

SHARED REVENUE AND TAX RELIEF -- DIRECT AID PAYMENTS

Volkswagen Settlement  
[LFB Paper #568]

Motion:

Move to modify the bill as follows:

(a) Adopt Alternative D1 of LFB Paper #568 pertaining to a technical modification to the bill. [Alternative D1 would modify the language associated with the appropriation for the receipt of VW settlement funds from the environmental mitigation trust to authorize the receipt and expenditure of funds from the proposed second reported consent decree, as well as any future VW litigation that would result in additional funds being allocated to Wisconsin from the trust.]

(b) Eliminate the required distribution to Milwaukee County and corresponding reduction in county and municipal aid payments. Instead, provide \$32,000,000 (\$11,000,000 in 2017-18 and \$21,000,000 in 2018-19) from the Volkswagen settlement funds appropriation for the purposes of awarding funding to state transit systems under a newly created statewide transit capital assistance program.

(c) Create a statewide transit capital assistance program under the Department of Administration (DOA) and direct DOA to administer a competitive statewide grant program for the purposes of replacing eligible transit vehicles under the terms of the Volkswagen settlement. Require DOA to solicit and accept applications for transit capital program funding and require DOA to award grants based on a competitive process. Specify that DOA may not expend more than \$32,000,000 for this purpose. The Secretary shall give preference to any community or route that is considered a critical route for purposes of connecting employees with employers.

(d) Require DOA to reduce a local government's county and municipal aid payment in an amount equal to the following for state mass transit systems under the state's mass transit operating assistance program:

(1) for Tiers A-1 and A-2 systems (Milwaukee and Madison), 75% of the total amount of transit capital assistance program funding received;

(2) for Tier B systems (those serving a population between 50,000 and 200,000), 20% of the total amount of transit capital assistance program funding received; and

(3) for Tier C systems (those serving a population less 50,000), 10% of the total amount of

transit capital assistance program funding received.

(e) Specify that the shared revenue reductions under (d) would only occur once settlement funds are distributed to the local government. Specify that a local government's payment be reduced in equal amounts over 10 years. If the county and municipal aid is not sufficient, specify that the local government's utility aid would also be reduced to achieve the appropriate reduction.

(f) Reduce funding allocated for state fleet vehicle replacement from VW settlement funds from \$16,000,000 in 2017-18 to \$10,000,000 in 2017-18.

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Note:

The bill and the motion would appropriate \$42,000,000 of the \$63,554,019 that is allocated to the state under the environmental mitigation trust fund. Of the appropriated amount, \$32.0 million would be for a new statewide transit capital program administered by DOA, and \$10.0 million would be used to replace state fleet vehicles.

Under the bill, the DOA Secretary would have been required to reduce Milwaukee County's county and municipal aid payment by \$1,950,000 each year in conjunction with a distribution of \$26,000,000 of Volkswagen settlement funds to Milwaukee County. Under the motion, this distribution of funding to Milwaukee County and corresponding reduction in county and municipal aid payments would not occur.

Under the motion, the first shared revenue reduction to participating local governments occur in calendar year 2019 (2019-20 fiscal year). Because the actual amount of the awards is not known, the amount of the annual reduction to the county and municipal aid payments in 2019-20 and beyond cannot yet be determined.

[Change to Base: \$42,000,000 PR (\$21,000,000 PR annually)]

[Change to Bill: \$1,950,000 GPR]