway construction and reconstruction, land acquisition, navigational aids and lighting.
- **Local Aids:**  
Provides an additional 2% in funding for General Transportation Aids and the Local Road Improvement Program; fully funds lift bridge aids (\$487,000). The proposal also includes a 2% increase for transit aids and a 36% increase for elderly and disabled transportation aids (\$6 million over biennium).
- **State Patrol:**  
Provides \$1.5 million and 20 additional state trooper positions in FY07 and \$1.3 million over the biennium for fleet costs.
- **Homeland Security:**  
Provides additional funding to enhance the commercial driver employer notification system to increase homeland security.
- **License Plates:**  
Deletes the requirement to reissue license plates to Wisconsin drivers every seven years.
- **Title Applications:**  
Requires motor vehicle dealers to electronically submit all title applications.