



---

---

## WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

---

---

**2005 Wisconsin Act 85**  
[2005 Senate Bill 331]

**Elimination of Annual Adjustment  
of Motor Fuel Tax Rate; Use of  
Moneys in Transportation Fund**

Under current law, the rate of the motor vehicle fuel tax is annually adjusted by multiplying the tax rate by the percentage change in the annual average U.S. Consumer Price Index. [s. 78.015 (1), Stats.]

2005 Wisconsin Act 85 specifies that after the adjustment of the tax rate on April 1, 2006, the rate of the motor vehicle fuel tax is not annually adjusted.

The act also:

1. Provides that beginning on July 1, 2007, *no moneys may be appropriated* from the transportation fund *except for purposes related to* the following: (a) the planning, design, construction, reconstruction, expansion, rehabilitation, maintenance, or operation of highway, airport, harbor, ferry, railroad, bicycle, or pedestrian facilities or service or any costs attendant to such planning, design, construction, reconstruction, expansion, rehabilitation, maintenance, or operation; (b) the acquisition of transportation facilities or property necessary to construct or enlarge transportation facilities, or costs attendant to such acquisition or to disposal of any acquired facility or property; (c) costs associated with utility facilities within the rights-of-way of transportation facilities or with radio communications facilities and equipment owned or leased by, and services provided by, the Department of Transportation (DOT) and used for law enforcement; (d) aids or assistance to cities, villages, towns, or counties for transportation purposes; (e) the expenditure of federal transportation aid received by the state for any purpose for which the aid is provided or the provision of matching or supplemental funds associated with such aid; (f) the expenditure of funds derived from gifts or grants received by DOT for any purpose for which the gift or grant is provided; (g) state enforcement of traffic laws; (h) transportation safety programs; (i) the administration of laws related to motor vehicles, driver licensing, or aeronautics; (j) the payment of principal and interest on bonds issued for highway, railroad, or harbor improvements or other transportation facilities; (k) the general costs of administration of

---

---

This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature's Web site at: <http://www.legis.state.wi.us/>.

DOT; (l) the costs of administration of the taxes and fees that are deposited in the transportation fund; (m) terminal tax distribution payments to local governments for railroad terminal facilities; (n) tourism promotion; (o) transfers to the conservation fund for motor fuel tax collections on the use of fuel by snowmobiles, all-terrain vehicles, and motorboats; (p) any refunds of transportation fund taxes and fees authorized by law; and (q) any other program administered by DOT on the effective date of the bill (if enacted into law).

2. Provides that beginning on July 1, 2007, no moneys deposited in the transportation fund that *are not appropriated* may be transferred from the transportation fund to any other fund or appropriation account in any other fund, except for transfers to the transportation infrastructure loan fund by the Joint Committee on Finance, as provided under current law.
3. Changes the *effective date* of a recent change in state law providing for a one cent reduction in the three cent per gallon petroleum inspection fee. The act changes the effective date to occur one month earlier: *on April 1, 2006, rather than May 1, 2006* (see s. 168.12 (1), Stats., as affected by 2005 Wisconsin Act 25, and SECTION 94808 (1x) in that act).

***Effective Date:*** The current calculation of the annual adjustment of the gas tax under s. 78.015, Stats., ends after the calculation that takes effect on April 1, 2006. The provisions relating to use of moneys in the transportation fund take effect on July 1, 2007. The provision relating to the petroleum inspection fee takes effect on April 1, 2006.

***Prepared by:*** Don Salm, Senior Staff Attorney

January 3, 2006

DLS:jal