



WISCONSIN LEGISLATURE

P.O. Box 7882 • Madison, WI 53707-7882

TO: Wisconsin Motor Carriers Association
Wisconsin Manufacturers and Commerce
Wisconsin Grocers Association
Midwest Food Processors Association
Wisconsin Petroleum Marketers and Convenience Store Association
Wisconsin Propane Gas Association
National Federation of Independent Business
Wisconsin Paper Council
Brakebush Brothers, Inc
Duplainville Transport, Inc
Klemm Tank Lines
Kwik Trip, Inc
Roehl Transport, Inc
Schneider National
Walmart
WEL Companies
US Venture, Inc

FROM: Speaker Robin Vos
Rep. Jim Steineke
Rep. John Nygren

DATE: July 5, 2017

RE: Finding a Solution to Wisconsin's Transportation Funding Problem

Thank you for your memo regarding your opposition to a proposal to assess a per mileage fee on heavy trucks. As you know, the state Legislature has been faced with the difficult task of solving a \$1 billion transportation deficit that is thwarting our abilities to complete current projects and start future projects that industries, such as yours, depend on to move your products in an efficient manner. This proposal is just one of many submitted by Assembly Republicans as part of a comprehensive solution to address the transportation problems that business, private citizens and government currently face.

Since you did acknowledge that most companies to whom this memo is addressed do support an increase in transportation fund revenues, we will take that to mean you also believe, like we do, that Wisconsin has a transportation funding problem. We are encouraged by that fact. Agreeing on the same set of facts is always an important first step when trying to find an answer to a serious problem.

Over the course of the last year, Assembly Republicans have been vocal and clear about what we believe the problems are plaguing Wisconsin's transportation system:

Quality and Safety

- US DOT says Wisconsin roads rank 47th in the nation, and estimates that 71% of our roadways are in mediocre condition
- National transportation research group, TRIP, estimates that 39% of our major urban roadways are in poor condition and Wisconsin drivers pay more than \$6 billion per year because of this deterioration
- Wisconsin Taxpayers Alliance have given our highways a grade of “D”
- Former DOT Secretary Mark Gottlieb told the Assembly Transportation Committee last December that the Governor’s recommended funding level for state highways would cause the number of poor pavement miles to double over the next 10 years
- The conservative Reason Foundation reported in its 22nd Annual Highway Report, Wisconsin dropped 13 places from 15th to 28th in the country in Highway Performance and Cost-Effectiveness

Cost

- Wisconsin’s transportation fund deficit currently exceeds \$1 billion
- Wisconsin’s Commission on Transportation Finance and Policy estimated a needed funding increase of \$1.35 billion (\$750 million more than the Governor proposes) each year until 2023 just to maintain current conditions
- Our debt service levels on transportation bonds exceed 20 cents per dollar – a number that will grow to an even more unsustainable level if more borrowing occurs without additional revenue sources to support the debt
- Revenues are declining. Motor fuel consumption has decreased in 5 of the last 10 years and the average annual growth over the last 10 years has been one half of 1 percent for fuel consumption, eight-tenths of 1 percent for auto registrations, three-tenths of 1 percent for light truck registrations and 1.8 percent for heavy truck registrations
- For each \$1 billion in bonding, \$100 million in new revenues is required annually to pay off the debt

Effect of Delays on Economic Development

- According to DRIVE, a statewide advocacy organization with a mission of finding a solution to our transportation funding crisis, nearly 1.5 million full-time jobs are dependent on the state’s infrastructure network
- Former DOT Secretary, Mark Gottlieb, testified before the Assembly Transportation Committee that under current funding levels, it would take 70 years to build the North-South, I-94 East-West in Milwaukee County, I-894, I-94 Waukesha County, I-43 from Howard Ave to Silver Spring Road, and I-41 from the Zoo to Richfield
- Recently, technology company, Foxconn, has indicated its desire to locate in southeastern Wisconsin with up to 10,000 jobs, and yet the enumeration of I-94 North-South through Racine and Kenosha counties continues to be delayed

Because of all of these concerns, Assembly Republicans have implemented cost-saving reforms and proposed a number of ideas we had hoped would be part of the discussion. Earlier this year, we put forth a proposal to meet Governor Walker's original criteria of raising revenues and providing a corresponding tax cut. That plan sought to find additional savings at DOT, cut the minimum markup on gas, increase sales tax on gas and also begin a path toward a flat income tax in our state.

Next, as you're aware, we proposed the heavy truck fee that could increase transportation revenue by \$138 million annually. While a new idea, four states across the nation have benefited from a minimal increase on heavy trucks, allowing construction to continue by asking those who utilize the road heavily to pay for some of the repairs. This proposal is only one potential piece of a larger budget plan that asks all users of the road to contribute higher user fees.

In your memo, you cited your support for additional options that would increase revenues without harming Wisconsin businesses. We appreciate your eagerness to be part of finding a solution with us. **Time is of the essence. In order to be considered part of a potential solution, we ask that you please get back to us by Monday, July 10 with how you would propose to close the \$1 billion deficit so we can upgrade the roads that you depend on to run your businesses.**

I trust we can all agree that our state's infrastructure is in desperate need of repair. Without new revenue, construction will halt and costs will increase as projects are delayed. We must protect small businesses and industries who depend on transportation by providing new and stable solutions that will fund our transportation budget into the future. We look forward to your response and working together to build a stronger Wisconsin.