Presentation Overview

- Current fund condition and the consequences of inaction
- Outcome-based investments that support safety, mobility and system preservation
- A revenue proposal that is adequate, sustainable and equitable
## Transportation Fund
Projected FY16-17 Deficit

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance plus current law revenues</td>
<td>$3,222 million</td>
</tr>
<tr>
<td>Cost to continue</td>
<td>$3,540 million</td>
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<tr>
<td>Base deficit</td>
<td>$318 million</td>
</tr>
<tr>
<td>Additional project needs above FY15 base</td>
<td></td>
</tr>
<tr>
<td>Southeast Freeways (Zoo / I94 N-S / I94 E-W)</td>
<td>$619 million</td>
</tr>
<tr>
<td>Hoan Bridge</td>
<td>$17 million</td>
</tr>
<tr>
<td>Stillwater Bridge</td>
<td>$20 million</td>
</tr>
<tr>
<td>“Realistic” deficit</td>
<td>$974 million</td>
</tr>
</tbody>
</table>
Budget Based on Current Revenues

- Realistically, the Zoo, I-94 N-S, Hoan and Stillwater are so far along that they need to stay on their current schedules.

- What if entire reduction were taken from the state highway program?
  - No additional GO bonding = 42% reduction from base
  - $300 million in GO bonding added = 29% reduction from base
  - Significant project delays statewide, including I-39/90

- No funding available for emerging needs in maintenance and traffic operations, or for local road funding increases.
Transitions Southeast Freeways from a “project-based” budget to a “program-based” budget with base funding of $350m per year

- Keeps Zoo and I-94 N-S on schedule

- Starts design engineering on I-94 E-W and funds the start of environmental study on the 894 bypass
State Highway Program
Major Highways

- Keeps 12 enumerated projects on current schedule

- Simply maintaining current funding levels will delay completion of these projects as well as a number of key study projects by 6 years in total, including:
  - I 39/90
  - US 10/WIS 441
  - Verona Road – Phase 2

- Maintaining the current construction and study schedule allows identification and enumeration of future projects
State Highway Rehabilitation

Increase of $50m in FY16 and $179m in FY17 ($452.7m over what current revenues could support)

<table>
<thead>
<tr>
<th>Projects to preserve condition and improve safety on state highways and bridges (next 10 years)</th>
<th>With requested revenues</th>
<th>No increase in revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>8,477 miles</td>
<td>6,285 miles</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Percent of backbone highways in poor condition (2025)</th>
<th>With requested revenues</th>
<th>No increase in revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>5%</td>
<td>14%</td>
<td></td>
</tr>
</tbody>
</table>
2,148 miles remain on original program

1,065 miles advanced for earlier construction

1,245 miles added to program

6-Year State Highway Program
State Highway Program
Maintenance and Operations

- Maintenance - $25.0m in FY16 and $32.7m in FY17:
  - Road salt (price has increased 97.3% over 10 years)
  - Salt storage facilities
  - Inspection/maintenance program for ancillary structures
  - Repairs to rest areas and waysides

- Traffic Operations – $31.2m in FY16 and $25.9m in FY17:
  - Pavement marking (safety)
  - Traffic control device maintenance
  - Replacement, rehabilitation and installation of ITS and signal devices
Local Assistance

- Maintains General Transportation Aids
- Combines STP and LRIP into new Local Transportation Facility Improvement Program
  - Increases funding by $30.1m
  - Removes FED funding to reduce complexity and increase local flexibility/control
  - Less complex projects can be locally let
- Increases local bridge funding by $9.9m (11.9%)
- New funding levels will be implemented in FY17

- Total local funding increase = $40 m/year
Transit Assistance

- Funded by GPR appropriations
- Fully funds CY15 aid established in last budget
- Funds all tier adjustments to maintain share of costs
- 2% across the board increase for each tier
- New $15m annual capital program (80/20 match)
- $16.1m/yr targeted program to increase transit service
- New funding will be fully implemented in FY17

- Additional transit investment = $60.7m/biennium
CNG Fueling Infrastructure Program

- Transit systems could realize significant ongoing fuel savings by switching their fleets from diesel to CNG
- CNG bus will return $50k-$80k in net cost savings over 12-year vehicle life
- Fueling infrastructure is a barrier to making the shift
- Cost of typical station ranges from $2m to $3.5m
- One-time $30m bonding to create an 80/20 grant program to install CNG transit fueling stations
- Other municipal fleet vehicles could also be converted for additional savings
Freight Rail Assistance

- $10 per carload user fee for railroads operating on state-owned rail lines - $963,000

- Separate SEG funded appropriation for Freight Rail

- Provides $99.7m over the biennium:
  - Includes $60m GO bonds for Freight Rail
  - $8m increase over current biennium
Harbors and Aeronautics

- Harbors
  - Provides $17.2m over the biennium
  - Includes $15.9m in GO bonds

- Aeronautics
  - Provides $254.1m over the biennium
  - Reflects anticipated federal revenue
Revenues
## Proposed Tax and Fee Changes

<table>
<thead>
<tr>
<th>Fee or Tax Change</th>
<th>FY16/FY17 Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highway Use Fee</td>
<td>$378.9 million</td>
</tr>
<tr>
<td>Motor Fuel Tax Changes</td>
<td>$358.4 million</td>
</tr>
<tr>
<td>OS/OW Permit Fees</td>
<td>$8.8 million</td>
</tr>
<tr>
<td>Hybrid/Electric Vehicle Fee</td>
<td>$5.7 million</td>
</tr>
<tr>
<td>Other Fee Changes</td>
<td>$3.0 million</td>
</tr>
<tr>
<td>Diesel Light Vehicle Credit</td>
<td>($3.4 million)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$751.4 million</strong></td>
</tr>
</tbody>
</table>
Highway Use Fee

- 2.50% of MSRP on all new autos and light trucks sold or first titled in Wisconsin
- Fee on $32,000 purchase = $800
- Amortized over 6 years at 3%, monthly cost is about $12.15
- New vehicle purchases are typically financed, and this cost could also be financed
Motor Fuel Tax Changes

- Convert from fixed $0.309 excise tax to annually adjusted excise tax based on the average wholesale cost of fuel
  - Gasoline: $0.135 + 8.0% of average wholesale price
  - Diesel: $0.163 + 8.0% of average wholesale price

- Wholesale price floor is set such that tax can’t go below $0.359 for gasoline and $0.409 for diesel
  - Effectively a 5 cent and 10 cent per gallon increase, respectively

- 5 percent maximum annual adjustment
Hybrid/Electric Vehicle Fee

- $50 annual add-on to registration fee for autos/light trucks

- Fee approximates the difference in fuel taxes paid by a hybrid sedan vs. gasoline sedan of the same type driven 12,000 miles per year

- Ensures these vehicle owners continue to pay their fair share of the operating costs of our infrastructure

- Like all vehicles they require services such as traffic operations, snow plowing, and State Patrol enforcement and roadside assistance
Diesel Light Vehicle Credit

- A credit on the registration fee of diesel powered autos and light trucks

- Intended to offset the higher diesel fuel tax, so that the higher tax applies to commercial vehicles only

- Credit of $25 per year approximates the additional taxes paid by a diesel vehicle that drives the average of 12,000 miles per year
Impact on Typical User

- After implementing these tax and fee increases, Wisconsin drivers still get a good deal.

- Motor fuel tax increases will cost owner of a late model sedan about $28 per year.

- Annual Cost of Operation - fuel tax increase and HUF spread over time would place Wisconsin in the middle compared to neighboring states.
Impact on Other Funds

- **General Fund**
  - Transit Operating and Capital Programs - $275.8m
  - Transfer 1% of GPR taxes (up from .25%) - $297.8m
  - Reflects value of transportation investment to those who do not pay direct user fees

- **Petroleum Inspection Fund**
  - Transfers any positive balances to the Transportation Fund - $42m
Use of Debt

- Bonding is a valuable finance tool for large infrastructure projects with a long service life

- New state revenues = less long term debt

- Request includes just over $805.2m in borrowing compared to $991.4m in the current biennium

- Broadening the use of TRBs - provides Southeast Freeway Megaprojects with a reliable program base
“Broadening the Base”
Source of State Tax/Fee Revenues

2013-15 Biennium Revenue

- Fuel Tax: 48%
- Reg Fee: 31%
- Other: 8%
- GPR: 13%

Proposed FY 17 Revenue

- Fuel Tax: 45%
- Reg Fee: 25%
- Other: 6%
- GPR: 16%
- HUF: 8%

GPR includes:
- Ongoing and one-time transfers from the General Fund
- General Obligation bond debt service paid by the General Fund
- Transit funding
Summary

- **Adequate**
  - Follows most of the TFPC recommendations
  - Keeps major projects on schedule
  - Emphasis on preservation, maintenance & local projects

- **Sustainable**
  - Greater use of fees that may have natural growth

- **Equitable**
  - Broadens the base while keeping user-fee emphasis
  - HUF structured on ability to pay
  - Diesel differential recognizes truck impacts
  - Typical auto will see less than $30 increase in fees