



The Transportation Development Association of Wisconsin is a statewide nonprofit organization that advocates building and maintaining an efficient, reliable and interconnected transportation system that addresses our state's needs for safe mobility and economic growth.

## June 2009

### IN THIS ISSUE

<i>State Budget Continues Its Journey</i>	1	<i>TRIP Issues</i>	6
<i>Executive Perspective</i>	2	<i>Rough Road Report</i>	6
<i>TDA Members Gather in Madison for Drive-in</i>	3	<i>House Passes FAA Reauthorization</i>	7
<i>Wisconsin's Second Annual Transit Week Commands Increased Attention</i>	4	<i>Senate Bills Would Discourage PPPs</i>	7
<i>Highway Trust Fund Headed Toward Zero</i>	5	<i>Transportation in the News</i>	8
<i>President Announces Historic CAFE Standards</i>	6	<i>Association Notes</i>	8

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## State Budget Continues Its Journey

The state budget cleared its first major hurdle by passing out of the Joint Finance Committee (JFC) on a party-line vote of 12-4. The highlights of the JFC Budget are as follows:

### Revenue

The JFC maintains the governor's oil company assessment including the prohibition on passing the cost on to consumers. The JFC proposal estimates the revenue from the assessment at \$260 million over the biennium.

### Transfers

The governor's budget proposal included \$139 million in transfers over the biennium. Some of the transfer was to be accomplished by moving five general purpose revenue (GPR) appropriations to the transportation fund. JFC deletes the conversion of the GPR

appropriations, makes the entire \$139 amount simply a transfer and replaces the segregated transportation funds with general-fund supported general obligation bonds. The JFC budget also includes an additional transfer of \$65 million over the biennium to reflect the 5.135% reduction in base funding affecting most agencies, the elimination of the 2% general wage adjustment and the state employee furloughs.

### Across the Board Funding Cuts/ Agency Reductions

The JFC budget adds to the governor's original 1% across-the-board reduction in state programs with a 5.135% reduction in base funding for most programs. Programs not listed below will generally receive state funding in both years of the biennium roughly equal to 2009 base less 6%.

# Executive Perspective

By Craig Thompson, TDA Executive Director

## Tough Times, Tough Choices

As the state budget moves on from the Joint Finance Committee (JFC) to the state Assembly there is a lot of gnashing of teeth going on across the state about some of the painful decisions included in the document in its current form. There are legitimate arguments being made on each side of these policy decisions. Arguments against raising taxes or fees at a time of economic turmoil to arguments against cutting funding for services which are under greater demand during times of economic turmoil.

It probably seems like a lose-lose proposition to most legislators. The real loss for Wisconsin, however, would be to try and find a way to avoid these unpopular decisions. That is largely how we arrived in this untenable situation in the first place.

Wisconsin faces one of the worst deficits in the country because we have, as voters and as elected officials, been unwilling to bite the bullet in recent years and support revenue increases when need be and/or cut services and programs when need be. We have used accounting gimmicks and one-time transfers of funds to maintain or increase services without the underlying revenue stream to support them. The transfers from the segregated transportation fund, of course, come to mind as the most prominent example.

We are not alone in this approach to budgeting either. At the federal level we have left the federal gas tax at the same level for sixteen years and still tried to meet the increasing costs of construction and materials by spending down the balance in the Highway Trust Fund (HTF). Well, that party ended last year when Congress and President Bush had to transfer \$8 billion from the general fund to keep the HTF from going in

the red and another transfer will be needed this summer.

The package that emerged from the JFC acknowledges that we need an actual ongoing funding source to pay for the transportation needs that lay ahead of us. For this the members of the JFC should be commended. There may be a bit of work yet to do, however, in order to make this funding source stable and reliable. The “no pass-through” clause of the oil company assessment language is causing legitimate concern among members of the legislature as to whether the provision is constitutional, as well as the impact to the transportation fund while the case makes its way through the legal process. If this clause were removed, the tax on oil companies would work like any other tax on corporations. They may or may not choose to pass some or all of the cost on to the consumer. Even if each company decided to pass one hundred percent of the cost along it would mean an additional \$3 to \$4 a month to the average driver.

We may not feel compelled to do cartwheels at the prospect of paying a couple of dollars a month more in order to maintain and rebuild our infrastructure, but if we pause for even a moment to consider the cost of deferring projects and allowing our infrastructure to deteriorate further, perhaps we should. A report issued in May by TRIP, a national transportation research group, estimated that rough roads are costing Wisconsinites about \$280 a year in additional vehicle operating costs. The cost is significantly higher for drivers in Milwaukee and Madison. These immediate costs pale in comparison to the cost we experience when our overall economy suffers because of an inefficient transportation

*Executive Perspective continued on page 6*

## TDA Members Gather in Madison for Drive-in

TDA members from across the state converged on Madison on May 13th for the 2009 TDA Drive-In. With the budget in full swing, and transportation issues yet to be decided in the Joint Finance Committee, the Drive-In and office meetings with legislative leaders came at an important time.



Decker, Assembly Speaker Mike Sheridan, Assembly Minority Leader Jeff Fitzgerald, Senate Minority Leader Scott Fitzgerald, Senate Transportation Committee Chair Jim Holperin and Assembly Transportation Committee Chair John Steinbrink.

Attendees heard first from Todd Berry, executive director of the Wisconsin Taxpayers Alliance. Mr. Berry gave a broad review of recent state budgets as well as recent economic activity in Wisconsin as a backdrop for the current deficit Wisconsin finds itself in. Mr. Berry also provided context of neighboring states and the budget situations they face relative to Wisconsin's. The use of transfers, most notably from the transportation fund, as well as the use of other one-time revenues, was a factor according to Mr. Berry, for Wisconsin's historic deficit.

Following Mr. Berry, Christopher Klein and Casey Newman from the Wisconsin Department of Transportation (WisDOT) provided a thorough review of the many stimulus projects that are under way across Wisconsin in all modes of transportation. Both Mr. Klein and Mr. Newman explained the unprecedented steps WisDOT has undertaken to get the stimulus money out the door – employing people and improving our infrastructure. Members in attendance congratulated both Mr. Klein and Mr. Newman on the extraordinary efforts that have resulted in getting projects moving so quickly in Wisconsin.

Wrapping up the morning portion of the Drive-In, TDA Executive Director Craig Thompson reviewed the status of transportation provisions in the state budget and discussed the talking points for the legislative office visits for the afternoon.

Following lunch TDA members attended visits with the offices of: Senate Majority Leader Russ

### Thanks Drive-in Sponsors

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Association

# Wisconsin's Second Annual Transit Week Commands Increased Attention

Governor Doyle declared Wisconsin's 2nd annual Transit Week for the week of May 18-24th, corresponding with the Wisconsin Urban and Rural Transit Association's (WURTA) legislative day on May 20th in Madison.

Transit Week received significant coverage by the media this year as radio stations in seven markets across the state hosted shows or conducted interviews on Transit Week. Statewide radio including Wisconsin Public Radio and the Wisconsin Radio Network also ran clips about Transit Week and the importance of transit to Wisconsin's success. For The Record, a CBS Sunday morning news show in the Madison area, devoted an entire half-hour episode to this second annual event.

In addition to the media coverage, "Transit: It Works!" signs adorned the inside of buses in cities throughout the state, and in Janesville, the artwork appeared on the outside of several buses rolling around town.

At WURTA's legislative day representatives from transit systems came to the capitol along with mayors and other city officials for a press conference, meetings with legislators and a public hearing in the Senate on the importance of transit in rural areas.

At the press conference, WURTA President and TDA Board Member Dave Mumma welcomed the crowd and introduced Craig Thompson from TDA; Steve Hiniker, executive director of 1000 Friends of Wisconsin; Kerry Thomas, executive director of Transit NOW! and Jeff Van Koningsveld, president of local 430 of the International Brotherhood of Electrical Workers. All addressed the group regarding the importance of transit and the need for Regional Transit Authorities in Wisconsin.

Following this press conference there was a sneak preview of a documentary entitled "Gridlock". The documentary examines the



ongoing transit debate in Southeastern Wisconsin and is tentatively scheduled to air on PBS in the coming months.

Dave Mumma recognized state Representatives Jeff Stone and Al Ott and state Senator Judy Robson for their continued commitment to transit in Wisconsin. Dave Mumma then presented WisDOT Secretary Frank Busalacchi with the 2009 Outstanding Public Service Award for his leadership on transit issues in Wisconsin. Secretary Busalacchi thanked WURTA legislative liaison Gary Goyke and the members of WURTA for the honor and their ongoing partnership.



## Highway Trust Fund Headed Toward Zero

The Obama Administration is now ready to admit that without a dramatic uptick in gas tax receipts or slow down in outlays there will not be enough money in the Highway Trust Fund (HTF) several weeks before the end of the fiscal year on September 30, 2009 for the Federal Highway Administration (FHWA) to handle its day-to-day operations. A U.S Department of Transportation (DOT) spokesperson has confirmed that at least \$5 billion is needed to maintain daily reimbursement to the states through September 30th. Another \$10 to \$11 billion is necessary to keep the Highway Account (HA) of the HTF solvent through the end of 2010.

DOT personnel began briefing congressional staff in May about the department's plan for dealing with the upcoming cash crunch. DOT plans to officially notify the states in June that the Highway Account will probably not be able to continue daily reimbursement of state claims after early September without a cash infusion into the HTF. If the balance becomes unsustainably low, the FHWA will go to weekly reimbursements based on the amount of cash on hand with each state receiving a prorated share of what it is owed and with unpaid balances rolling over to the next week.

DOT did not indicate at the time how it would like Congress to get the money to keep the fund solvent. However, according to Transportation Weekly, DOT made it clear that it wanted Congress to fix the expected cash shortfalls for 2009 and 2010 at the same time. Testifying in early June before the House Transportation Appropriations Subcommittee Secretary LaHood reinforced the administration's opposition to a gas tax increase and stated that the administration will soon have a proposal to fix the expected HTF shortfall.

"I want to assure you that we will soon have a plan to address the potential trust fund shortfall this summer. We believe very strongly that any trust fund fix must be paid for. We also

believe that any solution must be tied to reform of the current highway program to make it more performance-based and accountable, such as improving safety or improving the livability of our communities – two priorities for me," stated LaHood.

Congress will need to take action before the August recess.

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*State Budget continued from page 1*

### **Significant Program Funding Changes**

Majors Highway Program – The JFC budget increases funding for the Majors Program by \$42 million over the amount proposed by the governor.

State Highway Rehabilitation – The JFC budget provides a \$5 million increase over the governor's proposal.

Southeast Freeway – The JFC budget reduces the funding increase for Southeast Wisconsin freeway reconstruction included in the governor's budget by \$47 million.

General Transportation Aids – The JFC budget provides increased funding for transportation aids of 2% in 2010 and 3% 2011.

Transit and Elderly/Disabled Aids – The JFC budget maintains increased funding for the Transit Aid and the County Elderly and Disabled Transportation Assistance programs of 2% in calendar year 2010 and 3% in calendar year 2011.

Intercity Bus Assistance – The JFC budget reduces the governor's proposed \$2.5 million over the biennium by \$614, 300.

Amtrak – The JFC budget deletes the governor's provision to provide increased funding for Amtrak. Instead, it provides \$4 million in the JFC's supplemental appropriation to maintain existing service and add an additional car.

*State Budget continued on page 9*

## President Announces Historic CAFE Standards

President Barack Obama recently announced the toughest emission and mileage standards in history for new vehicles sold in the United States. The average current fuel-efficiency standard for cars and light trucks is 25 miles per gallon. With the president's announcement, that standard will go up to 35.5 miles per gallon by 2016 – 39 miles per gallon for cars and 30 miles per gallon for light trucks. This is four years earlier than what the current law requires. In addition, car companies will be required to cut the amount of greenhouse gas emissions in new cars by about 25 percent.

This policy is the result of collaboration between the Department of Transportation (DOT), the Environmental Protection Agency (EPA), the world's largest auto manufacturers, the United Auto Workers, leaders in the environmental community and state governments. The tougher national standard supplants the attempts of California and 13 other states to enact their own green-house gas emissions standards for vehicles.

The Obama Administration estimates that the new corporate average fuel economy (CAFE) standards will add \$1,300 to the cost of a new vehicle in 2016. However, the increased costs are expected to be offset by fuel savings from the higher gas mileage.

The decrease in gas consumption due to the higher fuel-economy standards will put downward pressure on state and federal gas tax receipts. An estimate of federal gas tax receipts has not been prepared for the current announcement. However, the Congressional Budget Office estimated that the 2007 energy law that mandated an average CAFE standard of 30 miles per gallon by 2020 would cost the Highway Trust Fund \$2.1 billion over the 2008-2017 period. The higher standards in this announcement will likely lead to a decrease in federal gas tax receipts in excess of \$3 billion over the next eight years.

## TRIP Issues Rough Road Report

Last month TRIP, a national transportation research group, along with the American Association of State Highway and Transportation Officials (AASHTO) released their report, ***Rough Roads Ahead: Fix Them Now or Pay for It Later***. "The American people are paying for rough roads multiple times," said Kirk T. Steudle, Director of the Michigan Department of Transportation at the news conference highlighting the report. "Rough roads lead to diminished safety, higher vehicle operating costs, and more expensive road repairs. It costs \$1 to keep a road in good shape for every \$7 you would have to spend on reconstruction. It's another drag on our economy," added Steudle.

The report found that, on average, drivers in Wisconsin are paying an additional \$281 a year in vehicle operating costs due to rough roads. In Milwaukee, the cost to drivers is \$ 425 a year, and in Madison, the cost is \$486 a year.

Visit [www.tripnet.org](http://www.tripnet.org) to view the entire report.

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*Executive Perspective continued from page 2 network.*

Recently, Governor Doyle stated to the Milwaukee Journal Sentinel that the state's transportation needs are "enormously more expensive than current revenue streams can cover". That was an extremely direct and bold statement by the governor. The proposal submitted by the governor and modified by the JFC begins addressing that reality with an ongoing funding source. Now the Assembly and Senate need to ensure that the ongoing funding source is structured in a way that will not be held up in litigation and will provide a stable, reliable source of revenue as we move forward.

## House Passes FAA Reauthorization

The House easily passed a bill authorizing programs of the Federal Aviation Administration (FAA) for the next three fiscal years. This bill is similar to the bill that passed the House in the last Congress but died when the Senate failed to pass its version of reauthorization.

H.R. 915 would authorize \$70.4 billion in appropriations over the four-year period 2009-2012, including \$16.2 billion for the Airport Improvement Program (“AIP”), \$13.4 billion for FAA Facilities & Equipment (“F&E”), \$38.9 billion for FAA Operations and \$1.35 billion for Research, Engineering, and Development (“RE&D”).

Like the previous House version, the revenue title of the bill would extend all existing aviation taxes and trust fund expenditure authority for another three years and would increase the tax rate on general aviation fuel from 21.8 cents per gallon to 35.9 cents per gallon and on aviation gasoline from 19.3 cents per gallon to 24.1 cents per gallon. The bill also would authorize commercial airports to impose higher passenger facility charges (PFCs), \$7 as opposed to \$4.50.

In addition, the bill includes a provision that would require the FAA to revise safety standards for airport firefighters, boosting airport staffing and equipment costs. Airports representatives say the changes are not needed and would be expensive to implement.

The Senate Commerce, Science and Transportation Committee hopes to mark up a companion bill in June.

The FAA taxing authority and programs, including the Airport Improvement Program, are currently operating under a short-term extension which expires on September 30, 2009. Congress must complete an authorization bill by that time or extend the temporary authority again. The last FAA reauthorization expired September 30, 2007.

## Senate Bills Would Discourage PPPs

Senator Jeff Bingaman (D-NM) and Charles Grassley (R-IA) have introduced the following two bills to eliminate what they see as costly federal subsidies for privatized highways:

- Transportation Equity Act for All Americans Act (S. 884) proposes to eliminate privately owned highway miles in apportioning federal formula funds for highways.
- Transportation Access for All Americans Act (S. 885) would change the depreciation schedule and amortization rules for long-term highway leases making the tax benefits less favorable for private investors.

According to a statement issued by the two senators, “These write-off schedules amount to a generous tax subsidy and are driving exceptionally long leases. Meanwhile federal highway funding continues to flow to the states, as though the highway had never been privatized – a practice that shortchanges states that do not have private highways.”

The American Trucking Association supports this legislation as it sees privatization of existing highways as “double taxation” with taxpayers paying for the highway first with taxes and again with high tolls. On the other hand, The American Road and Transportation Builders Association (ARTBA) has expressed opposition to the legislation, concerned that, if enacted, these provisions would discourage private investment at a time when transportation investment alternatives are desperately needed.

## Transportation in the News

Florida – The Florida Department of Transportation recently announced that a proposal to lease the 78-mile stretch of Interstate 75, known as Alligator Alley, failed to draw any bidders. Even assurances of higher tolls failed to attract any bidders.

Idaho – Governor Otter and Republican legislative leaders have reached an agreement to provide some additional funding for Idaho's highways and bridges. The package doesn't include the gas tax increase that the governor fought for all year or the amount of money he was seeking. However, the compromise will produce approximately \$55 million a year in new revenue by removing the ethanol exemption, increasing vehicle registration fees and shifting funding for the state police and state parks out of the transportation fund.

Michigan – A group comprised of labor and business leaders, members of the Transportation Funding Task Force (TF2) and state transportation leaders announced the introduction of a series of bills to increase funding for Michigan's crumbling roads and bridges. The package of bills, announced at a news conference at the state Capitol in Lansing, would phase-in increased transportation funding over the next five years, and include a conversion to taxing the wholesale price of gasoline, increase in vehicle registration fees, reform vehicle fee 'banding' and increase truck registration fees. After the end of the 5-year phase-in period, the funding plan would provide about \$1.8 billion in new transportation revenue per year. This would nearly double the \$2 billion the state expects to collect from fuel taxes and vehicle registrations this year.

Vermont – Vermont gasoline distributors are now paying an additional 2 percent or 3.3-cent-per-gallon tax. The tax is part of a \$540 million transportation budget that Gov. Jim Douglas recently signed. The tax took effect June 1, rather than the more usual July 1, to help make

up declining transportation revenues. The 2 percent tax will be figured quarterly based on the average prices charged to distributors. The rate will be adjusted again next month for the new fiscal year. The same law includes a 3-cent-a-gallon tax on diesel fuel, but it doesn't take effect until Oct. 1. Vermont currently has a gas tax of 20 cents per gallon and a diesel tax of 26 per gallon – both include 1 cent-per-gallon for an underground storage tank removal fund.

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## Association Notes

### Calendar of Events

University of Wisconsin Transportation Information Center – Using PASER and WISLR to Manage Your Roads. Classes are being held at various locations across the state from July 28th to August 14th. Visit <http://tic.engr.wisc.edu/workshops/listing.lasso> for more information.

*If you know of an upcoming event that would be of interest to TDA members, please forward information to the TDA office, [general@tdawisconsin.org](mailto:general@tdawisconsin.org).*

### Save these Dates

- TDA Golf Outing – July 30th
- TDA Annual Meeting – October 1st

*Visit the events page on the TDA website, [www.tdawisconsin.org](http://www.tdawisconsin.org), for event details and any future changes in the schedule.*

*State Budget continued from page 5*

Aeronautic Assistance – The JFC budget restores state funding to 2009 base levels in order to meet the maintenance of effort requirement under the federal stimulus legislation.

Harbor Assistance Program – The JFC budget reduces the \$19.1 million of bonding authority for harbor projects in the governor’s proposal to \$12.7 million.

**Policy Changes**

Regional Transit Authorities – As covered in the May TDA Newsletter, the JFC also modifies the governor’s proposal for Regional Transit Authorities (RTAs) by eliminating the Fox Valley RTA and changing the Dane County and Southeast Wisconsin RTAs.

Primary Seat Belt Enforcement – The JFC budget maintains the proposal to authorize a law enforcement officer to stop or inspect a vehicle solely to determine compliance with seat belt use requirements, subject to any constitutional requirement that the officer have probable cause to believe that a violation has occurred. However, the JFC deletes the provision to increase from \$10 to \$25 the penalty for violating this state’s laws requiring the use of seat belts.

Registration Plates – JFC deletes from the governor’s budget the provision to provide for only one registration plate (two currently) for most motor vehicles and to eliminate the ten-year plate redesign and reissuance schedule.

Registration Decals – JFC deletes from the governor’s budget the provision that would have eliminated the requirement that vehicle registration plates display an indication of the vehicle’s registration period or expiration date and that registration plates for certain vehicles indicate the weight class into which the vehicle falls.

Driver Cards for Applicants Without Proof of Legal Presence – New in the JFC budget is the requirement that the Wisconsin Department of

Transportation issue a limited purpose driver license to applicants who are unable to provide proof of legal presence in the United States if the applicants meet certain criteria.

The Assembly is the first of the two houses to take up the budget now that it has passed the budget writing committee. The Assembly Democrats have been caucusing and are expected to go to the floor within a matter of days. After the package makes it out of the Assembly, the Senate will take it up and then it will either go to a conference committee if the packages are different or directly on to the governor if there is concurrence.

It is far from clear at this point whether the votes are solidly lined up in either house. The Assembly Democrats hold a 52-46 majority (with one Independent). It will take fifty votes to gain passage in the Assembly. The Senate Democrats hold an 18-15 majority in the senate. It will take seventeen votes to gain passage in the Senate.

Some of the items included in the JFC version of the package that are apparently causing ongoing negotiations are: changes to the joint and several liability law, the no pass-through clause of the oil company assessment, changes in collective bargaining provisions for school district employees, changes to requirements for motor vehicle insurance, a proposed sunset of the new higher income tax bracket and domestic partners and equal rights benefits.

Democratic Representative Bob Ziegelbauer has already circulated a co-sponsorship memo for amendments on several of these issues. He has indicated he is not inclined to vote for the budget unless the changes outlined in his amendments are passed. Visit [www.wispolitics.com](http://www.wispolitics.com) to see a copy of the co-sponsorship memo.