

NO EASY ANSWERS



8/17/2016

Solutions to the Transportation Problem

Everyone agrees that we need to find real, sustainable solutions that will allow us to build and maintain the infrastructure that moves Wisconsin people and products around. But that's where the agreement ends.

Solutions are posited from every quarter, big and small. Spend less. Increase funding. Cut waste. We'll take a look at a number of the suggestions and assess their potential to be effective for the people of Wisconsin.

In the assessment, it's important to differentiate financing from funding. We finance roads in a variety of ways – gas tax, vehicle registration, bonding but the bills come due either way. If we finance through borrowing, we need more funding.

Every time we borrow to finance roads, we're committing children not yet born to pay the bill. Those kids will need jobs to pay those bills, and an annual survey of corporate executives done by Area Development shows that in the past 5 years, highway access has ranked either #1 or #2 top factor in site selection for businesses relocating.

Transportation is a bigger concern for job creators looking to locate a business than Right to Work, tax incentives or environmental regulations.

Each level of government must set priorities for their transportation spending, and the state of Wisconsin must focus on our state roads. And local governments must focus their efforts in their communities. And we can all hope the federal government will find a way to make responsible choices.

Finding smart solutions matters today, and matters even more tomorrow. Public safety and economic growth are at stake.

No Easy Answers

SOLUTIONS TO FUNDING OUR TRANSPORTATION SYSTEM

HOW BAD ARE OUR ROADS, REALLY?

Dueling statistics. Just last budget, critics cited “critical investments” in our large-scale highway projects in proposing a “vital investment” of \$1.3 billion in bonding to fund transportation projects. But now the those same people claim that 97% of the most heavily traveled state highways, which carry half of all traffic and 79% of all freight are in fair or better condition and we can dial back projects.

The **US DOT** says Wisconsin roads rank 47th in the nation, and that 71% of our roads are in poor or mediocre condition.

And the **Wisconsin Taxpayers Alliance** released a report card giving our highways a D grade.

TRIP, a national transportation research group, assessed Federal Highway Administration data and puts 39% of Wisconsin’s major urban roads in poor condition, while Minnesota has only 10% in poor condition. Wisconsin drivers pay an estimated \$529 extra in operation and maintenance due to road conditions. Minnesota drivers? Only \$282.

Wisconsin’s Commission on Transportation Finance and Policy found that, without additional highway funding, the percentage of the system in poor or worse condition will increase from 20% in 2014 to 42% in 2023. Moreover, they estimated a needed annual increase of \$1.35 billion in each year until 2023 *just to maintain current conditions*.

Our rural roads are **twice as deadly** as other roads in the state, and more deadly than the national average – and estimates suggest that roadway features are a factor in about 1/3 of fatal crashes.

Even a charitable reading suggests our infrastructure needs attention and responsible solutions.

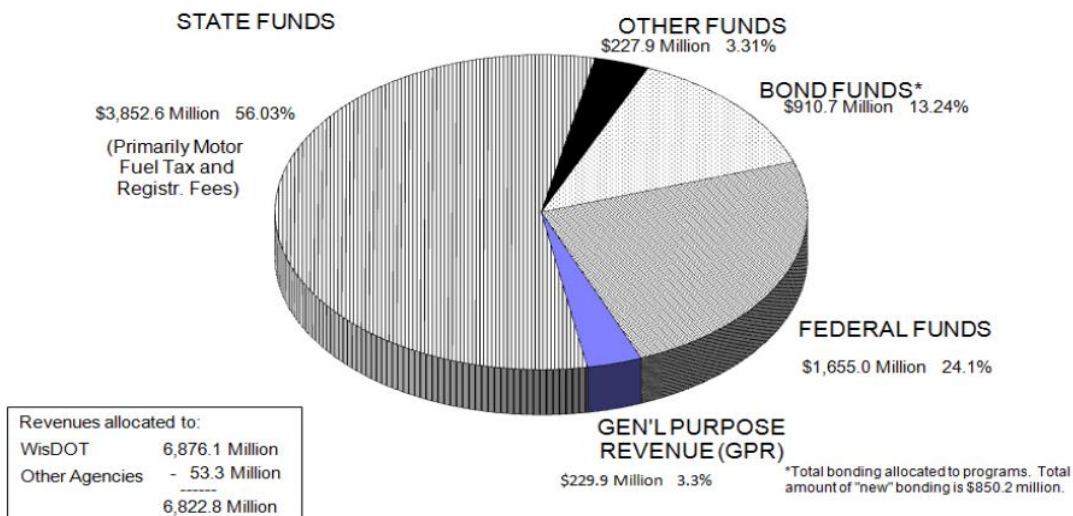
WHERE DOES THE MONEY COME FROM AND WHERE DOES IT GO?
TRANSPORTATION FUND REVENUES

Estimated Gross Transportation Fund Revenues, 2015-16

(\$ in Millions)

<u>Source</u>	<u>Collections</u>	<u>% of Total</u>
Fuel Tax	\$1,034.0	54.0%
Vehicle Registration Fees	684.1	35.7
Driver License Fees	38.2	2.0
Other Motor Vehicle Revenues	26.5	1.4
Other Revenues	66.4	3.5
Transfers from Other Funds	<u>65.3</u>	<u>3.4</u>
Total	\$1,914.4	100.0%

**2015-17 TRANSPORTATION
REVENUE SOURCES
TOTAL BUDGET \$6.82 BILLION
2015 Wisconsin Act 55**



TRANSPORTATION FUND APPROPRIATIONS

2015-17 Transportation Fund Appropriations By Category

<u>Category</u>	<u>Amount</u>	<u>% of Total</u>
Highway Programs	\$1,358,091,600	35.30%
Local Assistance	1,267,927,300	32.9
Debt Retirement	736,266,800	19.1
Division of Motor Vehicles	151,498,800	3.9
Department Administration	133,049,400	3.4
Division of State Patrol	125,385,400	3.3
Other Agencies	53,268,500	1.4
Reserves	26,368,400	0.7
Total	\$3,851,856,200	100.00%

Overview of Wisconsin Transportation Finance and Funding

TABLE 1
Estimated Gross Transportation Revenues by Source
(\$ in Millions)

Source	2016-17 Estimates	
	Amount	Percentage
Opening Balance, July 1, 2016	\$64.3	2.0%
State Transportation Fund Revenues		
Motor Vehicle Fuel Tax	\$1,032.4	32.9%
Vehicle Registration Fees	686.1	21.8
Driver's License Fees	37.8	1.2
Railroad Property Taxes	39.6	1.3
Miscellaneous Motor Vehicle Fees	26.6	0.8
Other State Revenues	27.4	0.9
Total State Transportation Fund Revenues	\$1,849.9	58.9%
Transfers/Appropriations from Other State Funds		
General Fund -- Debt Service	\$109.4	3.5%
General Fund -- Ongoing 0.25% of Taxes	39.5	1.3
General Fund -- Disaster Damage Aids	2.5	0.1
Petroleum Inspection Fund -- One-Time Transfer	21.0	0.7
Petroleum Inspection Fund -- Ongoing Transfer	6.3	0.2
Total Other State Funds	\$178.7	5.7%
Federal Aid		
Highway Aid	\$710.6	22.6%
Aeronautics Aid	71.6	2.3
Transit Aid	24.1	0.8
Other	21.2	0.7
Total Federal Aid	\$827.5	26.3%
Transportation Bonds		
Revenue Bonds	\$72.6	2.3%
General Obligation Bonds -- Transportation Fund	148.7*	4.7
Total Transportation Bonds	\$221.3	7.0%
Total	\$3,141.7	100.0%

*Reduced by \$26.8 million pursuant to Section 9145(1v) of 2015 Act 55, which requires a reduction in bonding equal to the amount by which 2015-16 revenues exceed amounts budgeted by that act (the \$26.8 million is the current estimate of this amount, which will be finalized in the October annual fiscal report).

Note: Percentage totals do not add due to rounding.

HISTORICAL DATA

Historical Information on Transportation Revenues
(\$ in Millions)

Fiscal Year	Motor Fuel Tax	Registration/Driver License Fees	Other Revenues*	Federal Revenues	Total Revenues
1974-75	\$156.1	\$91.0	\$15.3	\$53.3	\$315.6
1984-85	369.1	168.5	32.7	208.5	778.8
1994-95	651.2	291.1	51.2	332.0	1,325.5
2004-05	955.5	452.6	74.8	648.5	2,131.4
2014-15	1,013.4	703.7	284.1	876.9	2,878.1
Percent of Total					
1974-75	49.5%	28.8%	4.8%	16.9%	100.0%
1984-85	47.4	21.6	4.2	26.8	100.0
1994-95	49.1	22.0	3.9	25.0	100.0
2004-05	44.8	21.2	3.5	30.4	100.0
2014-15	35.2	24.5	9.9	30.5	100.0

*Includes transfers from other funds of \$8.9 million. Figures from 1974-75 are for the highway fund which predated the Transportation Fund and includes the major revenue items that are part of the current fund.

Gross Transportation Fund Revenue History

<u>Fiscal Year</u>	<u>Total Gross Revenue</u>	<u>Percent Increase</u>	
2003-04	\$1,440,412,000		
2004-05	1,482,900,700	2.9%	
2005-06	1,523,307,400	2.7	
2006-07	1,612,853,600	5.9	
2007-08	1,681,301,900	4.2	
2008-09	1,693,611,600	0.7	
2009-10	1,714,108,900	1.2	
2010-11	1,739,924,200	1.5	
2011-12	1,792,163,400	3.0	
2012-13	1,883,663,800	5.1	10-Year Average 2.5%
2013-14	1,842,025,500	-2.2	5-Year Average 1.8%

*includes transfers from other fund sources.

HOW MUCH DO WE REALLY NEED?

IT COSTS MORE THAN MONEY

The Legislative Fiscal Bureau estimates under a base level budget scenario, funding for the state highway improvement program would total \$1,896 million in the 2017-19 budget; this amount would result in \$939.1 million less in total program funding than provided in the 2015-17 budget.

The Commission on Transportation Funding recommended an annual increase of \$354 million to address majors, SHR and SE Megaprojects, \$33 million a year for Maintenance and traffic operations, \$400 million over a decade for LRIP and STP.

In Fall 2015 DOT indicated that base level funding for the highway rehab program would cause the percentage of roads in fair and above conditions (then 83%) to fall to 66% in that condition over a 10 year period.

THE COST OF PUSHING BACK THE SE MEGA PROJECTS

In Dollars:

- User delays and maintenance costs increase \$1.2 billion

In Time:

- Full completion is pushed back 16 years
- The I-39/10 Madison-Dells won't be done until children who won't even be born for another 2 years - are driving.

In Conditions:

- 26% of roads will be in poor condition by 2027
- 800 miles of road will not be rehabilitated or improved

In Projects:

- No new projects can be approved through 2025.
- 250 fewer road projects

In Jobs:

- 20% of Wisconsin jobs are within 2 miles of the SE Freeway corridors

IS BONDING THAT BAD?

After all, it's a long term investment that benefits future generations, right?

Actual and Estimated Transportation Fund Revenues Compared to Transportation Debt Service (Excluding Transfers from Other Funds) Base Revenue Bond Authorization and Current Law Tax and Fee Structure (\$ in Millions)

Fiscal Year	Gross Transportation Revenue		Gross Transportation Debt Service		Debt Service as % of Revenue
	Amount	Annual Change	Amount	Annual Change	
2007-08	\$1,661.0		\$187.5		11.3%
2008-09	1,687.3	\$26.3	191.0	\$3.5	11.3
2009-10	1,697.9	10.6	184.8	-6.2	10.9
2010-11	1,715.9	18.0	197.2	12.4	11.5
2011-12	1,743.9	28.0	240.7	43.5	13.8
2012-13	1,720.3	-23.6	259.5	18.8	15.1
2013-14	1,784.6	64.3	294.2	34.7	16.5
2014-15	1,808.4	23.8	314.4	20.2	17.4
2015-16*	1,849.1	40.7	344.9	30.5	18.7
2016-17*	1,849.9	0.8	372.5	27.6	20.1
2017-18*	1,871.3	21.4	402.6	30.1	21.5
2018-19*	1,872.1	0.8	414.0	11.4	22.1
2019-20*	1,888.6	16.5	417.2	3.2	22.1
2020-21*	1,886.4	-2.2	422.2	5.0	22.4

*Estimated gross transportation fund revenue (excluding transfers from other funds) and estimated debt service.

Note: The debt service amounts in 2017-18 through 2020-21 assume that all authorized, unissued bonding will be issued during this period and that \$72.6 million in transportation revenue bonding will be authorized and issued during the next two biennia. [This equals the sum of the SEG-S base funding appropriations for the major highway development program and for DOT administrative facilities improvements. Because general obligation bonds are not a base-building part of the appropriation structure, they are not included as a part of this exercise.]

Fully 12 states did not bond for transportation in 2014 (see page 16) while Wisconsin is spending north of 20% of our state transportation dollars on borrowing.

CUT WASTEFUL SPENDING

CAN WE CUT ENOUGH FAT TO BALANCE THE BOOKS?

There's no doubt about it – there's waste in government. We're helping turn that around, but there are still wasteful expenditures out there. And we want to root out waste, fraud and abuse in every department, so every step we take in that direction matters. But can waste in DOT solve an over \$1 billion problem?

Eliminate Prevailing Wage

While eliminating prevailing wage is a good conservative proposal, we shouldn't expect this change to garner a great deal of savings. According to DOT, about 80% of project costs account for construction, and 25% of that accounts for labor. If we were to eliminate prevailing wage, DOT estimates that we'd see up to a 1% savings average on project costs. While this is something to consider, we cannot count on it being a fix to the entire transportation funding problem.

Stop Hiring Outside Engineers/Stop Hiring State Engineers

People looking to save some dollars have lined up on different sides of this issue. An Audit Bureau report in 1990 indicated that consultants were no more costly than state staff. A 2002 LAB report did not take a position on the ideal ratio but there is a broad agreement that there must be a mix. The Governor's Commission on Waste, Fraud and Abuse examined the issue closely in their 2012 report. They concluded the state has an interest in using both state and private staff but that the ratio needed was unclear.

In the 2013-15 budget, we provided 180 positions annually to increase the number of Department highway engineers. At this time the Department stated the need to increase the depth and range of state staff engineering expertise and a desire to reduce highway delivery costs as the primary reasons for replacing engineering consulting services with state staff.

Eliminate CSS

Unless federally required, we eliminated the use of state funds for Community Sensitive Solutions in the 2015 budget, effective July 2015. As of July 2016 DOT said that CSS funding already approved before the prohibition was \$1.7 million in 2015-16, and \$2.4 million in 2016-17. Those amounts include state bonding, FED and SEG dollars, and because we allow local control on CSS, it's possible that communities will choose to use non-state funds for this spending. So, this ban will save the state a relatively small amount.

Eliminate Taj Mahal Waysides

Wisconsin has built 2 large waysides in the last 10 years with a mix of different funding sources.

Eliminate bike paths

We also already repealed the statute requiring bicycle and pedestrian facilities in the 2015-17 budget, saving roughly \$380,000 SEG. Another step in the right direction.

Be More Efficient

The LAB is conducting an audit that may show efficiencies. And we should absolutely use that information to make reforms that will save money. The DOT has already implemented LEAN strategies to increase efficiency. So far, they've completed over 30 LEAN projects and will save a projected \$1.5 million.

Eliminate Federal Mandates

Because so much federal money is used at every level of our transportation spending, those dollars come with federal requirements. As with CSS and bike paths, we can work to eliminate state funds that go to excessive spending.

OK Then, Let's Opt Out of Federal Funding

Our rate of return on federal transportation dollars is positive, and since the federal portion of the gas tax is collected by the IRS from producers, barring substantive changes in federal gas tax collection and distribution, we can't just forgo paying the tax.

T-5: Rate of Return on Federal Fuel Tax

Federal Fiscal Year	Rate of Return
2000	1.07
2001	0.97
2002	0.98
2003	1.03
2004	1.05
2005	1.13
2006	1.05
2007	1.05
2008	1.09
2009	1.08
2010	1.05
2011	1.04
2012	1.05
2013	1.02
2014	1.02

Note: The rate of return shown is a measure of the amount of federal highway funds received by the state compared to the state's contributions to the Highway Account.

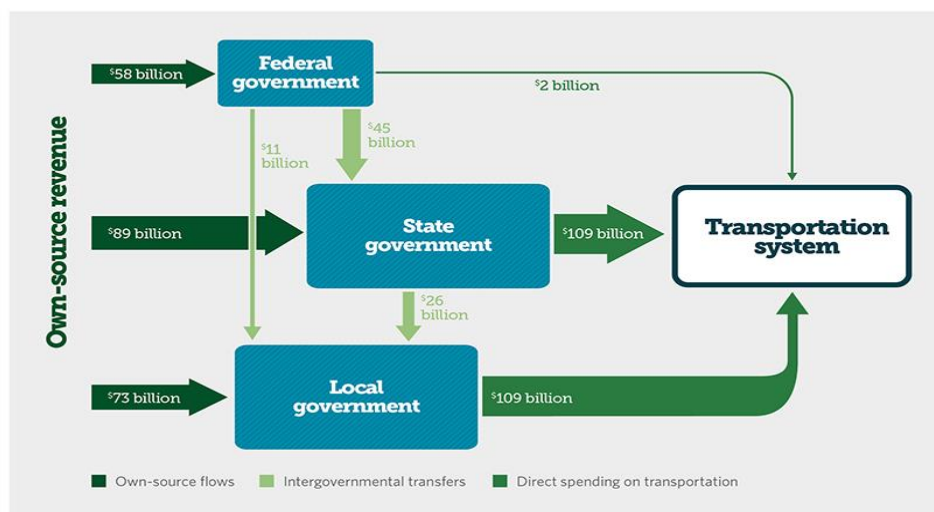
Through 1991, Wisconsin's historical rate of return averaged 84% dating back to the advent of the Highway Trust Fund in 1956.

In general, Wisconsin's rate of return on federal highway funds has increased since the passage of ISTEA in 1991 and TEA-21 in 1998.

It is difficult to determine the rate of return for federal transit funding because of the General Fund component of federal transit funding.

Surface Transportation Funding Flows Among Levels of Government

Spending on highways and transit, 2012



Note: Numbers may not add up exactly due to rounding.
 Sources: Pew's analysis of U.S. Census Bureau's Annual Survey of State and Local Government Finances, 2012; U.S. Office of Management and Budget, Public Budget Database
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Eliminate Roundabouts

According to the Fiscal Bureau, the initial cost of installation for roundabouts and signals is similar: between \$750,000 to \$1,500,000, depending on the number of lanes and lights. The DOT indicates roundabouts typically cost less to maintain than signalized intersections per year.

Estimated, Annualized Maintenance Costs, Signalized Intersections and Roundabouts

<u>Intersection Type</u>	<u>Annualized Cost</u>
Four-Signal Intersection	\$13,100
Single-Lane Roundabout	\$7,500
Eight-Signal Intersection	24,500
Multilane Roundabout	13,500

Why Not Rely On Local Options?

If the state doesn't act, we will see local governments looking at options for raising revenue.

Local options may be a part of the solution, but we don't want to push municipalities into excessive fees or tax hikes because of our inaction. Municipalities may also raise these fees, without directing the money to the local projects they are intended for.

These options will not solve issues with the state highway and interstate projects that need to be addressed and are vital for getting our goods to market.

Do/Don't Do Design-Build

The vast majority of states allow Design-Build transportation projects, under which model a state or owner hires a single agency to perform both the design and construction services under a single contract.

Wisconsin already allows this type of contracting/delivery for certain local bridge construction projects. Wis. Stat. s. 84.11. We also are one of the states with the most restrictions on the use of Design-Build.

Design-Build can save money. But, it shifts substantial responsibility to a single entity, and doesn't make much use of competitive bidding. It's not without trade-offs and not appropriate for every project. This is something we can explore in the future, but cannot produce major savings in this budget.

WHY DO WE NEED MORE ROADS? LET'S FIX WHAT WE HAVE.

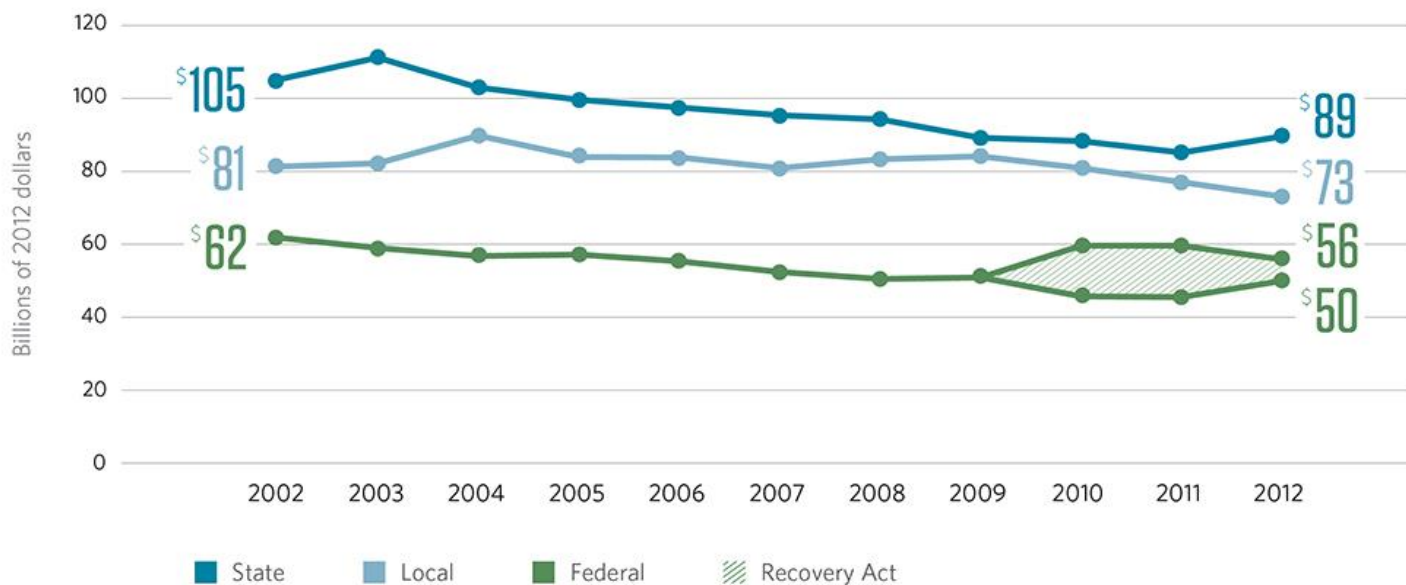
THE VAST MAJORITY OF OUR FUNDS GO TO KEEPING WHAT WE HAVE IN GOOD SHAPE

According to DOT, typically over 85% of state construction costs go to preservation-related improvements; less than 15% of the costs involve expansion.

We are focusing on fixing what we have. In fact, much of road work that the state needs is in repairing and upgrading the interstate system, which was built over 50 years ago and has reached, and in many cases, exceeded its expected lifespan. And just as these needs are becoming critical, our investment is actually declining.

Surface Transportation Investment Is Declining

Highway and transit spending by level of government, adjusted for inflation, 2002-12



Notes: Inflation-adjusted using Bureau of Economic Analysis' price index for state and local government investment in structures (Table 3.9.4, Line 36). Years are in state fiscal years. Excludes federal spending directly on projects.

Sources: Pew's analysis of U.S. Census Bureau's Annual Survey of State and Local Government Finances, 2002-12; Recovery.gov agency-reported data, 2009-12

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MINNESOTA DOES IT BETTER AND CHEAPER

NOT EXACTLY...

Minnesota and Wisconsin taxation and spending are inevitably compared, and transportation issues are no exception. There definitely are some similarities - we have nearly exactly the same number of miles of state trunk highways - our 11,765 miles to their 11,814. But Wisconsin has substantially more urban freeway miles – 648 – than Minnesota does at only 479 miles. Those highways are more costly to build and maintain than other types of infrastructure.

As the chart below shows, Minnesota currently spends more on state highways, both overall and per mile, while they are actually decreasing the number of miles of highway. Our expenditures have been more stable while they are on a steady upward trajectory.

State Transportation Funding and Mileage for State Trunk Highway Systems

Minnesota and Wisconsin

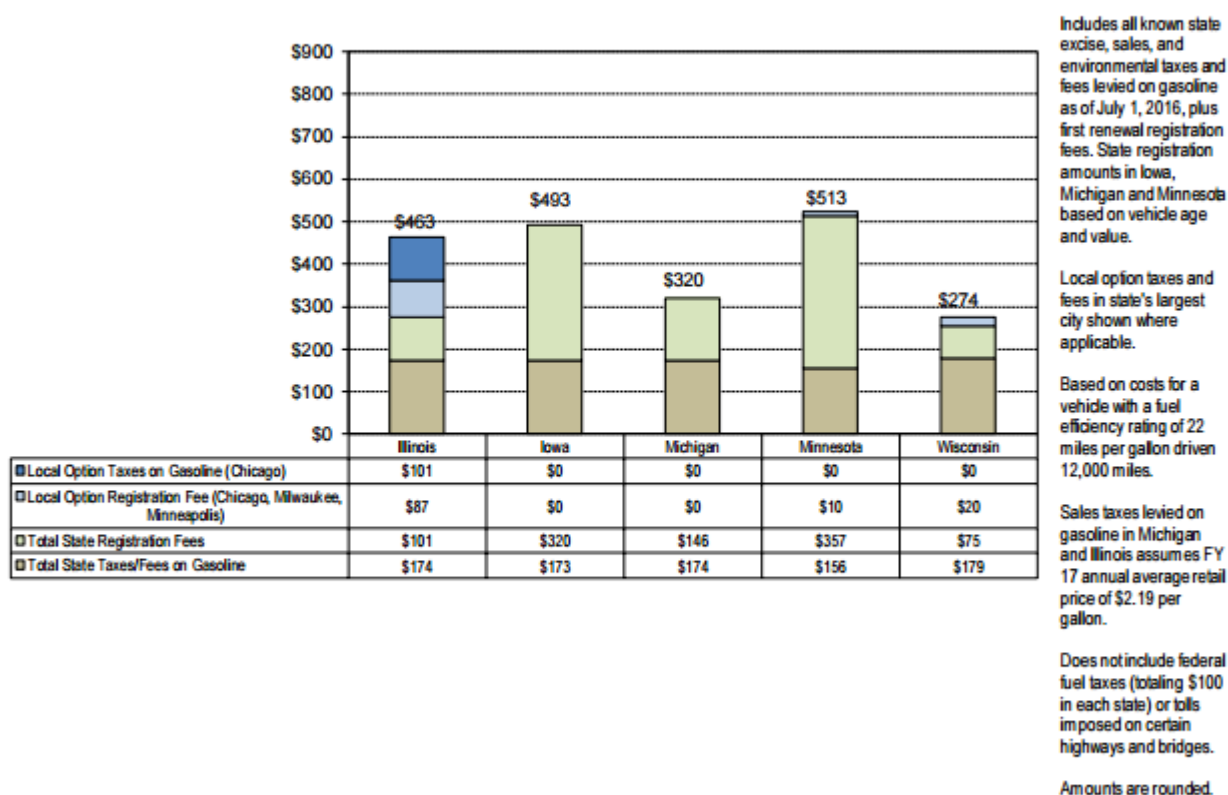
	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>4-Year Average</u>
Expenditures for State Trunk Highways					
Minnesota	\$1,347,300,000	\$1,787,900,000	\$1,663,800,000	\$1,967,500,000	\$1,691,625,000
Wisconsin	1,809,400,000	1,747,300,000	1,922,800,000	1,762,100,000	1,810,400,000
Mileage of State Trunk Highways					
Minnesota	11,878	11,859	11,847	11,814	11,849
Wisconsin	11,765	11,765	11,766	11,765	11,765
Expenditures Per Mile of State Trunk Highways					
Minnesota	\$113,428	\$150,763	\$140,441	\$166,540	\$142,765
Wisconsin	153,795	148,517	163,420	149,775	153,880

WE ALREADY PAY WAY MORE THAN EVERYONE ELSE

OR DO WE?

Our vehicle registration fees are lower than many states. Comparing the registration fee, including the fees other states charge on value, weight, age and other factors places us in the middle of the pack. And when you add in all state and local registration-based charges we're in the bottom third.

Estimated Annual Fees and Taxes (2016 Sedan) Midwest State Comparison



Note: Vehicle registration fees are compared for a late-model vehicle, first renewal.

A listing of other states' registration and title fees can be found at: <http://www.ncsl.org/research/transportation/registration-and-title-fees-by-state.aspx>

REVENUES USED BY STATES FOR HIGHWAYS - 2014 1/

TABLE SF-1
(THOUSANDS OF DOLLARS)

STATE	BALANCE BEGINNING OF YEAR 2/		HIGHWAY-USER REVENUES 3/		TOTAL	APPROPRIATIONS FROM FUNDS 4/				MISCELLANEOUS INCOME	REFUNDING ISSUES	PAYMENTS FROM OTHER GOVERNMENTS			TOTAL RECEIPTS
	RESERVES FOR CURRENT HIGHWAY WORK	RESERVES FOR DEBT SERVICE	MOTOR-FUEL TAXES	MOTOR-VEHICLE AND MOTOR-CARRIER TAXES		ROAD CROSSING TOLLS	TOTAL	OTHER STATE IMPOSTS	OTHER LANES			FEDERAL HIGHWAY ADMINISTRATION	OTHER AGENCIES	FROM LOCAL GOVERNMENTS	
Alabama	561,123	-	589,939	163,918	-	763,357	44,884	7,017	-	-	893,167	60,806	5,107	1,916,770	
Alaska	1,447,204	-	621,541	72,515	-	1,213,258	487,624	235	4,900	-	541,204	15,333	-	1,170,024	
Arizona	491,413	-	391,818	154,652	-	546,510	694,363	70,281	8,387	-	939,148	27,626	8,597	2,394,639	
Arkansas	30,002,935	-	4,846,387	2,670,673	-	8,225,618	1,860,764	1,585,433	2,771,784	9,072	3,366,032	125,676	895,352	19,476,462	
California	1,059,867	-	558,199	975,252	-	2,350,255	1,200	68,138	23,449	-	357,827	33,908	-	2,239,398	
Colorado	1,374,565	-	363,232	155,009	-	519,095	804	73,138	357,729	-	450,560	46,248	4,661	1,533,648	
Connecticut	1,804,279	-	61,826	84,885	-	715,419	65,406	172,577	96,704	-	282,655	4,918	6,564	1,533,625	
Delaware	46,218	-	14,028	30,769	-	44,817	34,668	18,526	142,632	-	156,429	3,725	-	400,943	
Dist. of Col.	3,602,641	-	1,407,537	1,305,317	-	4,385,684	410,598	114,447	921,816	-	2,244,788	106,032	195,649	9,449,594	
Florida	2,188,258	-	2,208,946	104,650	-	4,501,854	199,918	114,447	32,718	-	1,123,150	78,706	41,162	2,851,464	
Georgia	234,539	-	79,877	150,972	-	230,963	-	4,935	-	-	212,957	3,761	-	451,952	
Hawaii	170,826	-	210,951	167,974	-	378,925	112,774	22,599	81,900	-	297,019	27,433	5,035	812,821	
Idaho	2,799,596	-	1,142,733	1,361,673	-	3,524,977	112,774	49,534	2,096,108	-	1,409,411	26,111	1,261	7,227,009	
Illinois	7,321	-	780,885	251,041	-	1,234,923	128,128	315,700	10,314	-	973,124	10,314	95,815	21,244,479	
Indiana	318,597	-	425,289	884,540	-	1,309,929	55,618	6,142	4,200	-	512,741	77,401	-	1,992,044	
Iowa	642,083	-	236,429	116,259	-	399,484	-	524,853	8,533	-	296,629	8,897	32,332	1,881,795	
Kansas	104,933	-	769,132	596,997	-	1,366,129	5,626	233,072	601,802	-	665,318	10,928	-	3,077,100	
Kentucky	3,110,729	48,001	3,159,730	137,227	-	738,478	346,413	61,785	289,900	-	713,558	27,975	86	2,819,935	
Louisiana	152,455	-	152,455	238,901	-	391,356	-	15,496	22,125	-	176,029	4,718	-	672,511	
Maine 5/	1,312,467	-	247,810	383,123	-	1,300,996	90,631	81,457	359,282	-	569,752	13,570	195,177	2,767,809	
Maryland	650,734	-	335,747	114,062	-	1,100,603	617,205	203,765	884,681	-	522,773	7,772	-	3,290,892	
Massachusetts 5/	1,082,521	-	810,182	840,455	-	1,693,663	261,348	65,893	154,945	-	902,002	18,241	15,739	3,413,958	
Michigan	1,578,950	-	706,962	595,442	-	2,275,354	513,235	76,737	362,253	-	752,841	18,488	194,062	3,210,070	
Minnesota	188,443	-	344,519	158,011	-	502,970	43,917	5,593	98,840	-	544,208	15,400	155,342	1,365,800	
Mississippi	1,159,097	-	657,139	288,743	-	1,104,979	2,950	16,532	108,913	-	628,817	37,061	23,973	3,307,413	
Missouri	75,860	-	113,242	93,354	-	229,958	7,035	53,968	26,513	-	338,688	24,613	3,695	749,223	
Montana	141,115	-	320,434	93,354	-	413,988	41,995	303,775	26,513	-	538,688	8,241	456,956	1,830,075	
Nebraska	218,998	-	268,768	220,091	-	306,178	1,148	44,278	100,673	-	314,833	6,512	19,011	976,105	
Nevada	346,992	-	104,518	84,723	-	119,937	57,745	83,148	2,905	-	172,940	16,614	1,928	663,456	
New Hampshire	2,146,462	-	372,272	852,450	-	2,966,289	14,070	344,175	4,192,490	-	865,967	23,712	3,649	8,136,462	
New Jersey 6/	352,321	-	168,603	215,202	-	383,805	24,832	100,532	80,692	-	387,029	20,647	-	991,457	
New Mexico	691,972	1,527,715	695,743	391,132	-	2,196,342	710,462	1,781,100	97,724	-	1,816,443	53,534	13,671	12,339,407	
North Carolina	1,973,889	-	1,794,258	652,259	-	2,467,543	607,021	362	19,950	-	1,956,035	30,659	19,441	4,546,933	
North Dakota	182,285	-	214,209	116,247	-	330,456	-	-	-	-	263,058	11,147	29,185	943,534	
Ohio	2,947,195	-	1,697,889	791,658	-	2,759,520	12,542	283,937	290,416	-	1,544,757	15,398	84,303	4,973,457	
Oklahoma	848,284	-	100,835	111,576	-	461,398	754,620	210,221	10,423	-	673,367	10,705	24,116	2,144,851	
Oregon	3,173,937	-	442,035	493,289	-	3,302,767	54,596	52,228	453,473	-	417,359	71,680	-	2,461,502	
Pennsylvania	4,115,765	-	1,515,701	511,227	-	3,302,767	860,591	20,525	955,482	-	1,711,119	35,606	19,689	8,101,096	
Rhode Island 6/	81,894	-	55,740	26,784	-	103,350	-	21,533	29,500	-	285,248	5,193	-	455,956	
South Carolina	383,744	-	902,113	254,719	-	773,399	102,456	3,210	101,172	-	622,135	11,861	30,664	1,670,468	
South Dakota	24,680	-	122,612	107,407	-	230,019	80,447	31,992	-	-	279,238	6,594	10,517	639,797	
Tennessee	1,146,956	-	652,208	297,436	-	950,680	59,831	31,957	-	-	946,036	40,236	37,612	2,055,412	
Texas	6,936,733	-	2,207,420	4,439,131	-	7,195,121	2,541,892	43,275	1,556,538	-	3,020,814	295,655	300,261	18,666,703	
Utah	693,706	-	330,080	133,040	-	395,982	63,662	448,392	250,831	-	335,197	84,176	33,503	1,666,039	
Vermont	12,079	-	79,965	118,614	-	198,779	32,925	17,462	11,500	-	217,850	51,814	5,071	558,690	
Virginia	2,689,191	-	631,602	865,120	-	1,460,945	205,674	1,366,608	126,461	-	287,665	1,266,343	75,463	5,142,758	
Washington	1,455,292	-	1,095,470	554,972	-	1,793,948	195,089	405,091	1,238,344	-	977,398	47,249	33,021	4,855,000	
West Virginia	176,142	-	438,909	289,229	-	804,280	25,639	3,116	25,684	-	471,846	10,180	314	1,346,924	
Wisconsin	820,189	-	832,568	180,067	-	1,437,301	180,067	71,695	664,308	-	688,613	96,091	108,243	3,503,536	
Wyoming	52,589	-	72,968	43,750	-	116,756	56,909	32,199	-	-	259,949	34,521	-	373,544	
Total	86,185,078	1,856,404	87,781,482	24,469,578	12,264,165	88,431,835	9,644,053	10,328,694	10,132,039	22,866,541	39,539,315	1,864,082	3,155,136	173,826,870	

1/ Tables SF-1 and SF-2 show the receipts and disbursements State for highways. See Table SF-2 for general note on SF series. This table is compiled from reports of State authorities.
2/ Any differences between beginning balances and the closing balances on last year's Table SF-2 are the result of accounting adjustments, inclusion of funds not previously reported, etc.
3/ Amounts shown represent only those highway-user revenues that were expended on State or local roads. See Table SDF for the full amount of and disposition of highway-user revenues.
4/ Amounts shown represent gross general appropriations for highways reduced by the amount of highway-user fees placed in the State General Fund. See the "Offset by General Funds Spent for Highways" column on Table DF.
5/ Amounts shown represent data reported for 2010 and 2011. 6/ Amounts shown represent data reported for 2013.

GAS TAX AND USE

Are we too dependent on the gas tax?

The bulk of our revenue comes from the gas tax – around 54%. Unlike some other states, we do not collect sales tax on gas purchases, allow local gas taxes, or assess business or franchise fees.

Our ranking – in the top quarter of states – drops when those other taxes and fees on fuel are included.

Fiscal Year	Motor Fuel Tax Revenue (\$ in Millions)				
	Gasoline	% from Gasoline	Diesel	% from Diesel	Total Motor Fuel
2007	\$771.9	76.6%	\$235.4	23.4%	\$1,007.3
2008	768.0	76.6	234.6	23.4	1,002.6
2009	759.5	78.1	212.8	21.9	972.3
2010	761.3	78.4	210.3	21.6	971.6
2011	774.0	78.0	218.5	22.0	992.5
2012	771.7	78.1	216.2	21.9	987.9
2013	747.9	77.0	222.8	23.0	970.6
2014	773.1	77.7	222.4	22.3	995.5
2015	784.3	77.3	229.8	22.7	1,014.1
2016*	803.6	77.7	231.2	22.3	1,034.8

*DOT Spring, 2016, revenue estimate.

People are using less gasoline, and therefore paying less in gas tax. In 2006 the average fuel economy was about 20 mpg. Current projections indicate fuel economy will increase to 22 miles per gallon by the end of 2016-17. As a result, the average motorist will be purchasing 48 fewer gallons of fuel in 2017 than in 2006. Adjusted for inflation that's about \$42 less per motorist.

Governing Magazine calculated inflation-adjusted fuel tax revenues using data reported to the Census Bureau's Annual Survey of State Government Tax Collection:

Select State: Wisconsin

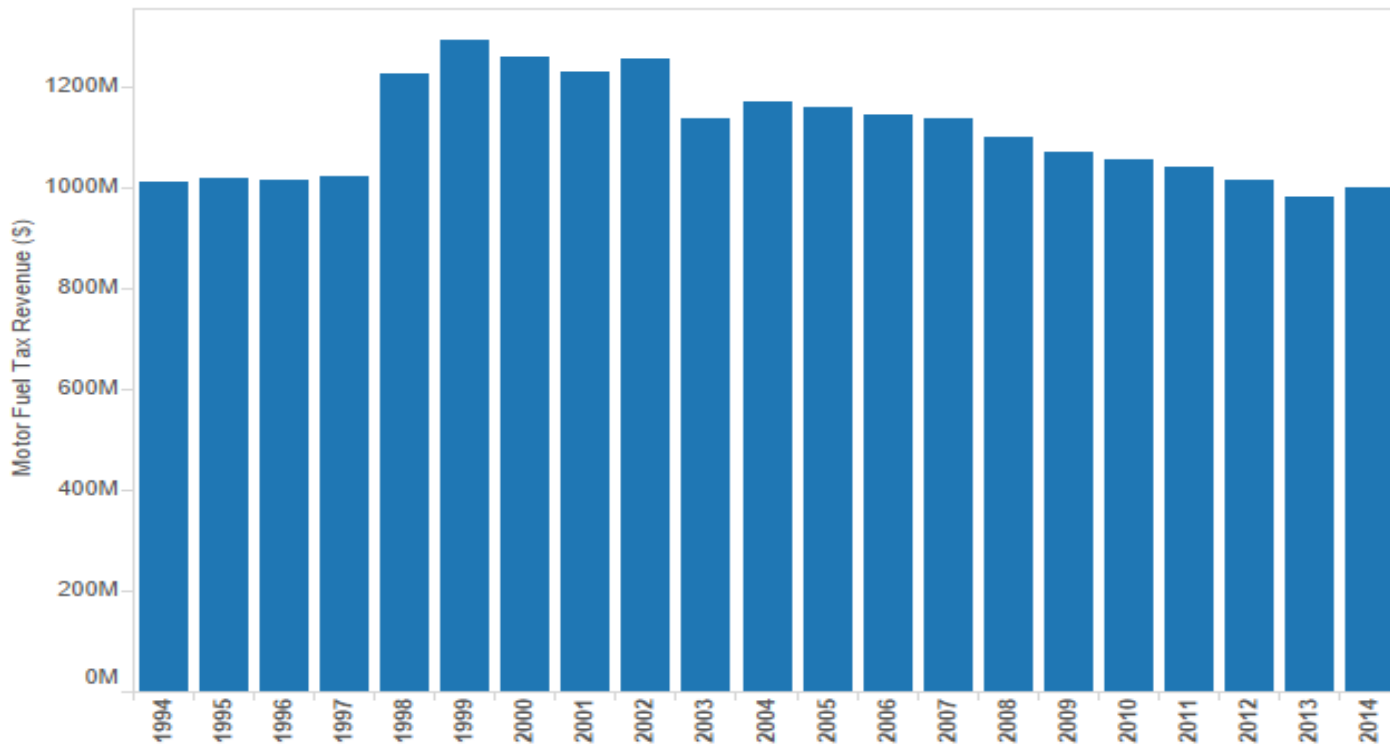
GOVERNING Data

Wisconsin

Inflation-adjusted change since 1994: -\$13,000,000 (-1.3%)

Inflation-adjusted change since 2000: -\$258,278,000 (-20.5%)

Years since raising gas tax: 8.8 years as of February



Wisconsin indexed its gas tax between 1985 and 2006. Figures were adjusted for inflation and shown in 2014 dollars.

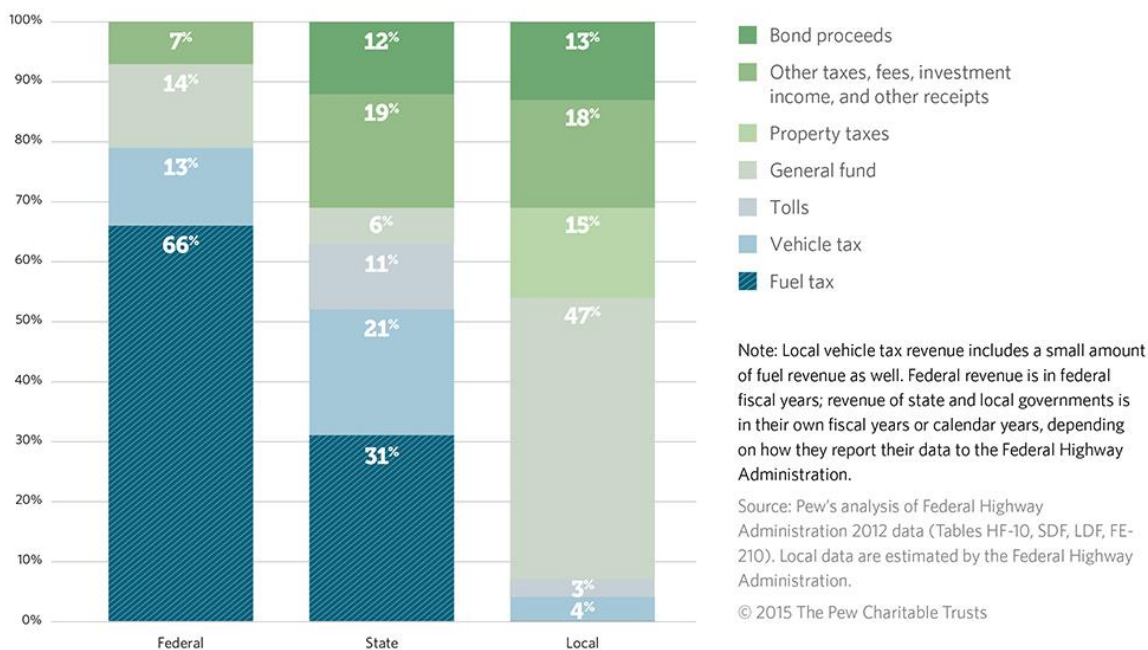
SOURCE: *Governing* calculations of U.S. Census Bureau Annual Survey of State Government Tax Collections data. Information on last gas tax raise compiled by the Institute on Taxation and Economic Policy.

What About Indexing?

If indexing had not been repealed the gas tax would be 37.4 cents per gallon (current tax: 30.9). A one cent per gallon gas tax increase will generate about \$33 million per year. Those 6.5 cents would be generating well over \$200 million per year.

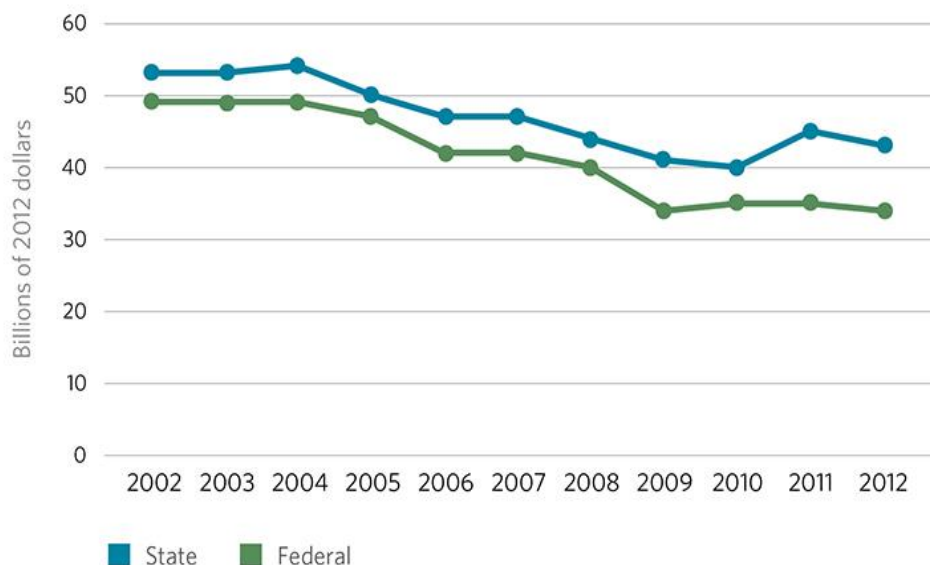
Federal and State Governments Rely Heavily on Gas Tax Revenue to Fund Highways

Resources used for highways, by level of government, 2012



Gas Tax Revenue Has Fallen Over the Past Decade

Federal and state fuel tax revenue, adjusted for inflation, 2002-12



SHOW ME THE MONEY

FIND NEW OR DIFFERENT MIXES OF FUNDING SOURCES

The right mix of funding is important. Our funding mix was developed when cars used more gas, when more people were driving and driving more miles. With population and usage static the mix is outdated.

And we have a relatively low population: number of miles in the state, meaning fewer residents are paying for each mile.

We can move the dial on our revenue streams, and for perspective according to LFB:

- A 1 cent increase in the gas tax will generate about \$33.4 million per year, based on current usage estimates.
- A \$1 increase in vehicle registration for autos and light trucks for will generate about \$4.4 million per year.
- A \$1 license fee increase will generate about \$1.1 million year.

Solutions will require really, really large turns of the dials...We could increase diver license fees 1000% and only be a quarter of the way to solving the deficit. We could increase the vehicle title fee 1000% and solve the deficit but still not be able to move forward with projects.

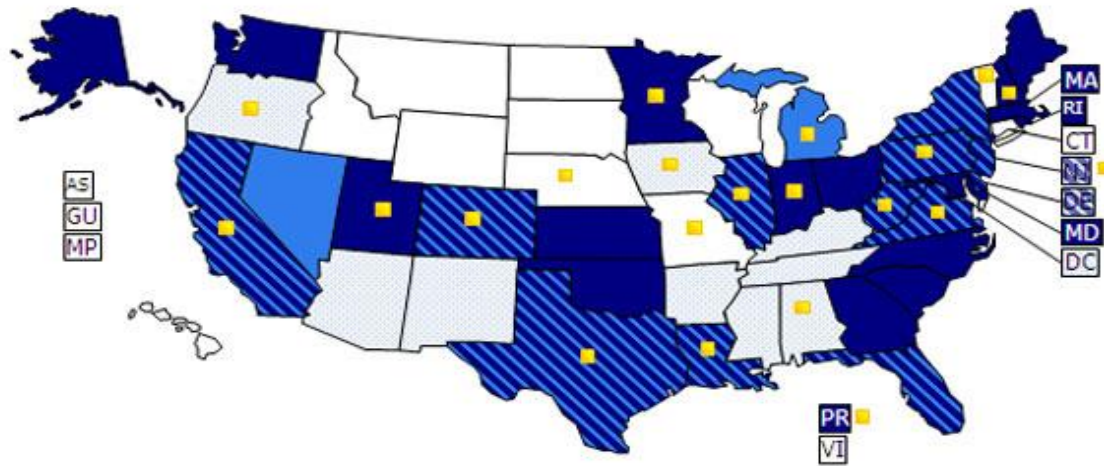
Tolling

Most states have some revenue from tolling – in fact tolling revenues make up an average of about 11% of revenues in the US (see page 21). The average revenue from tolling per state was about \$400 million in 2014. The fact that we are one of the minority of states without tolling means that our funding mix is going to be more heavily weighted on other revenue streams.

A tolling study was ordered by the legislature in the 2015-17 budget and no further action can be taken by the state at this time without federal action. Should Congress decide to approve tolling in Wisconsin, it would take a number of years to see revenue in the state. That said, tolling is certainly a possible revenue source long-term.

As shown on the map below a total of 42 states, the District of Columbia and Puerto Rico have some form of tolling authorization or facility. Of those:

- 28 states and Puerto Rico have toll facilities operated by statewide entities.
- 14 states have toll facilities operated by regional entities.
- 20 states and Puerto Rico have privately operated toll facilities.
- 9 states and the District of Columbia authorize tolling but have no state or regional toll facilities at this time.



In recent years, several states have developed high-occupancy toll lanes, allowing vehicles without the required occupancy to use lanes by paying a toll. Currently 10 states operate HOT lanes.



REPUBLICANS DON'T RAISE REVENUES, AND IF THEY DO THEY LOSE

As transportation funding becomes a more critical issue, citizen attitudes are starting to take shape about how best to solve the problem. As people understand the shifts that have taken place in infrastructure funding, they are becoming more open to user fees playing a bigger role in the funding equation.

National Attitudes:

An April 2016 poll shows 160 million Americans (65%) would support user-fee options such as miles traveled or mileage based fees. In 2014 the number was 50%.

69% say managed lanes should be considered when making highway improvements.

Wisconsin Attitudes:

The August 2016 Marquette Poll respondents said:

43% Would increase gas or registration fees to maintain current projects

25% Of GOP respondents

45% Of Independents

33% Would cut most or all spending on road projects to avoid a tax increase

55% GOP

27% Independents

12% Would borrow most or all to maintain current taxes and projects

8% GOP

15% Independents

In 2015 alone, a number of states took action to increase revenues for transportation funding. A big majority of those states are under complete GOP control. A list of the states that took similar actions in 2013-14 can be found:

<http://www.ncsl.org/research/transportation/2013-and-2014-legislative-actions-likely-to-change-gas-taxes.aspx>

2015 LEGISLATIVE ACTIONS ON TRANSPORTATION FUNDING

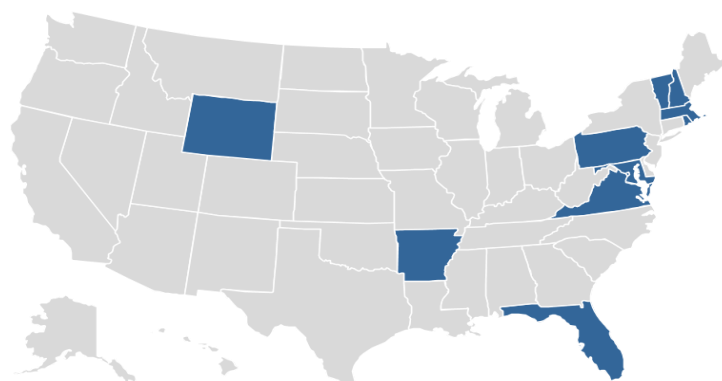
2015 LEGISLATIVE
ACTIONS

Bill	Summary
<p>Georgia House Bill 170</p> <p>All GOP</p>	<p>Increases the per gallon motor fuel tax from 7.5 cents to 26 cents for gasoline and 29 cents for diesel. These rates will be adjusted each year based on the consumer price index. Additionally, the bill will exempt motor fuel sales from state sales tax and permit counties and municipalities to impose a 1 percent use tax on motor fuels.</p> <p>Further, the bill will establish new \$200 registration fees for alternative fuel vehicles and index those fees to inflation. The existing \$5,000 tax credit for the purchase of alternative fueled vehicles will be eliminated.</p>
<p>Idaho House Bill 312</p> <p>All GOP</p>	<p>Among other provisions, this bill increases state motor fuel taxes by 7 cents per gallon, increasing the current rate of 25 cents to 32 cents. The additional revenue will be split between local governments (40 percent) and the state highway account (60 percent).</p> <p>Additionally the bill creates a new electric vehicle registration fee of \$140 and a hybrid vehicle registration fee of \$75.</p>
<p>Iowa Senate Bill 257</p> <p>Split Leg/GOP Gov</p>	<p>This bill increases the state excise tax on gasoline, diesel and alternative motor fuels by 10 cents per gallon. The new excise tax on gasoline will be 30 cents per gallon. Additionally the bill increases the excise tax on aviation fuel by 2 cents per gallon, increases fees for excess size and weight permits, and includes various other provisions.</p>
<p>Kentucky House Bill 299</p> <p>Split Leg/Dem Gov</p>	<p>Establishes a new process for how the state determines the “average wholesale floor” price of gasoline. The new process will essentially limit the impact of a decrease in wholesale gasoline prices on the state’s nine percent excise tax on motor fuel.</p>
<p>Michigan HB 4738</p> <p>All GOP</p>	<p>This bill, on Jan. 1, 2017, increases the state motor fuel tax on gasoline by 7.3 cents per gallon and the motor fuel tax on diesel by 11.3 cents. After the increase both the tax on gasoline and diesel will be 26.3 cents per gallon. Beginning on Jan. 1, 2022, both motor fuel taxes will be indexed to inflation.</p>
<p>Nebraska Legislative Bill 610</p> <p>All GOP</p>	<p>This bill was vetoed by the governor and subsequently overturned by the legislature. The legislation will, over the next four years, increase the portion of the tax allocated to the state by ½ cent per year and increase the portion allocated to cities and counties by 1 cent per year. The current total gas tax of 10.3 cents per gallon will increase to 16.3 cents by 2019.</p>

2015 LEGISLATIVE ACTIONS

Bill	Summary
North Carolina Senate Bill 20 ALL GOP	This legislation replaces the current gas tax, which is structured to include a flat per gallon rate and a variable rate, with a flat rate of 34 cents per gallon. Beginning in 2017, this rate will be increased based on population growth and the consumer price index.
South Dakota Senate Bill 1 ALL GOP	The bill increases the tax on motor fuels by 6 cents per gallon to 28 cents. Additionally, the bill increases certain license plate fees and adjusts the excise tax on special fuels.
Utah House Bill 362 All GOP	Among other provisions, this bill replaces the current gas tax of 24.5 cents per gallon with a 12 percent tax on the average rack price of a gallon of gas, effective Jan. 1, 2016. For purposes of calculating the fuel, the average rack price cannot fall below \$2.45 per gallon after 2019 and will be tied to the consumer price index.
Washington Senate Bill 5987 Split Leg/Dem Gov	Increases the state tax on motor fuel and special fuel by 7 cents per gallon on Aug. 1, 2015, and an additional 4.9 cents per gallon on July 1, 2016. The revenues from the increase will be placed in the newly created connecting Washington account and will be limited to approved transportation projects.

SINCE 2012, IN THESE TEN STATES



OF THE REPRESENTATIVES VOTING **YES** ON BILLS TO RAISE TRANSPORTATION REVENUE WHO RAN FOR RE-ELECTION:

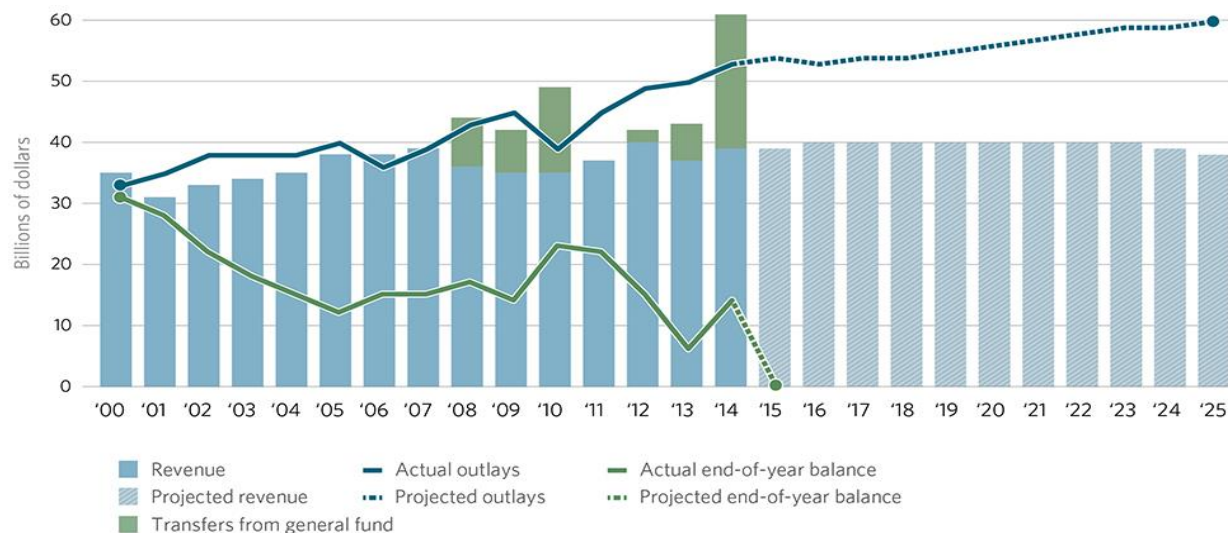
98% WON NEXT PRIMARY
90% KEPT THEIR SEATS

CONCLUSION

We are not alone. Nearly every state – regardless of their funding mix, or miles of road, or level of taxes is facing similar problems. The federal transportation fund is in dire straits. It has been coming on for years, and the transportation crisis we face is not going away. Even if we turn a blind eye, the problems that are here, or on the horizon now, will be facing our children soon enough. There are many options for saving money through reducing waste, prioritizing spending, and finding ways to pinch pennies. We can and should explore every one of those options. But they are not enough to address the problem. And it is to us to decide what road we will take: will we be penny-wise and pound-foolish, punting the problem to future legislatures, or will we work on responsible solutions that don't leave our kids and grandkids holding the bag?

Federal Highway Trust Fund Faces Growing Shortfalls

Actual and projected revenue and outlays, 2000-25



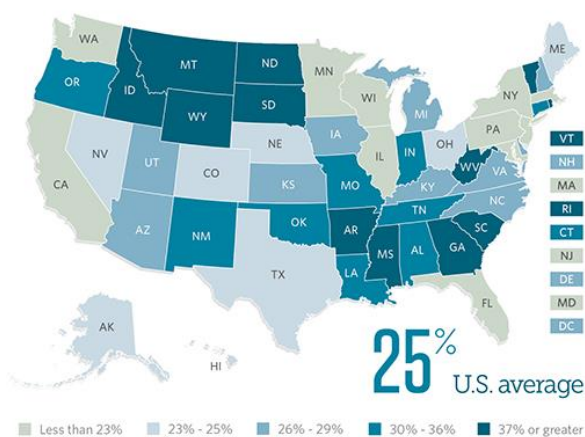
Note: Numbers not adjusted for inflation.

Source: Pew's analysis of Congressional Budget Office and Federal Highway Administration data

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Relative Significance of Federal Grants for Surface Transportation Varies by State and Region

Federal share of total funding for highways and transit, all levels of government, 2008-12



Note: Excludes federal spending directly on projects

Source: Pew's analysis of U.S. Census Bureau's Annual Survey of State and Local Government Finances, 2008-12

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Federal expenditures for highways and transit, per capita, 2008-12



State and local expenditures for highways and transit, per capita, 2008-12



Construction Cost Index Year-to-Date FY-2016*

