Transportation Development Association

Excerpt from
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Newsletter

Final Budget Update

The 2009-11 Wisconsin state budget has been signed into law and is now 2009 Wisconsin Act 28. Despite the fact that this budget was passed by July 1st for the first time in thirty years, the process of getting to that point was anything but smooth.

Following the Joint Finance Committee (JFC), the Assembly, Senate and eventually a conference committee each had a crack at rewriting the budget. Governor Doyle had the final say executing 81 vetoes and signing Act 28 at the Governor's Residence on June 29th.

Transportation was one of the hotly debated issues. Transportation revenue and Regional Transit Authorities (RTAs) were among the major items that saw changes throughout the process.

<u>Revenue</u>

After the JFC stuck with the governor's "oil company profits tax" (as outlined in the TDA June Newsletter), the Assembly renamed it the "oil company assessment", deleted the tiered structure of the tax and instead established a fixed rate of 2% of annual gross proceeds up to the equivalent of 4.4 cents per gallon of gas. They also removed the controversial "no pass-through provision".

The Senate scrapped the "oil company assessment" altogether and created a new appropriation for making a transfer from the general fund to the transportation fund roughly equaling the amount that would have been raised by the "oil company assessment" ($260 million). The revenue for the new general fund appropriation would have been generated by changing the capital gains exemption in Wisconsin. Under the law at the time, 60 percent of capital gains was exempt. The governor's budget proposed to reduce that to 40 percent, and the Senate version eliminated the exemption entirely.

The Conference Committee did not revive the "oil company assessment". It changed the capital gains exemption to 30% and also deleted the provision which would have transferred $140 million from the transportation fund to the general fund. In order to maintain the funding levels included in the Senate and Assembly versions, it appears, at this point, the committee kept the $140 million in general obligation (GO) bonding that had been included to cover the transfer along with adding $65 million in GO bonds for the highway rehabilitation program. The committee also transferred $28 million from the petroleum inspection fund to the transportation fund and another $9 million to the general fund.

The governor went along with the financing package that came out of the Conference Committee, signing it into law without vetoing any of these provisions.

RTAs

As outlined in the May TDA Newsletter, the governor initially proposed creating an RTA in Dane County, Southeast Wisconsin (Milwaukee, Kenosha, eastern portion of Racine) and the Fox Valley (Outagamie, Calumet, Winnebago). As outlined in the June TDA Newsletter, the JFC nixed the Fox Valley RTA, and made changes to the Dane and Southeast RTAs.

After numerous iterations in the Senate, Assembly and Conference Committee – with the Fox Valley RTA bouncing in and out and the Chippewa Valley (Eau Claire and Chippewa) and Chequamegon (Ashland and Bayfield) RTAs being added – the governor issued a number of vetoes affecting the RTAs.

Among some of the more notable vetoes were elimination of the Milwaukee County Transit Authority and the ability to levy a .65 cent sales tax that went along with it. The governor also vetoed language allowing Dane County to use a portion of the sales tax revenue for roads and requiring Dane County to hold a binding referendum.

Statutory language permitting RTAs with sales tax authority is now on the books for Dane County, the Chippewa Valley and Chequamegon Bay. An RTA with the authority to increase the car rental fee exists for Southeast Wisconsin. The governor stated his disappointment that the Fox Valley RTA did not make it to his desk. He implored the legislature to work through separate legislation to find a regional solution for an RTA with sale tax authority for Southeast Wisconsin as well as a compromise on a Fox Valley RTA that he could sign into law.

Other Policy

In addition, the governor vetoed language that would have prohibited counties from performing construction for private development. Members from groups representing local government, the private sector and labor have signed a Memorandum of Understanding (MOU), agreeing to sit down and work through the controversial issues that resulted in this proposed legislative language.