

2009 DRAFTING REQUEST

Bill

Received: **11/03/2008**

Received By: **agary**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget 266-1039**

By/Representing: **byrnes**

This file may be shown to any legislator: **NO**

Drafter: **emueller**

May Contact:

Addl. Drafters:

Subject: **Transportation - mass trnst/rail**

Extra Copies: **ARG**

Submit via email: **NO**

Pre Topic:

DOA:.....Byrnes, BB0384 -

Topic:

Intercity bus assistance program

Instructions:

See attached.

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	agary 11/04/2008			_____			S&L
/1	emueller 01/14/2009	kfollett 01/15/2009	jfrantze 01/15/2009	_____	sbasford 01/15/2009		

FE Sent For:

<END>

2009 DRAFTING REQUEST

Bill

Received: 11/03/2008

Received By: agary

Wanted: As time permits

Identical to LRB:

For: Administration-Budget 266-1039

By/Representing: byrnes

This file may be shown to any legislator: NO

Drafter: emueller

May Contact:

Addl. Drafters:

Subject: Transportation - mass trnst/rail

Extra Copies: ARG

Submit via email: NO

Pre Topic:

DOA:.....byrnes, BB0384 -

Topic:

Intercity bus assistance program

Instructions:

See attached.

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
--------------	----------------	-----------------	--------------	----------------	------------------	-----------------	-----------------

/?	agary 11/04/2008 emueller						
----	---------------------------------	--	--	--	--	--	--

11/15
11/15

11/15

11
Emu
1/14/09

1/15

FE Sent For:

<END>

2009-11 Budget Bill Statutory Language Drafting Request

- Topic: Creation of an Intercity Bus Program
- Tracking Code: *BB0384*
- SBO team: Tax, Transportation and Budget Development Team
- SBO analyst: Tyler Byrnes
 - Phone: 266-1039
 - Email: tyler.byrnes@wisconsin.gov
- Agency acronym: DOT
- Agency number: 395
- Priority (Low, Medium, High): Low

Intent: Please prepare a draft that creates an intercity bus program. This program is designed to, with a combination of state and federal funds, subsidize private bus line operators to insulate them against any operating loss when running intercity bus routes in Wisconsin. See attached for details.

Department of Transportation
2009-2011 Biennial Budget Request
STATUTORY MODIFICATIONS

DIN NUMBER: 5102

TOPIC: Intercity Bus Assistance Program

DESCRIPTION OF CHANGE:

Create an Intercity Bus Assistance Program:

1. Create a continuing state appropriation in s. 20.395(1), Wis. Stats., to reflect state funding for the program. The Department requests the appropriation be 20.395(1)(bq), Wis. Stats., with a numeric designation of 165;
2. Modify s. 20.395(1)(bv), Wis. Stats., to include any local or other funding received for purposes of intercity bus services under the Intercity Bus Assistance Program;
3. Modify s. 20.395(1)(bx), Wis. Statutes, to include any federal funding received for the purposes of intercity bus services under the Intercity Bus Assistance Program; and
4. Create in Chapter 85, Wisconsin Statutes, an Intercity Bus Assistance Program with the following:
 - a. Authority for the Department to administer an Intercity Bus Assistance Program;
 - b. Authority for the Department to contract directly with providers of intercity bus services;
 - c. Provide that funding for the program could be used to contract for intercity bus services or to provide grants to local governments for the purpose of providing intercity bus services.
 - d. Provide that state funding for the program be limited to 50% of the net operating loss of intercity bus services, similar to the limitation on the use of federal funding under 49 USC 5311.

JUSTIFICATION:

The statutory changes requested above represent the Department's request to create and fund an Intercity Bus Assistance Program. Intercity bus services in Wisconsin have decreased to the point where many of the state's metropolitan areas have no convenient connections to each other or to other regional economic centers. In light of rising gas prices, increasing demand for transportation alternatives, environmental concerns, and efforts to support the economy, a state-administered intercity bus program using state and federal funds is needed to begin to address the shortcomings of the state's existing intercity bus service. The Department's request would create a program that would provide the authority to contract directly with bus companies to provide intercity bus services, provide state funding to cover the 50% net operating loss not covered by federal funding, and would implement an estimated four new intercity bus routes with two round-trips per day. See the issue paper for further details.

Department of Transportation
2009-2011 Biennial Budget Request
ISSUE PAPER

PROGRAM: Intercity Bus Assistance Program

DIN NUMBER: 5102

ISSUE TITLE: Intercity Bus Assistance Program

REQUEST:

The Department requests the creation of an Intercity Bus Assistance Program and funding for the program of \$1,241,360 SEG in FY 10 and \$1,241,360 SEG in FY 11.

SUMMARY:

Intercity bus services in Wisconsin have decreased to the point where many of the state's metropolitan areas have no convenient connections to each other or to other regional economic centers. Where there are intercity bus services, they are often infrequent, have very long travel times, and don't connect to other modes. For example, a bus trip between Wausau and Madison, a 143-mile distance, takes about seven hours because there is no direct service between those two cities. Similar examples include Madison – Green Bay at six hours, Madison – Dubuque at 14 hours, Janesville – Green Bay at seven hours, Janesville – Milwaukee at three hours, and Beloit – Milwaukee at over five hours. These examples do not take into account the areas of the state with no service or which a traveler cannot make a same-day connection.

Current federal funding available for intercity bus services has proven to be inadequate to address these issues because federal funding will cover only 50% of the net operating loss of the service. It does not facilitate implementation of new services by private operators or coordination with other transportation services or modes. This has left many areas of the state without service, and inhibited mobility for many.

High fuel prices, increasing demand for transportation alternatives, environmental concerns, and efforts to support the economy, a state-administered intercity bus program with state and federal funds is needed to begin to address the shortcomings of the state's existing intercity bus service. The Department's request would create such a program.

The Intercity Bus Assistance Program would:

- Provide the Department authority to contract directly with bus companies to provide intercity bus services. Current state law does not allow the State to contract directly for bus services, leaving local governments as the only eligible public sponsors if federal funds are to be used. Many local governments are reluctant to be the public sponsor since they do not have the capacity to contribute funding and don't have the knowledge, expertise, or personnel necessary to comply with federal regulations. The state does have that knowledge and expertise with federal regulations. In addition, while state law clearly specifies that local and regional bus and rail transit services are a local responsibility, it also clearly specifies that intercity passenger rail is a state responsibility and, given the longer-distance, intercity nature of the service, it is logical that intercity bus services should be the responsibility of the state as well.
- Provide state funding to cover the 50% net operating loss not covered by federal funding. Under the program, state and federal funding would cover 100% of the net operating loss – the operating expenses after farebox revenues are applied. It is anticipated that this will encourage providers to expand services and implement new routes that they otherwise wouldn't given the loss they would have to incur.
- It is estimated that the amounts requested would allow the implementation of up to four new routes with two round-trips per day. While specific routes will be determined based on several factors, including projected ridership, service provider interest, and cost, possible routes could include Madison – Wausau, Madison – Green Bay, Eau Claire – Superior/Duluth, Madison – Dubuque, Madison – La Crosse, and Janesville – Milwaukee. These routes are important in themselves and will also provide connections to other routes that will further increase mobility.

JUSTIFICATION:

Historically, the intercity bus industry has played a significant role in connecting Wisconsin communities. Surveys conducted by the Department and the Southeastern Wisconsin Regional Planning Commission in 1994 showed that about 50% of all intercity bus passengers are either under age 24 or over age 65, and 33% have no other mode of transportation available for their intercity trips. The survey also indicated that about 25% of the passengers had a household income of less than \$10,000 and that 20% of the passengers would not make the intercity trip if bus service were not available. A similar survey in 2002 yielded results consistent with the 1994 survey.

However, despite its critical role in connecting transit-dependent people to their destinations and connecting areas of the state, intercity bus service continues to decline in Wisconsin. Only eight companies provided service in 2008 as compared to 75 carriers in 1944. Seventy-four communities lost intercity bus service within three years of industry deregulation in 1982. In addition, Greyhound, the largest provider of intercity bus service in the state, discontinued service to 43 Wisconsin communities between 2004 and 2006. Service to 21 of these communities was picked up by other carriers, but, based on information received by the Department, ten of the 21 will likely lose service again in 2009.

The decline of intercity bus service in Wisconsin is due in part to the lack of state support for these services. Federal funding is available to reimburse service providers for 50% of the net loss incurred by providing the service, leaving the remaining 50% of the net loss to be absorbed by the provider. Therefore, providers serve only those routes that can cover net costs or which are feeders that contribute to profitable routes.

Local government sponsorship is also an impediment to intercity bus service as most local governments do not have the financial ability to contribute to providing such services. In addition, most local governments do not have the knowledge, expertise, or personnel needed to ensure compliance with federal regulations

Given high fuel costs, environmental concerns, the increasing elderly population, and the lack of other means of transportation, the demand for intercity bus is at very high levels. The Department, local governments, and service groups are receiving significantly increased requests for information on intercity travel alternatives. Creation and funding of the Intercity Bus Assistance Program would help to meet some of those needs and provide a much-needed mobility option for the residents of Wisconsin and others traveling in our state.



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-0625/?

EVM: k/f

LPS: Fix request sheet please

DNote

RMR

DOA:.....Byrnes, BB0384 - Intercity bus assistance program.

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

In 1/4

Don't Gen

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

✓ TRANSPORTATION

✓ TRANSPORTATION AIDS

This bill creates an intercity bus assistance program in DOT. Under this program, DOT may make grants to cities, villages, towns, or counties or enter into contracts with private providers of intercity bus service for the purposes of increasing the availability of intercity bus service in this state. The amount of DOT funding related to any particular bus route is limited to the lesser of 50 percent of the net operating loss of the route or the net operating loss of the route that is not covered by federal funding.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

2 SECTION 1. 20.395 (1) (bq) of the statutes is created to read:

1 20.395 (1) (bq) *Intercity bus assistance program, state funds.* As a continuing
 2 appropriation, the amounts in the schedule for the intercity bus assistance program
 3 under s. 85.26.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

4 SECTION 2. 20.395 (1) (bv) of the statutes is amended to read:

5 20.395 (1) (bv) *Transit and other transportation employment and mobility*
 6 *related aids, local funds.* All moneys received from any local unit of government or
 7 other source for urban mass transit purposes under s. 85.20, for rural public
 8 transportation purposes under s. 85.23, or for transportation employment and
 9 mobility purposes under s. 85.24 that are not funded from other appropriations
 10 under this subsection, or for intercity bus assistance purposes under s. 85.26, for
 11 such purposes.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

History: 1971 c. 40 s. 93; 1971 c. 42, 107; 1971 c. 125 ss. 122 to 137, 522 (1); 1971 c. 197, 211, 215, 307; 1973 c. 90, 142, 243, 333, 336; 1975 c. 39; 1975 c. 163 s. 16; 1975 c. 200, 224, 270, 288, 340, 422; 1977 c. 29, 377, 418; 1979 c. 34 ss. 322e to 420, 574, 575; 1979 c. 221; 1981 c. 20 ss. 238 to 300, 2202 (51) (c), (e); 1981 c. 165, 234; 1981 c. 314 s. 146; 1981 c. 347 s. 80; 1981 c. 362; 1983 a. 27 ss. 270g to 315, 2202 (20); 1983 a. 243; 1985 a. 29 ss. 357 to 402, 3202 (51) (a); 1985 a. 65, 76, 341; 1987 a. 27, 137, 349, 369, 399, 403; 1989 a. 31, 56; 1991 a. 39, 104, 239, 269; 1993 a. 16, 285, 354, 437; 1995 a. 27, 113, 201, 338, 445; 1997 a. 27, 35, 135, 237, 255; 1999 a. 9, 109, 146, 167, 185; 2001 a. 16, 104, 109; 2003 a. 33, 64, 139, 220, 320; 2005 a. 25, 319, 335; 2007 a. 20, 42.

12 SECTION 3. 20.395 (1) (bx) of the statutes is amended to read:

13 20.395 (1) (bx) *Transit and other transportation employment and mobility*
 14 *related aids, federal funds.* All moneys received from the federal government for
 15 urban mass transit purposes under s. 85.20, for rural public transportation purposes
 16 under s. 85.23, or for transportation employment and mobility purposes under s.
 17 85.24 that are not funded from other appropriations under this subsection, or for
 18 intercity bus assistance purposes under s. 85.26, for such purposes.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

History: 1971 c. 40 s. 93; 1971 c. 42, 107; 1971 c. 125 ss. 122 to 137, 522 (1); 1971 c. 197, 211, 215, 307; 1973 c. 90, 142, 243, 333, 336; 1975 c. 39; 1975 c. 163 s. 16; 1975 c. 200, 224, 270, 288, 340, 422; 1977 c. 29, 377, 418; 1979 c. 34 ss. 322e to 420, 574, 575; 1979 c. 221; 1981 c. 20 ss. 238 to 300, 2202 (51) (c), (e); 1981 c. 165, 234; 1981 c. 314 s. 146; 1981 c. 347 s. 80; 1981 c. 362; 1983 a. 27 ss. 270g to 315, 2202 (20); 1983 a. 243; 1985 a. 29 ss. 357 to 402, 3202 (51) (a); 1985 a. 65, 76, 341; 1987 a. 27, 137, 349, 369, 399, 403; 1989 a. 31, 56; 1991 a. 39, 104, 239, 269; 1993 a. 16, 285, 354, 437; 1995 a. 27, 113, 201, 338, 445; 1997 a. 27, 35, 135, 237, 255; 1999 a. 9, 109, 146, 167, 185; 2001 a. 16, 104, 109; 2003 a. 33, 64, 139, 220, 320; 2005 a. 25, 319, 335; 2007 a. 20, 42.

1 **SECTION 4.** 85.26 of the statutes is created to read:

2 **85.26 Intercity bus assistance program. (1) DEFINITIONS.** In this section:

3 (a) "Intercity bus service" means regularly scheduled bus service for the
4 general public that operates with limited stops over fixed routes connecting 2 or more
5 urban areas not in close proximity, that has the capacity for transporting baggage
6 carried by passengers, and that makes meaningful connections with scheduled
7 intercity bus service to more distant points if service to more distant points is
8 available.

9 (b) "Net operating loss" means the portion of the reasonable costs of operating
10 an intercity bus service route that cannot reasonably be financed from revenues
11 derived from the route.

12 (c) ^{fix} "Political subdivision" means a city, village, town, or county.

13 **(2) ADMINISTRATION.** (a) The department shall develop and administer an
14 intercity bus assistance program to increase the availability of intercity bus service
15 in this state. Under this program, the department may do any of the following:

16 1. Contract with private providers of intercity bus service to support intercity
17 bus service routes of the provider.

18 2. Make grants to political subdivisions to support intercity bus service routes
19 having an origin or destination in the political subdivision.

20 (b) All expenditures under the program shall be made from the appropriations
21 under s. 20.395 (1) (bq), (bv), and (bx). The department may not enter into any
22 contract under par. (a) 1., or award any grant under par. (a) 2., that provides funds
23 to support any intercity bus service route in an amount exceeding the lesser of the
24 following:

25 1. Fifty percent of the net operating loss of the intercity bus service route.

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-0625/7dn
EVM: kgf

Date

ATTN: Tyler Byrnes

I have supplied several definitions that I believe are necessary to provide adequate guidance for the intercity bus assistance program. Specifically, I have provided definitions for "intercity bus service" and "net operating loss." These definitions were derived, respectively, from USDOT Circular FTA C 9040.1F and the definition of "net project cost" in 49 USC 5302 (8). Please review these definitions to ensure they meet your intent. You may also wish to consider whether any additional clarification of terms used in this draft or powers granted to the DOT under this program is necessary. Let me know if you need any changes.

Eric V. Mueller
Legislative Attorney
Phone: (608) 261-7032
E-mail: eric.mueller@legis.wisconsin.gov

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-0625/1dn
EVM:kjf:jf

January 15, 2009

ATTN: Tyler Byrnes

I have supplied several definitions that I believe are necessary to provide adequate guidance for the intercity bus assistance program. Specifically, I have provided definitions for "intercity bus service" and "net operating loss." These definitions were derived, respectively, from USDOT Circular FTA C 9040.1F and the definition of "net project cost" in 49 USC 5302 (8). Please review these definitions to ensure they meet your intent. You may also wish to consider whether any additional clarification of terms used in this draft or powers granted to the DOT under this program is necessary. Let me know if you need any changes.

Eric V. Mueller
Legislative Attorney
Phone: (608) 261-7032
E-mail: eric.mueller@legis.wisconsin.gov



DOA:.....Byrnes, BB0384 - Intercity bus assistance program

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TRANSPORTATION

TRANSPORTATION AIDS

This bill creates an intercity bus assistance program in DOT. Under this program, DOT may make grants to cities, villages, towns, or counties or enter into contracts with private providers of intercity bus service for the purpose of increasing the availability of intercity bus service in this state. The amount of DOT funding related to any particular bus route is limited to the lesser of 50 percent of the net operating loss of the route or the net operating loss of the route that is not covered by federal funding.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

2 SECTION 1. 20.395 (1) (bq) of the statutes is created to read:

1 20.395 (1) (bq) *Intercity bus assistance program, state funds.* As a continuing
2 appropriation, the amounts in the schedule for the intercity bus assistance program
3 under s. 85.26.

 ****NOTE: This SECTION involves a change in an appropriation that must be
reflected in the revised schedule in s. 20.005, stats.

4 **SECTION 2.** 20.395 (1) (bv) of the statutes is amended to read:

5 20.395 (1) (bv) *Transit and ~~transportation employment and mobility other~~*
6 *transportation-related aids, local funds.* All moneys received from any local unit of
7 government or other source for urban mass transit purposes under s. 85.20, for rural
8 public transportation purposes under s. 85.23, ~~or~~ for transportation employment and
9 mobility purposes under s. 85.24 that are not funded from other appropriations
10 under this subsection, or for intercity bus assistance purposes under s. 85.26, for
11 such purposes.

 ****NOTE: This SECTION involves a change in an appropriation that must be
reflected in the revised schedule in s. 20.005, stats.

12 **SECTION 3.** 20.395 (1) (bx) of the statutes is amended to read:

13 20.395 (1) (bx) *Transit and ~~transportation employment and mobility other~~*
14 *transportation-related aids, federal funds.* All moneys received from the federal
15 government for urban mass transit purposes under s. 85.20, for rural public
16 transportation purposes under s. 85.23, ~~or~~ for transportation employment and
17 mobility purposes under s. 85.24 that are not funded from other appropriations
18 under this subsection, or for intercity bus assistance purposes under s. 85.26, for
19 such purposes.

 ****NOTE: This SECTION involves a change in an appropriation that must be
reflected in the revised schedule in s. 20.005, stats.

20 **SECTION 4.** 85.26 of the statutes is created to read:

21 **85.26 Intercity bus assistance program. (1) DEFINITIONS.** In this section:

1 (a) "Intercity bus service" means regularly scheduled bus service for the
2 general public that operates with limited stops over fixed routes connecting 2 or more
3 urban areas not in close proximity, that has the capacity for transporting baggage
4 carried by passengers, and that makes meaningful connections with scheduled
5 intercity bus service to more distant points if service to more distant points is
6 available.

7 (b) "Net operating loss" means the portion of the reasonable costs of operating
8 an intercity bus service route that cannot reasonably be financed from revenues
9 derived from the route.

10 (c) "Political subdivision" means a city, village, town, or county.

11 (2) ADMINISTRATION. (a) The department shall develop and administer an
12 intercity bus assistance program to increase the availability of intercity bus service
13 in this state. Under this program, the department may do any of the following:

14 1. Contract with private providers of intercity bus service to support intercity
15 bus service routes of the provider.

16 2. Make grants to political subdivisions to support intercity bus service routes
17 having an origin or destination in the political subdivision.

18 (b) All expenditures under the program shall be made from the appropriations
19 under s. 20.395 (1) (bq), (bv), and (bx). The department may not enter into any
20 contract under par. (a) 1., or award any grant under par. (a) 2., that provides funds
21 to support any intercity bus service route in an amount exceeding the lesser of the
22 following:

23 1. Fifty percent of the net operating loss of the intercity bus service route.

24 2. The portion of the net operating loss of the intercity bus service route for
25 which federal funds are not available.

