



Doyle agrees to gas tax bill

He says he'll sign proposal eliminating automatic increase

By STEVEN WALTERS and STEVE SCHULTZE
swalters@journalsentinel.com

Posted: Dec. 19, 2005

Madison - Gov. Jim Doyle said Monday that he will sign a bill that will end the automatic annual increase in the gas tax for inflation, starting in April 2007 - a proposal that seemed to have no future only six weeks ago.

Bowing to public support, and trying to defuse an election-year issue with the two Republicans who want his job, Doyle said that the bill (SB 331) will force future legislators to act more responsibly by having to vote on how Wisconsin should pay for its highways, bus systems and other transportation programs.

He acknowledged that could mean future votes to increase the gas tax.

"The essential purpose of this bill is to say that the Legislature cannot just rely on an automatic increase in the gas tax as they have supported for many years, but in fact they will have to face this issue directly and honestly," Doyle told reporters at a Milwaukee news conference.

The automatic spring increase in the 29.9-cent gas tax, one of the highest in the nation, became a political target after Hurricane Katrina in August pushed gas prices in Wisconsin to more than \$3 per gallon. Those who defended current law said the annual change only cost drivers about \$4 more each year.

The scheduled April 1, 2006, increase in the tax will occur but be offset by a 1-cent drop in the 3-cent per gallon levy that replaces leaking underground fuel tanks.

After Katrina, lawmakers considered and dismissed other ways to lower gas taxes. Among them were a 15-cent "holiday" in the gas tax and elimination of the 9% minimum markup law between oil terminals, wholesalers and retailers. But the gas tax measure - pushed by some lawmakers for years - quickly was embraced and gained momentum beginning last month.

The issue "took on a life of its own," state Sen. Tom Reynolds (R-West Allis), one of its sponsors who had to nag Republican leaders to make good on their promise to give him a vote on the issue, especially after a state Senate committee voted 3-2 against it on Nov. 4.

But a month later, it passed the Senate, 20-13, and the Assembly passed it only days later, 74-30.

Reynolds said the change is wildly popular among Wisconsin citizens, who want their elected officials to vote on anything that raises their taxes. "You can't veto too many of those, and plan on coming back into office," Reynolds said.

"This time, (legislators) were just called on the carpet," added Rep. Jeffrey Wood (R-Chippewa Falls). "They had to take public vote."

After being non-committal about his intentions, Doyle on Monday said that he would sign the measure into law, as soon as legislators forward it to him.

Doyle said he never proposed the repeal, because in the past, "I had to make sure that we were meeting the transportation needs of the state."

He decided to sign the measure because "I think now . . . we are in a position to do this," Doyle said.

His Republican opponents in next year's election - Milwaukee County Executive Scott Walker and U.S. Rep. Mark Green - both support the repeal of the automatic gas tax increase.

Funding hole predicted

Ending the spring increase will force a \$5 million deficit in the \$1.4 billion state transportation fund in fiscal 2007. But without action by the Legislature and governor, that deficit will grow to \$75 million over the following two years - enough to force delays in highway projects statewide, said Bob Cook, executive director of the non-profit Transportation Development Association, made up of transportation special-interest groups.

Cook said one of the funding casualties would be the plan to rebuild I-94 from Milwaukee to the Illinois border. With repeal of the automatic spring tax increase, Cook said, "there is no revenue stream to pay for that."

Doyle said the \$810 million Marquette Interchange project and other scheduled Milwaukee area freeway work won't be slowed by the elimination of the automatic gas tax increases. Other projects already scheduled for construction in other parts of the state shouldn't suffer, he said.

The \$1.6 billion reconstruction of I-94 from Holt Ave. to the Illinois border would begin in 2009 under plans by the state Department of Transportation. But it has not yet received the necessary approvals, said DOT spokeswoman Peg Schmitt. Reconstruction of I-94 west of downtown also has not yet been approved, she said.

Wisconsin already has one of the highest gas taxes in the country at 29.9 cents a gallon. The tax has nearly doubled since 1985, when Wisconsin's gas tax "indexing" law took effect. But the state has one of the lowest auto registration fees in the U.S. at \$55, something Doyle has in the past suggested increasing slightly.

Eventually, legislators will have to decide whether to raise the gas tax or the motor vehicle registration fee, or perhaps both, Doyle said.

Since 1985, with two exceptions, the automatic adjustment in the gas tax has raised it from 16.5 cents per gallon to 29.9 cents per gallon. Next year, for the first time, it is scheduled to bring in more than \$1 billion.

"In the last budget, transportation funding increased 16 percent," Doyle said in a statement. "As we move forward, we need to continue to find ways to support these investments."

In another matter Monday, Doyle said he expects to veto a measure limiting liability of paint manufacturers to lawsuits over health problems caused by lead-based paint.

Steven Walters reported for this story in Madison and Steve Schultze in Milwaukee. Journal Sentinel reporter Stacy Forster contributed to this report.