



# 2023-25 Budget Update #1

2/16/23

## Governor's Budget

Last night, Gov. Evers released his 2023-25 budget proposal. TDA staff are still combing through the details and analyzing the proposal.

Here is a summary of the governor's budget recommendations:

### Revenue/Bonding

- Transfer annually from the general fund the estimated sales tax generated from the sale of electric vehicles beginning with \$94.4 million in the 2023-25 biennium. The governor recommends limiting the transfer after FY 26 to the lesser of 120% of the prior year's transfer or \$75 million.
- Annual general fund transfer of the approximated sales tax on automotive parts and services above the FY21 amount, \$96.5 million in the biennium.
- Buy down \$380 million of transportation revenue bonds, reducing future debt service. The proposal includes more than \$400 million in new bonding, higher than recent biennia but historically low.

According to the Budget in Brief, the transportation fund benefits of these provisions equal \$267.2 million in the 2023-25 biennium and \$455.3 million in the 2025-27 biennium.

TABLE 6: TRANSPORTATION FUND REVENUE BENEFITS FROM GOVERNOR'S RECOMMENDATIONS

Transportation Related Sales Tax Transfers & Lower Debt Service Increase Dollars for Road Projects				
	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>
Electric Vehicle Sales Tax Transfer	39,300,000	55,100,000	66,120,000	75,000,000
Automobile Parts & Repair Sales Tax Transfer	43,625,700	52,895,500	62,643,300	72,893,900
Revenue Bond Prepayment Benefit <sup>1</sup>		76,287,700	76,406,700	102,229,750
<i>Totals</i>	<i>82,925,700</i>	<i>184,283,200</i>	<i>205,170,000</i>	<i>250,123,650</i>
<i>Biennial Totals</i>		<i>267,208,900</i>		<i>455,293,650</i>
<b>Gross Revenue Growth for 2025-2027</b>	<b>188,084,750</b>	<b>% Growth Compared to all ongoing 2023-2025 Revenue</b>		<b>4.2%</b>

### Program Details

#### Highway Program

- State Highway Rehabilitation Program increases by approximately \$23 million over the prior biennium.
- Major Highway Development Program funding increases by almost \$26 million.
- Southeast Wisconsin Mega Project funding is up \$156 million to keep the I-94 East-West project moving forward.

- Blatnik Bridge in Superior – authorize \$47.2 million in transportation fund-supported general obligation bonds for reconstruction.
- South Bridge Connector in Brown County – authorize \$50 million in transportation fund-supported general obligation bonds to support the reconstruction.
- Ray Nitschke Bridge in Green Bay – direct \$1.2 million in SEG funding for pressing repairs.
- Provide an additional \$29.4 million over the biennium for highway system management and operations to conform to new roadway painting standards and to paint bridges.

### In Millions

Program	2021-23	2023-25 Gov. Budget	Difference	% Change
State Highway Rehab	\$2,191.6	\$2,214.6	\$23.0	1.0%
Major Highway Development	\$565.6	\$591.4	\$25.8	4.6%
SE. Wisconsin Freeway	\$82.0	\$237.8	\$155.8	190.0%
Design-Build Projects (1)	\$20.0	0	-\$20.0	-100.0%
Total	\$2,859.2	\$3,043.8	\$184.60	6.5%

(1) \$20.0 million in transportation fund-supported, general obligation bonding authority was provided for design-build projects.

#### Local Aids

- Establish an ongoing Local Road Improvement Program (LRIP) supplement funded with SEG revenue, \$50 million annually, \$100 million in the biennium.
- Increase the Local Road Improvement Program by 4% yearly, about \$4 million over the biennium.
- Up General Transportation Aids by 4% a year, \$51.5 million in the 2023-25 biennium.
- Increase Routine Maintenance by \$11.4 million over the biennium.
- Provide \$4 million a year to assist local governments with pre-project development and technical assistance, improving the ability of localities to benefit from federal funding opportunities.
- Provide \$60 million in GPR funding for a traffic calming grant program.
- Increase Mass Transit Aids by 4% a year, \$6.8 million over the biennium. \$10 million in transit capital assistance grants each year.
- Increase funding for the Specialized Transportation Assistance Program by \$453,200 over the biennium and increase Paratransit Aids by 4% annually.

#### Ports and Rail

- \$20 million in transportation fund-supported general obligation bonds for the Freight Rail Preservation Program.
- Increase passenger rail operations assistance by \$3.6 million over the biennium to support a second daily train from Milwaukee to the Twin Cities.
- \$16 million in transportation fund-supported general obligation bonds for the Harbor Assistance Program, increase SEG support for the program by \$2 million annually.

#### Policy Items

- Create a program to utilize about \$17 million a year in federal funding to build out Wisconsin's electric vehicle charging infrastructure.
- Modify current law to exempt from the definition of a public utility, a nonutility that supplies electricity through an electric charging station by duration or the kilowatt hour.
- Allow local governments to establish Regional Transit Authorities.
- Restore complete streets and eminent domain for paths.

Next, the Legislative Fiscal Bureau will analyze the governor's budget proposal and issue a summary in about a month. In addition, the legislature will develop its plan for the 2023-25 budget.

# TDA Statement on the Governor's Budget

MADISON - Last night, Governor Tony Evers unveiled a two-year budget plan that recognizes Wisconsin's current transportation funding streams are insufficient to meet well-documented system needs. The governor understands that Wisconsin's transportation network is interconnected and vital to the future success of Wisconsin's economy, proposing key investments across the system. Transportation Development Association Executive Director Debby Jackson issued the following comment in response:

*"We appreciate Governor Evers taking the next step to address challenges facing the state's transportation system. We look forward to working with the administration and the legislature as the budget process continues. Transportation investment has been an area where bipartisan agreement led to significant progress in recent budgets, and we are optimistic that will be the case again this year."*

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