



November 18, 2004

2005-2007 Budget Update 1
WisDOT Submits Budget Request

WisDOT's 2005-2007 budget proposal sent to the Governor last week contains fee increases, which generate \$150 million in additional revenue. The proposal would increase the vehicle registration fee \$15, from \$55 to \$70. Registration fees for light trucks would be set at \$78 for all categories, eliminating the staggered fee based on weight. Vehicle titling fees would be increased \$15, from \$35 to \$50 and the fee for a replacement title would be increased \$32, from \$8 to \$40. In addition, the fee on rental cars would be increased from 3% to 5% to match the state sales tax. According to WisDOT, the increases would generate an additional \$54 million in fiscal year 2006 and \$96 million in fiscal year 2007.

The WisDOT proposal provides significant increases to the following three programs:

- 1) The Southeast Freeway (Marquette Interchange) appropriation would be increased \$225 million over the previous biennium. The increase reduces the need for long-term bonds, provides for other necessary rehabilitation projects on the system, and funds initial study work on the next phase of the Southeast Freeway reconstruction.
- 2) Funding for Highway Maintenance Operations would be increased \$35 million over the previous biennium. The increase is intended to accommodate inflation, system growth, and restore traffic operation projects.
- 3) Hiawatha train service between Milwaukee and Chicago would receive an additional \$24 million over the biennium to maintain service.

Nearly all other WisDOT programs would be held at current funding levels. A few receive increases of less than 2%.

Due to the complicated nature of the transfer of transportation funds to the General Fund in the last budget, accounting for all of the revenue and expenditure items in the current budget will take some additional effort. What we know at this point is that the Transportation Fund will continue to be compromised by an ongoing transfer of \$120 million to the General Fund for school aids. This transfer along with the need to restore base level funding from transfers in the last budget make the fee increases requested by the department imperative. Absent the fee increases, the school aid transfer would necessitate cuts to transportation programs.

The department's budget submission is the first step in a long process to craft a final budget. The Department of Administration will consider the agency requests and prepare a complete state budget to be introduced by the Governor in February. The Joint Finance Committee of the Legislature will consider the state budget prior to consideration by the full Senate and Assembly. After the budget is passed by the legislature, the Governor will have the opportunity to amend the budget by line-item veto. This process generally produces significant changes to the transportation budget at each step. We will continue to monitor the process and provide information and analysis in this budget update format. If you have specific questions, please contact TDA staff at 608-256-7044 or general@tdawisconsin.org.