

Fiscal Estimate Narratives

DOT 12/11/2019

LRB Number	19-1061/1	Introduction Number	SB-576	Estimate Type	Original
Description authorizing the creation of a Chippewa Valley regional transit authority and making appropriations					

Assumptions Used in Arriving at Fiscal Estimate

The department's responsibility arising from the creation of a regional transit authority (RTA) would be in regard to consideration of RTA tax revenue in the transit grant application process. Eau Claire and Chippewa Counties combined to collect \$16.6 million in sales taxes (a rate of 0.5 percent) in calendar year 2018. The estimated total expenses for the Eau Claire and Chippewa Falls transit systems in calendar year 2019 were \$6.355 million. Therefore, if the RTA collected \$16.6 million in Eau Claire and Chippewa Counties with their own 0.5 percent tax, all expenses could be paid through that tax. The department assumes that transit systems would increase expenses, however, to provide more services and that they would also wish to utilize those tax funds for capital projects (i.e. bus purchases, facility construction). The RTA could decide to tax at a slightly lower rate (i.e. 0.25 percent) to minimize the effect on taxpayers.

The department would need to update TRANS 6, Wis.Adm.Code to include RTAs as a "local public body" in order to apply for urban mass transit operating assistance funds under s.85.20 funds. Statutory language already permits application by a transit authority. Updating TRANS 6, Wis.Adm.Code would require some 200 hours (or \$8,142.40) of WisDOT staff support.

WisDOT will not incur additional costs due to this bill, as current staffing levels and administrative procedures are not expected to change.

The local governments involved will incur costs in building the governance structure of the RTA to operate the transit system and collect sales tax revenues. The additional revenues collected via the sales tax, however, should cover those expenses. Taxpayers living in the service area would realize an increase in taxes on purchases, although a portion of the additional tax revenues would come from travelers and tourists.

Long-Range Fiscal Implications

Wisconsin Statute 85.20 states that urban mass transit systems must incur an operating deficit to receive grant funds. If sufficient tax revenue was generated, services administered by the RTA will have little or no operating deficit. WisDOT would need to determine these systems' eligibility for 85.20 funds.

Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description authorizing the creation of a Chippewa Valley regional transit authority and making appropriations		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): None known at this time.		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$	\$16,600,000
Agency/Prepared By	Authorized Signature	Date
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