



## Fiscal Estimate Narratives

DOT 2/27/2008

LRB Number	<b>07-4036/1</b>	Introduction Number	<b>SB-510</b>	Estimate Type	<b>Original</b>
<b>Description</b> Requiring the combined reporting of corporate income and franchise taxes; supplemental funding for the renewable energy grant and loan program; Wisconsin higher education grants for technical college students; income eligibility for child care subsidies; incentive grants to technical college district boards for training in advanced manufacturing skills; airport development zone and technology zone tax credits; funding for the Department of Transportation; the Regional Transit Authority and commuter rail transit systems; authorizing the Wisconsin Health and Educational Facilities Authority to issue bonds to finance projects related to research facilities; and making an appropriation					

### Assumptions Used in Arriving at Fiscal Estimate

The bill has significant impacts on the department's highway improvement program, state funded lapse requirements, and a regional commuter rail project in southeast Wisconsin.

#### Highway Improvement Program:

The bill modifies funding levels in two highway improvement programs.

**Major Highway Program** - The bill decreases state SEG funding for the Major Highway program by \$20,000,000 in FY 2008 and increases SEG funding by \$55,000,000 in FY 2009. The bill increases SEG-S (revenue bonding) funding for the Major Highway program by \$50,000,000 in FY 2008 and decreases SEG-S funding by \$50,000,000 in FY 2009.

The state issues Transportation Revenue Bonds (TRB) to pay for a portion of the cost of constructing major highway improvement projects. The state requests reimbursement from bond proceeds based on actual expenditures incurred not budgetary spending authority available. Therefore, the bill is not expected to have an effect on the amount of TRB debt service in FY 2008. However, the estimated TRB debt service for FY 2009 is reduced by \$2.3 million because of the bill's effect on the assumptions regarding the timing and issuance of future revenue bonds.

**State Highway Rehabilitation Program (SHR)** - The bill increases SEG funding for the SHR program by \$20,000,000 in FY 08 and FY 09.

The bill requires the DOA Secretary to transfer \$75,000,000 from the general fund to the transportation fund in FY 2009. This transfer funds the increases in SEG funding in both the Major Highway and SHR programs.

#### DOT Lapses:

2007 Wisconsin Act 20 requires the DOA secretary to lapse or transfer \$200,000,000 to the general fund from certain appropriations in the 2007-09 biennium. The bill decreases the amount of the required lapse to \$175,000,000. The bill prohibits the transfer of more than \$25,000,000 from DOT appropriations in FY 2008. The bill also limits the lapse to the SEG appropriation for the major highway program. The bill prohibits a lapse or transfer from any DOT appropriation in FY 2009. The bill provides a mechanism for reversing any lapse or transfer that occurs before the bill's effective date which would be prohibited if it had occurred after the bill's effective date.

#### Regional Commuter Rail:

The bill statutorily deems the Regional Transit Authority (RTA) responsible for sponsoring, developing, constructing, and operating the Kenosha, Racine, Milwaukee (KRM) commuter rail line, requires the RTA to do two additional studies related to an additional stop on the proposed KRM commuter rail line and extending the northern terminus of the proposed KRM commuter rail line, provides the RTA with the authority to issue up to \$50,000,000 in bonds, removes two reporting requirements of the RTA, provides that the RTA may invoke a regional rental car fee of up to \$15, an increase from the current-authority \$2 rental car fee, and may hold a public referendum on any proposed increase in the rental car fee, but is not required to nor is the referendum binding.

## **Long-Range Fiscal Implications**

### **Highway Improvement Program:**

For the SEG funding portion of the Major Highway program, the bill directs the department to submit a 2009-11 biennial budget request that is \$50,000,000 less than the FY 2009 amount provided under the bill. Therefore, the bill provides a \$5,000,000 on-going increase in the SEG funds provided for the Major Highway program.

The bill also directs the Department to ignore the modified estimates of revenue bond proceeds in FY 2008 and FY 2009 when preparing its budget request for the 2009-11 biennium.

Under the bill, base level funding in the SHR program's state appropriation will be \$20,000,000 higher moving into the 2009-11 biennium than under Act 20.

The bill requires the DOA secretary to transfer \$25,000,000 annually from the general fund to the transportation fund beginning in FY 2010 to fund these ongoing increases in the Major Highway and SHR programs.

### **DOT Lapses:**

2007 Wisconsin Act 20 requires the DOA secretary to lapse or transfer \$200,000,000 to the general fund from certain appropriations in the 2009-11 biennium. The bill decreases the amount of the required lapse to \$150,000,000. The bill prohibits the DOA secretary from transferring or lapsing any amount from DOT appropriations in FY 2010 and FY 2011.

### **Regional Commuter Rail:**

The long-range fiscal implications of the bill are indeterminate as they are dependent on several events, including federal approval of the KRM commuter rail project, election by the RTA to increase the regional rental car fee, election by the RTA to issue bonds, and approval by the State Legislature and Governor of providing any state funding to subsidize capital and operating costs of a KRM commuter rail line.

## Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>07-4036/1</b>	<b>Introduction Number</b> <b>SB-510</b>	
<b>Description</b> Requiring the combined reporting of corporate income and franchise taxes; supplemental funding for the renewable energy grant and loan program; Wisconsin higher education grants for technical college students; income eligibility for child care subsidies; incentive grants to technical college district boards for training in advanced manufacturing skills; airport development zone and technology zone tax credits; funding for the Department of Transportation; the Regional Transit Authority and commuter rail transit systems; authorizing the Wisconsin Health and Educational Facilities Authority to issue bonds to finance projects related to research facilities; and making an appropriation		
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  The bill establishes different funding and expenditure levels for FY 2008, FY 2009, and beyond. This section (Part I) will discuss the current biennium only. Part II of the worksheet will represent the bill's fiscal impact in FY 2010 and beyond. Highway Improvement Program and Department Lapses: In FY 2008, the bill decreases state funding in the Major Highway program by \$20,000,000 and increases revenue bond funding by \$50,000,000. The bill specifies, however, that DOT can lapse and transfer to the General Fund up to \$25,000,000 only from the Major Highway program's state appropriation. The net effect of these changes will be a \$5,000,000 increase in overall program budget authority compared to Act 20. In FY 2008, the bill provides a state funding increase of \$20,000,000 in the State Highway Rehabilitation program. The bill transfers \$75,000,000 in GPR to the Transportation Fund in FY 2008 to fund these increases. In FY 2009, the bill increases state funding of the Major Highway program by \$55,000,000 but decreases revenue bond funding by \$50,000,000. The net impact of these changes is a \$5,000,000 increase in budget authority over Act 20 levels. In FY 2009, the bill provides a state funding increase of \$20,000,000 in the State Highway Rehabilitation program. The bill transfers \$25,000,000 in GPR to the Transportation Fund in FY 2009 and every year thereafter to fund these increases. The bill prohibits any lapse or transfer from the Transportation Fund to the General Fund in FY 2009 or beyond. Regional Commuter Rail: One time costs related to the RTA will occur but are indeterminate. The RTA is required to complete two additional studies to be included in the report due November 2008.		
<b>II. Annualized Costs:</b>		
	<b>Annualized Fiscal Impact on funds from:</b>	
	Increased Costs      Decreased Costs	
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs	25,000,000	
Local Assistance		
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$25,000,000</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>		
GPR		
FED		
PRO/PRS		
SEG/SEG-S (Transportation Fund)	25,000,000	
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$

GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S (Transportation)	25,000,000	
<b>TOTAL State Revenues</b>	<b>\$25,000,000</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$25,000,000	\$
NET CHANGE IN REVENUE	\$25,000,000	\$
<b>Agency/Prepared By</b>		
<b>Authorized Signature</b>		
<b>Date</b>		
DOT/ Paul Hammer (608) 266-1200	Julie Johnson (608) 267-3703	2/27/2008