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Legislative, Regulatory & Information Services

## Department of Transportation Budget Requests

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The Wisconsin Department of Transportation recently submitted its biennial budget request to the Department of Administration. Due to several proposed fee increases, which are outlined below, public officials have been speaking out against the budget request. Gov. Scott McCallum has formally rejected the agency's request by sending it back to DOT and directing the agency to resubmit their request. Governor-elect Jim Doyle has also indicated that it's "not very likely" that he would support certain fee increases.

The DOT has proposed increasing several fees including fees for vehicle registrations, Commercial Drivers License (CDL) instruction permits, CDL skills tests, CDL license and renewals, CDL upgrades, duplicate drivers license and ID cards, occupation licenses, driver license reinstatements, replacement titles, title transfers and fast service fees. The total revenues generated by fee increases are estimated at \$142,061,400 SEG in FY04 and \$285,941,100 SEG in FY05 for a biennial total of just over \$428 million.

Wisconsin is unique in that funding for our state transportation system relies almost solely on revenues generated by gas taxes and registration fees. The revenues generated from those two sources alone, which are deposited into a segregated account, make up approximately 90 percent of funding. That funding is used to support *all modes* of transportation in Wisconsin. The state also receives some federal funding, which comes mostly from the federal motor vehicle fuel tax.

Wisconsin's transportation fund currently faces serious challenges due to the rebuilding of the Marquette Interchange in downtown Milwaukee, reconstruction of the Southeast Wisconsin freeway system, and growing needs across all modes of transportation. The rebuilding of the Marquette Interchange alone is expected to cost close to \$1 billion and reconstruction of the Southeast Wisconsin freeway system could cost as much as \$6 billion. Based on current demands and current revenues, the transportation fund is facing as much as a \$500 million annual deficit.

Selected budget item requests are summarized below:

**Registration fee increase:** Increase the vehicle registration fee from \$45 to \$90 annually. The Department also proposes to consolidate the classification of light vehicles, which would include automobiles, motor trucks, dual purpose motor homes and dual purpose farm trucks weighing less than 8,000 lbs. This increase is expected to generate \$207,008,200 annually due to the greater number of vehicles in the "light vehicle" category. The effective date for the registration fee increase is Jan. 1, 2004.

The biennial registration fee for motorcycles and mopeds would be raised by \$17.

The Department also is looking to generate \$27,244,300 in additional revenue by increasing the registration fees based on gross weight by 20 percent.

**Primary Enforcement of Seat Belts:** Change Wisconsin's mandatory seat belt law from secondary enforcement to primary enforcement. The Department also proposes increasing the fine from \$10 to \$25. If Wisconsin enacts this provision, the state may be eligible for incentive grant funding from the federal government.

**CDL fee changes:** Increasing the fee for a CDL instruction permit from \$20 to \$50, increasing the fee for the CDL skills test from \$20 to \$50, increasing the CDL license renewal fee from \$64 to \$80, and increasing fees for upgrading to a different CDL class to \$10. These increases to CDL fee changes would generate \$1,197,000.

**Re-certification fee:** Increasing from \$3 to \$15 the fee for a certification or re-certification of an individual's insurance coverage. This fee, which is paid by insurers, would generate \$357,600. The effective date would be Jan. 1, 2004.

**Oversize/overweight vehicle permitting system:** Extending the sunset date for the 10 percent surcharge for oversize/overweight vehicles from June 30, 2003 to June 30, 2005. [1999 Wisconsin Act 9 authorized DOT to develop an automated oversize/overweight permit routing system as the means to reduce permit issuance turn-around-time for the motor carrier industry and to decrease DOT workload issues.] The extended sunset would generate an additional \$403,700.

**.08 BAC Level:** Lowering the prohibited blood alcohol level from .10 to .08 for the first offense, to comply with a federal mandate. Any state that does not meet the .08 criteria will have 2 percent of their federal highway transportation aids withheld in FFY04 – estimated at \$9,100,000 for Wisconsin. Continued non-compliance will result in losses of 4 percent, 6 percent and up to a maximum of 8 percent in subsequent federal fiscal years.

**Marquette Interchange:** \$216,074,300 in FY04 and \$476,074,300 in FY05 for work on the Marquette Interchange. The requested amounts include segregated funds, federal funds and bonding. The rebuilding of the Marquette Interchange, which is the junction of I-94, I-794 and the Zoo Interchange, will be the first in a series of projects to improve the Southeast Wisconsin freeway system.

**Major Highway Program:** A 2.5 percent inflationary increase in each year of the next biennium for the Major Highway Program (\$6,015,100 in FY04 and \$12,180,600 in FY05). The Program provides for the development or reconstruction of a highway within an existing transportation corridor. A major highway project is statutorily defined as a project that involves reconstructing or reconditioning a new highway when total project costs exceed \$5 million and when other criteria are met. A 14 member Transportation Projects Commission recommends major highway projects to the Legislature. The Commission can only recommend projects for enumeration if construction can begin within 6 years.

**State Highway Rehabilitation:** A 2.5 percent inflationary increase in each year of the biennium (\$14,803,800 SEG in FY04, \$29,977,700 SEG in FY05). The State Highway Rehabilitation Program upgrades deteriorated pavement and roadway base, and modernizes State Trunk Highways, which carry 60 percent of all traffic, to meet current and projected needs.

**State Highway Maintenance:** Increases of 14.9 percent in 04 and 2.5 percent in 05 for this program (\$19,502,400 SEG in FY04 and \$20,497,600 SEG in FY05). Services included in the State Highway Maintenance program include: snowplowing, salting and deicing, bridge inspection, rest area maintenance, highway signs, pavement markings, traffic signals and electrical bills for freeway lighting. The State Trunk Highway system is maintained primarily under county contracts.

**General Transportation Aids:** A 2.5 percent inflationary increase in each year of the biennium (\$11,846,300 SEG in FY04 and \$21,296,300 SEG in FY05) for both CY04 and CY05 aids amounts. General Transportation Aids reimburse a portion of local governments' costs for activities such as road and street construction and maintenance, pavement markings, snow removal, shoulder grading and repair of curbs and gutters.

**Local Roads Improvement Program:** A 2.5 percent inflationary increase in each year of the biennium (\$598,600 SEG in FY04 and \$1,212,200 SEG in FY05). The Local Roads Improvement Program addresses long-lasting infrastructure improvements to local roads and streets.

**Mass Transit:** Increases of \$8,590,900 SEG in FY04 and \$13,078,700 SEG in FY05. Wisconsin's public transit system is almost wholly funded by state transit aids. Local units of government may apply for aid for a service area containing a city or village with a population of at least 2,500.

**Freight Rail Infrastructure Loans:** A reduction of \$500,000 SEG and an increase of \$500,000 SEG-L (local) in FY05. This program offers low or no interest loans for railroads, shippers and local governments for capital improvement projects, including track rehabilitation, track consolidation, intermodal facilities and industrial spurs.

**Freight Rail Preservation Program:** \$9 million in bonding authority to provide for public acquisition and rehabilitation of rail lines and abandoned rail corridors that have the potential for future transportation or recreational uses.

**Inspection Maintenance Program:** \$2,566,900 SEG-F in FY04 in Congestion Mitigation Air Quality (CMAQ) funding and \$6,321,700 SEG in FY05 to fully fund and support the vehicle emissions inspection maintenance program.

**Office of the Commissioner of Railroads:** Elimination of the Office of the Commissioner of Railroads (OCR), and also the transfer of functions and responsibilities to DOT and the Dept. of Administration. Additionally, the Department has requested the transfer of \$608,800 PR for both FY04 and FY05 to DOT. The OCR promotes public safety and convenience in matters involving railroads, especially and highway/rail crossings, investigates petitions, conducts hearings and issues orders regarding the highway/rail crossings throughout the state, oversees the signal maintenance program, and issues orders for the construction, alteration or closing of a rail crossing.