Committee Name:
Senate Select Committee – Job Creation (SSC–JC)

Appointments

03hr_SSC–JC_Appt_pt00

Committee Hearings

03hr_SSC–JC_CH_pt00

Committee Reports

03hr_SSC–JC_CR_pt00

Clearinghouse Rules

03hr_SSC–JC_CRule_03–

Executive Sessions

03hr_SSC–JC_ES_pt00

Hearing Records

03hr_ab0000

03hr_sb0000

Misc.

03hr_SSC–JC_Misc_pt08a

Record of Committee Proceedings

03hr_SSC–JC_RCP_pt00

Working Together for the Best in Wisconsin Transportation

TDA

Transportation Development Association of Wisconsin

Working Together for the Best in Wisconsin Transportation

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The Transportation Development Association of Wisconsin is a statewide, non-profit educational organization working for an efficient and environmentally responsible transportation system that addresses safe mobility and economic growth.

Transportation and the Wisconsin Economy

Bob Cook
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Transportation Development Association

Let's Create Jobs

"If we're trying to create jobs, let's create jobs. Our roads, highways, and bridges are in sore need of repair. Investing in our infrastructure would definitely create jobs and would immediately stimulate the economy, and the investment would be lasting."

Dobbs, Lou. "Warning: stimulus ahead". U.S. News & World Report May 19, 2003: 42.

Cambridge Systematics Study

- Creates jobs while boosting industry competitiveness and productivity
- Enhances household well being
- Strengthens local, regional, and state economies
- Boosts state tax revenues
- Reduces loss from crashes and congestion

Cost/Benefit of Highway Investment

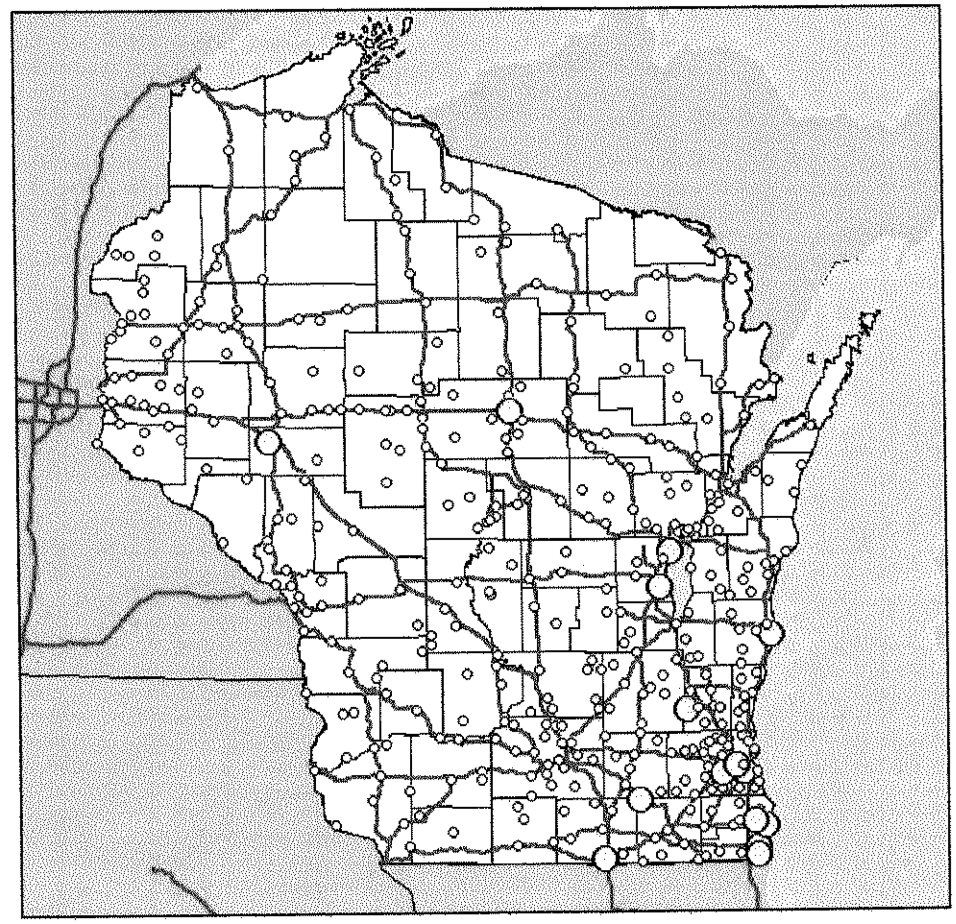
- Cost: $3.2 billion
- Benefit: $9.7 billion
- Rate of Return: 3 to 1

Job Growth

- $3.2 billion investment to maintain the highway system will create jobs
- 4,800 more jobs (average annual increase)
  in WI (b/c of better highways – jobs that need access to roads)
- 4,300 supported by highway construction and maintenance

Transportation Investment Spurs Economy

- 80,000 jobs created by new or expanding industries in Wisconsin since 1990
- 90% of those jobs are located within 4 miles of a Corridors 2020 route



1,000 or more new jobs

1-999 new jobs

Corridors 2020

Interstates (other states)

Benefits of Multimodal Investment

- Aviation: $2.1 billion in economic activity, 41,000 jobs, $770 million payroll
- Transit: every $1 invested could generate $1.66 in benefits, mostly taxpayer savings
- Deepwater Ports: $380 million in industry savings, nearly 50 million tons shipped in 2000, Duluth-Superior is 20th in the nation in tonnage
- Rail: 149 million tons valued at over $4 billion in 2000, 4,000 employees, $210 million in wages

State Transportation Needs

- Marquette Interchange = $400 million (½ way to $810m)
- Highway Rehab (SE Freeways) = $5 billion over 20 years – no funding source currently!
- Major Highway Construction = $50-100 million annually (4 new unfunded projects)
- Local Roads = $75 million annually
- Airports = $18 million annually
- Transit = $60 million annually
- High Speed and Commuter Rail = $525 million

Long Term Implications

$675 Million Transferred to the General Fund

Original Proposal approved by Legislature $530 million

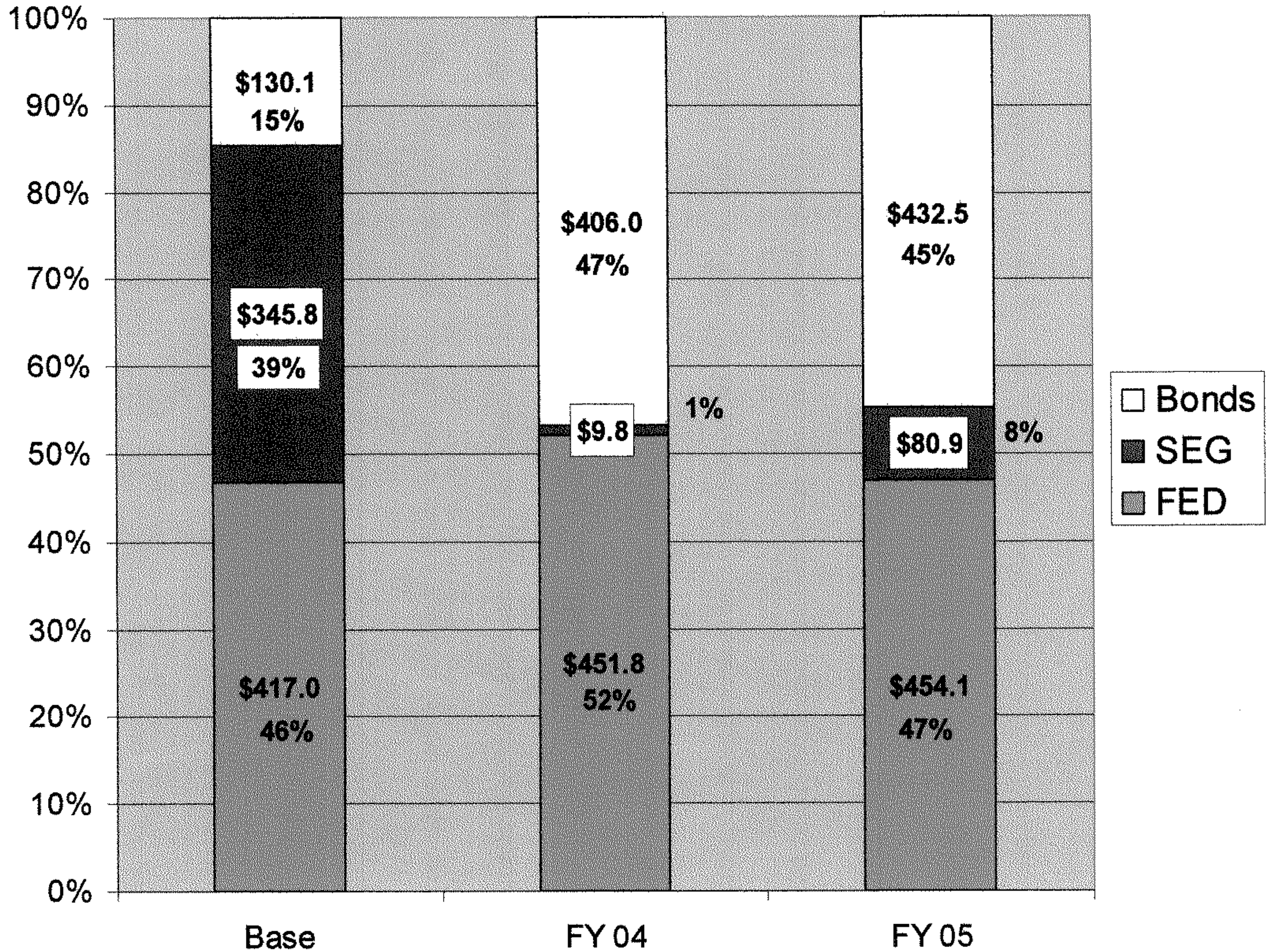
Transportation Fund

-$675 Million

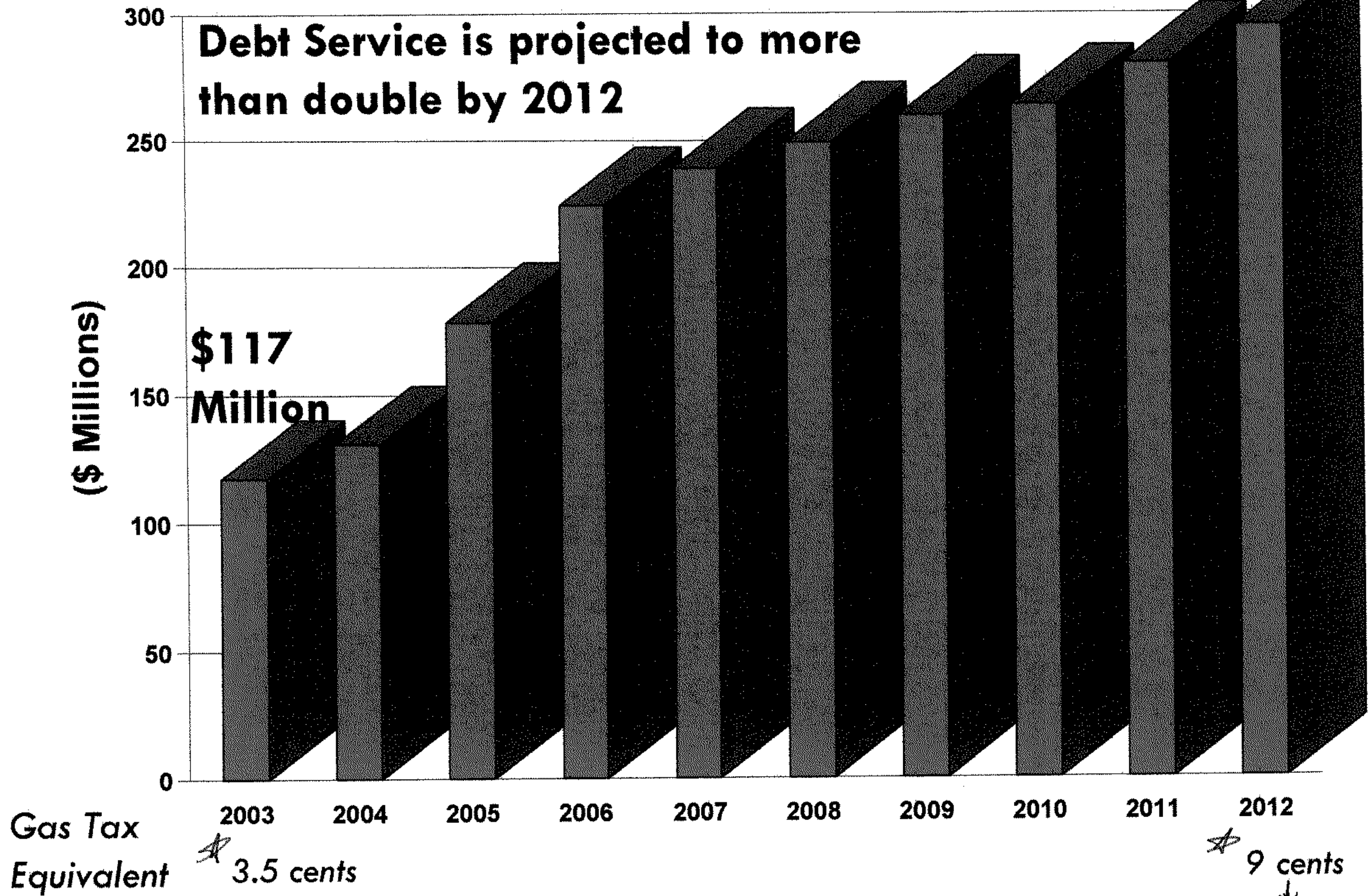
General Fund Programs

- $400 million Shared Revenue
- $175 million for misc. General Fund programs
- $100 million for School Aids

Highway Funding



Debt Implications



Conclusion

- Transportation improvements create jobs and provide lasting investment for economic growth and safety
- Debt service undermines transportation investment
- Transportation revenue must be spent on transportation
- A wider transportation revenue base is necessary to address current needs and stimulate Wisconsin's economy

BY LOU DOBBS

Warning: stimulus ahead

The purpose of the proposed Republican and Democratic tax cuts is to create jobs—more than a million of them, according to estimates. But, as Warren Buffett last week pointed out, in job creation, as in life, there are no guarantees: "The idea that it [the Bush tax plan] creates all kinds of jobs and everything else, that's what sort of turns me off." He added, "That's like a manager saying 'we're going to grow our earnings 20 percent a year.' They don't have the faintest idea, in my view, of how many jobs this is going to create. How could they? Economics is not that precise."

Granted, in a typical slowdown or jobless recovery, broad tax cuts would be a great idea. But this is not a typical jobless recovery. This time, we're emerging from two years of declining business investment, not a contraction in consumer spending. And, while it would be great to cut taxes on dividends, I doubt that is likely to be much of a short-term stimulus to the economy.

Stephen Roach, chief economist at Morgan Stanley, is also a skeptic. "In a saving-short and weakened U.S. economy," he recently wrote, "a fiscal stimulus must . . . be focused on getting the maximum bang for the buck in a short time." Roach says that short-term payroll tax reductions that put "high-octane fuel in the hands of spenders" would have a more significant impact in speeding up the economy than would multiyear tax initiatives.

'If we're trying to create jobs, let's create jobs.'

PAUL THOMAS—GETTY IMAGES

Maybe.

But, philosophically, one of the reasons that I'm concerned about cutting taxes on dividend and capital gains is because it means that work will be taxed disproportionately higher than investment. Admittedly, either case can be argued; that's just where I come down on it.

Jobs, jobs, jobs. However, while I'm not enthused about the Republican plans, nor those of the Democrats for that matter, I realize that we will have a tax cut. Certainly, accelerating individual tax rate cuts is helpful, and raising incentives for small business is helpful. And anytime we can help small business in this country, we should do it. After all, small business creates most of the jobs.

But if the goal is job creation, aren't there more direct measures that lawmakers should be considering? If we're trying to create jobs, let's create jobs. Our roads, highways, and bridges are in sore need of repair. Investing in our infrastructure would definitely create jobs and would immediately stimulate the economy, and the investment would be lasting.

And shouldn't all of those high-paid CEOs be showing more leadership? Right now, most are tepid—almost milquetoast—in their enthusiasm to invest in the growth of their own companies.

Kick 'em in the pants, Mr. President. Tell them it's time to show initiative, not to indulge in caution. If you show the same leadership for this issue that you display for our national security, we can be sure it will work relatively quickly.

But the larger question is, do we even need additional stimulus at this point? I'm not sure we do. With deficits rising this year to more than $400 billion, I believe there is probably already enough fiscal stimulus in the economy. With the fed funds rate at 1.25 percent and high liquidity, we also have ample monetary stimulus.

There have been numerous signs of late that the recovery may be picking up. For example, earnings for the S&P 500 are now running 15 percent above the same period a year ago, according to research firm First Call. And the Dow is up nearly 2 percent year to date. The Nasdaq is up 11 percent.

And that could be all the more reason that we don't need a tax cut at all. "It's quite possible that we'll think that we didn't need a tax cut when we're looking in the rearview mirror a year and a half from now," says Joel Prakken, chairman of Macroeconomics Advisors. "That's a good reason for making a tax cut temporary. It's an insurance policy to take out, and if you don't need it, it goes away by itself."

Tax cuts—long term or temporary—carry risks to the already soaring budget deficit. As Morgan Stanley's Roach has said, "To the extent that Bush administration policy proposals lead to ever mounting federal budget deficits, serious new risks might afflict the economy—namely, an exploding balance-of-payments gap, a plunging dollar, and rising interest rates."

While rates show no signs of rising from their 40-year lows, our trade deficit is indeed exploding, and the dollar is at a four-year low against the euro. I hope our policymakers don't lose sight of the dangers in creating further fiscal stimulus, but then again I'm not running for election next year. ●

Madison's New East Side

by Terrence Wall

The East Side is Madison's front door. Virtually all commerce with the outside world must come in from the highway and airport systems, both of which are on the East Side and form a "Power Corridor" of activity. During the 1990s the New East Side (east of I-90, north of 12/18, south of I-94) grew to become Dane County's single largest employment base. During that same period, commercial building permit activity on the East Side exceeded that in other parts of Madison. As a result, significant residential investment followed. "New towns" are being developed by companies like Veridian, using New Urbanism standards. These neighborhoods will become the single biggest advantage of the New East Side, which in turn will "drive" additional demand in the commercial market. Think of Buckhead in Atlanta when you visualize the New East Side.

"The New East Side is the only location where the City of Madison can actually grow and expand."

The primary advantage of locating on the East Side has historically been the transportation system. The interchange of Interstate 39/90/94 and U.S. Highway 151 is the only location where three interstate highways merge for a brief 30-mile distance and then cross U.S. Highway 151 before diverging once again. Travel time to and from other cities is significantly reduced. The Dane County Regional Airport is on the East Side, making air travel quick and convenient. Eastsiders can leave their homes and reach either the airport or Concerts on the Square in less than ten minutes.

The East Side is within Madison's Technology Zone, which provides tax credits for businesses locating within the zone. East Side rents are also typically lower. Class A and B space is available anywhere from $9.00 per square foot (triple-net) to $16.50 per square foot (triple-net) for newer space. Land can be purchased at reasonable prices for companies that want to build their own facilities. Hundreds of companies, such as Alliant Energy, Aerotech, Cisco, Associated Bank, and Morgan Stanley have located headquarters or offices on the East Side. The high customer counts, uncongested roads, easy access to the regional transportation system, affordable employee housing and higher-end executive housing in neighborhoods like Maple Bluff and Cherokee, all make the New East Side a natural choice.

The New East Side is the only location where the City of Madison can actually grow and expand. Madison is blocked from growing in all other directions: Westport to the north, Middleton and university-owned land to the west, Verona and Fitchburg to the south, and wetlands to the southeast. Madison's future is on the New East Side.

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