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## Wisconsin Transportation Budget Remains Uncertain

Earlier this year, the Republican-led Joint Finance Committee (JFC) took the unusual step of rejecting Gov. Scott Walker's transportation budget and starting from scratch, rewriting a new budget. Speaker Robin Vos (R-Burlington) tasked Rep. Dale Kooyenga (R-Wauwatosa) to draft a comprehensive transportation budget, which was released by the Assembly Republicans on May 4.

Shortly after the Assembly rolled out its comprehensive tax and transportation plan, it was swiftly criticized and rejected by the Senate Republicans as well as Gov. Walker, who continues to reject any tax increases. Highlighting how far apart the Legislature and the governor appear to be on a final plan, JFC co-chairs Sen. Roberta Darling (R-River Hills) and Rep. John Nygren (R-Marinette) stated last week they are considering removing transportation funding from the budget bill and enacting it as separate legislation.

### **Assembly Republican Transportation Plan – “The Road to a Flat Tax”**

The Assembly's comprehensive transportation plan would make a number of significant changes to Wisconsin's tax code, including:

- Expanding the sales and use tax to include motor vehicle fuel sales and depositing those revenues to the transportation fund. This proposal would add \$660 million in increased transportation fund revenue and be used to:
  - Reduce the amount of transportation fund-supported bonding by \$300 million;
  - Eliminate the current transfer of general purpose revenue to the transportation fund, which would be a reduction of \$81.4 million; and
  - Decrease the motor vehicle tax rate by 4.8 cents per gallon, decreasing transportation revenue by \$278 million.

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- Providing \$70 million in contingent, transportation fund-supported general obligation bonds.
- Assessing additional annual registration fees on hybrid and electric vehicles, increasing revenue to the transportation fund by \$4.8 million.
- Eliminating the sales tax exemption for motor fuel purchases in the state and depositing those revenues into the transportation fund.

In addition, the Assembly plan directed the Wisconsin Department of Transportation (DOT) to seek changes in federal law, or exemptions from federal requirements, that would allow the state to institute toll roads. The proposal also would allow DOT and local government to give consideration to public-private partnerships. Specifically, DOT and local governments could give consideration to any infrastructure project for which ten percent or more of the cost is covered by a private interest or a coalition of private interests.

The plan would also would eliminate 180 DOT engineering staff positions, place limits on roundabouts, repeal prevailing wage requirements for state contracts, and reduce minimum markup requirements.

#### **What's Next?**

With nearly unanimous opposition to the Assembly transportation plan by the Governor and Wisconsin Senate, along with no support for the Governor's plan and no clear plan from the Senate, it is uncertain when a final transportation budget will be enacted. Michael Best Strategies will continue to provide updates as the Wisconsin transportation budget continues to unfold.