

KEEP WISCONSIN *moving*

*SMART INVESTMENTS
MEASURABLE RESULTS*



*Report of the Wisconsin Transportation
Finance and Policy Commission*

January 2013



WIS 42, Door County

To Wisconsin residents, businesses and visitors:

Wisconsin's transportation system is a vast network of infrastructure and services that touches every aspect of our lives and economy. Whether transporting commuters in Milwaukee, visitors to Bayfield or the latest shipment of cheese from Green County, everyone in our state relies on and enjoys the many modes that make up our high-quality transportation system.

Just like any part of our infrastructure, it is important that Wisconsin invests in transportation. Unfortunately, our state is experiencing circumstances that will challenge our ability to provide the necessary investments. Traditional transportation revenues are stagnant or declining, the cost of providing services is increasing and a growing Wisconsin demands a higher level of transportation.

Answers are not easy to find. For more than a year, the Wisconsin Transportation Finance and Policy Commission has examined, researched, discussed and dissected the situation. We heard from transportation providers, key experts and the public.

In the end, we heard the message loud and clear—transportation is so important to Wisconsin that we must provide adequately for current and future needs. In these challenging economic times, failing to make the needed investments in transportation will harm our economy and compromise our safety when we travel. While there is a cost, it can be borne equitably and efficiently so that we can all experience the improved safety and economic opportunities provided by a stronger transportation system.

Read this document. Examine the issues. Consider the solutions. Then voice your support for a strong and safe Wisconsin that provides the solid foundation for a high-quality transportation system to keep Wisconsin moving.

Members of Wisconsin's Transportation Finance and Policy Commission

About the Commission

The Wisconsin Transportation Finance and Policy Commission was created in the 2011–2013 state budget. The Commission was directed to examine issues related to the future of transportation finance in Wisconsin, including the following:

- ▶ Highway maintenance, rehabilitation and expansion projects
- ▶ Local aid and assistance programs, including general transportation aids
- ▶ Transportation fund revenue projections
- ▶ Transportation fund debt service
- ▶ Options to achieve balance between revenues, expenditures and debt



Commission members

Front row, left–right: Dave Cieslewicz, Martin Hanson, Mark Gottlieb, Craig Thompson, Tom Carlsen

Back row, left–right: Barbara Fleisner LaMue, Robb Kahl, Tom Vandenberg, William Hanson, John Antaramian, Robert Cook



A growing economy needs mobility

WISCONSIN'S ECONOMY NEEDS the solid foundation provided by a high-quality transportation network. However, many factors are leading to needs throughout the transportation system.



WIS 60, Crawford County



Freight rail cargo, Rusk County



I-39/90, Rock County

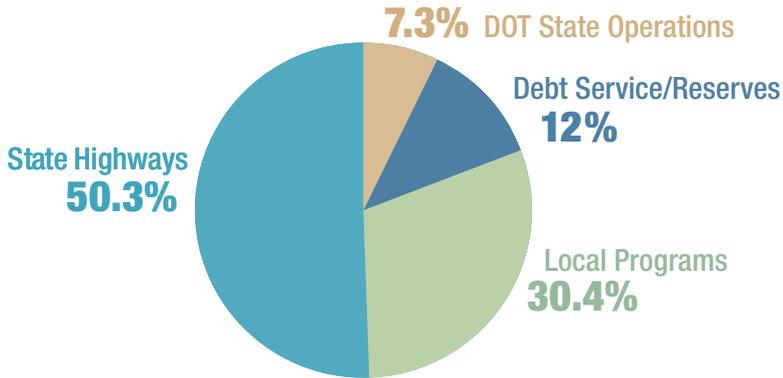


Bicyclist, Dane County

- ▶ Many aging roads and bridges are in need of a complete replacement, rather than lower-cost, short-term repairs. Most Interstate highways in Wisconsin were opened well before 1970 and many segments need to be rebuilt.
- ▶ Our economy relies on just-in-time delivery of goods to factories, stores and consumers. However, this leads to more and heavier trucks that cause significant wear on key highways.
- ▶ Wisconsin's state highways and local roads support economic growth. Without adequate capacity, motorists face congested and unsafe driving conditions and stores and manufacturers deal with late and unpredictable shipments.
- ▶ Tourism in Wisconsin—a \$10 billion industry—relies on transportation that is consistent and provides an enjoyable travel experience.
- ▶ More than 11 percent of Wisconsin workers do not commute to work in a private vehicle. These workers rely on transit, bicycling or walking to reach their destinations.

Wisconsin's transportation system

OUR TRANSPORTATION SYSTEM is multi-modal and multi-functional. Every day, millions of tourists, commuters, truckers and travelers use a network of diverse services. Using a combination of state and federal funds, Wisconsin invests about **\$3.25 BILLION EACH YEAR** to support the transportation network and keep people and freight moving throughout the state.



Wisconsin Transportation At-a-Glance



Highways and roads

11,800 miles
State and Interstate highways

103,000 miles
County highways, town roads and municipal streets



13,700 local and state bridges
59 billion vehicle miles of travel (VMT) each year

4 million licensed drivers

Nearly 5.5 million registered vehicles



Airports

131 public use airports
About 6.6 million people boarding commercial flights each year



Railroads

About 3,600 route miles
80 million tons Cargo shipped on freight railroads each year



Harbors

40 million tons of cargo each year
29 ports of commerce



Bicycle and pedestrian facilities

Wisconsin ranked **6th** most bicycle-friendly state in 2012



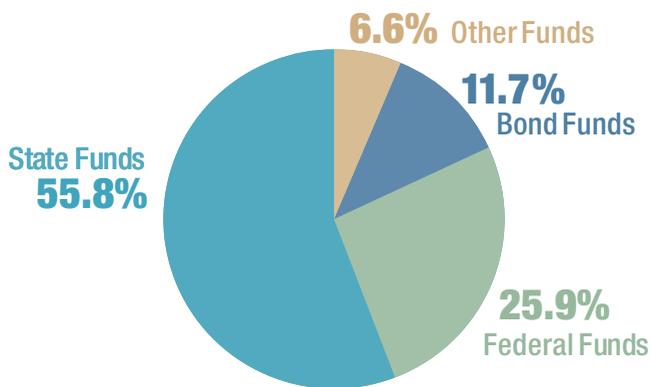
Transit

81 public bus and shared-ride taxi systems

Current funding sources

Current transportation funding is provided largely by the users of the system.

- ▶ More than half of all transportation funds come from the state gas tax and passenger and commercial vehicle registration fees.
- ▶ Federal aid provides just over one-quarter of Wisconsin transportation funds.
- ▶ Nearly 12 percent of the revenue comes from borrowing through state bonds.
- ▶ The remaining funds come from a variety of other transportation program sources, along with a small amount of general funds.



HOW MUCH DOES THIS IMPACT YOU? The current state motor fuel taxes and registration fees for a typical vehicle driven 12,000 miles each year are \$254, less than a dollar a day and lower than each of our neighboring states.

“I think that it’s really low compared to what I pay in my other monthly bills for stuff I use more. I pay about that for my Internet service...”

Focus group participant

Warning—low fuel gauge



So what's the problem?

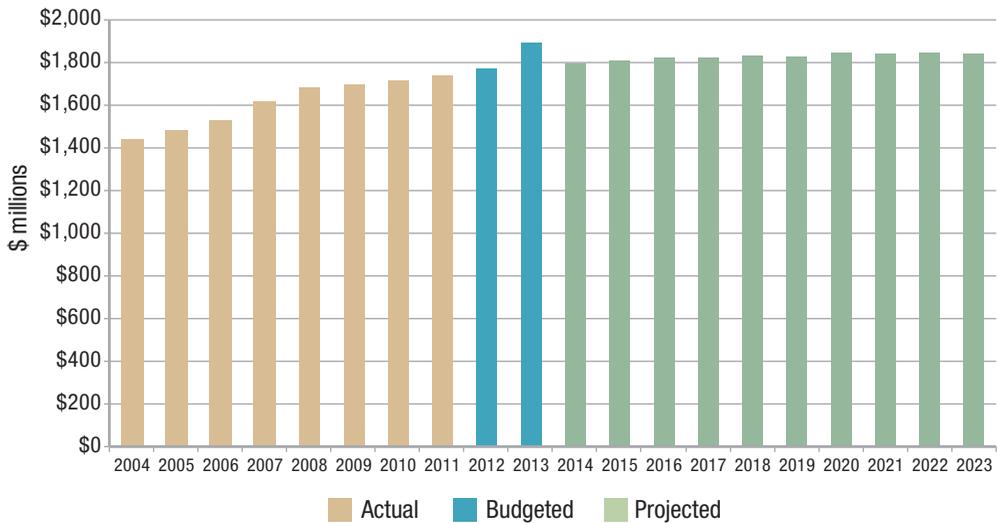
Despite what seems to be a solid base of funding for transportation, the traditional revenue sources are stagnant at best and in some cases declining. Improvements in fuel economy—while certainly beneficial in many respects—result in lower gas tax collections.

The purchasing power of transportation taxes and fees is also declining. The state gas tax is no longer adjusted for inflation, meaning that the per-gallon tax rate has not changed since 2006.

In the meantime, inflation for highway construction has grown by three times the rate of general inflation in the past 20 years. The purchasing power of current funding is projected to decline by nearly 16 percent over the next 10 years.

Bonding or borrowing to pay for projects is also a concern for the future. While some borrowing is appropriate, by 2023 nearly one-quarter of all state transportation revenue will be needed just to cover the debt for past projects. That means less cash is available to cover current needs.

FY 2004–FY 2023 State Revenues



Trouble on the horizon

Today's revenue trends show that Wisconsin cannot even maintain current conditions for transportation in the future. Instead, stagnant revenue, growing needs and loss of purchasing power will lead to disinvestment. The impacts of disinvestment are real and will affect the mobility of our citizens and the competitiveness of our economy.



◀ DETERIORATED PAVEMENT AND BRIDGE CONDITIONS

While Wisconsin will prioritize fixing hazardous situations, many lower volume roads will have significant cracking and potholes and heavier trucks may be restricted from using certain bridges.



◀ INCREASED TRAFFIC CONGESTION

Projects to modernize highways —even those already under study or construction—will be scaled back or delayed. There will be little room to clear crashes from traffic lanes and delays will become more frequent and unpredictable.



◀ COMPROMISED SAFETY

Wisconsin will not be able to enhance safety on roads. Projects that could be impacted include traffic signals, turning lanes and safety improvements for bicycles and pedestrians.



◀ ROUTE AND SERVICE CUTS FOR TRANSIT AND PASSENGER RAIL

Reduced funding would mean fewer routes, shorter hours of service or fare increases, even for transit-dependent riders.



Understanding the problems

The Commission heard from transportation experts, government officials, public listening sessions and focus groups. People shared many key themes about what they expect from Wisconsin's transportation system.

SAFETY IS A TOP PRIORITY. Motorists need well-designed roads in good condition that allow for safe operation under all weather conditions.

- ▶ The system must offer predictable and reliable mobility. Traffic congestion is expected in some circumstances and locations, but the overall system should provide adequate capacity and manage traffic to minimize disruptions.
- ▶ Some people choose to travel regularly by transit, bicycling and walking, and many elderly, disabled and urban residents rely on these travel modes for employment and other travel needs.
- ▶ Farms and businesses depend on a strong multi-modal system to ship products regionally, nationally and beyond. Whether shipping traditional Wisconsin products—grain, milk, paper—or goods of the new economy—circuit boards, medical equipment—the state relies on a network that supports trucks, trains, ships and planes.

“You can't avoid (congestion): going the opposite way doesn't matter. It's like a two-way rush-hour and it's worse than it was 30 years ago, for sure.”

Focus group participant

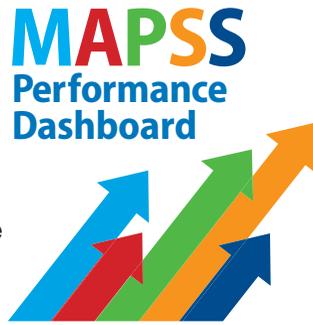
“I don't know what I'd do without the (transit) system. I've been taking the bus for 30 years and I use it primarily to go to work ...”

Focus group participant

Providing measurable results

Wisconsin residents and businesses can be assured that current transportation investments are being managed wisely.

The Wisconsin Department of Transportation (WisDOT) is responsible for administering transportation programs and supporting the entire state network. WisDOT has strong procedures in place to manage the network cost-effectively.



One way that WisDOT communicates its goals and performance is via the MAPSS performance dashboard, measuring performance for five key goals:

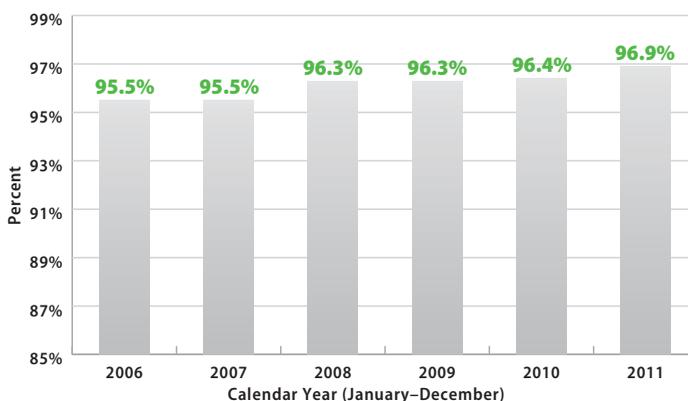
- ▶ **MOBILITY**—provide modal choices with minimal congestion and delay.
- ▶ **ACCOUNTABILITY**—spend taxpayer funds wisely.
Be open and transparent.
- ▶ **PRESERVATION**—responsibly maintain our existing infrastructure for maximum life.
- ▶ **SAFETY**—reduce crashes, injuries and fatalities through engineering, education and enforcement.
- ▶ **SERVICE**—provide quality service in a timely and professional manner.

Quarterly updates on the MAPSS performance dashboard are on-line at www.dot.wisconsin.gov/about/performance/index.htm.

WisDOT also makes smart investments. The department is continually working to introduce new technologies and innovations. For example, by using recycled materials in projects, WisDOT reduced its contribution to landfills by over three million tons and saved over \$17 million in 2011. The department manages public resources with a strong emphasis on public involvement and innovation, including countless opportunities for input on projects and plans.

Sample MAPSS measure:

Percent of State Bridge Deck Area Rated Fair or Above



“70 percent of residents are satisfied by the job done by WisDOT—15 percent higher than ratings for other state DOTs that had similar surveys.”

Wisconsin DOT 2012 customer survey

Creating a responsible plan

After examining issues and listening to the public, the Commission recommends that Wisconsin adopt a balanced, responsible approach to support high-priority transportation needs that will improve safety, enhance mobility and increase economic opportunity throughout the state.

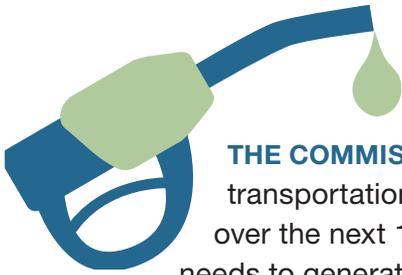
Over the next 10 years, the Commission calls for an additional \$479.5 million in annual transportation investment across all modes and services.

In addition to specific investments, the Commission recommends policy changes to streamline funding programs and target investments to priority needs that will best support mobility and safety.

The Commission's recommendations are not a wish list. Based on its review of the needs of the transportation network and the investment level necessary to address those needs, this is the minimum investment that will maintain current conditions across the modes over the next 10 years.

Recommended annual increases to transportation investment

	<p>Highways and roads \$179 million State highway rehabilitation \$100 million State highway modernization \$75.1 million Southeast freeways \$33 million State highway maintenance \$40 million Local highways and bridges</p>
	
	<p>Airports \$2 million</p>
	<p>Railroads \$1.5 million</p>
	<p>Harbors \$2.6 million</p>
	<p>Bicycle and pedestrian facilities \$10 million</p>
	<p>Transit \$36.3 million</p>



Fueling our future

THE COMMISSION'S INVESTMENT PLAN puts Wisconsin's transportation system back on course to support the economy over the next 10 years. In order to achieve this goal, Wisconsin needs to generate an additional \$6.8 billion over 10 years to account not only for new investments but also for the continued decline in the current revenue being used to fund transportation.

The Commission calls for a measured approach over the next decade that ensures adequate funds for Wisconsin's future.



- ▶ Raise the state gas tax by **5 CENTS PER GALLON**.
- ▶ Adopt a new **MILEAGE-BASED REGISTRATION FEE** for passenger cars and light trucks that amounts to just more than a penny for each mile traveled.
- ▶ Increase **ANNUAL REGISTRATION FEES** for commercial vehicles by 73 percent.
- ▶ Increase the fee for an eight-year **DRIVER LICENSE** by \$20.
- ▶ Eliminate the **SALES TAX EXEMPTION** on the trade-in value of a vehicle.

THE COMMISSION ALSO RECOMMENDS various other changes related to how transportation is paid for in Wisconsin:

- ▶ Enact legislation to allow for regional or local transportation initiatives supported by county or local sales taxes.
- ▶ Support the proposed state constitutional amendment to protect the integrity of the Wisconsin Transportation Fund.
- ▶ Increase bonding over the ten years, but keep debt service payments for transportation projects at a manageable level.
- ▶ Address inflation in the future. Index the state fuel tax and vehicle registration fees to mitigate the impact of inflation.
- ▶ Encourage federal legislation that allows states more flexibility to toll on the National Highway System.

An equitable approach

Wisconsin needs to invest in its transportation system. The Commission's plan calls for equitable solutions where those who use the system pay more.

FOR WISCONSIN DRIVERS AND VEHICLE OWNERS, the additional amount paid would vary widely depending on the vehicle type and miles driven. The chart below shows the additional amount paid per year for three different examples:

	 16 mpg	 22 mpg	 30 mpg
4,000 miles ►	\$23	\$19	\$17
12,000 miles ►	\$129	\$120	\$111
24,000 miles ►	\$248	\$228	\$214

Under the Commission's plan, the first 3,000 miles per year would be exempt from the mileage-based fee calculation, addressing concerns for Wisconsin residents who travel regularly outside the state. The fee would be capped at 20,000 miles per year. Drivers from other states would contribute as they purchase fuel in Wisconsin.

The Commission recommends that the mileage-based fee be collected through a self-reporting system, where vehicle owners certify mileage as part of the annual registration process. There would be no on-board technology or tracking systems. A verification process would be developed to provide easy and secure reporting.



THE BOTTOM LINE? If the Commission's recommendations are adopted, the fuel taxes and registration fees on a typical Wisconsin passenger vehicle would **INCREASE BY \$120 PER YEAR—AN EXTRA 33 CENTS PER DAY.**

Who benefits?



WIS 40, Chippewa County



Sturgeon Bay, Door County



US 41, Winnebago County



Superior, Douglas County

New resources for transportation will benefit residents and businesses throughout the state.

- ▶ Key freeway rebuilding projects such as the Zoo Interchange, US 41 and I-39/90 will move forward with safety and capacity features.
- ▶ Freeway and other road resurfacing and bridge rehabilitations will proceed to support safe and reliable travel for tourists and commuters in all seasons.
- ▶ Busy urban corridors will have roadway features in place that allow incidents to be cleared quickly and traffic to flow efficiently.
- ▶ Growing businesses will be able to rely on predictable shipping times and minimal routing problems, even for heavy trucks.
- ▶ Communities can attract businesses that need major infrastructure such as harbors, freight rail service and direct access to highways.
- ▶ Workers will continue to have safe and effective choices for getting to work by transit, bicycling or walking.

What happens next?

The Commission has finished its work, but the story does not end there. The Commission's recommendations are advisory to the Legislature and the Governor. It's possible that the next state budget could include some of the Commission's ideas.

What you can do

To ensure a safe transportation system that keeps Wisconsin moving and supports a growing economy, people and businesses need to be involved.



▶ **REVIEW THE COMMISSION'S WORK**—presentations, papers, analyses and public input—to better understand the issues.

▶ **GET INVOLVED.** Talk to family, friends and others in your community about the importance of transportation investments.

▶ **STAY INVOLVED.** Visit the WisDOT web site to learn more about transportation programs and services.



Wisconsin needs a high-quality transportation system that is supported by reasonable, equitable, well-managed and smart investments.

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