

## TRANSPORTATION

Budget Summary						FTE Position Summary				
Fund	2016-17 Adjusted Base	Governor		2017-19 Change Over Base Year Doubled		2016-17	Governor		2018-19 Over 2016-17	
		2017-18	2018-19	Amount	%		2017-18	2018-19	Number	%
GPR	\$109,442,200	\$126,587,700	\$116,642,200	\$24,345,500	11.1%	0.00	0.00	0.00	0.00	0.0%
FED	828,444,000	872,368,600	890,730,100	106,210,700	6.4	828.12	827.12	822.82	- 5.30	- 0.6
PR	6,047,400	10,777,300	10,472,500	9,155,000	75.7	19.00	19.00	19.00	0.00	0.0
SEG	1,645,390,300	1,772,814,500	1,704,784,100	186,818,000	5.7	2,645.67	2,643.67	2,592.79	- 52.88	- 2.0
SEG-L	107,950,600	114,517,800	114,517,800	13,134,400	6.1	0.00	0.00	0.00	0.00	0.0
SEG-S	<u>105,487,800</u>	<u>121,317,300</u>	<u>109,333,600</u>	<u>19,675,300</u>	9.3	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>0.00</u>	0.0
TOTAL	\$2,802,762,300	\$3,018,383,200	\$2,946,480,300	\$359,338,900	6.4%	3,497.79	3,494.79	3,439.61	- 58.18	- 1.7%
BR		\$500,000,000								

### Budget Change Items

### Transportation Finance

#### FUND CONDITION STATEMENT

The following table shows the 2017-19 transportation fund condition statement under the provisions of the bill. The "General Fund Transfer" amounts are the annual statutory transfers that will be made from the general fund to the transportation fund based on estimated general fund tax revenues under the bill. Appropriations to the Department of Transportation (DOT) represent the bulk of the appropriations from the transportation fund. However, appropriations are also made for the following purposes, which are shown in the table, in total, as "Other Agency Appropriations": (a) to the Department of Revenue for the administration of the motor fuel tax, the air carrier and railroad property taxes, and the rental vehicle fee; (b) to the conservation fund to reflect estimated motor fuel taxes paid by users of motorboats, snowmobiles, all-terrain vehicles, and utility-terrain vehicles; (c) railroad terminal tax distributions, which are payments made to local governments where railroad terminal property is located; and (d) payment of reissued checks related to DOT.

	<u>2017-18</u>	<u>2018-19</u>
Unappropriated Balance, July 1	\$107,568,800	\$23,723,100
<b>Revenues</b>		
Motor Fuel Tax	\$1,029,987,300	\$1,028,524,900
Vehicle Registration	706,961,400	709,851,800
Less Revenue Bond Debt Service	-233,023,600	-231,006,700
General Fund Transfer	39,932,900	41,432,500
Petroleum Inspection Fund Transfers	30,258,500	30,258,500
Driver's License Fees	39,722,400	39,747,300
Miscellaneous Motor Vehicle Fees	29,649,400	29,818,000
Aeronautical Taxes and Fees	8,082,700	8,226,100
Railroad Taxes and Fees	44,255,100	45,293,100
Miscellaneous Departmental Revenues	20,208,000	19,464,500
Investment Earnings	<u>1,000,000</u>	<u>1,000,000</u>
Total Annual Revenues	\$1,717,034,100	\$1,722,610,000
Total Available	\$1,824,602,900	\$1,746,333,100
<b>Appropriations and Reserves</b>		
DOT Appropriations	\$1,772,416,300	\$1,704,385,900
Other Agency Appropriations	26,817,800	26,867,200
Less Estimated Lapses	-3,500,000	-3,500,000
Compensation and Other Reserves	<u>5,145,700</u>	<u>10,137,000</u>
Net Appropriations and Reserves	\$1,800,879,800	\$1,737,890,100
Unappropriated Balance, June 30	\$23,723,100	\$8,443,000

## **1. USE OF REVENUES FROM OTHER FUNDS TO SUPPORT TRANSPORTATION PROGRAMS**

**Governor:** Under the bill, revenue from the general fund and the petroleum inspection fund would be used to support transportation programs. To reflect estimated changes in general fund tax collections included in the bill, current law general fund transfers have been adjusted by \$474,600 (1.2%) in 2017-18 and by \$1,974,200 (5.0%) in 2018-19 compared to the base year transfer of \$39,458,300. The table below shows these provisions, separated by ongoing, current law transfers and proposed changes.

	<u>2017-18</u>	<u>2018-19</u>	<u>Biennial Total</u>
<b>Current Law*</b>			
<i>General Fund</i>			
0.25% Transfer of General Fund Taxes	\$39,932,900	\$41,432,500	\$81,365,400
<i>Petroleum Inspection Fund</i>			
Ongoing Appropriation Transfer	<u>6,258,500</u>	<u>6,258,500</u>	<u>12,517,000</u>
Subtotal, Current Law Transfers	\$46,191,400	\$47,691,000	\$93,882,400
<b>Bill Changes</b>			
<i>Petroleum Inspection Fund</i>			
One-time Transfers	\$24,000,000	\$24,000,000	\$48,000,000
<b>Total</b>			
General Fund	\$39,932,900	\$41,432,500	\$81,365,400
Petroleum Inspection Fund	<u>30,258,500</u>	<u>30,258,500</u>	<u>60,517,000</u>
Both Funds	\$70,191,400	\$71,691,000	\$141,882,400

\*Excludes debt service amounts on general fund-supported bonds issued for transportation purposes.

## 2. TRANSFER OF PETROLEUM INSPECTION FUND REVENUE

SEG-Transfer	\$48,000,000
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**Governor:** Transfer \$24,000,000 annually during the 2017-19 biennium from petroleum inspection fund (PIF) to the transportation fund. This transfer would be in addition to the existing ongoing transfer of \$6,258,500 annually from PIF to the transportation fund. As a result, the total estimated PIF revenues provided to the transportation fund would be \$30,258,500 annually compared to a total of \$27,258,500 annually in the 2015-17 biennium in ongoing (\$6,258,500) and one-time (\$21,000,000) transfers.

Require the Secretary of the Department of Administration (DOA), beginning on June 30, 2020, and on June 30 of each subsequent fiscal year, to transfer the unencumbered balance of PIF to the transportation fund, except for an amount equal to not less than 5% of the gross revenues received by PIF during the fiscal year in which the transfer is made.

The petroleum inspection fund was originally established to fund the petroleum environmental cleanup fund award (PECFA) program, which was created in response to federal legislation requiring the cleanup of underground storage tanks. The fund receives revenue from a 2.0 cents per gallon petroleum inspection fee on petroleum products (primarily home heating fuel and motor fuel) distributed in the state. Under the bill, the Department of Natural Resources would continue to oversee the management of the PECFA program. Revenues to the petroleum inspection fund are first used by a trustee to pay for annual debt service on outstanding PECFA revenue bond obligations issued to fund cleanup and remediation actions at PECFA sites. Remaining funds, after annual PECFA debt service obligations are met, are currently deposited to the petroleum inspection and used to cover: (a) PECFA program costs and administration; (b) petroleum inspection and tank regulation; (c) transfers to the transportation fund; and (d)

environmental and other programs in several state agencies.

[Bill Sections: 144 thru 147, and 9245(1)]

### 3. ALLOCATION OF FEDERAL HIGHWAY AID

**Governor:** Estimate federal highway formula aid at \$773,037,600 in 2017-18 and \$790,558,700 in 2018-19, which represents an increase of \$59,317,200 in 2017-18 and \$76,838,300 in 2018-19, relative to the 2016-17 appropriation base.

The increased, 2017-19 aid amounts reflect the relatively higher, anticipated level of federal highway aid under the most recent federal surface transportation authorization act (the Fixing America's Surface Transportation (FAST) Act). The actual amount of the state's federal highway aid in 2017-19 will be determined on an annual basis under federal transportation appropriations acts of Congress.

The following table shows the change to the appropriation base under the bill and the resulting distribution of federal highway formula aid. As shown in the table, the bill would transfer federal highway aid from the state highway rehabilitation program, department management and operations, administration and planning, and two local assistance programs to support the southeast Wisconsin freeway megaprojects and major highway development programs.

<u>Appropriation</u>	<u>Base</u>	<u>Change to Base</u>		<u>Governor</u>	
		<u>2017-18</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2018-19</u>
State Highway Rehabilitation	\$468,758,000	-\$51,795,700	-\$52,534,000	\$416,962,300	\$416,224,000
Southeast Freeway Megaprojects	101,100	59,643,900	34,887,000	59,745,000	34,988,100
Major Highway Development	107,537,000	52,772,900	95,789,200	160,309,900	203,326,200
Highway System Mgmt. and Ops.	1,102,500	0	0	1,102,500	1,102,500
Departmental Mgmt. and Ops.	14,931,200	-1,169,900	-1,169,900	13,761,300	13,761,300
Administration and Planning	3,573,900	-52,400	-52,400	3,521,500	3,521,500
Local Transportation Facility					
Improvement Assistance	72,243,300	-32,000	-32,000	72,211,300	72,211,300
Local Bridge Improvement	24,413,300	-49,600	-49,600	24,363,700	24,363,700
Railroad Crossing Improvements	3,291,800	0	0	3,291,800	3,291,800
Transportation Alternatives	7,049,300	0	0	7,049,300	7,049,300
Congestion Mitigation/Air					
Quality Improvement	<u>10,719,000</u>	<u>0</u>	<u>0</u>	<u>10,719,000</u>	<u>10,719,000</u>
Total	\$713,720,400	\$59,317,200	\$76,838,300	\$773,037,600	\$790,558,700

### 4. TRANSPORTATION-RELATED BOND SUMMARY

**Governor:** The following table summarizes the biennial usage of bonds for transportation projects in the 2015-17 biennium and under the bill for the 2017-19 biennium, by type of bond and program or project. The bill would not authorize any general fund-supported, general obligation bonding for transportation purposes in the 2017-19 biennium. The amounts shown for the use of transportation revenue bonds reflect both the amount authorized and the SEG-S

appropriations for the two programs using these bonds. These projects may be initially financed through a temporary use of cash balances in the transportation fund. Eventually, bonds are sold to replenish those balances and this becomes the ultimate financing source for these projects.

	<u>2015-17</u>	<u>2017-19</u>
<b>Transportation Fund-Supported, General Obligation Bonds</b>		
Freight Rail Preservation	\$29,800,000	\$12,000,000
Harbor Assistance	13,200,000	14,100,000
High-Cost Bridge/Major Interstate Bridges	36,800,000	0
Southeast Wisconsin Freeway Megaprojects	300,000,000	0
Major Highway Development*	55,227,600	0
State Highway Rehabilitation	<u>75,000,000</u>	<u>308,738,300</u>
Subtotal	\$510,027,600	\$334,838,300
<b>Transportation Revenue Bonds</b>		
Major Highway Development	\$169,012,200	\$153,281,700
Administrative Facilities	<u>11,880,000</u>	<u>11,880,000</u>
Subtotal	\$180,892,200	\$165,161,700
Less Carryover Balance	<u>-17,478,600</u>	<u>0</u>
New Authorization	\$163,413,600	\$165,161,700
<b>General Fund-Supported, General Obligation Bonds</b>		
Major Highway Development	\$100,000,000	\$0
State Highway Rehabilitation	75,000,000	0
Passenger Rail Development	<u>-43,000,000</u>	<u>0</u>
Subtotal	\$132,000,000	\$0
Total	\$805,441,200	\$500,000,000

\* A 2015 Act 55 provision, as affected by the Joint Committee on Finance's action in November, 2015, required a \$44.8 million reduction in SEG-supported, general obligation bonding provided to the major highway development program due to actual 2015-16 transportation fund revenues exceeding Act 55 estimates. This table shows the 2015-17 bonding levels for that program following this adjustment. Act 55 provided DOT the authority to submit a request in 2016-17 to replace the bonding reduction with the available transportation fund revenue. However, the Governor's recommendations assume that DOT will not request these funds in 2016-17 and appropriate the funds from the transportation fund balance in the 2017-19 biennium.

## 5. TRANSPORTATION REVENUE BOND AUTHORIZATION

BR	\$165,161,700
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**Governor:** Increase revenue bond authority by \$165,161,700, to reflect the proposed use of revenue bonds for major highway development projects and administrative facility construction projects under the bill. The Governor recommends the appropriation of these bonds as follows: (a) \$82,632,700 in 2017-18 and \$70,649,000 in 2018-19 for the major highway development program; and (b) \$5,940,000 annually for administrative facility construction projects. Under the bill, an anticipated balance of \$38,081,600 in revenue bonding authority would remain beyond the 2017-19 biennium. DOT could contract against this balance in 2019-20 to fund improvement projects that were commenced, but not completed in the 2017-19 biennium.

[Bill Section: 1224]

## 6. TRANSPORTATION-RELATED DEBT SERVICE SUMMARY

This item summarizes the transportation fund-supported and general fund-supported debt service on transportation-related bonds under the bill.

*Transportation Fund-Supported.* Estimated transportation fund-supported debt service on previously authorized bonds and the bonds authorized in the biennium would total \$394,393,800 in 2017-18 and \$413,409,800 in 2018-19. DOA's reestimates of existing transportation fund-supported debt service on bonds issued for transportation purposes are shown in separate entries. The following table provides information on the estimates of transportation fund-supported debt service levels for each year of the 2015-17 biennium, as well for each year of the 2017-19 biennium under the provisions of the bill.

**Gross Transportation Fund Revenue\***  
**(Excluding Federal Aid, Bond Revenue, and Transfers from Other Funds)**  
**and Transportation Fund-Supported Debt Service**  
**(\$ in Millions)**

<u>Fiscal Year</u>	<u>Transportation Fund Debt Service</u>	<u>Gross Transportation Fund Revenue</u>	<u>Debt Service as % of Revenue</u>
2015-16	\$340.8	\$1,867.4	18.2%
2016-17	372.2	1,854.9	20.1
2017-18	394.4	1,879.9	21.0
2018-19	413.4	1,881.9	22.0

\*Revenue is shown before the payment of revenue bond debt service.

Note: Debt service and revenue values shown for 2015-16 are actual, while those values for other years are estimated. Estimates also reflect the administration's intention that no principal would be amortized in the 2017-19 biennium on the \$144 million in transportation revenue bond obligations scheduled to be issued in spring, 2017.

*General Fund-Supported.* The bill would not authorize new general fund-supported bonding for transportation purposes. General fund-supported debt is not included in the above calculation of transportation fund-supported debt service as a percentage of transportation revenue. DOA's reestimate of existing general fund-supported debt service on bonds issued for transportation purposes (\$126.6 million in 2017-18 and \$116.6 million in 2018-19) is shown in a separate entry.

## 7. TRANSPORTATION REVENUE BOND DEBT SERVICE REESTIMATE

SEG-REV	- \$4,274,900
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**Governor:** Decrease estimated transportation fund revenue by \$3,145,900 in 2017-18 and \$1,129,000 in 2018-19 to reflect increases in the amount of vehicle registration revenue needed to pay principal and interest on transportation revenue bonds. Revenue bond debt service is primarily paid from vehicle registration revenue prior to that revenue being deposited in the transportation fund. Consequently, debt service payments are considered negative revenue rather than a transportation fund expenditure. Total transportation revenue bond debt service in 2016-17 is estimated at \$229,877,700 an amount that is projected to increase under the bill to an

estimated \$233,023,600 in 2017-18 and \$231,006,700 in 2018-19.

This reestimate reflects the administration's intention that no principal payments would be made in the 2017-19 biennium on transportation revenue bond obligations scheduled to be issued in the spring, 2017. Instead, debt repayment on these obligations would be structured such that all principal payments would begin in 2019-20, and be fully repaid over the subsequent 17 years (a 20-year maturity in total).

**8. GENERAL FUND-SUPPORTED, GENERAL OBLIGATION BOND DEBT SERVICE REESTIMATE**

GPR	\$24,345,500
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**Governor:** Increase funding by \$17,145,500 in 2017-18 and \$7,200,000 in 2018-19 to reflect a reestimate of debt service payments on existing general fund-supported, general obligation bonds authorized for state highway projects in previous biennia. With this reestimate, total debt service on these bonds would increase from a base amount of \$109,442,200 to \$126,587,700 in 2017-18 and \$116,642,200 in 2018-19. No additional general fund-supported, general obligation bonds for transportation-related purposes would be authorized under the bill.

**9. EXISTING TRANSPORTATION FUND-SUPPORTED, GENERAL OBLIGATION BOND DEBT SERVICE REESTIMATE -- CONTINGENT HIGHWAY BONDS**

SEG	\$19,803,900
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**Governor:** Increase funding by \$7,469,400 in 2017-18 and by \$12,334,500 in 2018-19 to reflect a reestimate of debt service payments on existing transportation fund-supported, general obligation contingent bonds authorized for state highway rehabilitation and major highway development projects. With this reestimate, total debt service on these previously-authorized bonds would increase from a base amount of \$1,791,000 to \$9,260,400 in 2017-18 and \$14,125,500 in 2018-19.

**10. EXISTING TRANSPORTATION FUND-SUPPORTED, GENERAL OBLIGATION BOND DEBT SERVICE REESTIMATE -- OTHER PROJECTS**

SEG	\$13,695,000
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**Governor:** Increase funding by \$5,660,900 in 2017-18 and by \$8,034,100 in 2018-19 to reflect a reestimate of debt service payments on existing transportation fund-supported, general obligation bonds authorized for state highway rehabilitation, major highway development, freight rail preservation, harbor improvement projects, and department facilities. With this reestimate, total debt service on these existing bonds would increase from a base amount of \$53,777,200 to \$59,438,100 in 2017-18 and \$61,811,300 in 2018-19.

The bill would authorize \$308,738,300 in transportation fund-supported, general obligation bonds for state highway rehabilitation projects. Estimated debt service on the partial issuance of these bonds in the 2017-19 biennium, equal to \$13,865,200 in 2018-19, is shown in a separate entry for the state highway rehabilitation program. The bill would also authorize

additional bonds for the freight rail preservation (\$12,000,000) and harbor assistance (\$14,100,000) programs. Although no debt service is specifically associated with the issuance of these new bond authorizations for harbor and rail improvements, the Department could use these bonds in 2017-19 for contracting purposes in these programs, even if they are not issued in the biennium.

**11. EXISTING TRANSPORTATION FUND-SUPPORTED, GENERAL OBLIGATION BOND DEBT SERVICE REESTIMATE -- SOUTHEAST WISCONSIN FREEWAY AND HIGH-COST BRIDGE PROJECTS** SEG - \$2,233,000

**Governor:** Decrease estimated debt service payments by \$1,081,200 in 2017-18 and by \$1,151,800 in 2018-19 to reflect a reestimate of debt service on existing transportation fund-supported, general obligation bonds authorized for southeast Wisconsin freeway reconstruction and high-cost bridge projects. With this reestimate, total debt service on these previously-authorized bonds would decrease from the base amount of \$93,752,900 to \$92,671,700 in 2017-18 and \$92,601,100 in 2018-19.

**12. REMOVE COMPLETED SOLVENCY STUDY FUNDING** SEG - \$1,400,000

**Governor:** Reduce funding by \$700,000 annually in the departmental management and operations appropriation to reflect the removal of funding associated with a transportation fund solvency study required under 2015 Act 55. This study was completed in December, 2016. Act 55 provided a total of \$1,000,000 for this purpose (\$300,000 in 2015-16 and \$700,000 in 2016-17). The reduction under the bill reflects the removal of the base-year funding provided for this completed study that would have otherwise carried forward into the 2017-19 biennium.

## Local Transportation Aid

**1. GENERAL TRANSPORTATION AIDS** SEG \$56,935,200

**Governor:** Provide the following related to the general transportation aids program:

*a. County Aid.* Increase funding by \$3,173,400 in 2017-18 and \$12,693,600 in 2018-19 to fund a 12.9% increase to the calendar year 2018 general transportation aid distribution for counties. The statutory, calendar year distribution for counties is currently equal to \$98,400,200 for 2017 and thereafter. This would provide a calendar year distribution amount for counties equal to \$111,093,800 for 2018 and thereafter.

*b. Municipal Aid.* Increase funding by \$13,689,400 in 2017-18 and \$27,378,800 in 2018-19 to fund an 8.5% increase to the calendar year 2018 general transportation aid

distribution for municipalities. The statutory, calendar year distribution level for municipalities is currently equal to \$321,260,500 for 2017 and thereafter. This would provide a calendar year distribution amount for municipalities equal to \$348,639,300 for 2018 and thereafter. The mileage aid rate would also increase by 8.5% (from its current level of \$2,202 per mile) to \$2,389 per mile for calendar year 2018 and thereafter.

There are two basic formulas by which general transportation aid is distributed: (a) share of costs aid; and (b) mileage aid. Counties receive only share of costs aid, while municipalities (including towns) receive payments based on either share of costs aid or mileage aid, whichever is greater. Share of costs aid amounts are computed by multiplying each community's six-year average highway-related costs (2010 through 2015 for 2017 payments) by a statewide average cost-sharing percentage. Mileage aid (mostly received by towns) is computed by multiplying the number of miles of road or street under the jurisdiction of each municipality by a specified mileage rate.

Delete the statutory references to prior calendar year funding amounts for counties and municipalities, as well as the prior year mileage aid rate amounts for municipalities.

[Bill Sections: 1228 thru 1230]

## **2. MASS TRANSIT OPERATING ASSISTANCE**

**Governor:** Provide no change to base level funding for DOT's mass transit operating assistance program. Total base level funding from the transportation fund for mass transit operating assistance would equal \$110,737,500 SEG annually. The distribution of mass transit aid payments consists of the following four tiers: (a) \$64,193,900 annually for Milwaukee County/Transit Plus in Tier A-1 (b) \$16,868,000 annually for Madison in Tier A-2; (c) \$24,486,700 annually for the larger bus and shared ride taxi systems in Tier B; and (d) \$5,188,900 for smaller bus and shared-ride taxi systems in Tier C. No base funding is provided for Tier A-3, which includes any commuter or light rail mass transit system enumerated as a major capital improvement in the statutes.

## **3. VOLKSWAGEN SETTLEMENT -- MILWAUKEE COUNTY BUS PURCHASES**

**Governor:** Require DOA to distribute \$5,000,000 in 2017-18 and \$21,000,000 in 2018-19 in settlement funds under the Volkswagen settlement agreement to a county with a population of 750,000 or more (Milwaukee County) for the payment of all costs incurred by the county to replace eligible aging vehicles owned by the county. Milwaukee County has indicated that the funds would be used to replace eligible aging diesel transit busses currently in service by the Milwaukee County Transit System.

Specify that any distribution to Milwaukee County is subject to approval from the trustee of the environmental mitigation trust established pursuant to the settlement agreement and is subject to the receipt of sufficient settlement funds by DOA to make the distribution. [See "Miscellaneous Appropriations" for the fiscal effect and a more detailed description on the

settlement agreement.] Provide that DOA must reduce county and municipal aid payments to Milwaukee County by \$1,950,000 annually from 2018 through 2027 if Milwaukee County receives a distribution from the Volkswagen settlement funds. [See "Shared Revenue and Tax Relief -- Direct Aid Payments" for additional detail on the aid reduction to Milwaukee County.]

[Bill Sections: 111, 484, and 1210]

**4. SENIORS AND INDIVIDUALS WITH DISABILITIES AIDS**

SEG	\$840,500
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**Governor:** Provide \$278,300 in 2017-18 and \$562,200 in 2018-19 for county assistance in the provision of seniors and individuals with disabilities specialized transportation services. Total state funding for county assistance would equal \$14,193,900 in 2017-18 and \$14,477,800 in 2018-19. This would provide a 2% annual increase in the county assistance appropriation.

**5. TRIBAL ELDERLY TRANSPORTATION GRANT PROGRAM**

PR	\$297,000
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**Governor:** Increase funding by \$148,500 PR annually to the 11 federally recognized Wisconsin tribes with additional financial assistance for the provision of transportation service to tribal elders on and off tribal reservations. This would increase funding from \$247,500 in base funding to \$396,000 annually. Funding for the program is transferred from the DOA's Indian gaming appropriation, to which gaming revenues are deposited, to DOT's grant appropriation. Any increase in Indian gaming receipts not otherwise credited to agency appropriation accounts are deposited in the general fund. Therefore, an increase in funding for DOT's tribal elderly transportation grant program will result in a decrease in monies deposited in the state's general fund (see "Department of Administration -- Division of Gaming" for the general fund fiscal effect).

**Local Transportation Assistance**

**1. LOCAL ROADS IMPROVEMENT PROGRAM**

SEG	\$14,000,000
SEG-L	12,134,400
Total	\$26,134,400

**Governor:** Provide \$7,000,000 SEG annually for the local roads improvement program (LRIP) and \$6,067,200 SEG-L annually to reflect the local government share of project costs. Specify that the SEG funding be allocated as follows: (a) \$2,336,000 annually for the formula-based component of the program; and (b) \$4,664,000 annually for the discretionary grant component of the program. Of the \$4,664,000 annual funding increase for the discretionary component of the program, \$373,000 would be provided to counties, \$4,023,500 would be provided to municipalities (cities and villages), and \$267,500 would be provided to towns.

The bill would increase the annual statutory distribution of discretionary LRIP funding in 2017-18, and thereafter as follows: (a) the amount provided to counties from \$5,127,000 to

\$5,500,000; (b) the amount provided to municipalities from \$976,500 to \$5,000,000; and (c) the amount provided to towns from \$5,732,500 to \$6,000,000. The table below reflects biennial funding for LRIP for 2015-17 and under the recommended 2017-19 funding level for these program components.

**Current Law and Governor's Recommended Biennial LRIP Funding**

	<u>2015-17</u>	<u>Governor 2017-19</u>	<u>Difference</u>	<u>% Change</u>
<b>Formula-Based Allocation*</b>				
Counties (43%)	\$13,756,732	\$15,765,692	\$2,008,960	14.6%
Municipalities (28.5%)	9,117,834	10,449,354	1,331,520	14.6
Towns (28.5%)	<u>9,117,834</u>	<u>10,449,354</u>	<u>1,331,520</u>	14.6
Total Formula Funds	\$31,992,400	\$36,664,400	\$4,672,000	
<b>Discretionary Allocation</b>				
Counties	\$10,254,000	\$11,000,000	\$746,000	7.3%
Municipalities	1,953,000	10,000,000	8,047,000	412.0
Towns	<u>11,465,000</u>	<u>12,000,000</u>	<u>535,000</u>	4.7
Total Discretionary Funds	\$23,672,000	\$33,000,000	\$9,328,000	
Biennial Program Total	\$55,664,400	\$69,664,400	\$14,000,000	25.2%

\*Total, biennial LRIP funding is equal to \$56,066,000. Of this amount, \$401,600 from the formula-based allocation supports 3.0 positions in DNR for the environmental review of local road projects under current law and under the bill. This amount is deducted from the total prior to calculating the percentage-based formula allocations shown in the top section of the table.

LRIP provides grants of state funds on a biennial basis for capital improvements on existing county, town, and municipal (city or village) roads and for feasibility studies for such improvements. For the purposes of the program, a capital improvement is defined as a project with a projected design life of at least 10 years. Grants may cover up to 50% of the total project cost, with the balance being provided, generally, by the local recipient. All costs of improvements are initially the responsibility of the local government. Upon completion of a project, a local government can apply to DOT for reimbursement of up to 50% of the project costs.

Increase the allowable reimbursement amount for program applicants under the discretionary portion of the program by specifying that applicants would instead be eligible for reimbursement of not more than 60% of eligible costs (compared to 50% under current law). Applicants under the entitlement portion of the program would continue to be reimbursed for not more than 50% of eligible project costs. Specify that these modifications related to the share of project cost to be reimbursed would first apply to a project commenced on the effective date of the bill.

[Bill Sections: 1231 thru 1234, and 9345(1)]

**2. LOCAL BRIDGE IMPROVEMENT ASSISTANCE PROGRAM**

SEG	\$5,000,000
SEG-L	<u>1,000,000</u>
Total	\$6,000,000

**Governor:** Provide \$2,500,000 SEG and \$500,000 SEG-L annually for the local bridge improvement assistance program (the SEG-L amount reflects the local government share of project cost). The local bridge improvement assistance program makes grants using both state and federal funds for bridges not on state trunk highways or connecting highways (urban streets marked with a state highway or U.S. highway number). Local governments are responsible for providing a funding match equal to at least 20% of eligible project costs. Base level state funding for the local bridge improvement assistance program is \$8,470,600.

**3. FREIGHT RAIL PRESERVATION PROGRAM**

BR	\$12,000,000
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**Governor:** Authorize \$12,000,000 in transportation fund-supported, general obligation bond for the freight rail preservation program. The bonds authorized for this program may be used to acquire abandoned railroad lines or make improvements on lines already owned by the state to upgrade them to modern freight rail standards. The amount of bonds authorized would be \$23,000,000 lower than the \$35,000,000 in total program resources provided in the 2015-17 biennium (\$29,800,000 in bonds, plus \$5,200,000 SEG). Although no debt service is specifically associated with the issuance of these bonds under the bill, the Department could use these bonds for contracting purposes in this program, even if the bonds are not issued in the 2017-19 biennium.

[Bill Section: 493]

**4. HARBOR ASSISTANCE PROGRAM**

BR	\$14,100,000
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**Governor:** Authorize \$14,100,000 in transportation fund-supported, general obligation bonds for the harbor assistance program, which provides grants for making capital improvements to harbors on the Great Lakes or the Mississippi River system. The amount authorized would be \$900,000 more than the bonding authority provided to the program in the 2015-17 biennium (\$13,200,000). However, a provision of the 2015-17 biennial budget act earmarked up to \$4,220,000 for a harbor-related project in the City of Kewaunee, resulting in only \$8,980,000 generally available for projects in the biennium. Although no debt service is specifically associated with the issuance of these bonds under the bill, the Department could use these bonds for contracting purposes in this program, even if the bonds are not issued in the 2017-19 biennium.

[Bill Section: 492]

**5. TRAFFIC SIGNAL AND MARKING ENHANCEMENT GRANT PROGRAM TRANSFER**

SEG-Transfer	\$1,025,700
SEG	\$1,025,700

**Governor:** Transfer \$1,025,700 in 2017-18 from the balance in

the local bridge improvement assistance program, local funds appropriation to the transportation fund. Make a corresponding increase of \$1,025,700 SEG in 2017-18 to the highway and local bridge improvement assistance, state funds appropriation. The Department has indicated that this local funding amount reflects unused, SEG grant funding from a traffic signal and marking enhancement program that was repealed under 2013 Act 20.

**6. RAIL PASSENGER SERVICE ASSISTANCE PROGRAM**

SEG	\$200,000
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**Governor:** Provide \$200,000 in 2017-18 for one-time start-up costs related to the implementation of two new locomotives on the Amtrak Hiawatha rail service line. Total state funding for rail passenger service assistance would equal \$7,000,000 in 2017-18 and \$6,800,000 in 2018-19 to fund Wisconsin's share of the cost to maintain existing service for the Hiawatha service under the state's contract with Amtrak.

**State Highway Program**

**1. STATE HIGHWAY IMPROVEMENT PROGRAM**

The following tables compare total funding for state highway improvement programs in the 2015-17 biennium with the Governor's recommended funding levels. The first table shows total biennial program resources by funding type and the percentage changes to the composition of this funding under the bill. The second table provides this information by program component.

**Highway Improvement Program Summary**

	<u>2015-17</u>	<u>Governor 2017-19</u>	<u>Biennial Change in Resources</u>	<u>% Change in Biennial Resources</u>
SEG	\$794,961,800	\$746,024,200	-\$48,937,600	-6.2%
FED	1,184,525,200	1,293,396,900	108,871,700	9.2
Bonds	<u>811,039,800*</u>	<u>462,020,000</u>	<u>-349,019,800</u>	-43.0
Total	\$2,790,526,800	\$2,501,441,100	-\$289,085,700	-10.4%

\*Includes \$5,598,600 in carryover bonding authority from the prior biennium.

**Highway Improvement Program  
Under Governor's 2017-19 Budget Recommendations\***

	<u>2015-17</u>	<u>Governor 2017-19</u>	<u>Biennial Change in Resources</u>	<u>% Change in Biennial Resources</u>
<b>State Highway Rehabilitation</b>				
SEG	\$627,294,500	\$557,866,400	-\$69,428,100	
FED	920,730,900	835,027,700	-85,703,200	
General Obligation Bonds**	<u>150,000,000</u>	<u>308,738,300</u>	<u>158,738,300</u>	
Subtotal	\$1,698,025,400	\$1,701,632,400	\$3,607,000	0.2%
<b>Major Highway Development</b>				
SEG	\$131,120,400	\$152,947,700	\$21,827,300	
FED	185,741,200	363,636,100	177,894,900	
Trans. Revenue Bonds	169,012,200	153,281,700	-15,730,500	
General Obligation Bonds**	<u>155,227,600</u>	<u>0</u>	<u>-155,227,600</u>	
Subtotal	\$641,101,400	\$669,865,500	\$28,764,100	4.5%
<b>SE Wis. Freeway Megaprojects</b>				
SEG	\$36,546,900	\$27,210,100	-\$9,336,800	
FED	78,053,100	94,733,100	16,680,000	
General Obligation Bonds (SEG)	<u>300,000,000</u>	<u>0</u>	<u>-300,000,000</u>	
Subtotal	\$414,600,000	\$121,943,200	-\$292,656,800	-70.6%
<b>High-Cost Bridge</b>				
General Obligation Bonds (SEG)	\$16,800,000	\$0	-\$16,800,000	-100.0%
<b>Major Interstate Bridge Construction</b>				
SEG	\$0	\$8,000,000	\$8,000,000	
General Obligation Bonds (SEG)	<u>20,000,000</u>	<u>0</u>	<u>-20,000,000</u>	
Subtotal	\$20,000,000	\$8,000,000	-\$12,000,000	-60.0%
Total -- State Highway Improvement Program	\$2,790,526,800	\$2,501,441,100	-\$289,085,700	-10.4%

\*Amounts shown comprise all highway improvement program items under the bill including federal aid reestimates and standard budget adjustments.

\*\*Contingent highway bonding (SEG and GPR) provided under 2015 Act 55. The amount shown for the major highway development program reflects a \$44.8 million reduction in bonding (SEG), as required by provisions of that Act.

**2. STATE HIGHWAY REHABILITATION PROGRAM**

**Governor:** Make the following changes to funding for the state highway rehabilitation program: (a) a decrease of \$10,756,700 SEG annually; (b) decreases of \$50,786,900 FED in 2017-18 and \$51,525,200 FED in 2018-19; (c) authorize \$308,738,300 in transportation fund-supported, general obligation bonds (\$152,238,300 for use in 2017-18 and \$156,500,000 for use in 2018-19); and (d) provide

SEG	-\$7,648,200
FED	- 102,312,100
BR	<u>308,738,300</u>
Total	\$198,778,000

\$13,865,200 SEG in 2018-19 for debt service associated with the partial issuance of the \$308,738,300 in bonds in the biennium. The purpose of the state highway rehabilitation program is to preserve and make limited improvements to the state highway system (including most state bridges), such as resurfacing, reconstruction, and reconditioning. All funds adjusted base funding (plus bonding) for this program is equal to \$832,273,900.

The table below shows the total 2017-19 funding for the program under the bill, including the following amounts shown separately under other items: (a) standard budget adjustments (-\$695,700 SEG and -\$1,008,800 FED annually); and (b) a reestimate of federal aid amounts to be used for state highway rehabilitation (\$920,800 FED annually). Relative to the total program resources in the 2015-17 biennium, biennial funding under the bill would increase by 0.2%.

### State Highway Rehabilitation Program -- Biennial Funding Comparison

Fund Source	2015-17		Biennial Total
	2015-16	2016-17	
SEG	\$337,991,700	\$289,302,800	\$627,294,500
FED	452,759,800	467,971,100	920,730,900
General Obligation Bonds	<u>75,000,000</u>	<u>75,000,000</u>	<u>150,000,000</u>
Total	\$865,751,500	\$832,273,900	\$1,698,025,400

Fund Source	2017-19 (Bill)		Biennial Total
	2017-18*	2018-19*	
SEG	\$278,933,200	\$278,933,200	\$557,866,400
FED	417,883,000	417,144,700	835,027,700
General Obligation Bonds	<u>152,238,300</u>	<u>156,500,000</u>	<u>308,738,300</u>
Total	\$849,054,500	\$852,577,900	\$1,701,632,400

% Change in Total Resources 0.2%

\*Calculations are shown inclusive of adjustments to the 2016-17 base, standard budget adjustments, and federal aid reestimates under the bill.

[Bill Section: 491]

### 3. MAJOR HIGHWAY DEVELOPMENT PROGRAM

SEG	\$16,479,300
SEG-S	19,715,100
FED	<u>148,897,700</u>
Total	\$185,092,100

**Governor:** Make the following changes to funding for the major highway development program: (a) an increase of \$60,892,600 SEG in 2017-18 and a decrease of -\$44,413,300 SEG in 2018-19; (b) increases of \$15,849,400 in SEG-S (transportation revenue bond expenditure authority) in 2017-18 and \$3,865,700 SEG-S in 2018-19; and (c) increases of \$52,940,700 FED in 2017-18 and \$95,957,000 FED in 2018-19. The 2016-17 adjusted base funding plus bonding for this program is equal to \$272,701,400.

The table below shows the total 2017-19 funding for the program under the bill, which

included standard budget adjustments of -\$177,700 SEG and -\$167,800 FED annually (shown in a separate item). Relative to the total program resources in the 2015-17 biennium, biennial funding under the bill would increase by 4.5%.

**Major Highway Development Program -- Biennial Funding Comparison**

<u>Fund Source</u>	<u>2015-17</u>		<u>Biennial Total</u>
	<u>2015-16</u>	<u>2016-17</u>	
SEG	\$62,773,300	\$68,347,100	\$131,120,400
FED	78,263,500	107,477,700	185,741,200
Trans. Revenue Bonds	102,363,200	66,649,000	169,012,200
General Obligation Bonds	<u>125,000,000</u>	<u>30,227,600*</u>	<u>155,227,600</u>
Total	\$368,400,000	\$272,701,400	\$641,101,400

  

<u>Fund Source</u>	<u>2017-19 (Bill)</u>		<u>Biennial Total</u>
	<u>2017-18**</u>	<u>2018-19**</u>	
SEG	\$129,126,800	\$23,820,900	\$152,947,700
FED	160,309,900	203,326,200	363,636,100
Trans. Revenue Bonds	<u>82,632,700</u>	<u>70,649,000</u>	<u>153,281,700</u>
Total	\$372,069,400	\$297,796,100	\$669,865,500

% Change in Total Resources 4.5%

\*A 2015 Act 55 provision, as affected by the Joint Committee on Finance's action in November, 2015, required a \$44.8 million reduction in SEG-supported, general obligation bonding provided to the major highway development program due to actual 2015-16 transportation fund revenues exceeding Act 55 estimates. This table shows the 2015-17 bonding levels for that program following this adjustment. Act 55 provided DOT the authority to submit a request in 2016-17 to replace the bonding reduction with the available transportation fund revenue. However, the Governor's recommendations assume that DOT will not request these funds in 2016-17 and appropriate the funds from transportation fund balance in the 2017-19 biennium.

\*\*Calculations are shown inclusive of adjustments to the 2016-17 base, standard budget adjustments, and federal aid reestimates under the bill.

Estimated project completion schedules for five major projects (which were previously delayed under 2015-17 funding levels) are shown in the following table.

**Anticipated Major Highway Development Project Completion Dates  
Under Governor's Recommendation (\$669.9 Million in 2017-19)**

<u>Highway</u>	<u>Project Segment</u>	<u>Counties</u>	<u>Completion Year</u>	<u>Completion Delay</u>
USH 10/441	Winnebago CTH CB to Oneida Street	Outagamie, Calumet & Winnebago	2020	No Delay
STH 15	STH 76 to New London	Outagamie	2021	No Delay
USH 18/151	Verona Road/Madison Beltline	Dane	2019	No Delay
STH 23	STH 67 to USH 41	Sheboygan & Fond Du Lac	*	Ongoing Litigation
I-39/90	Illinois State Line to USH 12/18	Dane & Rock	**	**

\*This project is also the subject of ongoing litigation in federal court, which may affect this estimate, irrespective of the level of funding provided.

\*\*DOT indicates that it is not yet known when the beltline highway interchange (BIC) component of the I-39/90 project, which was part of this project's scope at the time of enumeration and is within the project's statutory boundaries, will be completed. The BIC component is no longer included in the current estimate of the total project cost provided to the Transportation Finance Commission (TPC). A separate environmental impact statement is being completed for this project component. The current estimate of the cost of the BIC component is \$550 million. Under the bill's program funding level, the administration indicates all other portions of the project would be completed by 2021, according to schedule.

Note: Anticipated completion dates provided by DOT in the August, 2016, report to the TPC.

**4. DELETE ENUMERATION OF COMPLETED MAJOR HIGHWAY DEVELOPMENT PROJECTS**

**Governor:** Delete the following four projects from the list of enumerated major highway development projects for which construction has been completed: (a) the USH 53 project in Eau Claire and Chippewa Counties; (b) the Rock County transportation plan (the "Janesville bypass project") in Rock County; (c) the STH 64 project from Houlton to New Richmond in St. Croix County; and (d) the USH 12 project (the "Whitewater bypass") in Jefferson and Walworth Counties.

[Bill Sections: 1213 thru 1216]

**5. SOUTHEAST WISCONSIN FREEWAY MEGAPROJECTS**

SEG	-\$2,860,300
FED	<u>94,530,900</u>
Total	\$91,670,600

**Governor:** Make the following changes to the southeast Wisconsin freeway megaprojects project funding: (a) a decrease of \$3,546,900 SEG and an increase of \$59,643,900 FED in 2017-18, and (b) increases of \$686,600 SEG and \$34,887,000 FED in 2018-19 for the southeast Wisconsin freeway megaprojects program. A southeast Wisconsin freeway megaproject is generally defined as an improvement project in the southeast region of the state

with an estimated cost exceeding \$625,400,000 (this cost threshold is adjusted annually for inflation). These megaprojects must be enumerated in the statutes prior to construction. Presently, the Zoo Interchange and I-94 North-South freeway projects are the only such projects enumerated. The 2016-17 adjusted base funding for the southeast Wisconsin freeway megaprojects program is \$15,063,600 SEG and \$101,100 FED. Relative to the total program resources in the 2015-17 biennium, biennial funding under the bill would decrease by 70.6%.

**Southeast Wisconsin Freeway Megaprojects Program -- Biennial Funding Comparison**

<u>Fund Source</u>	<u>2015-17</u>		<u>Biennial Total</u>
	<u>2015-16</u>	<u>2016-17</u>	
SEG	\$21,546,900	\$15,000,000	\$36,546,900
FED	78,053,100	0	78,053,100
General Obligation Bonds	<u>300,000,000</u>	<u>0</u>	<u>300,000,000</u>
Total	\$399,600,000	\$15,000,000	\$414,600,000

<u>Fund Source</u>	<u>2017-19 (Bill)</u>		<u>Biennial Total</u>
	<u>2017-18</u>	<u>2018-19</u>	
SEG	11,488,300	\$15,721,800	\$27,210,100
FED	<u>59,745,000</u>	<u>34,988,100</u>	<u>94,733,100</u>
Total	\$71,233,300	\$50,709,900	\$121,943,200
% Change in Total Resources			-70.6%

Of the total \$121,943,200 that would be provided for this program under the bill, the administration indicates that funding would be allocated as follows: (a) \$31,000,000 would be used to fund continued work on the I-94 North-South project; and (b) \$90,943,200 would be available for the continued construction of the Zoo Interchange project. Any funding not used by DOT on the core component could be used on remaining elements of the Zoo Interchange project (such as the north leg of that project) or for work associated with the I-94 North-South project.

**6. MAJOR INTERSTATE BRIDGE CONSTRUCTION**

SEG	\$8,000,000
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**Governor:** Provide \$8,000,000 in 2017-18 to the major interstate bridge program to complete the construction of the St. Croix Crossing (Stillwater Bridge replacement) project. The major interstate bridge program funds projects involving the construction or reconstruction of a bridge crossing a river that forms the boundary of the state, for which the state's share of costs is estimated to exceed \$100 million. The St. Croix Crossing project, which will replace the Stillwater Bridge connecting Stillwater, Minnesota, with Houlton, Wisconsin, is the only project that has met these criteria. No SEG base funding exists for the major interstate bridge program. The main construction of the bridge, which is managed by the State of Minnesota, initially scheduled for completion in 2016, has been delayed due a number of issues, among them,

workforce shortages, equipment issues, project complexity, material shortages, and weather delays. According to DOT, Wisconsin's share of cost for the bridge and approaches is estimated at \$277.6 million (of which \$269.6 million has been provided).

## **7. CONSTRUCTION MANAGER/GENERAL CONTRACTOR PILOT PROGRAM**

**Governor:** Authorize the Department to engage in an alternative state highway project delivery and construction model through a four-year construction manager/general contractor (CMGC) pilot program for contracts awarded prior to July 1, 2021. Specify that this contract authority would extend only to instances where DOT finds the CMGC process to be more feasible and advantageous. Stipulate that the Department would be able to use a CMGC contract for no more than three highway improvement projects during the pilot period.

Under current law, the Department must award bids to the lowest qualified bidder (often referred to as the design-bid-build model). During this process, the Department may contract with several different design consultants in addition to working with its own staff to develop a design for the bidding process. Following the submission of project bids, if the Department decides to award a contract, it is required by statute to select what it determines to be the lowest competent and responsible bidder. The Department indicates that the CMGC model may allow for more efficient and cost-effective delivery of projects that require specialized equipment or expertise.

Specify that the Department would be able to award a two-phase CMGC contract to a construction manager for preconstruction and construction services. Define a "construction manager" as a person in the business of providing construction services that is also qualified to supervise, manage, or otherwise participate in the engineering, design, or construction work for a highway improvement project. Specify that for the design and engineering phase of a project, the Department would be able to award a CMGC contract based on qualifications, experience, best value, or any other combination of factors the Department considers appropriate. Require that before project design is 90% complete, the construction manager would have to provide the Department with a proposal to construct the project. Specify that this proposal would have to include a certification that at least 30% of the work for the construction phase would be performed by the construction manager. In addition, require the Department to obtain an independent cost estimate for the construction of the project. For the construction phase, specify that the Department would be able to enter into a construction contract with the construction manager pursuant to the submitted proposal or could instead opt to revert to the current law bidding process.

Modify various existing statutory references to the competitive bid contract method to reflect the addition of the CMGC pilot program contracting method, including the following: (a) the definition of subcontractor, supplier, or service provider as it relates to form of contracts, performance bonds, and remedy; (b) when an action may be taken on a performance and payment bond; and (c) the liability exemption for handling petroleum-contaminated soil under contracts with the Department.

Specify that these provisions would be initially applicable to contracts entered into on the

general effective date of the bill.

[Bill Sections: 1217 thru 1221, 2229, 2230 2240, 2241, and 9345(3)]

## 8. STATE HIGHWAY MAINTENANCE PROGRAM SUMMARY

The table below summarizes biennial changes in funding to the two main components of the state highway maintenance program under the bill as compared to the 2015-17 biennium.

### State Highway Maintenance Program -- Biennial Funding Comparison

	<u>2015-17</u>	<u>2017-19</u>	<u>Biennial Change in Resources</u>	<u>% Change in Biennial Resources</u>
<b>Routine Maintenance</b>				
SEG	\$340,000,000	\$373,733,000	\$33,733,000	9.9%
<b>Highway System Management &amp; Operations</b>				
SEG*	\$168,818,600	\$199,211,800	\$30,393,200	
FED	<u>6,205,000**</u>	<u>2,205,000</u>	<u>-4,000,000</u>	
Subtotal	\$175,023,600	\$201,416,800	\$26,393,200	15.1%
<b>Maintenance Program Totals</b>				
SEG	\$508,818,600	\$572,944,800	\$64,126,200	
FED	<u>6,205,000</u>	<u>2,205,000</u>	<u>-4,000,000</u>	
Total	\$515,023,600	\$575,149,800	\$60,126,200	11.7%

\*Includes the following standard budget adjustments: (a) \$276,100 annually for overtime; (b) -\$55,200 annually for full funding continuing positions salaries and fringe benefits; and (c) -\$269,800 annually for turnover reduction.

\*\*Includes one-time federal aid allocated for maintenance under a 2015-16 federal highway aid appropriations adjustment plan approved by the Joint Committee on Finance as submitted by DOT.

## 9. ROUTINE MAINTENANCE PROGRAM

SEG	\$33,733,000
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**Governor:** Provide \$15,366,500 in 2017-18 and \$18,366,500 in 2018-19 for routine highway maintenance, which is generally performed by counties under contract with the state. The recommended amounts, when added to the 2016-17 adjusted base funding (\$170,000,000), would provide total funding equal to \$185,366,500 in 2017-18 and \$188,366,500 in 2018-19 for this appropriation.

The recommended increase in the level of funding would be used as follows: (a) \$7,791,500 annually to fund a backlog of work as well as maintain a certain level of pavement treatments, such as crack routing and sealing intended to extend the usable life of road surfaces; (b) \$2,000,000 in 2017-18 and \$5,000,000 in 2018-19 for reducing shoulder drop-offs and improving other roadway grade and drainage features; (c) \$5,000,000 annually for waterborne pavement marking (which would fund an additional 87 million feet of waterborne pavement

marking per year on state highways); and (d) \$575,000 annually in onetime funding for the replacement of an estimated 23,000 ground and overhead mounted highway signs, which would begin to reduce a backlog of signs needing to be replaced.

Routine maintenance is frequent, of limited scope, carried out on a day-to-day basis, and includes a wide variety of highway-related maintenance activities, such as winter road maintenance and minor road and bridge treatments and repair (grading, crack sealing, and waterborne pavement marking).

**10. HIGHWAY SYSTEMS MANAGEMENT AND OPERATIONS FUNDING**

SEG	\$29,977,000
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**Governor:** Provide \$16,000,000 in 2017-18 and \$13,977,000 in 2018-19 for the highway systems management and operations program, which is responsible for a variety of activities related to the upkeep of state highways, highway rights-of-way, and rest areas. The recommended amounts, when added to the 2016-17 adjusted base funding (\$84,666,300) and standard budget adjustments (-\$48,900 annually), would provide total funding equal to \$100,617,400 in 2017-18 and \$98,594,400 in 2018-19 for this appropriation.

The recommended increase in the level of funding would be used as follows: (a) \$6,419,000 annually for epoxy paint pavement marking; (b) \$2,946,000 in 2017-18 and \$923,000 in 2018-19 for maintenance and repair of state rest areas and waysides; (c) \$2,500,000 annually to fund half of a system-wide replacement of high pressure sodium lights with light emitting diode (commonly known as "LED" lights); (d) \$2,135,000 annually to replace deteriorated and/obsolete state highway signs; and (e) \$2,000,000 annually to replace the Department's oversize/overweight permitting software system.

The highway systems management and operations program is distinct from the state highway maintenance program funding provided for the upkeep of state highways performed by counties under contract with the state. The highway systems management and operations program activities include the minor repair of pavements and bridges, winter maintenance (such as snow plowing and ice removal), mowing and vegetation management, and the maintenance of highway rest areas and waysides. A separate component of the program is also responsible for the installation, repair, and maintenance of signs, highway lighting, pavement marking, and traffic signals, as well as for some limited emergency or corrective maintenance activities (generally performed by private contractors).

**11. INTELLIGENT TRAFFIC SYSTEMS AND TRAFFIC CONTROL SIGNALS APPROPRIATIONS SUNSET**

**Governor:** Extend the sunset of the state, federal, and local appropriation accounts for intelligent traffic systems and traffic control signals until June 30, 2021. Under current law, no moneys may be encumbered from these appropriation accounts after June 30, 2019. These appropriations are eligible to fund the installation, replacement, or rehabilitation of traffic control signals and intelligent transportation systems (a broad set of technologies and equipment related

to traffic management). No above-base funding for this purpose would be provided under the bill. The 2016-17 adjusted base funding for this purpose is \$10,000,000 SEG (the federal and local appropriation accounts do not have existing base funding).

[Bill Sections: 360 thru 362]

## Motor Vehicles

### 1. VERIFICATION SYSTEM FEES

SEG	\$780,900
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**Governor:** Provide \$386,700 in 2017-18 and \$394,200 in 2018-19 to fund the fees paid by the Department for access to electronic verification systems used in the processing of driver license and identification card applications by DMV. These systems are used to verify immigration status, passport information, and vital records in other states, as a part of the state's compliance with the REAL ID Act of 2005, which generally requires states to standardize and enhance certain driver license and identification card application practices and products. Federal grants that had been used to cover the cost of accessing these systems have or will expire. As a result, DOT will be required to pay the costs associated with the use of these systems in 2017-19. The amount provided reflects DOT's estimate of these costs.

### 2. DMV CONTRACTORS FUNDING

SEG	- \$100,000
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**Governor:** Decrease funding by \$100,000 in 2017-18 to the Division of Motor Vehicles, which the administration indicates would reduce funding for information technology contractors.

### 3. DMV METHOD OF CORRESPONDENCE

**Governor:** Provide the Department permissive statutory authority that would allow DMV to send electronic mail notices and materials related to the expiration or renewal of vehicle registration and special vehicle identification cards for physically disabled persons. Under current law, at least 30 days prior to expiration, such notification and accompanying forms must be sent by mail to the last-known address of persons holding an expiring vehicle registration or such a card. This provision would also allow DMV to send these documents electronically.

Specify that refusal to accept, or failure to receive, an electronic mail order of suspension, revocation, or cancellation provided by the Department is not a defense to a violation of operation of a vehicle after suspension, revocation, or cancellation of registration. Stipulate that persons who are required to submit their vehicle for emissions inspection may elect to receive notification of this requirement by any electronic means offered by the Department. DOT has

indicated that DMV does not intend to substitute electronic communication for all of the various notices that are currently mailed.

[Bill Sections: 1225 and 1445]

#### **4. ADMINISTRATION OF CERTAIN SPECIAL LICENSE PLATES**

**Governor:** Make various statutory modifications related to the following special license plates:

*a. Donate Life Wisconsin.* Transfer this special license plate's program revenue appropriation account from the Department of Health Services (DHS) to a program revenue appropriation account under DOT. Specify that all moneys in the appropriation account be used for payments to the nonprofit organization that promotes organ and tissue donation, rather than specifically to Donate Life Wisconsin, as required under current law. Amend statutory references related to the administration, crediting, depositing, and expending of these revenues to refer to the DOT appropriation rather than to the DHS appropriation.

Under current law, the recipient of payments from this special plate's appropriation account is identified as Donate Life Wisconsin or as an organization that provides organ and tissue donation-related services, if Donate Life Wisconsin should cease to exist. Also under current law, payments from this appropriation account shall be discontinued if Donate Life Wisconsin is no longer a tax-exempt organization. Specify that if Donate Life Wisconsin is no longer tax-exempt, that DOT, as allowed for under current law, would be required, in consultation with DHS, to designate a new, non-profit recipient of these payments that promotes organ and tissue donation. Specify that any new recipient of these funds must comply with same set of requirements imposed on Donate Life Wisconsin, as a condition of receiving payments.

*b. Wisconsin Women's Health Foundation.* Transfer this special license plate's program revenue appropriation account from DHS to a program revenue appropriation account under DOT. Specify that all moneys in the appropriation account be used for payments to Wisconsin Women's Health Foundation. Amend statutory references related to the administration, crediting, depositing, and expending of these revenues to refer to the DOT appropriation rather than to the DHS appropriation.

[Bill Sections: 372, 373, 535, 536, 1784, 1785, and 1894 thru 1897]

## State Patrol

### 1. IN-VEHICLE VIDEO CAMERA REPLACEMENT

SEG	\$2,777,200
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**Governor:** Provide \$1,388,600 annually for the replacement of approximately 500 in-vehicle video cameras and to fund costs associated with the wireless, remote storage of data produced by these cameras. The Department has indicated that the existing cameras, which were purchased between 2006 and 2008, are technologically outdated and in need of frequent repair. The cameras would be purchased through a three-year master lease. The current in-vehicle camera system uses flash memory cards that must be removed by officers and downloaded for evidentiary purposes. The cameras that would be purchased under the recommendation use a wireless connection to store captured data remotely. DOT has indicated the new cameras would provide improved video and audio quality, as well as an additional, rear-facing view (current cameras only provide front-facing and in-cabin views).

### 2. TACTICAL VESTS AND HELMETS

SEG	\$800,000
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**Governor:** Provide \$800,000 in 2017-18 for the purchase of 500 Level IV tactical vests and helmets, which are used to protect against certain high-caliber, high-velocity bullets (those used in common sporting rifles, such as the 30-06), as well as some armor-piercing rounds. The estimated, per-unit purchase price is \$400 per helmet and \$1,200 per vest. The Department currently provides officers with lower level protection body armor that protects against common handgun rounds, such as 9mm and .357 rounds. Officers may purchase their own body armor, if a higher level of protection is desired. Some concern exists that officers may encounter an increasing number of incidents in which rifles, rather than handguns, are being used by shooters, and that the current body armor offered by the Department may not provide adequate protection in these situations.

### 3. REMOVAL OF FUNDING FOR STATE PATROL CLASS

SEG	-\$1,417,300
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**Governor:** Decrease funding by \$1,417,300 in 2018-19 to the State Patrol, which the administration indicates would be associated with elimination of funding for one recruitment class. Recruitment classes are the mechanism through which the State Patrol recruits, trains, and tests cadets in order to fill vacant law enforcement positions within the Division.

### 4. DEPOSIT OF RADIOLOGICAL MATERIAL SHIPMENT PERMIT FEES

**Governor:** Redirect the deposit of the permit fees for the transportation of radiological materials from the program revenue appropriation for escort, security and traffic enforcement to the transportation fund, and delete the related statutory references. No additional revenues are included in the transportation fund associated with this provision.

Under current law, transportation of radiological materials in Wisconsin requires a state patrol escort and a fee of \$1,800, which is intended to cover the state's cost of providing escort services. Currently, any surplus revenue from this fee remains in the program revenue appropriation account. Under the proposed modification, all revenues from the fee would be available in the transportation fund and the costs of escorting vehicles transporting radiological materials would be paid from other vehicle escort revenue sources deposited to the existing PR appropriation.

[Bill Sections: 363, 534, and 1900]

**5. INCREASING FORFEITURE FOR INATTENTIVE DRIVING AND TEXTING AND DRIVING**

**Governor:** Increase the minimum forfeiture for inattentive driving, and for composing or sending an electronic text or mail message while driving, from \$20 to \$40. [The maximum forfeiture for this violation would remain at \$400.] DOT has indicated that inattentive driving results in an estimated 21,900 crashes annually and that enforcement of laws prohibiting inattentive and distracted driving is becoming a greater priority for the Department and law enforcement agencies in the state. Any additional revenue resulting from the increase of these forfeiture amounts would be deposited to the common school fund.

Specify that this increased minimum forfeiture amount would first apply to violations committed on the general effective date of the bill.

[Bill Sections: 1898, 1899, and 9345(2)]

**Departmentwide**

**1. STANDARD BUDGET ADJUSTMENTS**

**Governor:** Provide adjustments to the base budget for: (a) turnover reduction (-\$4,491,300 SEG and -\$1,389,200 FED annually); (b) removal of noncontinuing elements from the base (-1.0 FED position annually); (c) full funding of continuing position salaries and fringe benefits (\$957,400 SEG, -\$282,000 FED, -\$19,900 SEG-S and -\$77,400 PR annually); (d) overtime (\$2,870,400 SEG, \$773,000 FED, and \$166,500 PR annually); (e) night and weekend salary differential (\$258,400 SEG and \$13,500 FED annually); (f) reclassifications and semiautomatic pay progression (\$4,600 PR annually); and (g) full funding of lease costs and directed moves (\$1,782,300 SEG in 2017-18 and \$656,400 SEG in 2018-19).

	<b>Funding</b>	<b>Positions</b>
SEG	\$1,628,500	0.00
FED	- 1,769,400	- 1.00
SEG-S	- 39,800	0.00
PR	<u>187,400</u>	<u>0.00</u>
Total	\$6,700	- 1.00

## 2. FEDERAL AID REESTIMATES

FED	- \$33,136,400
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**Governor:** Decrease federal appropriations by \$16,988,400 in 2017-18 and \$16,148,000 in 2018-19 to reflect a reestimate of federal transportation aid in the biennium, excluding federal highway aid, as follows: (a) -\$15,563,200 annually for aeronautics assistance; (b) -\$1,719,500 in 2017-18 and -\$1,634,500 in 2018-19 for vehicle inspection and traffic enforcement; (c) -\$917,700 in 2017-18 and -\$858,900 in 2018-19 for seniors and individuals with disabilities aids; (d) -\$383,400 in 2017-18 and -\$248,700 for highway safety, local assistance; (e) -\$94,100 in 2017-18 and \$308,600 in 2018-19 for transit and other transportation-related aids; (f) -\$40,000 annually for rail service assistance; (g) -\$237,100 in 2017-18 and -\$136,500 in 2018-19 for transportation safety; (h) \$8,100 in 2017-18 and \$14,100 in 2018-19 for transit safety oversight; (i) \$104,400 in 2017-18 and \$133,100 in 2018-19 for departmental management and operations; (j) \$920,800 annually for state highway rehabilitation; and (k) \$933,300 in 2017-18 and \$957,200 in 2018-19 for vehicle registration and driver licensing.

## 3. PROGRAM REVENUE CONTINUING APPROPRIATION REESTIMATES

PR	\$8,670,600
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**Governor:** Provide \$4,487,700 in 2017-18 and \$4,182,900 in 2018-19 to reflect reestimates of revenues to the following the PR continuing appropriations: (a) license plate revenue distributions for professional football stadium maintenance and operating costs (\$450,000 annually); (b) child abuse and neglect prevention (\$125,000 annually); (c) surveying reference station system (\$120,000 in 2018-19); (d) supplement from sponsorship (\$10,500 annually); (e) damage claims (\$1,574,700 in 2017-18 and \$1,533,800 in 2018-19); (f) utility facilities within highway rights-of-way (\$279,700 annually); (g) repaired salvage vehicle examinations (\$145,900 annually); (h) public safety radio management, service funds (\$535,000 annually); (i) convenience fees (\$218,400 in 2017-18 and \$118,400 in 2018-19); (j) escort, security and traffic enforcement services (\$50,900 in 2017-18 and \$29,000 in 2018-19); (k) chemical testing training and services (\$269,400 annually); (l) public safety radio management, state funds (\$160,900 in 2017-18 and \$138,900 in 2018-19); (m) safe-ride grant program (\$401,400 in 2017-18 and \$161,400 in 2018-19); (n) license plate revenue distributions to the Wisconsin Lions Foundation (\$7,000 annually); (o) motorcycle safety program supplement (\$38,300 annually); (p) license plate revenue distributions for baseball plate licensing fees (\$5,000 annually); (q) license plate revenue distributions for certain special plates (\$5,000 annually); (r) license plate revenue distributions to Boy Scouts of America National Foundation (\$5,000 annually); (s) license plate revenue distributions to Whitetails Unlimited (\$5,000 annually); (t) license plate revenue distributions to Wisconsin Rocky Mountain Elk Foundation (\$5,000 annually); (u) license plate revenue distributions to Wisconsin Organization of Nurse Executives (\$5,000 annually); (v) license plate revenue distributions to the Milwaukee Bucks Foundation (\$5,000 annually); (w) license plate revenue distributions to Midwest Athletes Against Childhood Cancer (\$5,000 annually); and (x) traffic academy tuition payments (\$180,600 annually).

**4. STATE OPERATIONS FUNDING REDUCTIONS**

SEG	- \$3,668,600
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**Governor:** Reduce state operations funding to the Department by \$1,834,300 annually as follows: (a) -\$54,400 annually for limited-term employee salaries in the Division of Business Management; (b) -\$150,000 annually to reduce funding for state highway map printing from an administration and planning appropriation; (c) -\$193,900 annually for contractual services in the Division of Transportation Investment Management; (d) -\$201,900 annually for travel, training, supplies and services, contractual services, and data processing in the Secretary's office; (e) -\$1,234,100 annually for travel, training, supplies and services, contractual services, and data processing in the Division of Business Management. [Recommended state operations reductions related to DMV and State Patrol are shown under those sections.]

**5. FACILITIES MAINTENANCE FUNDING**

SEG	\$800,000
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**Governor:** Provide \$400,000 annually in facilities operations and maintenance funding for the 257 facilities owned, leased, and managed by the Department (such as DMV service centers, regional office buildings, and highway maintenance buildings). Funding provided for this purpose is generally used for functions such as carpet cleaning, pest control, janitorial services, snow removal, as well as maintenance and repair of water heaters, boilers, air conditioning and ventilation equipment, flooring, and lighting.

**6. TRANSFER HUMAN RESOURCES FUNCTIONS TO DOA**

	Positions
SEG	- 50.88
FED	- 4.30
Total	- 55.18

**Governor:** Delete 55.18 positions in 2018-19 associated with human resource services and payroll and benefit services. Transfer position authority to DOA for a human resources shared agency services program. Positions would be deleted from the following appropriations: (a) departmental management and operations, state funds (35.45 SEG positions); (b) vehicle registration, inspection, and maintenance, driver licensing, and aircraft registration, state funds (0.23 SEG position); (c) vehicle inspection, traffic enforcement and radio management, state funds (7.50 SEG positions); (d) highways, bridges and local transportation clearing account (7.70 SEG positions); and (e) highways, bridges and local assistance clearing account, federally funded positions (4.30 FED positions). Funding associated with the positions (\$3,934,500 SEG and \$276,600 FED) would not be reduced, but rather reallocated to supplies and services to pay shared agency services charges assessed by DOA. Provide that on July 1, 2018, all positions (including incumbent employees holding those positions), assets and liabilities, personal property, and contracts, relating to human resource services and payroll and benefit services, as determined by the Secretary of DOA, are transferred to DOA. Provide that incumbent employees transferred to DOA would retain their employee rights and status that the employee held immediately before the transfer, and provide that employees transferred to DOA who have attained permanent status would not be required to serve a probationary period.

The administration indicates that, although the positions would be transferred to DOA, the individuals holding those positions would continue to be located at DOT but would become DOA employees rather than employees of DOT

Transfer the following functions to the Division of Personnel Management within DOA: (a) human resources; and (b) payroll and benefit services. Provide that DOA may assess agencies for services provided under the shared agency services program in accordance with a methodology determined by DOA. [See "Administration -- Transfers."]

[Bill Sections: 73, 9101(9), 9201(1), and 9401(4)]

**7. TRANSFER OF ACCOUNTANT POSITION FOR STATE CONTROLLER'S OFFICE STAFFING**

	<b>Funding</b>	<b>Positions</b>
SEG	- \$158,600	- 1.00

**Governor:** Delete \$79,300 annually from DOT's departmental management and operations, state funds appropriation associated with salary and fringe benefits for the position and transfer 1.0 accountant position to DOA's State Controller's Office. [See "Administration -- Transfers."]

**8. TRANSFER OF VACANT INFORMATION TECHNOLOGY POSITION**

	<b>Funding</b>	<b>Positions</b>
SEG	- \$172,200	- 1.00

**Governor:** Delete \$86,100 annually from DOT's departmental management and operations, state funds appropriation and transfer 1.0 vacant position to DOA to centralize information technology and services procurement and purchasing in that Department. [See "Administration -- Transfers."]

**9. INTERNAL REORGANIZATION POSITION REALIGNMENT**

**Governor:** Transfer 1.23 positions from DMV to reflect internal departmental reorganizations as follows: (a) 1.00 DOT supervisor position to the Office of Public Affairs; and (b) 0.23 position to the Division of Business Management.