Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

May 6, 1999

TO: Representative David Brandemuehl
Room 317 North, State Capitol

FROM: Jon Dyck, Fiscal Analyst

SUBJECT: Motion on Use of Stewardship Program Funds for DOT Components of the USH 12 Agreement

At your request, I have prepared a budget motion that would reimburse the transportation fund for expenditures made by DOT to comply with an agreement on the construction of USH 12. A draft of this motion is attached.

Please contact me if you have any further questions.

JWD/lah
Attachment

TRANSPORTATION

Reimbursement of the Transportation Fund from the Stewardship Fund for Elements of the USH 12 Highway Project Agreement

5 MW
5 M

Motion:

Move to require the Department of Natural Resources to transfer funds from the stewardship program to the transportation fund, as follows: (a) $1,000,000 annually for five years between 1999-00 and 2003-04, for land acquisitions, purchase of easements and other rights in land to protect the forest resources in the Baraboo Range National Natural Landmark (BRNNL), or the amount allocated for that purpose in each year by DOT, whichever is less; (b) $1,000,000 annually for five years between 1999-00 and 2003-04, for the acquisition of scenic, conservation or agricultural easements, lands or development rights from willing sellers in northwestern Dane County in order to help ameliorate the impacts of the USH 12 project, or the amount allocated for that purpose by DOT in each of those years, whichever is less; (c) $250,000 for the purchase of scenic, conservation or agricultural easements, lands or development rights from willing sellers in Sauk County outside the BRNNL, or the amount allocated for that purpose by DOT between 1999-00 and 2003-04, whichever is less; and (d) $2,000,000 for Ice Age Trail acquisitions and improvements within the approved trail corridors in the vicinity of USH 12, or an amount equal to the federal transportation enhancements funds spent for that purpose between 1999-00 and 2003-04 for that purpose, whichever is less.

Specify that the transfers for land acquisitions in the BRNNL and in Dane County shall be made June 30, 2000, and annually thereafter on June 30 until 2004. Specify that the transfer for land acquisitions in Sauk County outside the BRNNL and for Ice Age Trail acquisitions shall be made on June 30, 2004.

Specify that amounts transferred from the stewardship program to the transportation fund be subtracted from the annual, overall bonding authority for the program in each fiscal year that transfers are made, prior to applying the percentages for stewardship subprogram distribution.

Note:

In March, 1999, DOT reached an agreement on the construction of USH 12 between Middleton and Lake Delton with several state, federal and private parties. In addition to the DOT Secretary, the following parties were signatories to the agreement: (a) the Governor; (b) the Wisconsin Division Administrator of the Federal Highway Administration; (c) the Regional

Director of the National Park Service; (d) the Regional Director of the U.S. Fish and Wildlife Service; (e) the Regional Administrator of the Environmental Protection Agency; (f) the Secretary of the Department of Natural Resources; (g) the County Executive of Dane County; (h) the Administrative Coordinator of Sauk County; and (i) the Director of the Wisconsin field office of the Nature Conservancy.

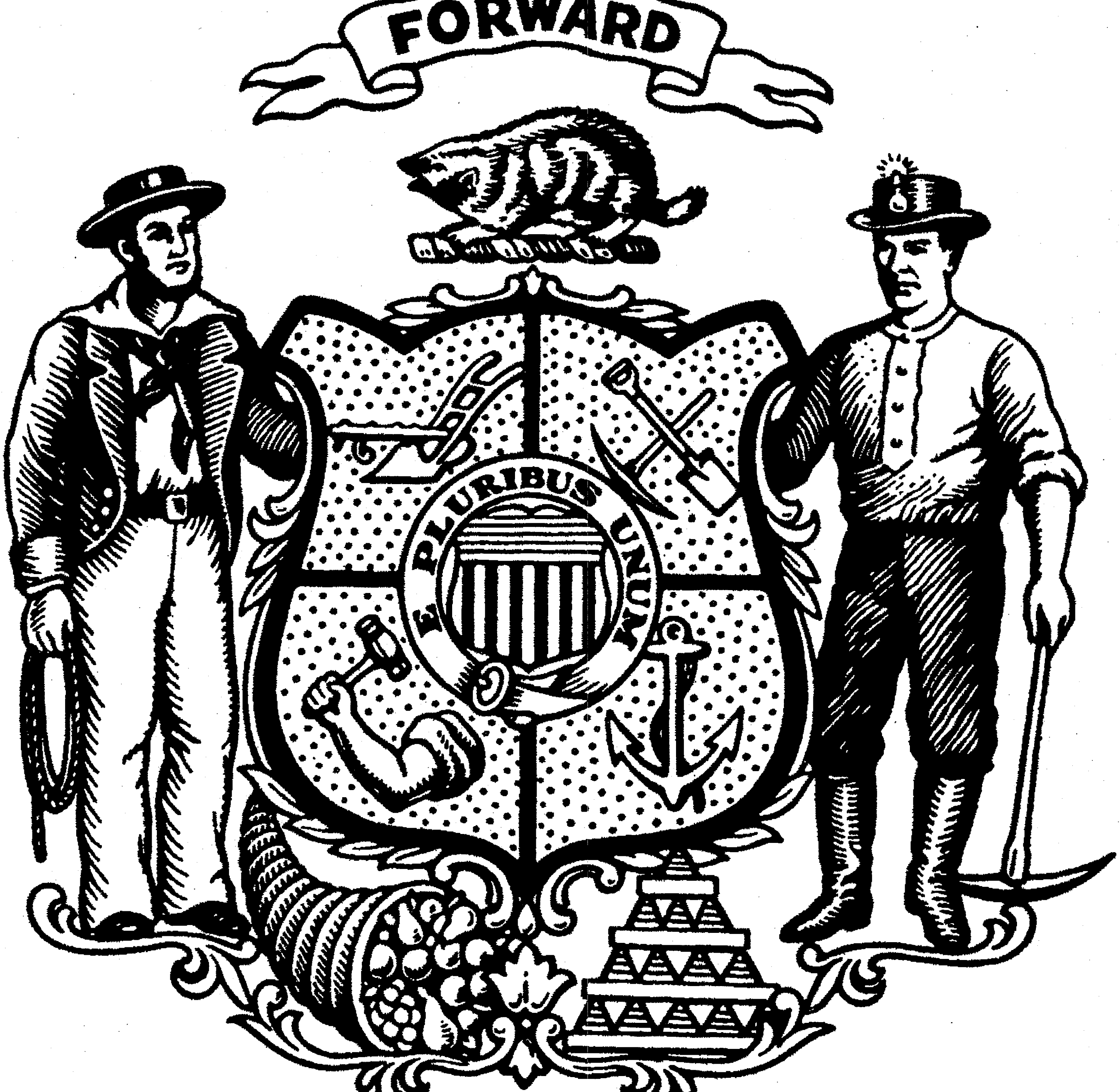
The signatories (other than DOT, the Federal Highway Administration and the Governor) agreed not to submit legal challenges to the completion of the USH 12 project, provided that DOT complies with certain conditions. Among other elements of the agreement, DOT agreed to set aside the following amounts of state or federal transportation fund money: (a) $1,000,000 annually for five years for purchases of land in the Baraboo Range National Natural Landmark; (b) $1,000,000 annually for five years for purchases of land or development rights in northwestern Dane County; and (c) $250,000 for purchases of land or development rights in Sauk County. In addition, the parties committed to jointly seek $2,000,000 in transportation enhancements funds (above the amounts currently provided for making enhancements grants, which is $6,248,000 annually) for purchases related to the Ice Age Trail in the vicinity of USH 12.

This motion would require the Department of Natural Resources to reimburse the transportation fund from the stewardship program for the amounts DOT has agreed to pay, or the amount that DOT actually sets aside for these purposes, whichever is less. The amounts transferred to the transportation fund would result in a proportional reduction to all stewardship subprograms.

The amounts transferred in 1999-00 would be taken from the Warren Knowles-Gaylord Nelson stewardship program, which expires on June 30, 2000, while the remaining amounts would be taken from the proposed Stewardship 2000 program. The amounts authorized for stewardship in each year, under current law and the Building Commission's recommendation, are as follows: (a) $23,100,000 in 1999-00; (b) $25,000,000 in 2000-01 and 2001-02; (c) $27,000,000 in 2002-03; and (d) $30,000,000 in 2003-04. The motion would require up to $2,000,000 to be transferred annually between 1999-00 and 2002-03, and up to $4,250,000 in 2003-04.

The USH 12 agreement requires the Governor to recommend that $5,000,000 be set aside in 2000-01 for land purchases in the Baraboo Range National Natural Landmark. This set-aside is contained in the proposed Stewardship 2000 authorization.

END



END

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May 11, 1999 Joint Committee on Finance Paper #955

License Plates--New Design Funding, Six-Year Redesign Intervals and New Design Issuance (DOT -- Motor Vehicles)

[LFB 1999-01 Budget Summary: Page 595, #1 and #2]

CURRENT LAW

The Department of Transportation issues license plates for vehicles as evidence that the vehicle is properly registered. In lieu of issuing new plates, DOT is authorized to issue a sticker, which is placed on the plate, indicating the expiration date of the registration.

DOT issues different types of plates for different types of vehicles and issues special plates representing special interest groups, such as veterans, firefighters, National Guard members and persons interested in supporting endangered resources.

DOT is required to replace most license plate types, with plates of a new design, in a three-year period beginning on July 1, 2000, and ending on June 30, 2003. This requirement was created by 1997 Act 237, the 1998-99 budget adjustment act.

The base budget for license plate issuance and renewal is $3,545,600 SEG.

GOVERNOR

Provide $967,200 SEG in 1999-00 and $2,034,200 SEG in 2000-01 for the costs associated with issuing license plates of a new design over a five-year period, beginning with registrations effective July 1, 2000.

Require DOT to develop new license plate designs by July 1, 2000 (which is already required under current law), and every sixth year thereafter, for the following plate types: (a) regular automobile plates; (b) light duty truck plates (under 8,000 pounds) and other motor truck plates; (c) disabled plates, except disabled veteran plates; (d) special group plates, except sesquicentennial plates (this includes military group plates, endangered resources plates, UW plates and firefighter/EMT plates); (e) plates for light farm trucks and dual purpose farm trucks (under 12,000 pounds); (f) National Guard plates; (g) amateur radio plates; (h) vehicle collector plates; (i) motor bus plates; (j) plates for motor homes or dual purpose motor homes; (k) school bus plates; and (l) other miscellaneous plates registered for five years for $5 (this includes certain special vehicles owned by nonprofit organizations). Eliminate a July 1, 2003, sunset of the redesign requirement to reflect the change making redesign an ongoing requirement. Prohibit DOT from developing a new design for the "children first" plate (which would be renamed "celebrate children" by the bill) until January 1, 2005.

Specify that, in each six-year design interval, these plates shall be as similar in appearance as practical. Eliminate the requirement that DOT consult with the following persons before specifying a plate design: (a) the Adjutant General, regarding the National Guard plate; (b) the President of the University of Wisconsin System, regarding UW plates; (c) the Secretary of the Department of Natural Resources, regarding the endangered resources plate; and (d) the Child Abuse and Neglect Prevention Board, regarding the "celebrate children" plate. Instead, require DOT only to consult with these persons or organizations regarding the words or symbols used on the respective plates. Eliminate the requirement that DOT receive approval, in writing, from these persons or organizations, of the words or symbols used on the respective plates. Eliminate the requirement that DOT consult with the President of the University of Wisconsin System on the color combination used for the UW plates and eliminate the requirement that the UW System President get the approval, in writing, of each University of Wisconsin chancellor prior to approving the words or symbols used on the plates for their respective campuses.

Eliminate the requirement that new plates be issued for all of these vehicles and plate types by July 1, 2003, and instead, require that new plates be issued for these vehicles by July 1, 2005 (except for vehicles registered with "celebrate children" and sesquicentennial plates). Modify a current law provision that gives DOT the authority to determine a new-plate issuance schedule for these vehicles, except farm trucks and $5 plate types, whose registration is renewed between July 1, 2000, and the end of the reissuance period (which is June 30, 2003, under current law, but would be June 30, 2005, under the bill) to eliminate this permissive authority after June 30, 2005 (a technical modification to the bill would be necessary to do this).

Eliminate the requirement that DOT issue new plates, upon registration renewal, for light farm trucks and dual purpose farm trucks and certain vehicles that are registered for $5 for a five-year period if the registration for those vehicles expires after June 30, 2000, and before January 1, 2004. Instead, require DOT to issue a new plate for these vehicles if a plate of the new design has not already been issued for the vehicle, effective July 1, 2000.

Require DOT, beginning with vehicle registrations effective on July 1, 2005, to issue plates of the design created for the six-year interval in which the issuance occurs, as follows: (a) for all original registrations for the vehicles and plate types specified above; and (b) for all registration renewals for these vehicle and plate types if a plate has not been issued for the vehicle during the previous six years. Specify that a new set of plates must be issued for these vehicles within five years of the date on which a new design must be developed for each six-year interval. Permanently exempt vehicles registered with sesquicentennial plates from this requirement.

DISCUSSION POINTS

1. DOT began issuing automobile plates of the current design in 1986, replacing plates of the previous design (black lettering on a yellow background) over a seven-year period. During the first several months of issuance, the new plates had blue lettering. All plates that were issued beginning in March, 1987, however, had red lettering, and nearly all of the plates with blue lettering have subsequently been replaced. Therefore, the oldest automobile plates still in use are about 12 years old.

2. For various reasons, license plates are gradually taken out of use over time. For instance, plates on vehicles moved out of the state are removed if the vehicle is registered in the new state. In addition, although plates can be moved from a vehicle that is sold or scrapped to a newly-registered vehicle, this is not always done and so the plate is discarded. Because of this attrition, there are relatively few plates still in use that were issued in the late 1980's. DOT indicates that 15% of plates are ten or more years old and 26% of plates are eight or more years old.

3. DOT indicates that plates will be replaced on a schedule so that the costs are roughly equivalent throughout the replacement period, with the oldest plates being replaced first. Although plate replacement will not begin until July 1, 2000, a funding increase is needed in 1999-00 because the production of the plates will begin several months in advance of that date.

4. The bill would extend the replacement schedule from three years to five years, which would require a lower annual funding increase. It may be helpful to compare the costs of replacing plates under several different scenarios, both with and without including the replacement of special license plates. The following table shows the funding that would be required to replace plates over three, five and seven years. [The costs shown in the table reflect a reestimate of the funding needed to replace plates, which, for the five-year scenario, would require a lower level of funding than the amount provided by the bill.] The first two columns show the cost of replacing all plates except special plates, while the third and fourth columns show the additional cost of replacing the special license plates (except sesquicentennial and "celebrate children" plates). The final two columns show the change to the bill under each schedule, assuming both special plates and all other plates are replaced using that schedule.

Cost to Replace License Plates Under Different Schedules

	No Special Plates		Special Plates Only		Total Change to Bill	
	1999-00	2000-01	1999-00	2000-01	1999-00	2000-01
Three-Year Schedule	$1,813,600	$3,605,400	$143,400	$286,800	$989,800	$1,858,000
Five-Year Schedule	845,400	1,790,700	86,100	172,100	-35,700	-71,400
Seven-Year Schedule	610,300	1,198,700	61,500	122,900	-295,400	-712,600

5. The reflective sheeting that coats the plates is warranted for five years. After this time, the reflective value of the sheeting declines (although the paint used for the lettering is independent of the sheeting and may still be legible after five years). If a three-year replacement schedule is used, plates that are issued in 1998 through the first half of 2000 (which would still be of the current design) would likely be replaced when they are still less than five years old.

6. If a seven-year replacement schedule is adopted, the last plates issued of the current design would be in use for longer than five years. However, the plates would be in use for a significantly shorter period of time than the oldest plates of the current design. The previous, black-on-yellow plates were also replaced over a seven-year period, and replacement of these plates began seven years following their initial issuance.

7. Extending the plate replacement schedule would mean that fewer plates would ultimately have to be replaced, because of plate attrition. The number of automobile and light truck plates still in use seven years after issuance is smaller (48%) than the number still in use after five years (59%), meaning that fewer plates would have to be replaced if a seven-year schedule is used.

8. Since extending the plate replacement schedule means that it would take longer to replace the oldest plates of the current design, there would be two distinct plate designs in use for a longer period of time.

9. In weighing the various alternatives for replacing plates, it may be helpful to consider the plate policies of Wisconsin's neighboring states. Iowa recently replaced all plates in one year. Illinois and Michigan began using their current plates over 15 years ago, but both may replace plates in the next several years. Officials in Illinois indicate that a three-year reissuance schedule would likely be used and officials in Michigan indicate that all plates would likely be replaced in one year. Minnesota has used plates of the current design since 1977, but replaces each plate after seven years.

Special Plates

10. The bill would require DOT to replace most of the special group license plates. This includes, among others, military group plates, University of Wisconsin plates, firefighter/EMT plates and endangered resources plates. As passed by the Legislature, Enrolled 1997 Assembly Bill 768 (enacted as 1997 Act 237) also required sesquicentennial plates to be replaced, between July 1,

2002, and July 1, 2003. This requirement, however, was vetoed by the Governor. The bill would modify requirements related to the replacement of special plates by permanently exempting sesquicentennial plates from the replacement requirement and delaying the development of a new design for the "celebrate children" plate until January 1, 2005.

11. In developing a design for the special plates, DOT is required to make the plates as similar in appearance as practical. Act 237 eliminated the requirement that DOT consult with certain representatives of the special groups before developing plate designs for those groups. The intent of this provision is to achieve greater consistency in plate color and design. DOT indicates that all special plates would have similar background and lettering color, but that a symbol on the left-hand side of the plate would identify the various special groups.

12. Replacing special plates with plates of a new design may disappoint some holders of those plates who are issued a new plate with a design similar to regular automobile plates. Some holders of special plates may acquire the plates, in part, because they like the distinct appearance of the plate, and because the special plate clearly identifies their group. Under current law (and under the bill), the distinctiveness of special plates would likely be reduced when they are replaced.

13. The cost of plate replacement could be reduced by eliminating the requirement that special plates be replaced. The savings that would result depend on the schedule that is used to replace plates, as shown in the third and fourth columns of the table under Point #4. This would, however, continue much of the current variation in license plate appearance.

Reissuance Fee for Special Plates

14. As passed by the Legislature, Enrolled 1997 Assembly Bill 768 would have prohibited DOT from charging a reissuance fee when plates are replaced if a vehicle is already registered, at the time of renewal, with a plate of the type being issued. The Governor vetoed this prohibition, however, which has the effect of requiring a reissuance fee where one is required under current law. Issuance and reissuance fees are charged for most special license plates and range from between $5 and $15.

15. The purpose of the issuance fee is to compensate DOT for the higher cost of developing, producing and issuing these types of plates. The recipient of a special plate must be willing to pay this additional cost in order to get the plate. If the Committee believes that it would be unfair to require the holders of special plates to get a new plate and to also require those persons to pay a reissuance fee, then the reissuance fee could be waived if a new set of special plates is simply replacing a set of the old design. DOT indicates that no special plates would be replaced during the 1999-01 biennium, so waiving the fee would not have a revenue impact in the biennium.

Sesquicentennial License Plates

16. DOA indicates that it was the Governor's intent to require the replacement of sesquicentennial plates during the 2000 to 2005 period, but the bill would permanently exempt these plates from the replacement requirement. [Current law requires these plates to be replaced between

July, 2002, and June, 2003.] DOT indicates that these plates would not be replaced during the 1999-01 biennium, even if their replacement were required as part of a three-, five- or seven-year schedule, because they are relatively new. Consequently, requiring their replacement would add to the total cost of replacing all plates, but none of those costs would be borne in the biennium. The estimated cost of replacing these plates would be, as follows: (a) about $1.1 million, if a three-year replacement schedule is used; (b) about $0.9 million if a five-year replacement schedule is used; and (c) about $0.8 million if a seven-year replacement schedule is used.

17. If it is believed that sesquicentennial plates should not be replaced in the initial replacement period beginning in July, 2000, but should be replaced eventually, the Committee could delete the bill provision that would permanently exempt these plates from being replaced. The effect of this would be to require their replacement in the next replacement cycle.

Six-Year Replacement Schedule

18. The bill would require DOT to develop new plate designs, and replace old plates with plates of the new design, on a six-year schedule, following the five-year replacement that would begin in July, 2000. Consequently, a new design will begin being issued in July, 2006, and then again in July, 2012, and so on.

19. If a different schedule is chosen for the replacement that begins in July, 2000, it may be advisable to alter the ongoing replacement requirement as well. For instance, if a seven-year replacement schedule is chosen, the ongoing replacement could be required every seven years, instead of every six years. The start of the next seven-year replacement cycle could begin when the current replacement cycle ends. [Under the bill, there would be a one-year period, from July 1, 2005, to July 1, 2006, in which no plates would be replaced.]

20. Another alternative would be to eliminate the requirement that the plates be replaced on a fixed schedule (after the initial replacement, beginning in July, 2000). This would allow a future Legislature to make a decision about the priority of replacing plates given other potential uses of transportation funds.

ALTERNATIVES TO BASE

A. Replacement of License Plates Other Than Special Plates

The alternatives under this section relate to the following plate types: (a) regular automobile plates; (b) light duty truck plates (under 8,000 pounds) and other motor truck plates; (c) disabled plates, except disabled veteran plates; (d) plates for light farm trucks and dual purpose farm trucks (under 8,000 pounds); (e) vehicle collector and amateur radio plates; (f) motor bus plates; and (g) other miscellaneous plates registered for five years for $5.

1. Delete the current requirement that these plates be replaced on a three-year schedule and adopt the Governor's recommendation (with a technical modification) to replace them on a five-year schedule, from July, 2000, to June, 2005. Provide $845,400 SEG in 1999-00 and $1,790,700 SEG in 2000-01, which is the cost of replacing these plate types on this schedule.

Alternative A1	SEG
1999-01 FUNDING (Change to Base)	$2,636,100
[Change to Bill	*$0]*

2. Provide $1,813,600 SEG in 1999-00 and $3,605,400 SEG in 2000-01, which is the cost of replacing these plate types on a three-year schedule, as required by current law, from July, 2000, to June, 2003.

Alternative A2	SEG
1999-01 FUNDING (Change to Base)	$5,419,000
[Change to Bill	*$2,782,900]*

3. Delete the requirement that these plates be replaced on a three-year schedule and instead require them to be replaced on a seven-year schedule, from July, 2000, to June, 2007. Provide $610,300 SEG in 1999-00 and $1,198,700 SEG in 2000-01, which is the cost of replacing these plate types on this schedule.

Alternative A3	SEG
1999-01 FUNDING (Change to Base)	$1,809,000
[Change to Bill	*- $827,100]*

4. Delete the current law requirement that these plates be replaced beginning in July, 2000, and provide $87,800 SEG in 1999-00 and $153,600 SEG in 2000-01, which is the cost of continuing the plate issuance program without any plate replacement.

Alternative A4	SEG
1999-01 FUNDING (Change to Base)	$241,400
[Change to Bill	*- $2,394,700]*

B. Replacement of Special License Plates

The alternatives in this section relate to the following plate types: (a) special group plates, except sesquicentennial and "celebrate children" plates; and (b) National Guard plates.

1. Require the replacement of special license plates on the same schedule as approved for the replacement of other plates. Provide additional funding, as follows:

a. $86,100 SEG in 1999-00 and $172,100 SEG in 2000-01 for replacement on a five-year schedule (Governor's recommendation, with a funding reestimate).

Alternative B1a	SEG
1999-01 FUNDING (Change to Base)	$258,200
[Change to Bill	*- $107,100]*

~~b. $143,400 SEG in 1999-00 and $286,800 SEG in 2000-01 for replacement on a~~ three-year schedule, as required under current law.

Alternative B1b	SEG
1999-01 FUNDING (Change to Base)	$430,200
[Change to Bill	*$64,900]*

c. $61,500 SEG in 1999-00 and $122,900 SEG in 2000-01 for replacement on a seven-year schedule.

Alternative B1c	SEG
1999-01 FUNDING (Change to Base)	$184,400
[Change to Bill	*- $180,900]*

2. Eliminate the requirement that special license plates be replaced beginning in July, 2000.

Alternative B2	SEG
1999-01 FUNDING (Change to Base)	$0
[Change to Bill	*- $365,300]*

C. Special License Plate Reissuance Fee

1. Prohibit DOT from charging a plate reissuance fee if a vehicle is already registered at the time of renewal with a plate of the type being renewed. Specify that this would not prohibit DOT from charging a plate replacement fee (as allowed under current law) if the recipient requests a plate of a new design for a vehicle prior to the time that the plates for that vehicle would be replaced. These provisions would apply to the replacement schedule that begins in July, 2000, as well as any subsequent plate replacement cycle.

2. Maintain current law. (This would require DOT to charge a reissuance fee, upon replacement of a plate, if one is currently required.)

D. Sesquicentennial Plate Replacement

1. Approve the Governor's recommendation (with a technical modification) to permanently exempt sesquicentennial plates from the replacement requirement.

2. Exempt the sesquicentennial plates from the plate replacement requirement during the replacement cycle that would begin in July, 2000, but specify that sesquicentennial plates must be replaced during the next plate replacement cycle.

3. Require sesquicentennial plates to be replaced during the replacement cycle that would begin in July, 2000.

E. Ongoing Plate Replacement Requirement

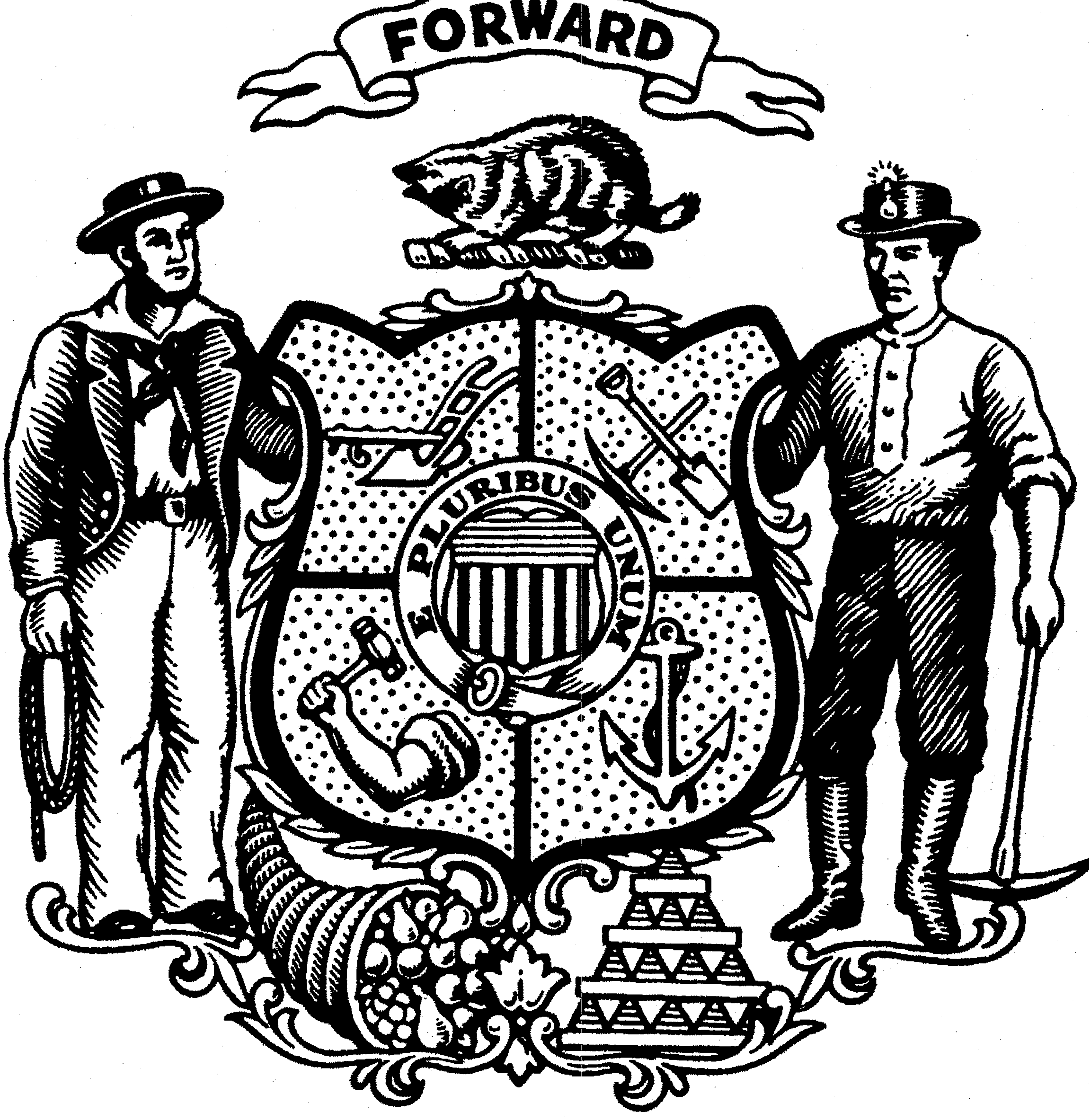
1. Approve the Governor's recommendation to require the replacement of license plates every sixth year, starting in July, 2006.

2. Require the replacement of license plates every seventh year, starting in July, 2007.

3. Maintain current law. (This would impose no statutory requirement that plates be replaced on an ongoing basis.)

Prepared by: Jon Dyck

END



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May 11, 1999 | Joint Committee on Finance | Paper #970

Shoei / Kolb to me

Information Technology Infrastructure (DOT -- Other Divisions)

[LFB 1999-01 Budget Summary: Page 614, # 2]

CURRENT LAW

The Department of Transportation has a SEG-Service appropriation for data processing services, which is used to purchase information technology equipment, software and services. The appropriation receives revenue from charges to other DOT appropriations based on usage of data processing services. In 1998-99, expenditures in this appropriation are estimated at $7,374,600.

GOVERNOR

Provide $1,200,000 SEG in 2000-01 to provide base funding for information technology hardware, software and ongoing support of the system. The Department would purchase equipment and software, beginning in 1999-00, using existing expenditure authority in DOT's data processing service appropriation, and the costs would be recovered, beginning in 2000-01, over a period of four years through charges to the departmental management and operations appropriation, which is where the funding in this item would be provided.

DISCUSSION POINTS

1. The funding increase in the bill was provided in response to an item in the DOT's budget request. DOT requested $1,852,600 in 2000-01 to implement an initiative contained in the Department's information technology strategic plan. This initiative would involve the purchase of software, hardware and data processing services supplied by consultants to establish a network and database framework that would allow the completion of various applications designed to improve the access, use and exchange of data. The goals of these applications would be to: (a) improve the Department's decision-making process; (b) make the process of collecting data and developing reports which use data more efficient; and (c) enhance the Department's ability to assemble and

share data with the public, the Legislature, other state agencies and local governments.

2. The bill would provide $1,200,000 in 2000-01, which is $652,600, or about one-third, less than the amount requested. DOT indicates that the provision of this reduced amount would require an evaluation of the relative priorities of the various components of the initiative, but that no decisions have been made as to which parts would not be implemented or would be delayed, or whether fewer software licenses would be purchased. DOA indicates that this amount was provided in the context of overall limits that the Governor placed on the increases provided for DOT's operating divisions.

3. In March, 1997, the Legislative Audit Bureau published an evaluation of DOT's management of the highway program. LAB identified several areas where process improvements could result in enhanced efficiency and improved program delivery. LAB recommended, among other things, that DOT "enhance or develop information systems that provide managers with accurate and timely costs by expenditure type." In addition, DOT was asked to "develop a mechanism to share information on new methods that have been proved successful in one district with all other districts." DOT indicates that the Department's 1998 information technology strategic plan and 1999-01 budget request were developed, in part, to address these recommendations for the highway program, as well as other areas of DOT.

4. The Department indicates that there is no base funding for initiating major information technology initiatives because available base funding is required to maintain existing systems. The bill would provide permanent base funding in DOT's departmental management and operations appropriation for this purpose. The purchase of equipment, software and consultant services would be made through the automation services SEG-S appropriation. These purchases would be charged, on an amortized basis based on the life of the equipment or software, to the departmental management and operations appropriation and paid using the funding provided by the bill.

5. DOT indicates that, over the last twenty to thirty years, information systems were developed without a systematic evaluation of what data systems should be used and how they should be linked. Consequently, data can not always be shared between different functional areas within DOT. The Department's information technology initiative would develop common data systems and convert data existing on the old systems to the new systems and develop a data repository, which is a system for organizing and cataloging data. Once these systems are in place, consistent policies for gathering and recording data could be implemented to facilitate the sharing of data by multiple users and across functional areas. This is expected to reduce duplication in data gathering efforts and make data more widely accessible.

6. In addition to creating a data management system, or repository, the initiative would develop tools intended to make it easier to retrieve and organize data. Currently, data used in decision-making is frequently contained in mainframe-based systems, which may be difficult for some users to access because of the complexity of the required programming. The information technology initiative would allow more extensive use of simpler query tools, which would allow the data to be more readily used.

7. One example of an application that DOT would complete under this initiative is a redesign of the financial and accounting system used in the highway program. Currently, the data system used by highway design engineers is not integrated with the financial accounting system. Consequently, there is no easy way to assemble data on the cost of different types of materials used in construction. The redesign initiative would link these data into a common database so that this type of information could be routinely examined. It is expected that managers would be able to use this data to more effectively make decisions. DOT indicates that this initiative is closely related to the Legislative Audit Bureau's recommendations.

8. Another example of a application that the information technology initiative would make possible is the creation of a complete local roads database. It is expected that such a database would allow for a more complete assessment of the conditions of local roads. In addition, it would allow the mileage certification process to be automated, which would reduce the amount of data entry currently involved with this process.

9. If the Committee decides that this initiative would have important benefits, one alternative to accelerate its implementation would be to provide the full amount that was requested by the Department.

10. DOT indicates that if funding is not provided for creating an information technology infrastructure, this initiative would not be implemented. In this case, DOT would have to continue to use old data storage systems, and would not be able to initiate several projects that are intended to improve and simplify the process of collecting and retrieving data.

ALTERNATIVES TO BASE

1. Approve the Governor's recommendation to provide $1,200,000 SEG in 2000-01 for information technology equipment, software and consultant services to develop an integrated data system.

Alternative 1	SEG
1999-01 FUNDING (Change to Base)	$1,200,000
[Change to Bill	*$0]*

2. Provide $1,852,600 SEG in 2000-01 for information technology equipment, software and consultant services to develop an integrated data system.

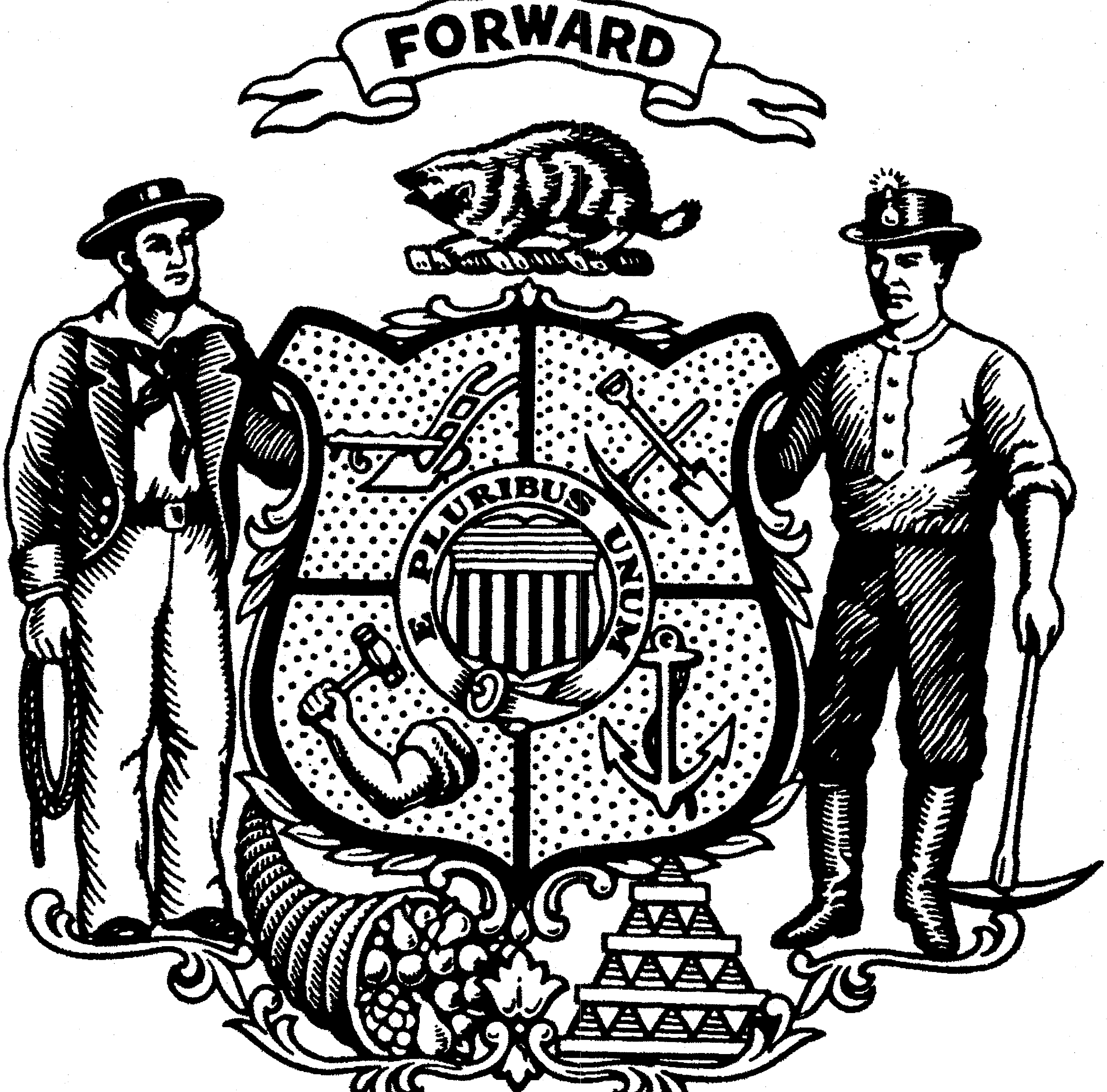
Alternative 2	SEG
1999-01 FUNDING (Change to Base)	$1,852,600
[Change to Bill	*$652,600]*

3. Maintain current law.

Alternative 3	**SEG**
1999-01 FUNDING (Change to Base)	$0
[Change to Bill	*- $1,200,000]*

Prepared by: Jon Dyck

END



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May 11, 1999 | Joint Committee on Finance | Paper #971

Information Technology Salary Increases (DOT -- Other Divisions)

[LFB 1999-01 Budget Summary: Page 614, #3]

CURRENT LAW

The Department of Transportation has 134 information systems positions in the Division of Business Management, who perform computer programming and data management functions for the Department.

GOVERNOR

Provide $442,000 SEG in 1999-00 and $261,300 SEG in 2000-01 to provide funding for discretionary salary increases for certain DOT information systems employes, with the intention of increasing the retention of these employes.

DISCUSSION POINTS

1. The funding increase in the bill was provided in response to an item in the Department of Transportation's budget request. DOT requested $480,500 in 1999-00 and $494,900 in 2000-01 to provide discretionary compensation awards (DCAs) for information systems (IS) employes in order to improve retention. This is the amount that would be required to provide, on average, a DCA equal to a two-step increase ($0.82 to $1.34 per hour) within their pay range for all IS employes in the Division of Business Management who are eligible for DCAs (with a 3% inflationary increase in the second year). The bill would provide less than the amount requested (-$38,500 in 1999-00 and -$233,600 in 2000-01). DOA indicates that these reductions were made in the context of overall limits that the Governor placed on the increases provided for DOT's operating divisions.

2. Salary increases provided in the first fiscal year of a biennium are funded in the next biennium through the full funding of salary and fringe benefits standard budget adjustment. This adjustment provides the difference between the amount budgeted in the salary and fringe benefit lines of an appropriation in the base year and the actual salary levels on July 1 of that year. Consequently, DCAs provided prior to the end of the first fiscal year would be included in this adjustment, but agencies must fund these increases during the second fiscal year.

3. The bill would allow DOT to provide DCAs without having to absorb the costs during the biennium in which they are given. Normally, funding is not provided for this purpose, but instead agencies must use savings from turnover or from other sources. The bill would not provide funding to any other state agency for this purpose.

4. According to a March, 1999, survey of salaries for state IS employes conducted by the Department of Employment Relations, the wages paid by state agencies for most IS classifications are between 75% and 90% of private sector IS wages. These salary differences may make it difficult to retain IS employes in state jobs. However, the wages that DOT pays are among the highest for state agencies for several IS classifications.

5. The Department provided DCAs at the end of 1997-98 to IS employes totaling $401,000. This funding was available from salary savings due to high turnover, as well as one-time savings associated with a reduction in computer processing rates charged by DOA and the postponement of the replacement of computer hardware. DOT does not expect to have significant savings available to use for this purpose during the 1999-01 biennium.

6. Providing DCAs in late 1997-98 may have been effective in reducing turnover. In 1997-98, prior to the offering of DCAs, there were 23 employes out of a total of 134 non-managerial IS staff that terminated, which is a 17% turnover rate. In the first half of 1998-99, after DCAs were provided, the turnover rate was only 3%. Ongoing funding for DCAs provided in 1997-98 would be provided in the 1999-01 biennium through the full funding of salaries and fringe benefits standard budget adjustment.

7. DOT indicates that turnover causes significant disruptions in the data processing functions of the Department. This is because, in part, the data systems are often old and complex. Extensive training is required before a new employe can work with these systems. This training causes many lost programming days for both the new employe and the experienced staff who must conduct the training.

8. Since the bill would provide an amount that is larger in 1999-00 than in 2000-01 by $180,700, the Department would not be able to fully fund increases provided in the first year into the second, unless this difference can be absorbed through expenditure reductions in other areas. DOT indicates that instead of providing permanent salary increases with this increment, one-time, lump sum awards may be used.

9. In calculating the amount that would be sufficient to provide, on average, a DCA equal to a two-step pay increase for all eligible IS employes, DOT assumed a full year of funding would be needed in 1999-00. This would allow sufficient funding to provide the full amount of DCAs at the beginning of 1999-00. However, since DCAs may be given throughout the year, a full year of funding may not be needed to provide this level of DCAs. If half the requested amount were provided in 1999-00 ($240,300), rather than the full annualized amount ($480,500), then DCAs could be distributed evenly throughout the year. To provide sufficient funding to continue those increases throughout 2000-01 (allowing for a 3% increase in that year), funding of $494,900 would be needed. This alternative would provide $201,700 less than the bill in 1999-00 and $233,600 more than the bill in 2000-01, for a net increase of $31,900, but would allow a higher level of permanent salary increases to be provided.

10. Funding increases of $120,100 in 1999-00 and $247,500 in 2000-01, which would be less than the amounts provided by the bill by $321,900 in 1999-00 and $13,800 in 2000-01, would allow DOT to provide DCAs equivalent to, on average, a one-step pay increase ($0.41 to $0.67 per hour) for all eligible IS employes, with the awards distributed evenly throughout 1999-00.

11. The current market conditions may make it difficult for DOT to retain IS staff, but the situation may change in the future. The bill would provide funding that would remain in DOT's base and would allow further DCAs in future biennia. Since future market conditions are uncertain, one alternative would be to specify that the funding provided for DCAs would be taken out of the base for the purpose of preparing the 2001-03 budget. In preparing its budget request for the 2001-03 biennium, therefore, DOT would be required to justify the need for funding for DCAs given the market conditions prevailing at that time.

ALTERNATIVES TO BASE

1. Approve the Governor's recommendation to provide $442,000 SEG in 1999-00 and $261,300 SEG in 2000-01 to allow DOT to provide discretionary compensation awards for information systems employes.

Alternative 1	SEG
1999-01 FUNDING (Change to Base)	$703,300
[Change to Bill	*$0]*

2. Provide one of the following amounts for discretionary compensation awards:

a. $240,300 SEG in 1999-00 and $494,900 SEG in 2000-01, which would allow DOT to provide discretionary compensation awards equivalent to, on average, a two-step pay increase for all eligible IS employes, with the awards distributed evenly throughout 1999-00.

Alternative 2a	SEG
1999-01 FUNDING (Change to Base)	$735,200
[Change to Bill	*$31,900]*

b. $120,100 SEG in 1999-00 and $247,500 SEG in 2000-01, which would allow DOT to provide discretionary compensation awards equivalent to, on average, a one-step pay increase for all eligible IS employes, with the awards distributed evenly throughout 1999-00.

Alternative 2b	SEG
1999-01 FUNDING (Change to Base)	$367,600
[Change to Bill	*- $335,700]*

3. Specify that the increases provided for discretionary compensation awards shall not be considered part of the base for the purposes of preparing the 2001-03 biennial budget.

4. Maintain current law.

Alternative 4	SEG
1999-01 FUNDING (Change to Base)	$0
[Change to Bill	*- $703,300]*

Prepared by: Jon Dyck

END

END

Midwest Express Airlines' Tax Proposal

To avoid an increase in their tax liability, Midwest Express Airlines has proposed an amendment to Wisconsin's ad valorem utility tax and the corporate income/franchise tax as they apply to air carriers. The airline proposes that the current three factor allocation formula for determining unit value and the corporate income/franchise tax be replaced by a single factor based solely on revenue flight miles. The impact of this change on aviation revenues in Wisconsin would be dramatic.

X
- The 1998 Wisconsin allocation percentage for Midwest Express would drop from 36% to 7%, an ***80% decrease*** in the airlines' tax levy.

X
- Midwest Express airline property tax would be ***reduced by $1.2 million*** - from $1.5 million to $300,000.

X
- Statewide airline property tax revenue would be ***reduced by $4.5 million or 61%.***

Midwest Express Airlines argues that the tax burden on air carriers operating in Wisconsin is extreme and that the decrease in aviation tax revenue as a result of their proposal will be replaced by federal funds from AIR-21, the House version of the legislation for federal funding of airports. **This is simply not the case.**

- Total **aviation revenue collected in Wisconsin ranks the lowest** among the surrounding states of Illinois, Minnesota, and Michigan.
- AIR-21, the multi-year AIP reauthorization bill that takes the aviation trust fund off budget, faces strong opposition. There is no guarantee that this legislation will pass Congress in the near future. In fact, the airlines are fighting strongly against this legislation.

Two recent tax law changes in Wisconsin have already been very advantageous to Midwest Express Airlines.

- 1991 Act 39 changed the allocation formula to favor airlines with terminal facilities in Wisconsin, decreasing their allocation factor from nearly 56% in 1991 to 46% in 1992.
- 1997 Act 29 provided Midwest Express Airlines with a 2-cent per gallon reimbursement from the 3 cent per gallon petroleum inspection fee (on purchases of aviation fuel in excess of 1 million gallons a month). This applies only to Midwest Express and saves the airlines over $400,000 annually.

fiscal bureau writeup?

Midwest Express Airlines' Tax Proposal

DRAFT 5-14-99

Background

Midwest Express Airlines (MWX) is the leading user of Wisconsin airport facilities providing over 100 regular and commuter flights daily at Mitchell International and with feeder routes at 7 of the State's 9 air carrier airports. Midwest is a highly valued member of Wisconsin's air transportation team and through ad valorem property tax revenues makes an important financial contribution to maintaining the airport infrastructure it needs to do business in Wisconsin.

Improvements to the 100 airport State-wide system of general aviation & reliever (91) and air carrier (9) airports are funded from the Transportation Trust Fund. Appropriations from the fund for airport construction have not increased over the past six years. Total current aviation revenues are not large enough to cover the cost of the airport appropriation from the Trust fund. The states airports are owned and operated by counties, cities and municipal governments. State aid airport project costs are shared 80% state, 20% local.

Three sources of state aviation revenues are deposited in the Transportation Fund, Airline Ad valorem property tax, aircraft registration fees and aviation fuel tax. All airlines doing business in Wisconsin pay the ad valorem property tax. Payment of the property tax exempts them from Wisconsin's 6 cent per gallon aviation fuel tax. Airlines are also exempt from Aircraft Registration fees. The **ad valorem tax accounts for approximately 85% of all aviation revenues.**

MWX has prepared a proposal to reduce the Airline ad valorem tax (for all airlines). Under the proposal, the ad valorem tax allocation percentage for MWX would drop from 36% to 7%, an 80% decrease. MWX' current tax obligation will drop from $1.5mil to $300,000. Overall, the **proposal will reduce State aviation revenues approximately 50%.**

In the proposal MWX states it has a plan to increase its fleet by up to 37 commuter and regional aircraft over the next five years (1999-2005). MWX states that the new aircraft will increase the value of the airline and consequently its ad valorem tax obligation. MWX does not wish to continue to pay its current tax obligation nor taxes at that level on new equipment if it follows its plan to expand. In its proposal MWX also calls for reductions in the Wisconsin corporate income tax which is used to support General Fund programs.

The proposal argues that Wisconsin's tax structure is non competitive with surrounding states, particularly Illinois and that MWX is over taxed. A representative of MWX mentioned moving the base of operations to Chicago if the current tax climate for airlines in Wisconsin remains the same. It also argues that the Federal Airport Improvement Program Reauthorization proposal of the House Transportation Committee (HR 1000) called AIR-21 will provide substantial new federal revenues that will cover the large losses to the Transportation Fund Wisconsin will suffer if the legislature were to enact the MWX proposal.

The financial picture for Midwest and many other airlines has been very good in recent years. Midwest Express Holdings announced that it has made strong increases in capacity at its Midwest Express and Skyway Airlines subsidiaries and that Passenger demand is growing at an even faster pace. A recent press release recited very impressive growth figures, posting a 22.7 percent increase in April traffic.

Major Factors for Consideration

The MWX proposal has sever financial impacts on Wisconsin's system of airports and their local government owners.

- The 1998 Wisconsin allocation percentage for Midwest Express would drop from 36% to 7%, an ***80% decrease*** in the airlines' assessment. Midwest Express current airline property tax would be ***reduced by $1.2 million*** - from $1.5 million to $300,000.
- Current Statewide (all airlines) property tax revenue would be ***reduced $4.5 to $5.5 million; a 50% reduction in all state aviation revenues.***
- Airport improvement appropriations have been flat-lined for the past 6 year, even so, aviation revenues have not been sufficient to cover the appropriations.
- Unmet Airport System improvement needs exceed funding by $12 to $16mil a year. *See: Needs vs Funds Comparison Chart; p. 5, 6*
- Ad valorem revenues are a critical source of revenue for projects at 91 general aviation and reliever airports across the state, not just at air carrier airports.

Wisconsin's tax climate competes very favorably with surrounding states.

- Total **aviation revenue collected in Wisconsin ranks the** <u>lowest</u> among the surrounding states of Illinois, Minnesota, and Michigan. *See: 4 State Comparison Chart; p. 7*
- The MWX proposal focused on the ad valorem property tax. In fact, each state has a combination of registration fees, fuel taxes and other sources of revenue in addition to the ad valorem tax. There is no free lunch.
- Given the MWX fuel levels indicated in the proposal, in Illinois MWX would pay approximately $2 mil/year in fuel tax. In Wisconsin MWX pays a $1.5mil ad valorem tax which exempts MWX from Wisconsin's fuel tax.

Midwest overstates the impact of the ad valorem tax on its future growth.

- MWX proposal attempts to make the ad valorem tax a make or break factor in its decision to grow. A tax will certainly affect the bottom line of a company doing business anywhere. But in the instant case, MWX proposes a plan to make capitol investments in aircraft and support facilities in the neighborhood of $1,000,000,000. And MX will have significant costs in added gates, new personnel and operating costs. Taxes are certainly a important factor but they are minor compared to some of the major cost factors in the MWX plan.

- The ad valorem tax is invested in new airport pavements and airport infrastructure. It is not a dead loss to the airlines, it is an investment in their future.

Midwest has already accomplished significant tax reductions.
Two tax law changes in recent years have already been very advantageous to MWX.

- 1991 Act 39 changed the allocation formula to favor airlines with terminal facilities in Wisconsin, decreasing their allocation factor from nearly 56% in 1991 to 46% in 1992. Reductions in the allocation factors effect reductions in tax paid.

- 1997 Act 29 provided Midwest Express Airlines with a 2-cent per gallon reimbursement from the 3 cent per gallon petroleum inspection fee (on purchases of aviation fuel in excess of 1 million gallons a month). This applies only to Midwest Express and saves the airlines over $400,000 annually.

- The Governor's budget proposes a small tax cut for airlines and railroads ($25,000 in FY00 and $50,000 in FY01) to exempt their computer property from taxation.

- All airlines have benefited from a slow decline in statewide average net property tax rate, the result of the State's general property tax relief policies.

Increased Federal AIP funding for Wisconsin is not on the horizon.

- The MWX proposal suggests lost state funds for airport improvement will be replaced by passage of two of the current federal AIP reathuorization proposals, HR 1000 the "Aviation Investment and Reform Act for the 21st Century" (AIR-21). **In fact, the airlines are lobbying Congress to oppose AIR 21.**

- **The off-budget idea and increases in federal airport funding face strong opposition** by Congressional leadership. There is no guarantee the bills will even get out of the House. The Senate bill, S 82, is far more modest and does not take the trust fund off budget. Members of the Senate, fiscal conservatives and House and

Senate appropriators are actively building road blocks to taking the trust fund off budget and point to budget ceiling caps, the war in Kosovo and other pressing national needs.

- The current AIP program (1999 Reauthorization) has been a series of fits and starts, living on short term extensions. Federal airport funding is currently being provided on **a 2 month extension**. Congressional leaders have announced another short term extension appears inevitable.

- The prudent course is to make no changes until the federal funding picture is clear, hopefully by the end of calendar 1999 or early in 2000. **Federal funding has never been so uncertain.**

If the ad valorem tax is reduced, law makers will have difficult options.

- If revenues are reduced by half, one option is to make a corresponding reduction in the state airport appropriation and thereby state aid to local units of government by approximately half. Local governments would have to pay a larger share.

- If revenues are reduced by half, another option is to take money from the primary funding source for the Transportation Trust fund, the automobile fuel tax. The average driver may be supporting the airport infrastructure for the airlines.

There is no guarantee MWX will be able to carry out its expansion plan.

- Airlines are historically hypersensitive to fluctuations in the economy and particularly to spikes in fuel prices. If the current vibrant economy slows, will MWX be able to carry out its 5 year expansion plan? Expansion or not, MWX would still enjoy the benefit of using the state's excellent airport infrastructure, at the bargain basement rate of $300,000 a year.

- Over the past 20 years MWX and its Milwaukee Hub have prospered and grown dramatically under the current taxing program, in part because it has made valuable funding contributions that afford MWX the infrastructure essential to achieve that growth.

Comparison of State Airport System Plan 2020 Needs and Airport Development Program Funding

The state's airport development program funds improvements at both commercial service and general aviation airports. Through this program, local units of government receive financial and technical assistance for the development and preservation of public-use airport facilities. Funding sources for airport development in Wisconsin include federal aid, state aid, and the local sponsor match for projects.

Total federal, state and local funding available for airport development projects has averaged $38.2 million over the past five years. This level of funding is expected to remain constant over the next biennium. Wisconsin's eight primary commercial service airports receive additional revenue in the form of passenger facility charges (PFC's). PFC funds for these airports totaled approximately $13.1 million in FY 98. These funds are used primarily for the airport sponsor's local match on state and federal projects and for non-airside airport development projects.

Total Funding for Airport Development in Wisconsin 1994-1998 (millions $)

Fiscal Year	Federal	State	Local	Total
1994	18.5	10.1	4.9	33.5
1995	16.3	10.4	5.4	32.1
1996	20.4	9.9	4.3	34.6
1997	23.2	10.4	11.4	45.0
*1998	26.4	8.9	10.5	*45.8

* 1998 total does not include funding for noise mitigation at General Mitchell International Airport in Milwaukee.

The Department's recently completed State Airport System Plan 2020 (SASP) has identified 21 year annualized airport development needs of $50.6 million (1998 dollars). The following table compares the inflated annual SASP needs to the level of federal, state, and local funds expected over the current and the next biennium.

SASP Airport Development Needs vs. Total Funds 1998-2001 (millions $)

Year	1998	1999	2000	2001
Annual SASP Needs (inflated)	$50.6	$51.7	$53.1	$54.6
Total Airport Development Funding**	38.2	38.2	38.2	38.2
Unmet Needs	***$12.4***	***$13.5***	***$14.9***	***$16.4***

** Includes average of federal, state, local funds received since 1994.

If the average federal, state, and local funding level of $38.2 million continues to remain level over the next biennium, annual SASP needs will exceed the funds available for airport development by a total of ***$31.3 million.*** At this funding level, the Department will be unable to maintain it's existing commitment to preserve and develop a safe and efficient statewide system of public-use airports.

COST ASSUMPTIONS

Inflation: The Bureau of Aeronautics based the calculations for the impacts of inflation on SASP 2020 needs using the Department's 1999-01 biennial Budget Inflation Guidelines. These guidelines recommend using the following inflation rates based on the CPI-U index as calculated by Standard & Poor's DRI for calculating the inflationary impacts on most departmental programs.:

Fiscal Year	1996	1997	1998	1999	2000	2001
Rate	2.7%	2.9%	1.8%	2.1%	2.8%	2.9%

Comparison of Aviation Revenues and Funding Sources in Wisconsin and Neighboring States
(Fiscal Year 1998)

State Funding Sources	Illinois	Michigan	Minnesota	Wisconsin
General Fund*	$278,000	$5,000,000	n/a	n/a
Bonds*	$12,000,000	n/a	n/a	n/a
Fuel Tax	$104,000,000**	$7,600,000	$3,302,000	$1,475,000
Aircraft Registration Fee (GA only)		$185,000	$3,314,000	$339,678
Other***	$2,870,000	n/a	$8,700,000	$6,351,000
Total Funding	$119,148,000	$12,785,000	$15,316,000	$8,165,678

* General Fund contributions and Bonds are not considered aviation revenues.
** 1992 Data
*** The State of Minnesota has a airline flight tax and the State of Wisconsin has an ad valorem property tax on airlines. The total for Illinois includes misc. airport fees.

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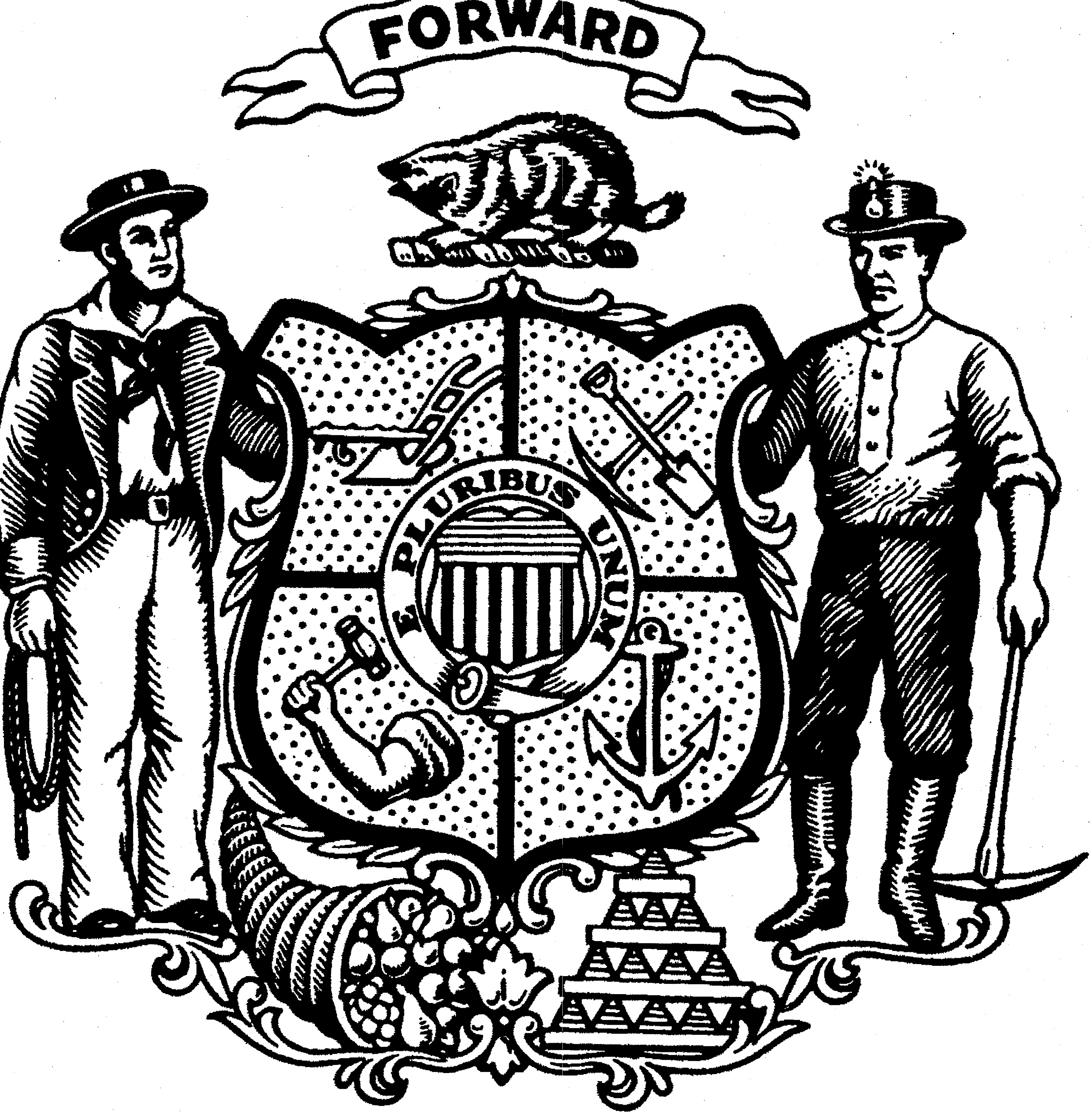
END



END

MEMORANDUM

May 17, 1999

TO: All Assembly Republican Legislators and Staff

FROM: Matt Sande, Policy Director
Assembly Republican Caucus

SUBJECT: Joint Committee on Finance – Noteworthy and significant action taken on the proposed 1999-01 state budget on May 11th and 13th, 1999.

Last week, the Joint Committee on Finance took executive action on the following agency budgets:

1. Department of Transportation – Motor Vehicles
2. Department of Transportation – State Patrol
3. Department of Transportation – Other Divisions
4. Department of Natural Resources – Water Quality
5. Minnesota – Wisconsin Boundary Area Commission
6. Department of Regulation and Licensing
7. Shared Revenue and Tax Relief – Property Tax Credits
8. Shared Revenue and Tax Relief – Property Taxation
9. Medical College of Wisconsin

This memorandum highlights state budget actions taken by the Joint Committee on Finance. The memorandum contains JFC action taken on Legislative Fiscal Bureau (LFB) budget papers and relevant motions to LFB budget papers. Much of the text is taken *verbatim* from the issue papers and motions produced by the Legislative Fiscal Bureau. The following significant decisions were made:

DEPARTMENT OF TRANSPORTATION

Item: **License Plates – New Design Funding, Six-Year Redesign Intervals and New Design Issuance (DOT – Motor Vehicles)**
Paper #955, LFB 1999-01 Budget Summary, page 595, #1 and #2

Current Law:

The Department of Transportation issues license plates for vehicles as evidence that the vehicle is properly registered. In lieu of issuing new plates, DOT is authorized to issue a sticker, which is placed on the plate, indicating the expiration date of the registration.

DOT issues different types of plates for different types of vehicles and issues special plates representing special interest groups, such as veterans, firefighters, National Guard members and persons interested in supporting endangered resources.

DOT is required to replace most license plate types, with plates of a new design, in a three-year period beginning on July 1, 2000, and ending on June 30, 2003. This requirement was created by 1997 Act 237, the 1998-99 budget adjustment act. The base budget for license plate issuance and renewal is $3,545,600 SEG.

Governor:

The Governor's budget provides $967,200 SEG in 1999-00 and $2,034,200 SEG in 2000-01 for the costs associated with issuing license plates of a new design over a five-year period, beginning with registrations effective July 1, 2000.

The Governor's budget requires DOT to develop new license plate designs by July 1, 2000 (which is already required under current law), and every sixth year thereafter, for the following plate types: (a) regular automobile plates; (b) light duty truck plates (under 8,000 pounds) and other motor truck plates; (c) disabled plates, except disabled veteran plates; (d) special group plates, except sesquicentennial plates (this includes military group plates, endangered resources plates, UW plates and firefighter/EMT plates); (e) plates for light farm trucks and dual purpose farm trucks (under 12,000 pounds); (f) National Guard plates; (g) amateur radio plates; (h) vehicle collector plates; (i) motor bus plates; (j) plates for motor homes or dual purpose motor homes; (k) school bus plates; and (l) other miscellaneous plates registered for five years for $5 (this includes certain special vehicles owned by nonprofit organizations). It eliminates a July 1, 2003, sunset of the redesign requirement to reflect the change making redesign an ongoing requirement and prohibits DOT from developing a new design for the "children first" plate (which would be renamed "celebrate children" by the bill) until January 1, 2005.

The governor's budget specifies that, in each six-year design interval, these plates shall be as similar in appearance as practical. The governor's budget eliminates the requirement that new plates be issued for all of these vehicles and plate types by July 1, 2003, and instead, require that new plates be issued for these vehicles by July 1, 2005 (except for vehicles registered with "celebrate children" and sesquicentennial plates). Modify a current law provision that gives dot the authority to determine a new-plate issuance schedule for these vehicles, except farm trucks and $5 plate types, whose registration is renewed between July 1, 2000, and the end of the reissuance period (which is June 30, 2003, under current law, but would be June 30, 2005, under the bill) to eliminate this permissive authority after June 30, 2005 (a technical modification to the bill would be necessary to do this).

JFC Action:

The Committee moved to delete the requirement that the following plates [(a) regular automobile plates; (b) light duty truck plates (under 8,000 pounds) and other motor truck plates; (c) disabled plates, except disabled veteran plates; (d) plates for light farm trucks and dual purpose farm trucks (under 8,000 pounds); (e) vehicle collector and amateur radio plates; (f) motor bus plates; and (g) other miscellaneous plates registered for five years for $5.] be replaced on a three-year schedule and instead **require them to be replaced on a seven-year schedule**, from July, 2000, to June, 2007. The Committee moved to provide $610,300 SEG in 1999-00 and $1,198,700 SEG in 2000-01, which is the cost of replacing these plate types on this schedule. **(Alternative A(3), failed 7-9, [Huber, Riley, Burke, Decker, Moore, Shibilski and Plache voting yes])**

The Committee deleted the current requirement that the following plates [(a) regular automobile plates; (b) light duty truck plates (under 8,000 pounds) and other motor truck plates; (c) disabled plates, except disabled veteran plates; (d) plates for light farm trucks and dual purpose farm trucks (under 8,000 pounds); (e) vehicle collector and amateur radio plates; (f) motor bus plates; and (g) other miscellaneous plates registered for five years for $5.] be replaced on a three-year schedule and **adopt the Governor's recommendation (with a technical modification) to replace them on a five-year schedule**, from July, 2000, to June, 2005. The Committee provided $845,400 SEG in 1999-00 and $1,790,700 SEG in 2000-01, which is the cost of replacing these plate types on this schedule. The Committee also required the replacement of special license plates [: (a) special group plates, except sesquicentennial and "celebrate children" plates; and (b) National Guard plates] on the same schedule as approved for the replacement of other plates and provided additional funding, as follows: $86,100 SEG in 1999-00 and $172,100 SEG in 2000-01 for replacement on a five-year schedule (Governor's recommendation, with a funding reestimate). Finally, the Committee approved the Governor's recommendation to require the replacement of license plates every sixth year, starting in July 2006. **(Alternatives A(1), B(1,a), and E(1), adopted 16-0)**

The Committee moved to prohibit DOT from charging a plate reissuance fee if a vehicle is already registered at the time of renewal with a plate of the type being renewed. This would not prohibit DOT from charging a plate replacement fee (as allowed under current law) if the recipient requests a plate of a new design for a vehicle prior to the time that the plates for that vehicle would be replaced. These provisions would apply to the replacement schedule that begins in July 2000, as well as any subsequent plate replacement cycle. **(Alternative C(1), failed 8-8, [party-line, D-Y, R-N)**

The Committee moved to maintain current which requires DOT to charge a reissuance fee, upon replacement of a plate, if one is currently required. **(Alternative C(2), automatically adopted)**

The Committee exempted the sesquicentennial plates from the plate replacement requirement during the replacement cycle that would begin in July, 2000, but specify that sesquicentennial plates must be replaced during the next plate replacement cycle. **(Alternative D(2), adopted 16-0)**

Item: Driver's License Withdrawal for Failure to Pay a Forfeiture – Court Fee (DOT – Motor Vehicles)
Paper #957, LFB 1999-01 Budget Summary, page 597, #4

Current Law:

Courts may issue an order suspending the driver's license of a person who fails to pay a forfeiture, or any associated assessments, imposed upon a conviction for certain traffic or nontraffic offenses. Generally, the license may be suspended until the forfeiture and assessments are paid, but may not be suspended for more than five years. [DOT anticipates that a provision of 1997 Act 84 that reduces the maximum period of suspension from five years to two years will be implemented by January 1, 2000. A provision of Act 84 gives the Department the authority to implement portions of the Act prior to the general effective date, when the necessary computer system modifications are made.]

In cases involving adults, in addition to (or instead of) suspending a person's driver's license for the failure to pay a forfeiture, courts may: (a) order the person to pay the amount that is owed in installments; (b) order the person to perform community service; (c) order that the payment of the amount owed be suspended or permanently stayed, if the court finds that the person's failure to pay is for good cause; or (d) imprison the person for up to 90 days. In cases involving juveniles, in addition to (or instead of) suspending a person's driver's license, courts may suspend the person's hunting or fishing licenses. Courts may order dispensations other than the payment of forfeitures, including community service or alcohol abuse education, in cases involving juveniles who violate ordinances or criminal statutes.

Upon receiving notice of an order to suspend a person's driver's license, DOT suspends the license. If the person does not currently hold a valid license, the person's operating privilege is suspended, which precludes the person from receiving a license. When the person pays all outstanding forfeitures and assessments, or the period of suspension expires, the person's license can be reinstated. There is a $50 fee for reinstatement, in addition to any fee for license renewal or issuance.

Governor:

The Governor's budget requires DOT to promulgate an administrative rule to develop and administer a system for charging a fee to circuit courts and municipal courts for each order of the court that suspends or revokes a person's driver's license solely for the failure to pay a forfeiture imposed for violating a local ordinance that is unrelated to the violator's operation of a vehicle. It specifies that the amount of the fee established by the rule may not exceed the cost of processing a license suspension or revocation order. Prohibit DOT from processing such an order unless the court has paid any fee required by the rule.

The Governor's budget also provides that, where courts currently have the authority to suspend or revoke a person's driver's license for the failure to pay a forfeiture imposed for the violation of an ordinance not related to driving, this authority is subject to payment of any applicable fee required by DOT's administrative rule. It permits circuit courts and municipal courts to require a person to pay a fee when his or her license is ordered suspended or revoked under these circumstances, and specifies that such a fee may not exceed the amount of the fee that the court is required to pay to DOT for ordering the suspension or revocation. These provisions would first apply to suspensions and revocations ordered on the effective date of DOT's rule.

JFC Action:

The Committee moved to approve the Governor's recommendation to require DOT to promulgate an administrative rule to develop and administer a system for charging a fee to circuit courts and municipal courts for each order of the court that suspends or revokes a person's driver's license solely for the failure to pay a forfeiture imposed for violating a local ordinance that is unrelated to the violator's operation of a vehicle. They moved to specify that the amount of the fee established by the rule may not exceed the cost of processing a license suspension or revocation order, and moved to prohibit DOT from processing such an order unless the court has paid any fee required by the rule. The Committee moved to permit circuit courts and municipal courts to require a person to pay a fee when his or her license is ordered suspended or revoked under these circumstances. **(Alternative #1, failed 4-12, [Gard, Albers, Ward and Shibilski voting yes])**

The Committee moved to approve the Governor's recommendation to require DOT to promulgate an administrative rule to develop a fee charged to circuit courts or municipal courts for each order of the court that suspends or revokes a person's driver's license solely for the failure to pay a forfeiture imposed for violating a local ordinance that is unrelated to the violator's operation of a vehicle, but limit the amount of the fee to the cost of processing the suspension or $5, whichever is less. **(Alternative #2, failed 5-11, [Gard, Kaufert, Albers, Ward and Panzer voting yes])**

The Committee maintained current law. **(Alternative #4, automatically adopted)**

Free Standing Motions (DOT – Motor Vehicles)

Specialty Vehicles Titled in Another State and Moved to Wisconsin

The Committee required DOT, when issuing a new title for a vehicle that is moved to Wisconsin from another state, to use the make or model of the vehicle as it is titled in the other state. **(Motion #322 – Rep. Albers, adopted 16-0)**

Green Bay Packers License Plates

The Committee required DOT to establish a Green Bay Packers license plate. The fees for the license plate, in addition to the vehicle registration fee, are as follows: (a) $15 upon issuance or reissuance of the plate; and (b) $25 annually upon initial issuance and upon registration renewal ($50 upon biennial registration or renewal of a motorcycle). The revenue from the $15 issuance fee would be deposited in the transportation fund. The revenue from the $25 fee, after subtracting $35,000 for DOT's administrative costs and an amount necessary to pay licensing fees to the

National Football League, would be deposited in a newly-created program revenue appropriation for the Boys and Girls Clubs of Wisconsin. The $25 fee is a tax-deductible contribution. **(Motion #324 – Rep. Gard, adopted 12-4, [Burke, Jauch, Moore and Plache voting no])**

Item: **Additional Traffic Officers (DOT – State Patrol)**
Paper #965, LFB 1999-01 Budget Summary, page 606, #1

Current Law:

The Department of Transportation is authorized to hire 385 traffic officers, plus a person in the classified service who is designated to head the traffic officers (the State Patrol Colonel). Of this number, 322 are classified as troopers. The remainder are sergeants, lieutenants, captains or other managerial positions. Of the 322 troopers, 320 are assigned to regular traffic patrol, while one provides security for the Governor and one is responsible for statewide calibration of speed-detection equipment. DOT also has 112 authorized positions for sworn officers who are classified as motor vehicle inspectors, whose primary responsibility is commercial motor vehicle enforcement.

Although the statutes state that the primary duty of traffic officers is the enforcement of traffic laws, the officers have the authority to make arrests for any offense. The traffic officers are prohibited, however, from conducting investigations of any crime covered under the state's criminal code.

Governor:

The Governor's budget provides $321,900 SEG, $189,000 SEG-S and 9.0 SEG positions in 1999-00 and $808,600 SEG, $143,600 SEG-S and 14.0 SEG positions in 2000-01 to increase the size of the state traffic patrol. Increase the statutory number of traffic officers that DOT may employ by 15, from 385 to 400. The SEG amounts provided would be for salary and fringe benefits, fleet costs, materials and supplies and training costs associated with hiring additional state troopers. The SEG-S amounts would provide additional expenditure authority for DOT's fleet service center, which would be used for the purchase of 14 vehicles and related insurance, fuel and repair costs.

JFC Action:

The Committee modified the Governor's recommendation based on a reestimate of the costs to provide 14 additional troopers by reducing the amount provided by $500 SEG in 1999-00 and $18,100 SEG in 2000-01. In addition, the Committee reduced the statutory number of traffic officers that DOT may hire to 399 to reflect the intent to limit the increase in the number of troopers that may be hired to 14. **(Alternative #2, adopted 13-3, [Duff, Decker and Shibilski voting no])**

Item: **Federal Planning Funds (DOT – Other Divisions)**
Paper #972, LFB 1999-01 Budget Summary, page 615, #4

Current Law:

Federal transportation law requires each metropolitan area with a population greater than 50,000 to have a designated metropolitan planning organization (MPO) representing local governments. MPOs are responsible for developing long-range transportation plans for their metropolitan areas and for developing transportation improvement programs (TIPs), which are schedules of all transportation projects that will be constructed using federal transportation aid during the next several years. The state may not use federal aid for a project in a metropolitan area unless the project has been placed on an MPO's TIP. MPOs also perform other duties related to transportation issues, such as pavement management, mapping, land use planning and studies of new transportation facilities, such as highways or transit projects.

The state, as a condition of using federal transportation aid, must develop statewide transportation plans and also must develop a statewide TIP. The state must consult with MPOs in developing these plans and programs. In addition, the state performs transportation research using federal aid on topics such as pavement and bridge materials, soils and anti-icing techniques.

The state budgets for federal transportation planning and research funds through two DOT appropriations: (a) departmental management and operations; and (b) highway administration and planning. The amount of federal highway funds in the departmental management and operations appropriation in 1998-99 is $8,575,600. Of this amount, about $2.6 million was distributed to MPOs and the remaining $6.0 million was used for statewide or regional planning. The amount of federal highway funds used for research in the highway administration and planning appropriation in 1998-99 is $2,396,700.

Governor:

The Governor's budget provides $168,100 SEG and $672,400 FED in 1999-00 and $144,100 SEG and $672,400 FED in 2000-01 for transportation planning and research. The increase is an allocation of anticipated higher levels of federal highway and transit aid. Of these amounts, $100,100 SEG and $400,400 FED in 1999-00 and $58,200 SEG and $400,400 FED in 2000-01 would be provided in DOT's highway administration and planning appropriations and $68,000 SEG and $272,000 FED in 1999-00 and $85,900 SEG and $272,000 FED in 2000-01 would be provided in DOT's departmental management and operations appropriations. The funds provided in the highway administration and planning appropriations would be for transportation research while the funds provided in the departmental management and operations appropriations would support statewide planning functions and the regional transportation planning functions of the state's metropolitan planning organizations. The SEG funds are the estimated amounts that, when combined with available base funding, would provide the required 20% nonfederal match.

JFC Action:

The Committee provided (a) $100,100 SEG and $500,000 FED (from federal discretionary research funds) in 1999-00 and $58,200 SEG and $500,000 FED (from federal discretionary research funds) in 2000-01 for highway research; and (b) $68,000 SEG and $272,000 FED ($204,000 from federal highway aid and $68,000 from federal transit planning aid) annually for transportation planning. **(Alternative #2(a,b), adopted 16-0)**

The Committee provided 17,900 SEG in 2000-01 to establish additional matching funds for use if the state receives any unanticipated federal discretionary planning grants. **(Alternative #2(c), adopted 13-3, [Burke, Jauch and Plache voting no])**

The Committee moved to require DOT to submit all long-range transportation improvement plans in draft form to the Joint Committee on Finance for review under a 14-day passive review process, prior to the adoption of a final plan. If the Committee notifies DOT of its intent to schedule a meeting to consider the plan, DOT may not adopt a final plan until the Committee has taken action on the draft plan. The Committee may either endorse the draft plan or require DOT to reconsider particular elements of the draft plan. If the Committee requires DOT to reconsider any elements of a draft plan, DOT must submit a revised draft plan for review under the same process. **(Motion #705 – Sen. Burke, adopted 16-0)**

The Committee moved to require all metropolitan planning organizations (MPOs) to submit all long-range transportation improvement plans in draft form to the Joint Committee on Finance for review under a 14-day passive review process, prior to the adoption of a final plan. If the Committee notifies the MPO of its intent to schedule a meeting to consider the plan, the MPO may not adopt a final plan until the Committee has taken action on the draft plan. The Committee may either endorse the draft plan or require the MPO to reconsider particular elements of the draft plan. If the Committee requires the MPO to reconsider any elements of a draft plan, the MPO must submit a revised draft plan for review under the same process. **(Motion #320 – Rep. Gard, failed 8-8, [party line, D-N, R-Y])**

Free Standing Motions (DOT – Other Divisions)

<u>Pretrial Intoxicated Driver Intervention Grant Program</u>

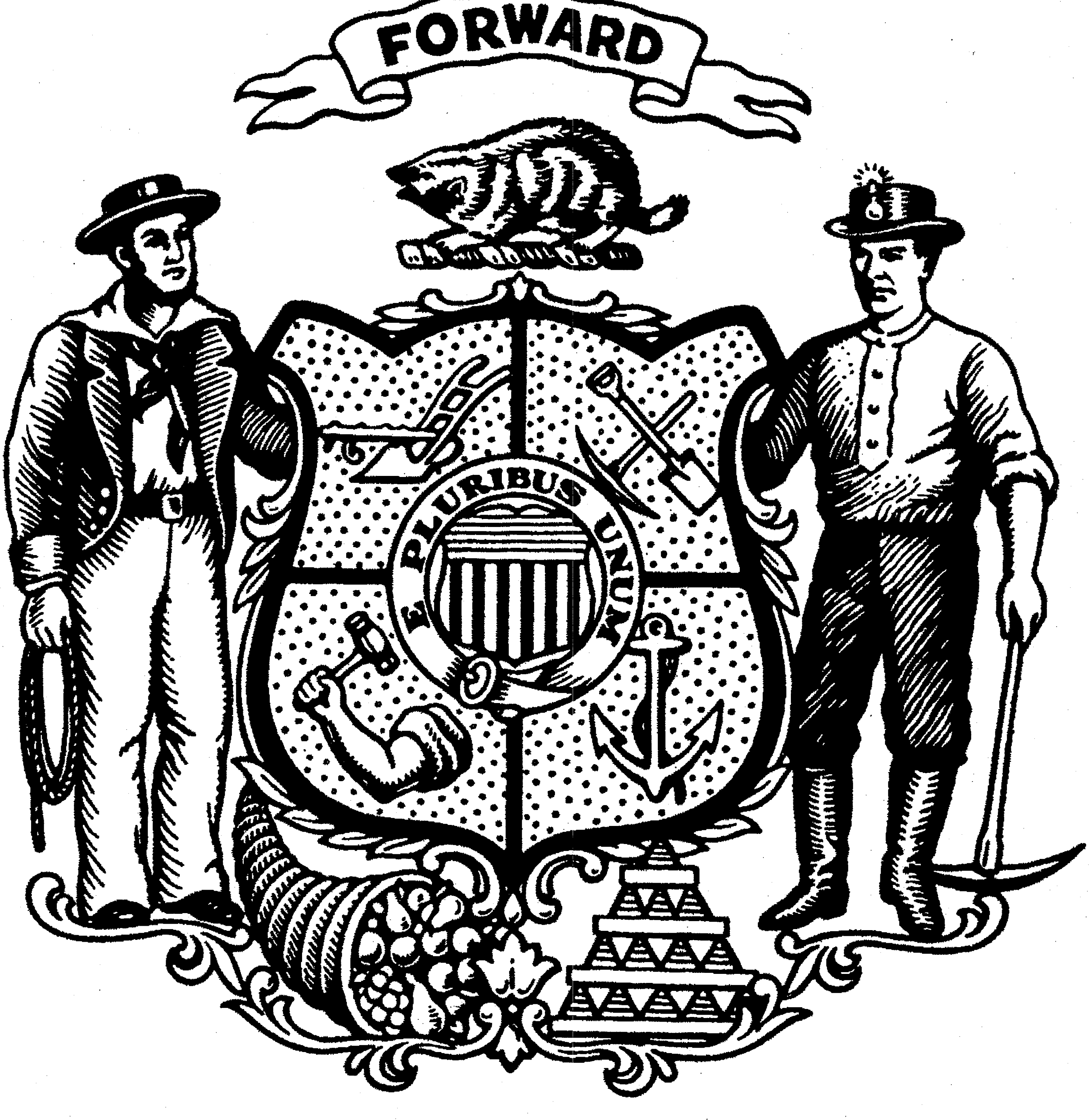
The Committee increased funding for the pretrial intoxicated driver intervention grant program by $265,000 SEG in 1999-00 and $464,700 SEG in 2000-01. The Committee eliminated the $500,000 limit on the total amount of grants DOT may make under the program.

The pretrial intoxicated driver intervention grant program provides grants to local governments on nonprofit organizations to administer programs that enroll defendants who are arrested for a second or subsequent operating while intoxicated offense, prior to the trial for that offense. The programs must monitor and treat the defendant's use of intoxicants in order to reduce the incidence of abuse.

The state grant program was created by 1997 Act 27 and funded at $150,000 SEG annually. A limit of $500,000 was placed on the amount of grants that could be made under the program. The Committee provided funding sufficient to replace federal alcohol incentive grant funds currently being provided to grant recipients. Because of changes in the federal grant criteria, it is uncertain whether the state will continue to be able to use these federal funds.

There are currently five counties (Eau Claire, Kenosha, Marathon, Milwaukee and Waukesha) that are receiving grants under the program. If Wisconsin does receive federal grant funds, these additional funds could be used to provide grants to local governments on nonprofits who are not currently receiving the grants. **(Motion #466 – Sen. Burke, adopted 11-5, [Gard, Kaufert, Albers, Jauch and Shibilski voting no])**

END



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WI State Journal
TUESDAY, MAY 25, 1999

Lawmaker questions Highway 12 funding

Stewardship Fund should pay, he says

By Marv Balousek
County reporter

The head of the state Assembly Transportation Committee is fighting a plan to use state transportation money for Highway 12 conservation easements in Dane County.

State Rep. David Brandemuehl, R-Fennimore, has introduced a motion to reimburse the state Department of Transportation for its Highway 12 costs from the state Stewardship Fund, administered by the state Department of Natural Resources.

But Dane County Executive Kathleen Falk says Brandemuehl's proposal violates an agreement reached earlier this year on four-lane expansion of Highway 12 between Middleton and Sauk City.

That agreement called for the DOT to spend $16 million for easements that would protect the Baraboo Hills in Sauk County from development and preserve farmland along the highway in both counties.

Money to protect the Baraboo Hills would come from a special Stewardship Fund allocation. Money to protect Dane County farmland would come from "state/federal transportation monies," according to the agreement.

At the time, Falk hailed the deal as precedent-setting because, for the first time, transportation money would be used to address land-use impacts of highway expansion.

Brandemuehl said he isn't the only legislator who thinks transportation money should not be spent for the easements.

"There are a number of people who are as upset as I am," he said. In the last budget, Brandemuehl said, $29 million in programs not related to transportation were removed from the DOT budget. Paying for the easements would be a reversal of that effort, he said.

DOT spokesman Skip Schneider said he understands Brandemuehl's position.

"The amount of money in the transportation fund is limited and scarce," Schneider said. "You can understand where they're coming from. (But) the agreement provided, without question, $5 million in transportation funds."

Brandemuehl said Falk and others shouldn't have a problem with his motion.

"If their object is to preserve the environment, the source of the money shouldn't make a lot of difference to them," he said.

But Falk said Brandemuehl's motion violates the agreement, which calls for transportation money to be used for the Dane County easements.

"It was a key part of this agreement," she said. "A $60 million highway project with all of its impacts — architectural design, right of way purchase and cement — certainly includes environmental impacts."

She said the DOT has been spending transportation money on wetlands replacement for years.

State Rep. Spencer Black, D-Madison, said the chance that Brandemuehl's motion will win legislative approval "depends in large measure whether the governor (Tommy Thompson) backs the agreement," he said. "It clearly violates the agreement."

THE WHEELER REPORT
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Wednesday, May 26, 1999

FINANCE BUDGET EXEC ACTION
DNR – Departmentwide (AB-133)
–Paper 655. Standard budget adjustments. Modification approved 14-0 (Moore, Plache)
–Paper 656. Administrative Systems Automation. Alternative 3 adopted 14-0 (Moore, Plache)
–Paper 657. Natural Resources Magazine. Alternative 2 adopted 14-0. (Moore, Plache)
–Paper 658. Tourism support. Alternative 3 adopted 15-0 (Plache)
–Paper 659. Motorcycle recreation account. Alternative 1 adopted 15-0 (Plache)
–Motion 936. (Albers) Funding for Mazomanie unit of the Lower WI State Riverway. Adopted 9-6 (Y=Decker, Cowles, Panzer, Gard, Porter, Kaufert, Albers, Duff, Ward)
–Motion 933. (Shibilski) Grant to nonstock, nonprofit corporation for Ice Age Trail. Adopted 10-5 (N=Cowles, Gard, Kaufert, Albers, Ward)
–Motion 942. (Albers) DNR administrative funding limit. Not adopted 8-8 (D-N; R-Y)
–Motion 408. (Shibilski, Cowles, Decker, Albers) Public access to exposed shore below the ordinary high-water mark of a stream. Adopted 13-3 (Gard, Duff, Ward)
–Motion 943. (Albers) Chief warden authority. Not adopted, 3-13 (Y=Moore, Shibilski, Albers)
–LFB summary items for which no paper prepared: Standard budget adjustments; federal aid reestimates; removal of 2% GPR lapse; program revenue reestimates; segregated revenue reestimates; internal reallocation; transfers between programs and subprograms; facilities and lands operations; state lab of hygiene costs; DNR/DOT radio communications merger; natural resources land endowment fund; gravel pit reclamation appropriation. No action required.
–LFB summary items to be addressed in subsequent papers: debt service reestimates; consolidation of state agency vehicle fleet operations.

WHEDA (Adjusted Base)
–Paper 1035. Biotechnology development finance company. Alternative 1 not adopted 8-8 (D=Y; R=N)
–Paper 1036. WI Development Reserve Fund. Alternatives A-1-A, B, C, D; A-3; B-3 adopted 16-0. – Motion 946. (Moore) Provides funding transfer authority to cover Taliesin loan. Adopted 16-0. (Amends Alternative B-3 above)

DNR – Air, Waste and Contaminated Land (excluding recycling) (AB-133)
–Paper 711. Air management staff and fees, and asbestos fees and citations for violations. (Motion 409 offered in lieu of part A alternatives.) (Motion 947 offered in lieu of Part B, C alternatives)
–Motion 409. (Gard/Burke) Air management staff and fees. (Approves Alternative A-3-b; requires rules for air emissions fees; requests audit; directs adoption of performance measurements for construction and operation permits. Adopted 16-0.
–Motion 947. (Gard/Burke) Adopts Alternatives B-1, C-2, directs DNR to submit request after rules are developed to fund asbestos abatement and construction permit activities. Adopted 16-0.
–Motion 411. (Albers) Directs DOA to submit request to delete DNR positions and funding that would be replaced by EPA takeover of management of air management program. Not adopted, 8-8 (D-N; R-Y)
–Motion 950. (Albers) Requires DNR to certify as accurate any information about air emissions posted on its Internet site. To be redrafted.
–Motion 952. (Albers) Redraft of Motion 950. Adopted 9-7 (Y=Moore, Cowles, Panzer, Gard, Porter, Kaufert, Albers, Duff, Ward)

–Motion 934. ((Porter) Public meeting requirements for landfill disposal of sediments containing PCBs or heavy metals. Adopted 15-1 (Kaufert)
–Motion 931. (Shibilski) Nonmetallic mining reclamation program requirements. Adopted 12-4 (Gard, Kaufert, Duff, Ward).
–Motion 938. (Cowles/Decker) Metallic mining local agreements. Adopted 9-7 (Y=Burke, Decker, Jauch, Moore, Shibilski, Plache, Cowles, Huber, Riley)
–Motion 948. (Gard/Porter) Land recycling loan for City of Kenosha. Adopted 11-5 (N=Shibilski, Cowles, Duff, Ward, Huber)
–Motion 949. (Burke/Duff) Brownfields initiatives. (Covers papers 712 through 716 below). Adopted 16-0.
–Paper 712. Brownfields – site assessment grants.
–Paper 713. Brownfields regional staff.
–Paper 714. Brownfields – local government liability exemption.
–Paper 715. Brownfields – local government cost recovery.
–Paper 716. Brownfields – Voluntary party liability exemption.
–Paper 717. Dry cleaners – awards for past costs and financial assistance appropriation. Alternative 2 Adopted 16-0.
–Paper 718. Dry cleaners – definition of owner and operator. Alternative 2 adopted 16-0.
–Paper 719. Dry cleaners – insurance claims. Alternative 2 adopted 16-0.
–Paper 720. Dry cleaners – formal wear rental firms. Alternative 2 A, B adopted 16-0.
–Paper 721. Dry cleaners – staff. Alternative 2 adopted 16-0.
–Motion 944. (Kaufert) Technical changes to dry cleaner program. Adopted 16-0.
–Motion 930. (Kaufert) Transfer PECFA award funding to the Dry Cleaner Environmental Response Program. Withdrawn to be redrafted.
–Motion 951. (Kaufert) Redraft of Motion 930 above. (Affects Paper 717). Not adopted, 4-12 (Y=Gard, Porter, Kaufert, Ward)
–LFB summary items for which no paper prepared: contaminated sites database; database on groundwater exceedences; hazardous spill response funding. Brownfields: local government liability exemption; off-site discharges; natural attenuation at voluntary party sites; lender liability exemption; areawide contamination agreements; biennial report. Dry cleaners: interim action awards; immediate action; closed facilities; penalty for fraud; financing costs; service provider; use of environmental fund. No action required.
–LFB summary items to be addressed in subsequent papers: Statewide recycling fund expenditures. Recycling: administrative funding; municipal and county recycling grants; demonstration grants; repeal volume-based fee requirement.

(END)

Senator Burke
Representative Duff

NATURAL RESOURCES -- AIR, WASTE AND CONTAMINATED LAND
COMMERCE
SHARED REVENUE AND PROPERTY TAXATION
GENERAL FUND TAXES

Brownfields Initiatives
[Papers #712 thru #716]

Motion:

Move to make the following changes related to brownfields programs:

A. DNR -- Air, Waste and Contaminated Land

Move to approve the Governor's recommendations contained in Legislative Fiscal Bureau Papers #712 through #716 and Legislative Fiscal Bureau Summary pages 457 through 466, items #9, 10 and 12 through 21, with the following modifications:

1. *Site Assessment Grants.* LFB Paper #712. Adopt Alternative 2.b, 3.d and 3.e. Further, provide $1,450,000 SEG in 1999-00 in a biennial appropriation (no funding would be provided in 2000-01).

2. *Brownfields Staff.* LFB Paper #713. Adopt Alternative 2.c. (3.0 PR hydrogeologist positions). Provide the 2.0 SEG project positions under Alternative 1 as permanent. In addition, provide $291,600 SEG in 1999-00 and $351,000 SEG in 2000-01 with 6.0 SEG hydrogeologist positions and provide $97,200 PR in 1999-00 and $117,000 PR in 2000-01 with 2.0 PR hydrogeologist positions. This would provide a total of 13.0 hydrogeologist positions to DNR.

3. *Local Government Liability Exemption.* LFB Paper #714. Adopt Alternative 2.

4. *Local Government Cost Recovery.* LFB Paper #715. Adopt Alternative 2. In addition: (a) specify that the local government may recover costs from the person from whom the local government acquired the property, if no responsible party is known or financially able to pay for all or a portion of those costs; (b) require that the person that last possessed the property before the local government acquired the property to pay any costs not recoverable from the persons that caused the discharge of the hazardous substance; (c) specify that local governments may not recover attorney's fees; and (d) clarify that a local government can not recover costs if the responsible person has received an exemption from liability under the spills law from DNR.

5. *Voluntary Party Liability Exemption.* LFB Paper #716. Adopt Alternatives 2.a

through 2.e. In addition, specify that: (a) Alternatives 2.b. through 2.e. apply in situations where a voluntary party seeks an exemption under the interim liability provisions (but not under a voluntary party liability exemption that is not an interim liability exemption); and (b) the deletion of the authority of DNR to require the voluntary party to obtain insurance to cover the costs of the cleanup would still allow DNR to require insurance under the interim liability and natural attenuation at groundwater standards exceedence liability exemptions.

6. *Use of Natural Attenuation at Voluntary Party Sites.* [LFB Summary p. 464, #18] In addition to approving the Governor's recommendation: (a) allow the certificates of completion to be used for groundwater contamination "originating from" in addition to "on" the property; and (b) provide that if DNR requires a voluntary party who obtains a certificate of completion under the natural attenuation provision to obtain insurance, the only party named as the insured is the state, not the voluntary party and the state.

7. *Study of Potential Sources of Funding for Future Cleanup Costs.* [LFB Summary p. 466, #21] In addition to approving the Governor's recommendation, direct DNR, DOA, Commerce, DOR, DOT and WHEDA to submit an annual consolidated report on June 30 of each year to the Joint Committee on Finance and the appropriate standing committees of the Legislature that evaluates the effectiveness of the state's brownfields initiatives.

8. *Vehicle Environmental Impact Fee.* Repeal the June 30, 2001 sunset on the $5 per vehicle environmental impact fee. In addition, increase the fee from $5 to $6 on the first day of the second month after the effective date of the bill. This would generate additional revenues of approximately $800,000 in 1999-00 and $1,400,000 in 2000-01, which would be deposited in the environmental management account of the environmental fund.

9. *Hazardous Waste Generator Fee.* Increase the amount of the hazardous waste generator fee ($125 base fee plus $12 per ton of hazardous waste) by an amount necessary to generate revenues of $250,000 annually, effective with the fees assessed in May, 2000. The fees are deposited in the environmental management account of the environmental fund.

10. *Local Government Negotiation and Cost Recovery Process.* Direct DNR to submit proposed statutory changes to the Legislature no later than January 1, 2001, that make the local government negotiation and cost recovery process more efficient and clear, as follows: (a) develop a more efficient method of providing notice to all parties; (b) clarify liability provisions; (c) clarify sections related to identification of responsible parties; (d) provide local governments with a clear way to handle information discovered late in the process; (e) require that involved parties be required to state the basis of their objection and the allocation of costs before seeking umpire review; (f) cull the list of potential umpires so it contains environmental experts; and (g) give parties a specific time frame to make comments on the remedy.

11. *Area-Wide Environmental Characterization.* Provide $50,000 SEG annually from the environmental management account of the environmental fund and direct DNR to create a bibliography of available information on a geographic basis that identifies all sources of general

and site specific groundwater information. Direct DNR to include physical and chemical groundwater and soil data in existing geographic information systems.

B. Commerce

1. *Brownfields Grant Program.* Provide an additional $800,000 SEG in 1999-00 and $1,400,000 SEG in 2000-01 for the existing brownfields grant program. (Revenue would be provided from the $1 per vehicle increase in the vehicle environmental impact fee.) In addition, make the following changes to the current Commerce brownfields grant program: (a) require Commerce to award one-half of the annual brownfields grant funding for projects, such as recreational or housing development, that are scored without considering the number of jobs created by the project; (b) authorize Commerce to award grant funding for projects that address area-wide groundwater contamination; (c) require grant applicants to document that they were unable to secure funding that was sufficient to support the project from another source; and (d) specify that grant recipients could be awarded other state grants or loans if they were eligible.

2. *Community Development Block Grant Program.* Direct the Department of Commerce to expand the CDBG - Blight Elimination and Brownfields Remediation program to fund redevelopment planning and projects that have a taxable value end use.

C. Wisconsin Housing and Economic Development Authority

1. *WHEDA Loan Guarantees.* [LFB Paper #1036] In addition to adopting Alternative A.1.c. eliminate the brownfields loan guarantee program and direct WHEDA to transfer the remaining $2,000,000 for the program from the Wisconsin development reserve fund to the environmental fund.

D. Department of Transportation

1. *DOT Brownfields Funds.* Require the Department of Transportation to market the following programs to ensure optimum utilization to assist the cleanup and redevelopment of brownfield properties: (a) local transportation facility improvement assistance; (b) transportation enhancements; (c) transportation facilities economic assistance and development; and (d) transportation infrastructure loans.

E. General Fund Taxes

1. *Remediation Tax Credits.* Delete the requirement that 25% of all development zone tax credits claimed must be based on creating or retaining full time jobs for development zone environmental remediation tax credits claimed in development and enterprise development zones. Provide that environmental remediation tax credits claimed in development and enterprise development zones would not have to be based on activities that created or caused to create jobs.

F. Shared Revenue and Property Taxation

1. *Blight Elimination.* [LFB Summary p. 552, #4] Maintain current law.

G. University of Wisconsin Systems

1. *Development of Brownfields Case Studies.* Request the LaFollette Institute of the University of Wisconsin - Madison to study the expected costs and returns of redeveloping an environmentally problematic property as well as a greenfields development.

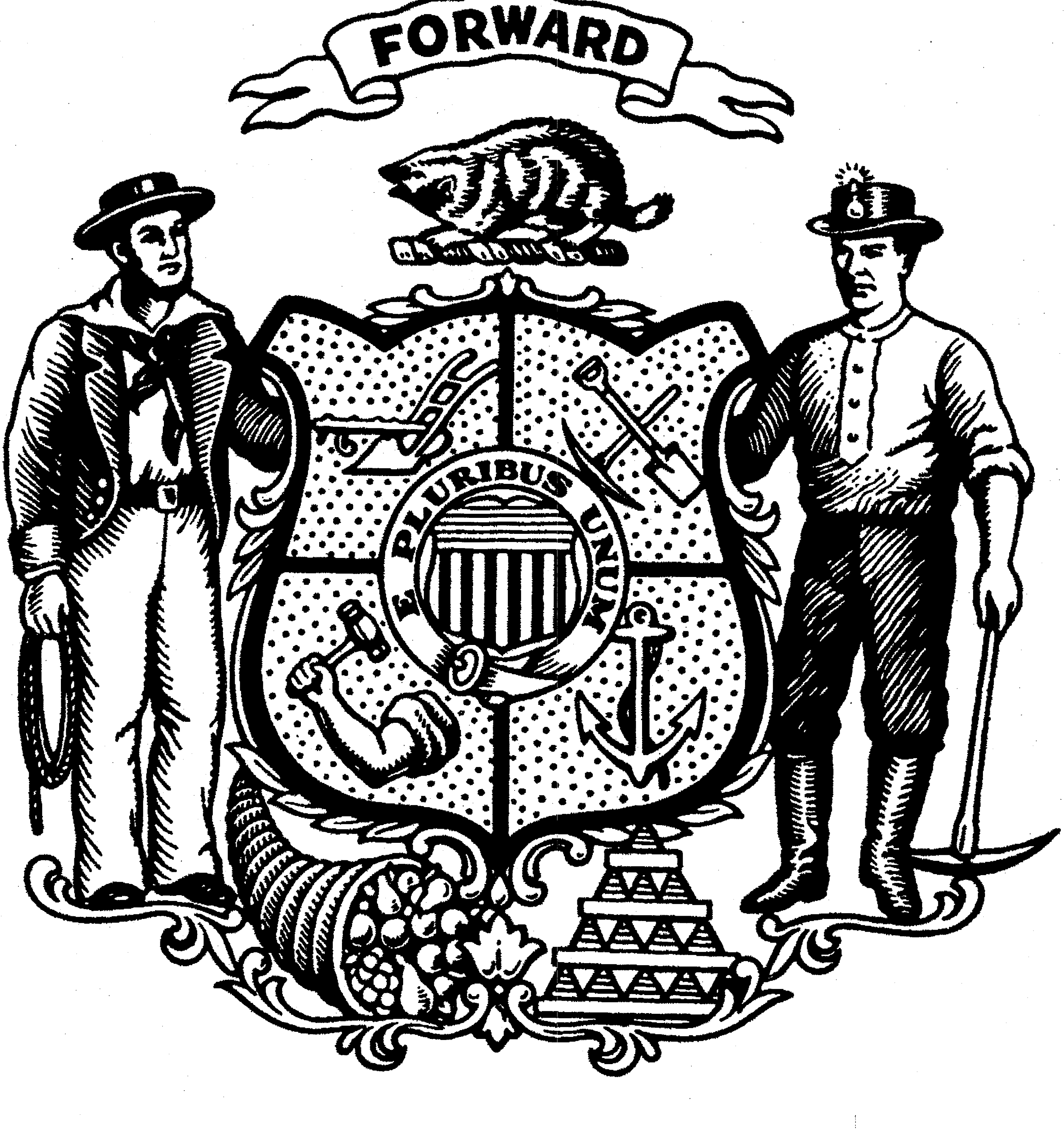
H. Multiple Agencies

1. *Sustainable Urban Development Zone Program.* Provide $2,250,000 environmental fund SEG in 1999-00 in a biennial appropriation to DNR for use for a sustainable urban development zone pilot program. Direct DNR, in cooperation with the Departments of Health and Family Services, Transportation, Revenue, Administration and Commerce, and the Cities of Milwaukee, Green Bay, La Crosse and Oshkosh, to develop a pilot program no later than January 1, 2001, that promotes the use of financial incentives to cleanup and redevelop contaminated properties in the listed cities. Designate that of the $2,250,000 in total funding, the following amounts would be available as grants to the cities: (a) $1,000,000 for the City of Milwaukee; (b) $500,000 for the City of Green Bay; (c) $500,000 for the City of La Crosse; and (d) $250,000 for the City of Oshkosh. Specify that the state funds may be used for the assessment, investigation and cleanup of brownfields properties in the Cities. Require the Department of Commerce to designate areas in each City as development zones so that persons conducting cleanups would be eligible for the remediation tax credit. Direct that the Department of Transportation to work with the Cities in planning, transportation access infrastructure improvements in the DOT 2001-03 biennial budget request.

Note:

[Change to Bill: $4,700,000 SEG-REV, $4,642,600 SEG, $535,500 PR, 6.0 SEG positions, 5.0 PR positions]

END



END

connecting Wisconsin to the world

WTBA

Wisconsin Transportation Builders Association

Dick Mann, President
Mann Bros., Inc.
Elkhorn, WI

Tom Walker
Executive Director

ARTBA American Road & Transportation Builders Association

MEMO

DATE: June 7, 1999

TO: Rep. John Gard

FROM: Tom Walker Tom Walker
Executive Director

RE: Changing the Rules of the Game for Local Governments

CC: Eric Petersen
Bill McCoshen

Problem:

The primary problem with GTA and transit aids is that they are deposited in a local government's general fund.

As such, increases can be used for any purpose. The most likely use is to replace local levy allocated for roads and transit, and shift those dollars to other spending. Neither property tax relief nor improved transportation systems are produced, the very goals sought by Legislators.

Inevitably, local government organizations in the following budget will cite bad roads or poor transit service to justify even more state assistance, which once again will not fix potholes or provide more transit service.

Solution:

As a condition of receiving GTA and transit assistance, require:

- All local governments must create two segregated accounts, one for highways and one for transit.

- All federal and state categorical funds for roads and transit must be deposited in these accounts, including any required local match.

1 S. Pinckney St., Suite 818 Madison, WI 53703 Tel. 608.256.6891 Fax 608.256.1670 E-mail: wtba@midplains.net

- Any new local revenue source dedicated to roads or transit must be placed in these accounts.

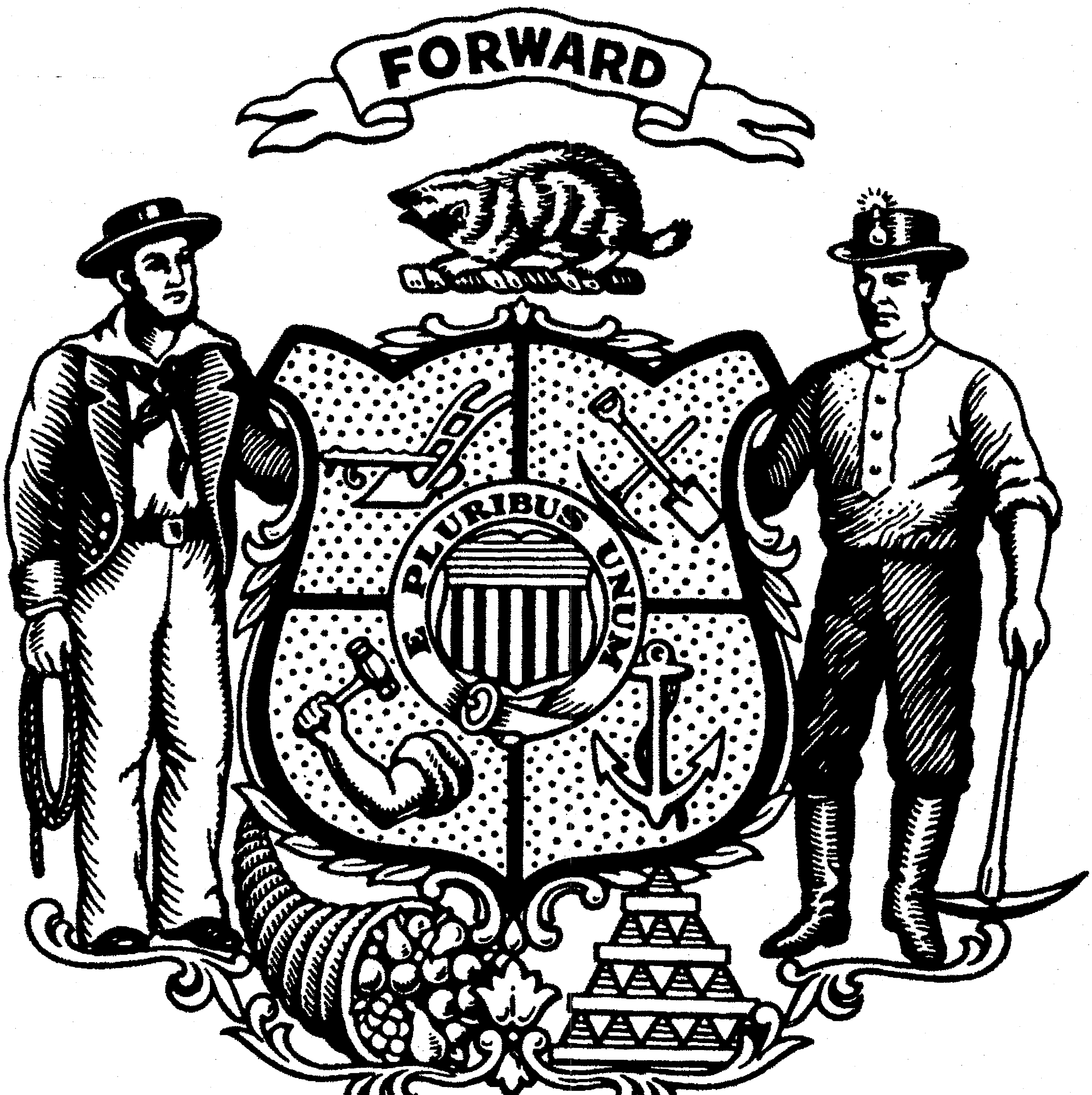
- All additional local general revenues allocated to roads and transit must be included in these accounts.

- Each local government must spend at least the same level of local general revenues for both highways and transit, as in the previous year.

These provisions will assure that any increase in state GTA or transit aid above inflation will deliver improved transportation, and in the long run, reduce the demand for additional state aid, as actual needs are met.

They will also assure that any new local tax, authorized by the Legislature, and dedicated to roads (e.g., local fuel tax) or transit (e.g., local sales tax) will produce better roads and/or improved transit service. Again, this will lower the future demand for additional state assistance, and minimize the need for future gas tax increases.

END



END

Budget Amendments 1999- 2000

Statement of Intent DNR. Eliminate vehicle environmental impact fee increase and retain the June 30, 2001 sunset date for the fee.

Legislator Brandemuehl

Amendment#

Staff contact Sheri

Status

Agency DNR

Tax Cut ☐

Summary

1997 Wisconsin Act 27, created a $5 per vehicle environmental impact fee on the sale of new cars and trucks as well as on the transfer of used vehicles. The Department of Transportation collects the fee and deposits it in the Department of Nautrual Resources' Environmental Management Account. Furthermore, the law provided a sunset date for the vehicle environmental fee of June 30, 2001. Monies received from the fee were to be used to fund brownfields reclamation projects.

During budget deliberations, the Joint Committee on Finance increased the vehicle impact fee from $5 to $6 and repealed the sunset provision established in 1997 Wisconsin Act 27. The Committee specified the fee increase would go into effect on the first day of the second month after the effect date of the bill.

This amendment would delete the provision adopted by the Joint Finance thereby maintaining current law.

Fiscal Impact

According to the Legislative Fiscal Bureau, the fee increase approved by Joint Committee on Finance would generate an additional $2.2 million (SEG) for the DNR's Environmental Management Account.

This amendment would delete the additional $2.2 million (SEG) funding to the DNR's Environmenal Management Account provided by the Joint Committee on Finance.

ARC Analyst Brian Dake

Request# 31

Senator Burke
Representative Duff

NATURAL RESOURCES -- AIR, WASTE AND CONTAMINATED LAND
COMMERCE
SHARED REVENUE AND PROPERTY TAXATION
GENERAL FUND TAXES

Brownfields Initiatives
[Papers #712 thru #716]

Motion:

Move to make the following changes related to brownfields programs:

A. DNR -- Air, Waste and Contaminated Land

Move to approve the Governor's recommendations contained in Legislative Fiscal Bureau Papers #712 through #716 and Legislative Fiscal Bureau Summary pages 457 through 466, items #9, 10 and 12 through 21, with the following modifications:

1. *Site Assessment Grants.* LFB Paper #712. Adopt Alternative 2.b, 3.d and 3.e. Further, provide $1,450,000 SEG in 1999-00 in a biennial appropriation (no funding would be provided in 2000-01).

2. *Brownfields Staff.* LFB Paper #713. Adopt Alternative 2.c. (3.0 PR hydrogeologist positions). Provide the 2.0 SEG project positions under Alternative 1 as permanent. In addition, provide $291,600 SEG in 1999-00 and $351,000 SEG in 2000-01 with 6.0 SEG hydrogeologist positions and provide $97,200 PR in 1999-00 and $117,000 PR in 2000-01 with 2.0 PR hydrogeologist positions. This would provide a total of 13.0 hydrogeologist positions to DNR.

3. *Local Government Liability Exemption.* LFB Paper #714. Adopt Alternative 2.

4. *Local Government Cost Recovery.* LFB Paper #715. Adopt Alternative 2. In addition: (a) specify that the local government may recover costs from the person from whom the local government acquired the property, if no responsible party is known or financially able to pay for all or a portion of those costs; (b) require that the person that last possessed the property before the local government acquired the property to pay any costs not recoverable from the persons that caused the discharge of the hazardous substance; (c) specify that local governments may not recover attorney's fees; and (d) clarify that a local government can not recover costs if the responsible person has received an exemption from liability under the spills law from DNR.

5. *Voluntary Party Liability Exemption.* LFB Paper #716. Adopt Alternatives 2.a

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through 2.e. In addition, specify that: (a) Alternatives 2.b. through 2.e. apply in situations where a voluntary party seeks an exemption under the interim liability provisions (but not under a voluntary party liability exemption that is not an interim liability exemption); and (b) the deletion of the authority of DNR to require the voluntary party to obtain insurance to cover the costs of the cleanup would still allow DNR to require insurance under the interim liability and natural attenuation at groundwater standards exceedence liability exemptions.

6. *Use of Natural Attenuation at Voluntary Party Sites.* [LFB Summary p. 464, #18] In addition to approving the Governor's recommendation: (a) allow the certificates of completion to be used for groundwater contamination "originating from" in addition to "on" the property; and (b) provide that if DNR requires a voluntary party who obtains a certificate of completion under the natural attenuation provision to obtain insurance, the only party named as the insured is the state, not the voluntary party and the state.

7. *Study of Potential Sources of Funding for Future Cleanup Costs.* [LFB Summary p. 466, #21] In addition to approving the Governor's recommendation, direct DNR, DOA, Commerce, DOR, DOT and WHEDA to submit an annual consolidated report on June 30 of each year to the Joint Committee on Finance and the appropriate standing committees of the Legislature that evaluates the effectiveness of the state's brownfields initiatives.

8. *Vehicle Environmental Impact Fee.* Repeal the June 30, 2001 sunset on the $5 per vehicle environmental impact fee. In addition, increase the fee from $5 to $6 on the first day of the second month after the effective date of the bill. This would generate additional revenues of approximately $800,000 in 1999-00 and $1,400,000 in 2000-01, which would be deposited in the environmental management account of the environmental fund.

9. *Hazardous Waste Generator Fee.* Increase the amount of the hazardous waste generator fee ($125 base fee plus $12 per ton of hazardous waste) by an amount necessary to generate revenues of $250,000 annually, effective with the fees assessed in May, 2000. The fees are deposited in the environmental management account of the environmental fund.

10. *Local Government Negotiation and Cost Recovery Process.* Direct DNR to submit proposed statutory changes to the Legislature no later than January 1, 2001, that make the local government negotiation and cost recovery process more efficient and clear, as follows: (a) develop a more efficient method of providing notice to all parties; (b) clarify liability provisions; (c) clarify sections related to identification of responsible parties; (d) provide local governments with a clear way to handle information discovered late in the process; (e) require that involved parties be required to state the basis of their objection and the allocation of costs before seeking umpire review; (f) cull the list of potential umpires so it contains environmental experts; and (g) give parties a specific time frame to make comments on the remedy.

11. *Area-Wide Environmental Characterization.* Provide $50,000 SEG annually from the environmental management account of the environmental fund and direct DNR to create a bibliography of available information on a geographic basis that identifies all sources of general

and site specific groundwater information. Direct DNR to include physical and chemical groundwater and soil data in existing geographic information systems.

B. Commerce

1. Brownfields Grant Program. Provide an additional $800,000 SEG in 1999-00 and $1,400,000 SEG in 2000-01 for the existing brownfields grant program. (Revenue would be provided from the $1 per vehicle increase in the vehicle environmental impact fee.) In addition, make the following changes to the current Commerce brownfields grant program: (a) require Commerce to award one-half of the annual brownfields grant funding for projects, such as recreational or housing development, that are scored without considering the number of jobs created by the project; (b) authorize Commerce to award grant funding for projects that address area-wide groundwater contamination; (c) require grant applicants to document that they were unable to secure funding that was sufficient to support the project from another source; and (d) specify that grant recipients could be awarded other state grants or loans if they were eligible.

2. Community Development Block Grant Program. Direct the Department of Commerce to expand the CDBG - Blight Elimination and Brownfields Remediation program to fund redevelopment planning and projects that have a taxable value end use.

C. Wisconsin Housing and Economic Development Authority

1. WHEDA Loan Guarantees. [LFB Paper #1036] In addition to adopting Alternative A.1.c. eliminate the brownfields loan guarantee program and direct WHEDA to transfer the remaining $2,000,000 for the program from the Wisconsin development reserve fund to the environmental fund.

D. Department of Transportation

1. *DOT Brownfields Funds.* Require the Department of Transportation to market the following programs to ensure optimum utilization to assist the cleanup and redevelopment of brownfield properties: (a) local transportation facility improvement assistance; (b) transportation enhancements; (c) transportation facilities economic assistance and development; and (d) transportation infrastructure loans.

E. General Fund Taxes

1. *Remediation Tax Credits.* Delete the requirement that 25% of all development zone tax credits claimed must be based on creating or retaining full time jobs for development zone environmental remediation tax credits claimed in development and enterprise development zones. Provide that environmental remediation tax credits claimed in development and enterprise development zones would not have to be based on activities that created or caused to create jobs.

F. Shared Revenue and Property Taxation

1. *Blight Elimination.* [LFB Summary p. 552, #4] Maintain current law.

G. University of Wisconsin Systems

1. *Development of Brownfields Case Studies.* Request the LaFollette Institute of the University of Wisconsin - Madison to study the expected costs and returns of redeveloping an environmentally problematic property as well as a greenfields development.

H. Multiple Agencies

1. *Sustainable Urban Development Zone Program.* Provide $2,250,000 environmental fund SEG in 1999-00 in a biennial appropriation to DNR for use for a sustainable urban development zone pilot program. Direct DNR, in cooperation with the Departments of Health and Family Services, Transportation, Revenue, Administration and Commerce, and the Cities of Milwaukee, Green Bay, La Crosse and Oshkosh, to develop a pilot program no later than January 1, 2001, that promotes the use of financial incentives to cleanup and redevelop contaminated properties in the listed cities. Designate that of the $2,250,000 in total funding, the following amounts would be available as grants to the cities: (a) $1,000,000 for the City of Milwaukee; (b) $500,000 for the City of Green Bay; (c) $500,000 for the City of La Crosse; and (d) $250,000 for the City of Oshkosh. Specify that the state funds may be used for the assessment, investigation and cleanup of brownfields properties in the Cities. Require the Department of Commerce to designate areas in each City as development zones so that persons conducting cleanups would be eligible for the remediation tax credit. Direct that the Department of Transportation to work with the Cities in planning, transportation access infrastructure improvements in the DOT 2001-03 biennial budget request.

Note:

[Change to Bill: $4,700,000 SEG-REV, $4,642,600 SEG, $535,500 PR, 6.0 SEG positions, 5.0 PR positions]