

SE Freeways Public Hearing

August 30, 2005



Transportation Development Association

Bob Cook, Executive Director

www.tdawisconsin.org

**“In the final analysis, 20-year
highway bonds pay for schools
this year and next.”**

*Wisconsin Taxpayers Alliance
July 29th*

Transportation Revenue Transfer

\$427 million transferred out of the Transportation Fund to fund schools

- \$250 million of the transfer is backfilled with general obligation bonds
- \$66 million in SEG cash added by the legislature to cash finance the Marquette was removed and replaced with \$213 million in 20-year transportation fund-supported general obligation bonds
- The Legislature infused the Majors program with cash and reduced bonding to 45%. The Governor's vetoes increased bonding to 55%

Marquette Interchange/ SE Freeways

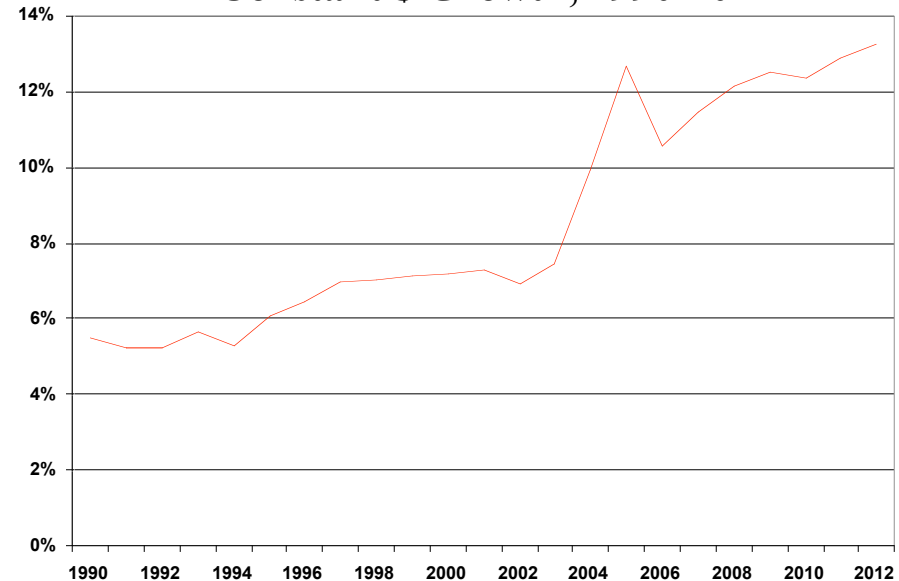
- The \$213 million of bonding for the Marquette Interchange in the current biennium will add \$150 million to the cost of the project
- The \$66 million reduction in cash base also puts the state in a position where borrowing for the remaining \$5 billion Southeast Freeway reconstruction is more likely
 - Approximately \$2 billion in interest cost

Long-term Effects of the 2005-2007 Budget

- Bonding is used as a revenue stream
- Structural deficit in the General Fund is not fixed
- % of state revenue consumed by debt service will continue to grow

Debt Service- % of State Revenue

Constant \$ Growth, 1990-2012



Financial Management

- Restore Integrity of the user fee system- End transfers of transportation revenue to general fund programs
- Reduce reliance on bonding- Apply higher than anticipated 2005/2006 federal funds to cash financing the Marquette
- Maintain existing revenue streams/ Gas tax indexing- Without existing revenue streams programs will be cut or shortfalls will be bonded

Wisconsin's Gas Tax

- Wisconsin's gas tax is a user fee that funds all transportation programs
- The gas tax makes up 64 % of state transportation revenue and 36% of all transportation funds in Wisconsin – the largest single source
- Wisconsin has the most narrow transportation funding base of any state
- Even with indexing, the gas tax grows slower than income, sales, and property taxes
- Transportation returns \$3 for every \$1 invested