



16 North Carroll Street Suite 810 Madison, WI phone: 608.259.1000 fax:
608.259.1621
email: friends@1kfriends.org www.1kfriends.org

Immediate Release: March 22, 2007

Contact: Ward Lyles or Steve Hiniker,
608.259.1000

Wisconsin Property Taxpayers Shoulder \$1.3 Billion in Road and Highway Costs Annually

Transit costs on the property taxes comparatively small

1000 Friends of Wisconsin released a report today showing Wisconsin property taxpayers shoulder \$1.3 billion in road and highway costs each year. The report destroys the myth that roads and highways costs are covered by ‘user fees’ such as gas taxes and registration fees. This report also shows that less than \$50 million in transit costs are covered by property taxes statewide each year.

“The widely held belief that Wisconsin drivers pay the full costs of road and highways through their gas taxes and registration fees is wrong,” said Ward Lyles, Transportation Policy Director of 1000 Friends of Wisconsin. “Each year, roughly 40% of road and highway costs – totaling \$1.3 billion - are shouldered by property taxpayers.”

Wisconsin’s combined state transportation and local transportation budgets are in excess of \$4 billion per year. The perception exists that gas taxes and registration fees, controlled by state government, pay for all of the road and highway costs in the state, while other modes, especially transit, require heavy property tax subsidies from local governments.

The reality is that roads and highways in Wisconsin require huge property tax subsidies, 27 times greater than the property tax subsidy of transit. Data for 2004 show that 40% of total road and highway costs are covered by property taxpayers instead of through user fees (\$1.29 billion of \$3.29 billion). Meanwhile the property tax burden from transit is less than \$50 million per year, which is less than 20% of total transit costs. To remove all road and highway costs from property taxpayers would require a 40.2 cent per gallon increase in the gas tax, while for transit it would be a 1.3 cent per gallon increase.

“Legislators and special interests have tried to score political points claiming that recent transportation fund ‘raids’ break the trust of drivers,” said Lyles. “It’s clear that the real transportation raid is on property taxpayers’ wallets – a tax shift approved by the legislature every two years equal to a 40-cent gas tax increase.”

“Right now the system is set up to favor road building interests. Lawmakers direct an insufficient amount of gas taxes and registration fees to local roads and transit, which then get pitted against property tax relief at the local level. Meanwhile the lion’s share of gas taxes and registration fees are used to totally subsidize the costs of highways,” said Lyles. “Every dollar spent to expand a highway, whether it’s Highway 151, Highway 41 or the Marquette or Zoo Interchange, is a dollar in local road costs that gets shifted to property taxpayers.”

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“We need to have a public debate about how we want all of our transportation funds in Wisconsin, federal, state, and local, divvied up,” said Lyles. “If given the choice, Wisconsin residents might very well decide to trade an extra highway lane here and there for fewer potholes, better bus service, and lower property taxes. But for too long, legislators and the road building industry have made that decision for them.”

1000 Friends also noted that even if all state funding for transit, rail and bicycle and pedestrian projects were directed instead to local road and highway aids, there would still be more than \$1 billion in road and highway costs on the property taxes. That means that the funding conflict is not between transit and roads so much as between the road building industry, which profits from state highway projects, and taxpayers, who make most of their trips on local roads and transit systems.

1000 Friends of Wisconsin analyzed Wisconsin Department of Transportation and Legislative Fiscal Bureau documents for this study. The full report is available at www.1kfriends.org.

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