

Road, Highway, and Transit Funding in Wisconsin

The questions underlying this brief report are: 1) Do roads and highways pay their own way through user fees, such as the gas tax and registration fees, or are they subsidized by other taxes, such as property taxes? 2) What are the comparative levels of non-user fee subsidization of roads and highways and transit?

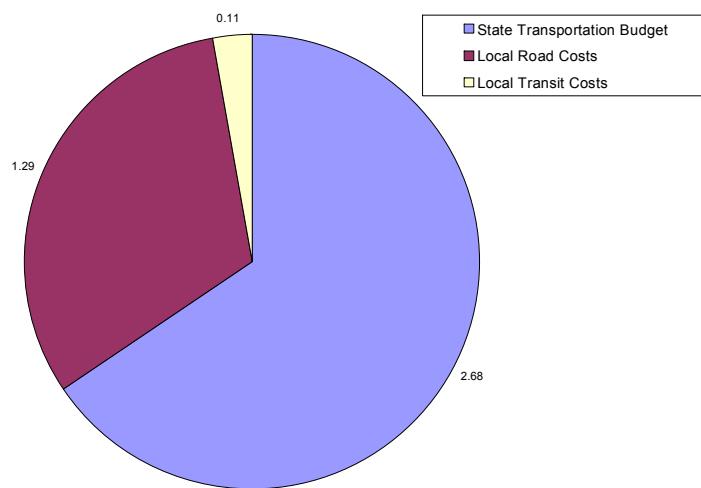
The key sources for this report are: Wisconsin Transportation Budget Trends 2006, Legislative Fiscal Bureau Memo to Joint Legislative Committee on Transportation Needs and Financing, Wisconsin Department of Transportation General Transportation Aid Calculations for 2007, and contacts with WisDOT staff. All data are for 2004, unless otherwise noted.

Q: How much does Wisconsin, including federal, state and local funds, spend on transportation each year?

A: Estimated total annual transportation costs for 2004: \$4.1 billion per year

- DOT Budget - \$2.68 billion
- Eligible local road costs not covered by state and federal aids - \$1.29 billion;
- Local costs for transit operating assistance (from fares, property taxes, and other local revenues): \$0.11 billion;
- Unknown: some local transportation costs not covered by state and federal aids may not be included in this calculation, for example bike/ped, rail, aviation, harbors, policing and planning

**Estimated Wisconsin Transportation Spending in 2004
(Billions)**



Q: How much of total transportation spending goes to roads and highways?

A: Estimated \$3.29 billion (80%)

- DOT road and highway spending: \$2.00 billion - categories related to state and local roads and highways total (includes state highways (\$1.14 billion); local road and bridge aids (\$0.20 billion); GTA aids (\$0.37 billion); connecting highways, lift bridges, and policing (\$0.02 billion); DMV, state patrol, and inspection and maintenance (\$0.15 billion) and transportation revenue bond debt service (\$0.11 billion); this estimate does not include general administration costs or non-major highway project debt service.
- Local governments' road costs: \$1.29 billion (See next question)

Q: How much of total road and highway costs in Wisconsin are covered by non-user fees from local governments?

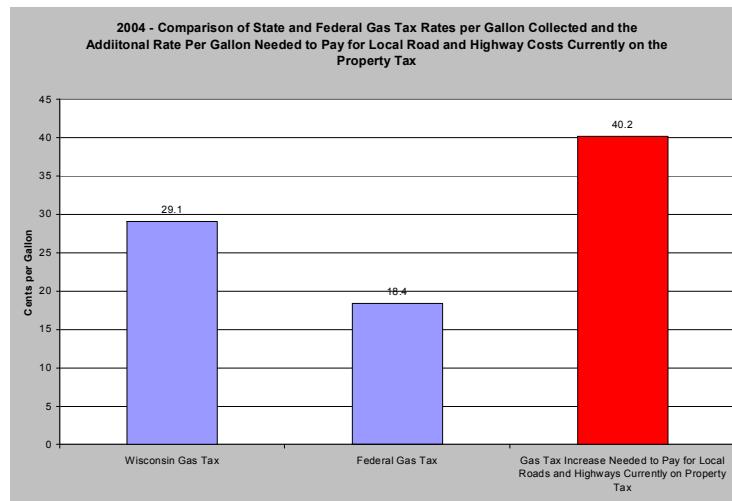
A: Estimated \$1.29 billion of \$3.29 billion (39%)

- Local governments reported \$1.66 billion in General Transportation Aids (GTA) eligible costs in 2004 (local road and highway construction, repair and maintenance); Local governments received \$0.37 billion in GTA payments; leaving \$1.29 billion in GTA costs to be covered by local governments

Q: How much would gas taxes have to be raised to cover all road and highway costs?

A: Roughly 40 cents per gallon, which would bring total gas taxes in Wisconsin to more than 90 cents per gallon.

- In 2004 the Federal gas tax rate was 18.4 cents per gallon and Wisconsin's was 29.1 cents per gallon.
- In 2004, 29.1 cents per gallon raised \$935 million dollars, or 32.1 cents per gallon.
- To cover the \$1.29 billion shortfall in 2004 would have required an additional 40.2 cents per gallon in gas tax.



Q: How much of state highway costs are covered by non-user fees?

A: \$0

- State highways are paid 100% through the state transportation budget, primarily with gas taxes and registration fees

Q: How much of local road and highway costs are covered by non-user fees?

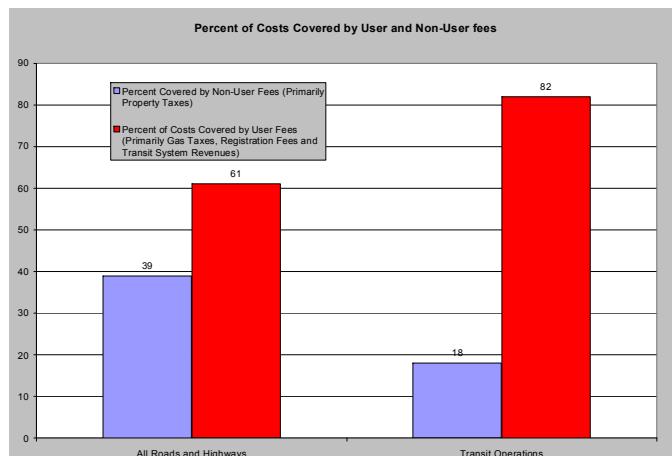
A: Estimated \$1.29 billion of \$1.88 billion (68%)

- Local governments reported \$1.66 billion in General Transportation Aids (GTA) eligible costs in 2004 (local road and highway construction, repair and maintenance). Local governments received \$0.37 billion in General Transportation Aid payments as part of the state transportation budget. That leaves \$1.29 billion in GTA costs to be covered by local governments, primarily with property taxes.
- It is unclear if local matches for non-GTA road and highway spending in the state transportation budget, which total \$0.22 billion (local road and bridge aids and connecting highways, lift bridges and policing) might increase this total, thereby increasing the amount of road costs not covered by user fees.
- Combined, the GTA eligible costs and non-GTA state road and highway aids total \$1.88 billion. Of those costs, at least \$1.29 billion, or 68% is borne by local governments.

Q: How much of transit costs are covered by non-user fees?

A: Estimated 18% (\$38.7 million of \$212.9 million in operating costs and 20%, or \$4 million, of \$20 million in capital costs for a total of \$42.7 million of \$232.9 million, or 18%)

- In 2004, total operating expenses for transit were \$212.9 million; state and federal aids (primarily from gas taxes and registration fees*) were \$143.5 million; transit system revenues (primarily passenger fares and advertising revenues) were \$69.4 million; leaving \$38.7 million, or 18.2%, on non-user local sources. * - In 2003, the Texas Transportation Institute found that Milwaukee area commuters received \$58 million in congestion cost savings from public transportation in 2003. That amount almost exactly equals Milwaukee County Transit's state aids for 2006, which were \$57.9 million, thereby making a strong argument for including gas taxes and registration fees as user fees for transit.
- In 2004, transit capital costs were approximately \$20 million*, with the federal government covering 80% of all costs, except equipment purchased to comply with ADA or Clean Air Act requirements in which cases the federal government covers 90% of the costs. * - Rounding up to \$25 million adds \$500,000 in additional local costs.
- According to the Milwaukee County Transit System website, 11%, or \$15 million, of \$140 million in total transit operating costs for 2005 (which includes \$20 million of Transit Plus paratransit service) were paid through property taxes.



Q: How large are the annual shifts of road and highway costs in selected counties and municipalities?

A: For Milwaukee County: \$184 million; Waukesha County: \$83 million; City of Abbotsford: \$729,000; City of Racine: \$16 million; City of Green Bay: \$17 million; and the City of Hudson: \$2.9 million

- For Milwaukee County (including all municipalities, as well as the county itself) there were \$227 million in local costs and \$43 million in GTA, leaving \$184 million in costs (80.9%) on local governments.
- For Waukesha County (including all towns, villages and cities, as well as the county itself) there were \$103 million in local costs and \$20 million in GTA, leaving \$83 million in costs (80.4%) on local governments.
- For the City of Abbotsford there were \$892,300 in local costs and \$163,700 in GTA, leaving \$729,000 in costs on the city.
- For the City of Racine there were \$19.7 million in local costs and \$3.6 million in GTA, leaving \$16.1 million in costs on the city.
- For the City of Green Bay there were \$21.1 million in local costs and \$3.9 million in GTA, leaving \$17.2 million in costs on the city.
- For the City of Hudson there were \$3.6 million in local costs and \$0.7 million in GTA, leaving \$2.9 million in costs on the city.