

Transportation and Public Works

WCHA Commissioner Training

Governor's Budget Proposal

March 29th 2023

Budget Highlights

- **Highlights of the Governor's Executive Budget Proposal include:**
 - Proposing an operating budget of \$52.1 billion in FY 24 and \$51.7 billion in FY 25
 - Provide \$2.6 billion in funding for public schools.
 - Reforming local government funding by devoting 1 penny of the state's 5 penny sales tax to local governments. In addition, allow an additional 0.5% sales tax for counties and large municipalities, via referendum.
 - Provide approximately \$1.2 billion over the biennium for tax relief to low- and moderate-income Wisconsinites.

Budget Highlights

- Invest \$750 million in the Broadband Expansion Grant Program
- Provide \$190 million in transportation funding by devoting sales tax generated from the sale of electric vehicles and a portion of the sales tax on auto parts, tire, and repair services to the transportation fund.
- Provide \$290 million to the professional baseball park district to extend the lease of the Milwaukee Brewers until at least 2043.
- Provide \$200 million for the replacement of lead service lines through the Safe Drinking Water Loan Program
- Legalize the sale of medical marijuana.
- Provide \$100 million over the biennium for a grant program for the testing of PFAS.
- Accept federal Medicaid Expansion

Transportation Issues

Electric Vehicles Sales Tax Fund Transfer: The Governor recommends transferring annually from the general fund to the transportation fund an amount estimated by the Department of Administration that approximates the amount of sales tax generated from the sale of electric vehicles. The Governor further recommends that starting in FY26, the amount transferred is limited to 120 percent of the prior year's transfer or \$75 million, whichever is less. The Department of Administration estimates that \$39,300,000 in FY24 and \$55,100,000 in FY25 of sales tax will be generated by the sale of electric vehicles.

- RECOMMENDATION: Support

Automotive Parts and Repair Transfer: The Governor recommends transferring annually from the general fund to the transportation fund an amount calculated by the Department of Administration that approximates the marginal change between FY21 and the fiscal year of the transfer sales tax generated from the sale of automotive parts, accessories, tires, and automotive repair and maintenance services. This action will diversify transportation fund revenue sources and reduce reliance on the gas tax. The Department of Administration estimates that \$43,625,700 in FY24 and \$52,895,500 in FY25 will be generated from the marginal difference in sales tax revenue compared to FY21 sales of automotive parts, accessories, tires, and automotive repair and maintenance services.

- RECOMMENDATION: Support

Local Program Supplement: The Governor recommends providing funding for and establishing an ongoing local road improvement program supplement to help accelerate high priority local bridge and road projects throughout the state. While the two preceding enacted budgets included one-time funding for local road project supplements, (\$50 million in both FY 24 and FY 25) this provision establishes this supplement as an ongoing program in recognition of ongoing local transportation needs.

- RECOMMENDATION: Support

Transportation Issues

Routine Maintenance Agreements: The Governor recommends increasing routine maintenance funding. The Governor's budget increases funding for additional \$6,497,200 is provided in FY22 and 15,794,400 in FY23.

- RECOMMENDATION: Support

General Transit Aids: The Governor recommends increasing general transportation aids to \$132,225,800 for counties and \$414,956,700 for municipalities in calendar year 2024 and then providing a further increase to \$137,514,800 for counties and \$431,555,000 for municipalities in calendar year 2025. The Governor also recommends increasing the mileage aid payment to \$2,843 in calendar year 2024 and to \$2,957 in calendar year 2025. This will provide 4 percent increases in both 2024 and 2025 to assist local governments in maintaining Wisconsin's roads.

- RECOMMENDATION: Support

Local Bridge Improvement Assistance: The Governor's budget maintains current funding for the Local Bridge Improvement Program, resulting in \$22.9 million in both years of the biennium.

- RECOMMENDATION: Monitor

Transportation Issues

1. **Mass Transit Operating Aids:** The Governor recommends increasing general transit aids by 4 percent in calendar year 2024 and calendar year 2025.
 - RECOMMENDATION: Support
1. **Local Road Improvement Program (LRIP):** The Governor recommends providing a 4 percent increase in FY24 and a further 4 percent increase in FY25 for the Local Road Improvement Program.
 - RECOMMENDATION: Support
1. **Local Road Improvement Program-Supplemental (LRIP-S):** The Governor's budget establishes a permanent annual funding level of \$100 million in both years of the biennium.
 - RECOMMENDATION: Amend

COUNTY GENERAL TRANSPORTATION AIDS (GTA)

- General Transportation Aids (GTA) are distributed to all counties and municipalities to assist in the maintenance, improvement, and construction of the county trunk highway system.
- Payments are divided among all local governments based on either a percentage of eligible highway-related expenditures or a per-mile payment, whichever is greater.
- GTA is often used to offset the cost of constructing roads, filling potholes, plowing snow, grading shoulders, marking pavement, and repairing curbs and other transportation services.

GTA: Current Status

- Counties received an increase in annual GTA payments statewide from \$122.2 million in 2019-2' budget cycle to \$127.1 in the 2021-23 biennial budget cycle.
- Counties will receive the full \$127.1 million in annual GTA distribution payments in 2023.
- Governor Evers proposed an eight percent increase for the program which would bring the annual funding level to \$137,514,800 by FY 25'

GTA: Requested Action

- WCA request additional funding be allocated to the county GTA appropriation to reflect the backlog of maintenance on the county trunk highway system. WCA has a current request before the Committee on Joint Finance for a 10% GTA Increase.

Local Road Improvement Program- Supplemental (LRIP-S)

- In the 2019-21 biennial budget, the Joint Committee on Finance (JCF) established the Local Supplemental Transportation Program with a surplus in dollars available to the committee in the state budget.
- The initial idea behind this concept was for this program to be a one-time infusion of state surplus revenue dollars to be used to support local “shovel ready projects” as requested by counties, municipalities, and towns.
- Following the establishment of the Local Supplemental Transportation Program, the popularity of this program exploded, and Governor Tony Evers appropriated \$100 million dollars for this program in his 2021-23 biennial budget proposal.
- After two successful budget cycles, LRIP-S continues to be very popular. The program has supported local projects all around the state and can be seen as a prime example of the positive relationship that still exists between the state and local governments.

LRIP-S Current Status

- The 2021-21 biennial budget included \$100 million dollars in the Local Road Improvement Program Discretionary Supplemental.
- The Governor's budget proposal makes LRIP-S an ongoing rather than a one-time program.

LRIP-S: Requested Action

- With a 7-billion-dollar surplus at the state's disposal, the Wisconsin Counties Association requests that \$200 million be appropriated for the Local Road Improvement Program Discretionary Supplemental Program on an annual basis.