



JESSE KREMER

STATE REPRESENTATIVE • 59TH ASSEMBLY DISTRICT

December 8, 2015

*Transportation Committee Public Hearing
Assembly Bill 562*

Good afternoon Mr. Chairman, committee members. AB562 is a proactive bill that, if enacted, will prevent the new urban mass transit project, Milwaukee's streetcar, from adding undue stress on our already strained transportation budget.

My concern with this project originates, in part, from dubious statements by project supporters and leaders in the community, including Milwaukee Common Council President Michael Murphy. In January, Mr. Murphy admitted that the streetcar is a risk, adding that "there is a risk in everything in life." While I was philosophically opposed to the funding of a new Bucks arena earlier this year, I was at least able to justify the financial benefits to my constituents. I have grave concerns that the risks of the Milwaukee Streetcar's future operating costs far outweigh any benefits. While the official Milwaukee streetcar website does not state an expectation for state funding, we are all aware that government programs, agencies and projects seldom function as intended and are often fraught with cost overruns.

On October 26, Mayor Tom Barrett stated that the "...streetcar will bring thousands of residents and visitors to major attractions and new developments on Milwaukee's lakefront." I certainly hope that this will be the case and wish the city the best of luck on this endeavor. However, because I do not expect the streetcar to be a self-sustaining experiment funded only by fares, advertising, federal grants and city parking revenues, I want to ensure that the rest of the state is not on the hook if unexpected operational costs materialize. It is important to note that this bill *will not* prevent the City of Milwaukee from continuing this project.

This legislation, if passed, will be a well-deserved safety net for our state taxpayers.

We should remind ourselves that state taxpayers have already contributed generously to the streetcar project with over \$69 million in federal taxpayer handouts to make this project a reality. Wisconsin has a transportation funding problem that must be addressed through efficiency measures, Department cuts and real reforms, including swapping federal and state funds on road projects. Wisconsin legislators must ensure that we do not place any further strains on our state transportation fund by adding one more mass transit entity to the balance sheet. This will certainly be the case if revenues do not meet expectations, rendering the Milwaukee streetcar fiscally unsustainable.



JESSE KREMER

STATE REPRESENTATIVE • 59TH ASSEMBLY DISTRICT

In short, this bill will:

1. Expand section 85.066 (3) in statute. This statute was added in the budget to ensure that Milwaukee County could not be responsible for operating costs of the streetcar unless reimbursed by the City. This bill takes this budget provision one step further to ensure the entire state is protected from bearing streetcar costs.
2. Ensure that money provided for urban, mass transit operating assistance program aids (\$106 million in 2014) may not be used for the operation of a rail fixed guideway transportation system in a first class city. It should be noted that Milwaukee anticipates the system to cost \$2.65 million per year to operate the 2.5 mile system.
3. The portion of statute (85.062) that provides state expenditures for any project resulting from the Milwaukee Downtown Transit Connector Study will be deleted. There has never been funding available for any potential projects resulting from this study.

Thank you for your time this afternoon.