
2023-25 Biennial Budget Highlights 2023 Wisconsin Act 19



Wisconsin Department of Transportation
Division of Budget and Strategic Initiatives
Bureau of Budget

2023-25 Biennial Budget Highlights

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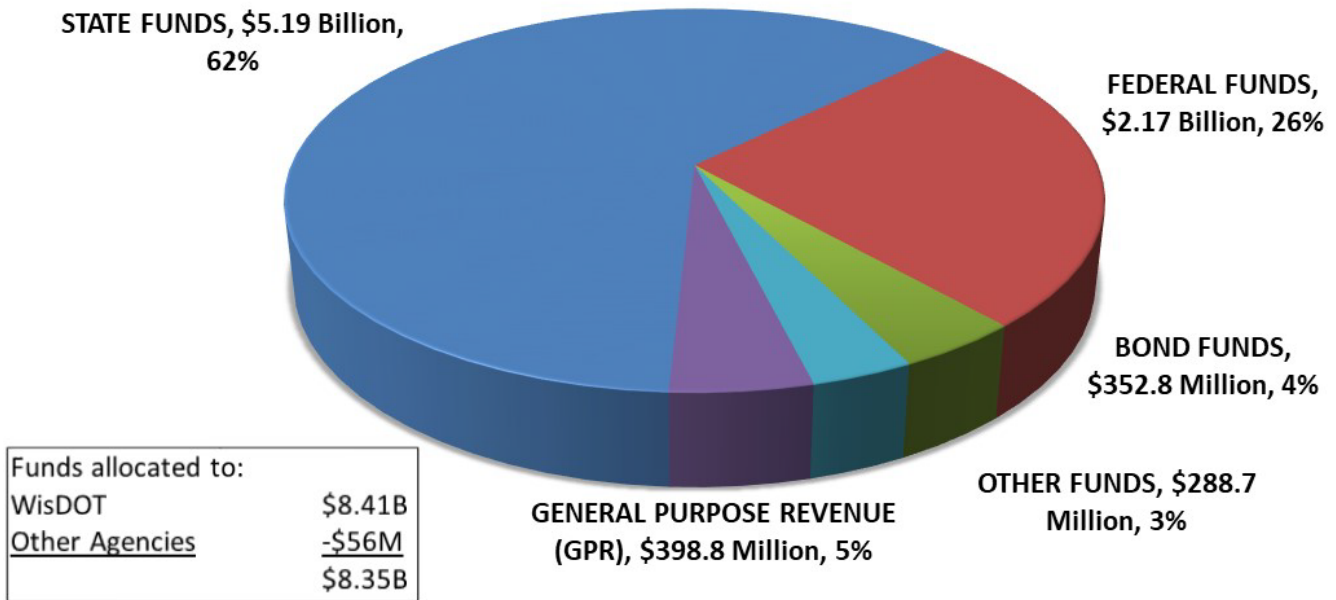
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REVENUE SOURCES

The chart below illustrates the sources of Transportation Fund revenues subdivided into major categories: State Funds (SEG), Federal Funds (FED), Bond Funds, and General Purpose Revenue (GPR), and Other Funds. State transportation revenues largely consist of motor fuel taxes, vehicle registration fees, and driver license fees. Wisconsin receives money from the federal government based on formula and discretionary funding programs. Other funds include program revenue and local revenue.

2023-25 TRANSPORTATION: FUNDING SOURCES
TOTAL BUDGETED REVENUES: \$8.41 BILLION
2023 ACT 19

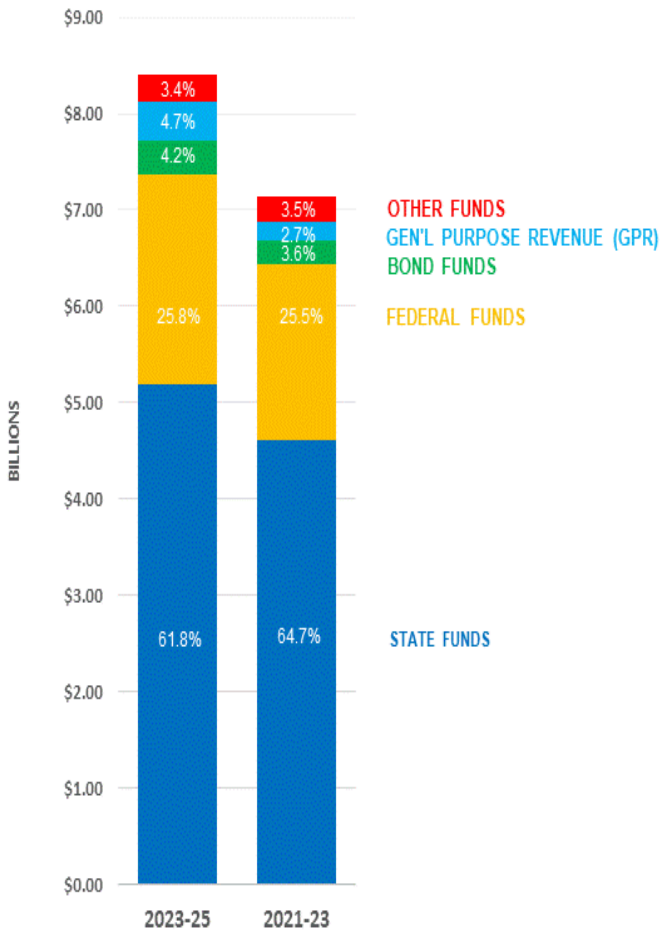


The biennial budget:

- Provides a one-time general fund transfer of \$555,523,900 in FY 2024 in addition to an estimated \$48,112,000 in FY 2024 and \$51,700,000 in FY 2025 from a 0.25% transfer of general fund taxes to the transportation fund.
- Transfers \$8,000,000 from the local government fund to the transportation fund annually beginning December 30, 2024 to make the transportation fund whole for the reduction in railroad taxes associated with the repeal of the personal property tax (2023 Wisconsin Act 12).
- Adds an estimated \$39,300,000 in FY 2024 and \$55,100,000 in FY 2025 from the general fund to the transportation fund associated with electric vehicle sales taxes.
- Beginning on October 1, 2023, increases the electric vehicle registration fee from \$100 to \$175, resulting in additional transportation fund revenues estimated at \$1,180,600 in FY 2024 and \$2,108,700 in FY 2025.

- Total new borrowing increased from the 2021-23 biennial amount of \$223.60 million to \$352.80 million, a 57.78 percent increase.
- Bond proceeds comprise 4.3 percent of all funding in the 2023-25 biennium.
- Debt Service Payments for the 2023-25 Biennium are estimated at \$876.94 million:
 - Debt service paid from the Transportation Fund is estimated at \$709.26 million
 - Debt service paid from the General Fund is estimated at \$167.67 million.
- Total debt service decreased approximately \$56.64 million from the 2021-23 Biennial Budget (2021 Wisconsin Act 58).

2021-23 and 2023-25 Transportation Funding Sources \$8.41 billion
 As estimated under 2021 Act 58 and 2023 Act 19



Total 2021-23 Transportation Revenues: **\$7.14 billion***

Total 2023-25 Transportation Revenues: **\$8.41 billion***

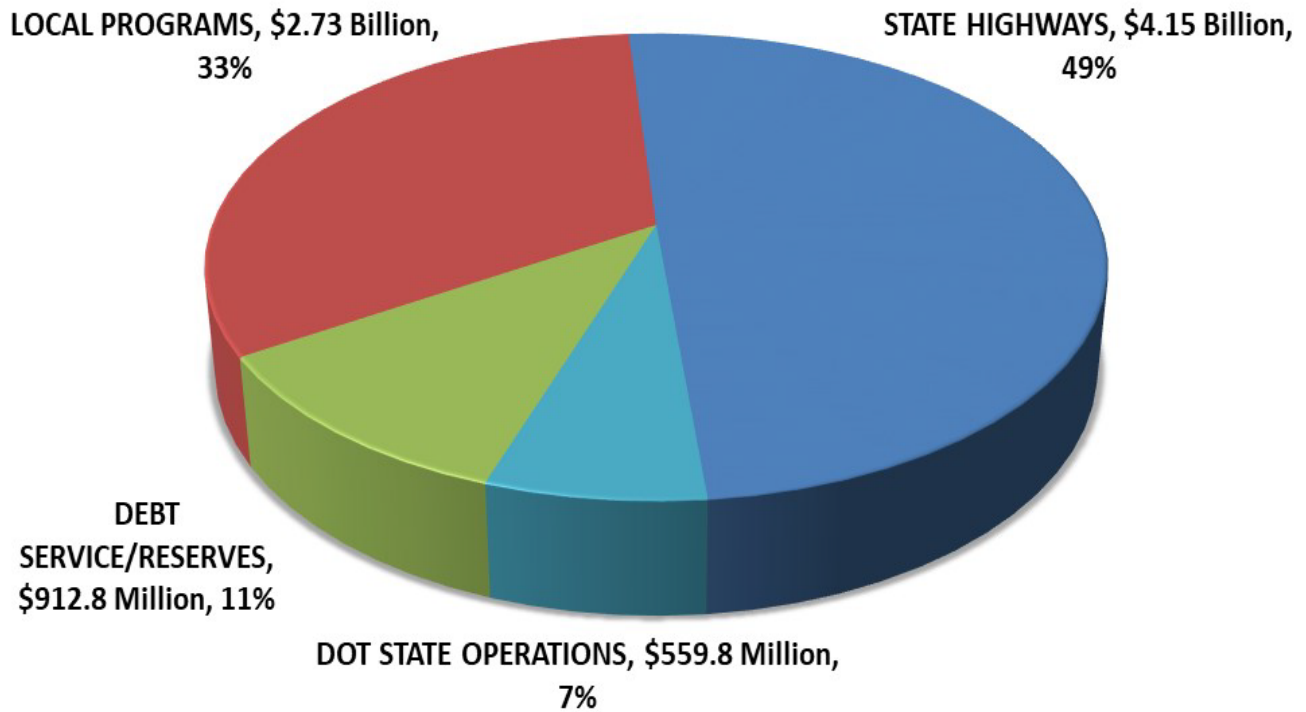
*In FY21-23, \$55.1 million of Transportation Revenue was allocated to other agencies and \$56.0 million is allocated to other agencies in FY 23-25.

EXPENDITURES

The charts below illustrate the Department's expenditure authority in four categories - State Highways, Local Programs, Debt Service and Reserves, and DOT Operations - for the 2023-25 Biennial Budget and compares the 2021-23 and 2023-25 Biennial Budgets. DOT Operations includes overall department operations, the Division of State Patrol, and the Division of Motor Vehicles.

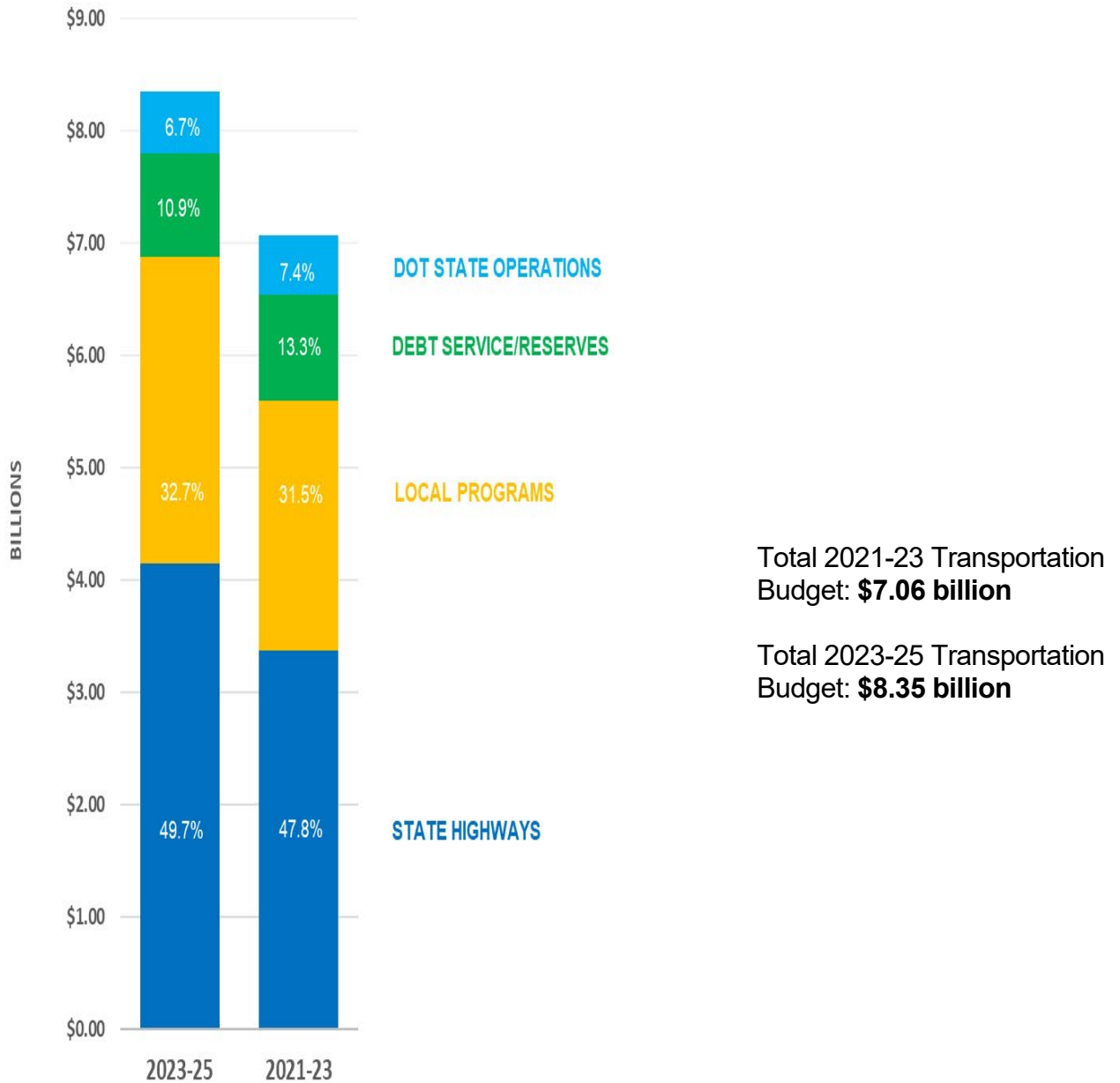
2023-25 TRANSPORTATION: ALL FUNDS ALL FUNDS BUDGETED: \$8.35 BILLION

2023 ACT 19



2021-23 and 2023-25 Transportation Budgeted Expenditures (in billions)

As enacted under 2021 Act 58 and 2023 Act 19.



STATE HIGHWAY PROGRAMS

State Highway Rehabilitation (SHR)

This program provides for the rehabilitation of existing state highways and bridges.

The 2023-25 budget provides \$2.232 billion (\$1.156 billion SEG; \$1.075 billion FED) in total funding for SHR; a 7.94 percent increase over base funding from the previous biennium. The increased funding will cover the expected inflationary increases over the biennium and allow the Department to maintain the number of state highway system miles in fair and above condition. In addition, \$7 million is required to be set aside this biennium to fund noise barriers along I-894 between Loomis Road and 76th Street in Milwaukee County.

Major Highway Development Program

This program provides for the development and construction of new or significantly improved highways that are generally the most complex, and costly projects. The program includes two categories of major highway projects:

- Projects enumerated in state statute. These include projects which:
 - Have a total estimated cost of \$49.5 million*, and
 - Construct a new highway of 2.5 miles or more in length,
 - Reconstruction or reconditioning an existing highway while relocating 2.5 miles or more of the existing highway or adding one or more lanes five miles or more in length to the existing highway, or
 - Improving an existing divided highway with at least two lanes in each direction to freeway standards for ten or more miles.
- Projects with a cost of at least \$123.7 million* that do not meet the other statutory requirements defining a major highway project. For example, SHR projects with costs greater than \$123.7 million and projects on the Southeast (SE) Wisconsin freeway system with a cost between \$123.7 million and \$828.3 million* are funded through the Major Highway Development Program.

The 2023-25 budget provides \$591.9 million for the Major Highway Development Program, a 4.65 percent increase over 2021 Act 58. The program received the following: \$210.1 million SEG; \$381.8 million FED. No additional Transportation Revenue Bonds were authorized for the program for the 2023-25 biennium.

*Thresholds for high-cost and expansion Major Highway Development Program Projects and Southeast Wisconsin Freeway Megaprojects are adjusted annually based on changes to the Wisconsin DOT Transportation Price Index, Yearly Moving Average. Thresholds listed are for state fiscal year (SFY) 2023.

Southeast Wisconsin Freeway Megaprojects

This program provides funding for all projects on the Southeast Wisconsin freeway system expected to cost more than \$828.3 million, including the reconstruction of the I-94 North-South freeway, the Zoo Interchange, and the I-94 East-West freeway. Under this program:

- The megaproject cost threshold is indexed to construction inflation. The threshold listed is for SFY 2023.
- Megaprojects must be enumerated in state statute.

The 2023-25 budget provides \$238.1 million (\$157.3 million SEG; \$80.8 million FED; \$0 General Obligation (GO) Bond [Transportation Fund Supported]) in total funding for the megaprojects program over the biennium. This represents a 190.44 percent increase in funding compared to the 2021-23 biennium.

Specifically, the SE Megaproject's budget includes funding to continue the I-94 East-West project from 70th street to 16th street in Milwaukee.

Major Interstate Bridge Construction

The Major Interstate Bridge Construction program involves the construction or reconstruction of a bridge crossing a river that forms the boundary of the state, for which the state's share of costs is estimated to exceed \$100 million.

The 2023-25 budget provides \$400 million (\$47.2 million SEG and \$352.8 million General Obligation (GO) Bond [Transportation Fund Supported]). This funding is for the Blatnik Bridge between Superior, Wisconsin and Duluth, Minnesota. This will be a joint project between the Wisconsin and Minnesota state departments of transportation.

State Highway Maintenance & Traffic Operations and Routine Maintenance

This program is responsible for ensuring year-round mobility by providing routine maintenance, repair, operation, and preservation services on the State Trunk Highway (STH) system. Routine maintenance activities include, but are not limited to, repairing potholes, removing snow, applying salt, controlling vegetation, maintaining rest areas and waysides, as well as installing and maintaining pavement markings. Many of these activities are performed by counties under contract with the Department.

The 2023-25 budget provides \$222.3 million (\$206.5 million SEG; \$15.8 million FED) in total funding for the State Highway Maintenance & Traffic Operations programs. This represents a 10.26 percent increase in funding compared to the 2012-23 biennium.

The 2023-25 budget provides \$382.4 million in total funding for the Routine Maintenance program. This represents a 1.51 percent increase in funding compared to the 2021-23 biennium.

Attachment A on page 12 provides a summary of funding for the State Highway Program.

LOCAL AID PROGRAMS

General Transportation Aids (GTA)

These funds are distributed to local governments to partially offset the cost of maintaining and improving local roads and streets. The Act provides \$1.07 billion in funding for the biennium, including a two percent increase in funding for aid payments in each of calendar years 2023 and 2024.

Local Road Improvement/Highway and Local Bridge Improvement Assistance

The Local Transportation Facility Improvement Assistance Program (STP-Urban and STP-Rural) is a reimbursement program that assists local governments in improving county highways, town roads, and city and village streets. The 2023-25 budget maintains \$145.1 million in total funding for the program.

The Local Bridge program allocates federal and state funds to complete a variety of improvements to federal-aid-eligible local bridges. The 2023-25 budget increased funding for the program by \$90 million (\$70 million federal and \$20 million state) over the biennium for total program funding of \$176.2 million.

One-time funding of \$1.2 million in FY 2024 is provided to the Local Bridge Improvement Assistance program for the Ray Nitschke Bridge in Green Bay and provides one-time funding of \$2.0 million for reconstruction of the Main Street Bridge in the City of Watertown.

One-time funding of \$50 million is provided under the Accelerated Local Bridge Improvement Assistance Program to assist in the construction of a new bridge, crossing the Fox River in Brown County.

One-time funding of \$100.0 million is provided in FY 2024 to continue funding the Local Road Improvement Program – Supplemental grants program. Grants are to be provided for projects eligible under the existing Local Road Improvement Program – Discretionary (LRIP-D) and distributed as follows: a) 35.6 percent for counties; b) 39.0 percent for municipalities; and c) 25.4 percent for towns.

Funding for the other LRIP programs was increased by four percent each year: \$1,844,400 over the biennium for LRIP-D and \$2,172,800 over the biennium for LRIP entitlement.

One-time funding of \$4,180,000 is provided in the LRIP-D program for the County Trunk Highway (CTH) O construction project in Richland County.

Funding of \$150 million is provided in FY2024 for the new Local Road Improvement Program – Agricultural Roads program, created under 2023 Wisconsin Act 13. Funds are to be made available for projects on local roads that provide access to agricultural lands or facilities used for the production of agricultural goods. Grants are available for up to 90 percent of eligible costs and must be awarded within three years with all reimbursements within five years.

One-time funding of \$12.5 million is allocated to the State Legislature's Joint Committee on Finance (JCF) supplemental appropriation in FY2024 and a biennial appropriation is created for the assessment of local bridges and culverts that are less than 20 feet and greater than six feet in length. The Department is required to develop a program for counties to assess local bridges and culverts and would need JCF approval to transfer the funding from the JCF supplemental appropriation to the Department's biennial appropriation for use for the program.

Special Highway Aids

Special Highway Aids includes the following programs: Connecting Highway Aids, Lift Bridge Aids, Disaster Damage Aids, County Forest Roads and Expressway Policing Aids.

The Act provides a 25 percent increase in the Connecting Highway Aid (CHA) distributions for each category in CY 2024 and thereafter; an increase in funding of \$7,457,600 over the prior biennium.

Transit Assistance

Transit assistance funds are distributed to public transit and shared ride taxi operators. The budget:

- Transfers the source of funding for the State Operating Aids program from the Transportation Fund to the General Fund beginning in FY 2024 and provides a two percent increase in CY 2024.
- Provides a four percent increase in each year for the Paratransit Aids program.

Elderly and Disabled Transportation Aids

These funds are distributed to counties and non-profit service providers to support the continued mobility of elderly and disabled populations. The Act provides an 11.6 percent increase in the amount of \$111,500 SEG annually for the Seniors and Individuals with Disabilities Specialized Assistance program.

Aeronautics

The budget act provides an increase of \$39 million in federal funding each year to reflect projected increases provided under the federal reauthorization bill.

Provides \$7.0 million to the Airport Improvement Program for a grant to the Appleton International Airport in FY 2024 for improvements to the airport's terminals.

Rail

The rail programs include the Freight Rail Infrastructure Improvement Program, the Freight Railroad Preservation Program, the Railroad Crossing Assistance program, and the Passenger Rail Route Development program.

The budget provides \$20.0 million SEG for the Freight Railroad Preservation Program.

The Act provides increases of \$453,100 SEG in FY2024 and \$518,100 SEG in FY 2025 for passenger rail assistance.

Harbors

To maintain and upgrade harbors within the state boundaries, the budget provides \$20.0 million in SEG for the Harbor Assistance Program.

One-time funding of \$10 million is provided to assist in the construction of a fuel pipeline extension from the Mitchell International Airport to the Port of Milwaukee. The state funding is contingent upon the Department receiving a federal grant under the Port Infrastructure Development program for the project.

SERVICE DIVISIONS

Division of State Patrol

The budget provides total operating funding of \$74.0 million in FY 2024 and \$74.0 million in FY 2025 to support vehicle inspection, traffic enforcement, and communications management.

The budget provides \$2.3 million GPR funding in FY 2024 to purchase dashboard cameras and the replacement of personal protective gear for the Division of State Patrol.

Funding of \$650,000 in FY 2024 and \$650,000 in FY 2025 is provided for the maintenance of the Department's communications towers.

Division of Motor Vehicles

The budget provides total operating funding of \$85.7 million in FY 2024 and \$88.7 million in FY 2025 to support the Division of Motor Vehicles (DMV).

The budget provides an on-going increase of \$3.0 million starting in FY 2025 to fund a modernization of the DMV's software and applications.

Increased funding of \$3,253,000 annually is provided starting in FY 2024 to address new requirements set by 2021 Wisconsin Acts 163 and 178 to issue a fleet plate and to institute a license plate replacement cycle for most motor vehicles.

The budget provides \$6.0 million for driver education grants in the Joint Committee on Finance's supplemental appropriation and creates a continuing appropriation for the Department to receive those funds. The Department is required to develop a program and request the release of the funds.

The budget requires the issuance of stickers to identify electric vehicles and for those stickers to be placed on the front and back license plates of electric vehicles.

Division of Business Management (DBM)

The budget provides a \$5.5 million increase for the Department's capital building program. Total funding of \$18.5 million is provided through the use of existing proceeds from the sale of Transportation Revenue Bonds.

Links:

2023 Wisconsin Act 19:

<https://docs.legis.wisconsin.gov/2023/related/acts/19>

Wisconsin Department of Transportation MAPSS Performance Improvement Program:

<https://wisconsindot.gov/Pages/about-wisdot/performance/mapss/default.aspx>

Attachment A

Highway Programs Funding - Historical Comparison

	Act 9 2019-21 Biennium	Act 58 2021-23 Biennium	Act 19 2023-25 Biennium
SE Mega			
SEG	63,319,200	12,000,000	157,327,800
FED	68,080,800	30,000,000	80,833,000
G.O. Bond SEG	95,000,000	40,000,000	0
G.O. Bond GPR **	0	0	0
	<u>226,400,000</u>	<u>82,000,000</u>	<u>238,160,800</u>
<i>Percent change 21/23 to 23/25</i>			190.44%
Majors			
SEG	52,223,200	50,223,200	210,068,600
FED	338,802,200	366,353,600	381,839,700
TRB	142,254,600	128,258,200	0
SEG-S	30,920,000	20,765,000	0
Contingent Bonding	0	0	0
	<u>564,200,000</u>	<u>565,600,000</u>	<u>591,908,300</u>
<i>Percent change 21/23 to 23/25</i>			4.65%
SHR			
SEG	1,040,836,000	1,118,011,700	1,156,611,300
FED	896,977,600	950,053,500	1,075,728,300
Contingent bonding	0	0	0
	<u>1,937,813,600</u>	<u>2,068,065,200</u>	<u>2,232,339,600</u>
<i>Percent change 21/23 to 23/25</i>			7.94%
Highway Management & Operations			
SEG	197,020,400	199,342,600	206,506,200
FED	2,208,000	2,344,400	15,883,200
	<u>199,228,400</u>	<u>201,687,000</u>	<u>222,389,400</u>
<i>Percent change 21/23 to 23/25</i>			10.26%
Routine Maintenance			
SEG	376,733,000	376,733,000	382,430,200
FED	0	0	0
GO Bonding	0	0	0
	<u>376,733,000</u>	<u>376,733,000</u>	<u>382,430,200</u>
<i>Percent change 21/23 to 23/25</i>			1.51%
Major Interstate Bridge			
SEG	0	0	47,200,00
FED	0	0	0
GO Bonding	27,000,000	0	352,800,000
	<u>27,000,000</u>	<u>0</u>	<u>400,000,000</u>
<i>Percent change 21/23 to 23/25</i>			N/A
TOTAL	\$ 3,331,375,000	\$ 3,294,085,200	\$ 4,067,228,300
<i>Percent change 21/23 to 23/25</i>			23.47%