

TRANSPORTATION

Budget Summary							
Fund	2018-19 Base Year Doubled	2019-21 Governor	2019-21 Jt. Finance	Joint Finance Change to:			
				Governor		Base	
				Amount	Percent	Amount	Percent
GPR	\$223,949,600	\$240,373,000	\$330,373,000	\$90,000,000	37.4%	\$106,423,400	47.5%
FED	1,802,920,000	1,775,345,200	1,775,345,200	0	0.0	- 27,574,800	- 1.5
PR	20,856,200	24,376,800	21,618,000	- 2,758,800	- 11.3	761,800	3.7
SEG	3,603,265,000	4,148,679,400	4,037,160,300	- 111,519,100	- 2.7	433,895,300	12.0
SEG-L	230,651,200	230,651,200	230,651,200	0	0.0	0	0.0
SEG-S	<u>207,770,600</u>	<u>207,693,800</u>	<u>247,693,800</u>	<u>40,000,000</u>	<u>19.3</u>	<u>39,923,200</u>	<u>19.2</u>
TOTAL	\$6,089,412,600	\$6,627,119,400	\$6,642,841,500	\$15,722,100	0.2%	\$553,428,900	9.1%
BR		\$338,254,600	\$326,254,600	- \$12,000,000	- 3.5%		

FTE Position Summary					
Fund	2018-19 Base	2020-21 Governor	2020-21 Jt. Finance	Joint Finance Change to:	
				Governor	2018-19 Base
FED	825.82	825.82	825.82	0.00	0.00
PR	18.00	22.00	18.00	- 4.00	0.00
SEG	2,395.29	2,398.29	2,395.29	- 3.00	0.00
SEG-S	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL	3,244.11	3,251.11	3,244.11	- 7.00	0.00

Budget Change Items

Transportation Finance

1. FUND CONDITION STATEMENT

The following table shows the estimated 2019-21 transportation fund condition statement under the Joint Finance version of the bill. Revenues reflect reestimates of collections under existing taxes and fee rates as well as the rate increases that would occur under the bill as modified.

Department of Transportation (DOT) appropriations 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.

Revenues	<u>2019-20</u>	<u>2020-21</u>
Unappropriated Balance, July 1	\$97,060,800	\$55,908,000
 Revenues		
Motor Fuel Tax	\$1,087,247,200	\$1,092,322,900
Vehicle Registration Fees	890,310,900	950,309,900
Less Revenue Bond Debt Service	-225,135,100	-240,362,900
General Fund Transfer	43,303,000	44,074,100
Petroleum Inspection Fund Transfers	51,551,100	22,961,600
Petroleum Inspection Fee Deposit	0	38,900,000
Driver's License Fees	40,518,100	40,906,000
Miscellaneous Motor Vehicle Fees	28,991,900	29,454,600
Aeronautical Fees and Taxes	8,811,400	9,303,400
Railroad Property Taxes	48,056,400	49,498,100
Miscellaneous Departmental Revenues	17,659,400	18,659,400
Investment Earnings	<u>3,000,000</u>	<u>3,000,000</u>
Total Annual Revenues	\$1,994,314,300	\$2,059,027,100
 Total Available	 \$2,091,375,100	 \$2,114,935,100
 Appropriations and Reserves		
DOT Appropriations	\$2,005,774,200	\$2,030,597,100
Compensation and Other Fund Reserves	6,014,200	8,047,800
Less Estimated Lapses	-3,000,000	-3,000,000
Other Agency Appropriations	<u>26,678,700</u>	<u>26,249,600</u>
Net Appropriations and Reserves	\$2,035,467,100	\$2,061,894,500
 Unappropriated Balance, June 30	 \$55,908,000	 \$53,040,600

2. USE OF REVENUES FROM OTHER FUNDS TO SUPPORT TRANSPORTATION PROGRAMS

The Joint Finance version of the bill would maintain the current law, annual transfer of 0.25% of general fund taxes to the transportation fund in each year of the 2019-21 biennium. Compared to the bill, this provision would increase the transportation fund balance by \$87,377,100 in the biennium and decrease the general fund balance by the same amount.

As provided under current law, revenue from the petroleum inspection fund (PIF) would be used to support transportation programs. This includes a provision of 2017 Act 59, under which the DOA Secretary, beginning on June 30, 2020, and on June 30 of each subsequent fiscal year, is

required 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. However, under the Joint Finance version of the bill, revenue from one cent of the two cent petroleum inspection fee on gasoline, diesel, and other petroleum products would be deposited directly to the transportation fund, effective July 1, 2020. As shown in a separate item, the net effect of this action and the current law transfer would be an increase of \$2,290,100 SEG-REV to the transportation fund in the biennium. In total, this provision would result in an estimated \$38,900,000 associated with one cent of the fee being deposited directly to the transportation fund. As provided under current law, estimate PIF transfers of \$45,292,600 in 2019-20 and \$16,703,100 in 2020-21. In addition, the ongoing statutory transfer from the PIF to the transportation fund of \$6,258,500 annually would continue.

Use of Other Funds for Transportation Purposes -- Biennial Comparison

	<u>2017-19</u>	<u>2019-21</u>	<u>Biennial Change</u>	<u>% Change</u>
Current Law*				
<i>General Fund</i>				
0.25% Trans. of General Fund Taxes	\$81,791,800	\$87,377,100	\$5,585,300	6.8%
<i>Petroleum Inspection Fund</i>				
One-time Transfer	\$48,000,000	\$0	-\$48,000,000	-100.0%
Annual Transfer Unencumbered Balance	0	61,995,700	61,995,700	
Ongoing Appropriation Transfer	<u>12,517,000</u>	<u>12,517,000</u>	<u>0</u>	<u>0.0</u>
Subtotal	\$60,517,000	\$74,512,700	\$13,995,700	23.1%
Current Law Subtotal	\$142,308,800	\$161,889,800	\$19,581,000	13.8%
Joint Finance				
Deposit PIF Revenue (1¢ of fee) to Transportation Fund	N.A.	<u>\$38,900,000</u>	<u>\$38,900,000</u>	N.A.
Total	\$142,308,800	\$200,789,800	\$58,481,000	41.1%

*Excludes debt service amounts on general fund-supported bonds issued for transportation purposes and other GPR appropriations for specific transportation purposes. The Joint Finance version of the bill would appropriate \$90 million GPR in 2019-20 for the local roads improvement program.

Note: Use of other funds under the Governor's recommendation would have totaled \$111.2 million.

3. ELIMINATE GENERAL FUND TRANSFER TO TRANSPORTATION FUND

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR-Transfer	- \$87,377,100	\$87,377,100	\$0
SEG-Transfer	- 87,377,100	\$87,377,100	0

Governor: Repeal the current law transfer of 0.25% of general fund taxes to the transportation fund in each fiscal year of a biennium, as well as the statutory reference to the minimum annual transfer amount of \$35,127,000.

Increase estimated general fund revenue by \$43,303,000 GPR in 2019-20 and \$44,074,100 GPR in 2020-21 to reflect that the GPR-Transfer would no longer be made. Make corresponding reductions to estimated transportation fund revenue of \$43,303,000 SEG in 2019-20 and \$44,074,100 SEG in 2020-21.

Renumber and make modifications to references in the statutes related to transfers to the transportation fund.

Joint Finance: Delete provision. Increase estimated GPR- and SEG-Transfers by \$43,303,000 in 2019-20 and \$44,074,100 in 2020-21 compared to the Governor's recommendations. These transfer amounts reflect the reestimated general fund condition statement under the Joint Finance version of the bill.

4. DEPOSIT REVENUE FROM ONE-CENT OF PETROLEUM INSPECTION FEE TO TRANSPORTATION FUND

SEG-REV	\$2,290,100
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Joint Finance: Deposit the revenue from one-cent of the two-cent petroleum inspection fee to the transportation fund in each year, effective on July 1, 2020. Make the following modifications to the amount of estimated petroleum inspection fee revenue provided to the transportation fund: (a) a decrease of \$884,900 in 2019-20; and (b) an increase of \$3,175,000 in 2020-21. These revenue modifications reflect a reestimate of current law revenues and a reestimate of the current law transfer to the transportation fund as a result of the direct deposit of one cent of the fee to that fund.

5. ALLOCATION OF FEDERAL HIGHWAY AID

Governor: Estimate federal highway formula aid at \$792,192,700 in 2019-20 and \$787,192,700 in 2020-21, which represents decreases of \$11,153,900 in 2019-20 and \$16,153,900 in 2020-21, relative to the 2018-19 appropriation base. The actual amount of the state's federal highway aid in 2019-21 will be determined on an annual basis under federal transportation appropriations acts of Congress. Some uncertainty exists regarding the actual amount of federal transportation aid that will be appropriated by the federal government and made available to the state in the biennium. In addition, the current federal surface transportation authorization act (the FAST Act) is set to expire on September 30, 2020 (state fiscal year 2020-21).

The following table shows the change to the appropriation base recommended by the Governor and the resulting distribution of federal highway formula aid. As shown in the table, the recommendation would primarily increase federal highway aid to the southeast Wisconsin freeway megaprojects program, while decreasing the amount of federal funds allocated to the state highway rehabilitation and major highway development programs.

<u>Appropriation</u>	<u>Base</u>	<u>Change to Base</u>		<u>Governor</u>	
		<u>2019-20</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2020-21</u>
State Highway Rehabilitation	\$426,538,000	-\$813,900	-\$60,813,900	\$425,724,100	\$365,724,100
Major Highway Development	209,694,800	-21,993,700	-18,593,700	187,701,100	191,101,100
Local Transportation Facility Improvement Assistance	72,244,900	-6,400	-6,400	72,238,500	72,238,500
Southeast Freeway Megaprojects	29,324,200	11,680,900	63,280,900	41,005,100	92,605,100
Local Bridge Improvement	24,416,000	3,600	3,600	24,419,600	24,419,600
Departmental Mgmt. and Ops.	15,201,100	130,600	130,600	15,331,700	15,331,700
Congestion Mitigation/Air Quality Improvement	10,719,000	0	0	10,719,000	10,719,000
Transportation Alternatives	7,049,300	0	0	7,049,300	7,049,300
Administration and Planning	3,693,300	-84,800	-84,800	3,608,500	3,608,500
Railroad Crossing Improvements	3,291,800	0	0	3,291,800	3,291,800
Highway System Mgmt. and Ops.	1,174,200	-70,200	-70,200	1,104,000	1,104,000
Total	\$803,346,600	-\$11,153,900	-\$16,153,900	\$792,192,700	\$787,192,700

Joint Finance: Accept the Governor's estimate of federal highway aid, but modify the appropriation of this aid, as compared to the Governor's budget recommendations, as shown in the following table.

<u>Appropriation</u>	<u>Governor</u>		<u>Change to Bill</u>		<u>Joint Finance</u>	
	<u>2019-20</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2020-21</u>
State Highway Rehabilitation	\$425,724,100	\$365,724,100	\$20,000,000	\$85,529,400	\$445,724,100	\$451,253,500
Major Highway Development	187,701,100	191,101,100	-20,000,000	-20,000,000	167,701,100	171,101,100
Local Transportation Facility Improvement Assistance	72,238,500	72,238,500	0	0	72,238,500	72,238,500
Southeast Freeway Megaprojects	41,005,100	92,605,100	0	-65,529,400	41,005,100	27,075,700
Local Bridge Improvement	24,419,600	24,419,600	0	0	24,419,600	24,419,600
Departmental Mgmt. and Ops.	15,331,700	15,331,700	0	0	15,331,700	15,331,700
Congestion Mitigation/Air Quality Improvement	10,719,000	10,719,000	0	0	10,719,000	10,719,000
Transportation Alternatives	7,049,300	7,049,300	0	0	7,049,300	7,049,300
Administration and Planning	3,608,500	3,608,500	0	0	3,608,500	3,608,500
Railroad Crossing Improvements	3,291,800	3,291,800	0	0	3,291,800	3,291,800
Highway System Mgmt. and Ops.	1,104,000	1,104,000	0	0	1,104,000	1,104,000
Total	\$792,192,700	\$787,192,700	\$0	\$0	\$792,192,700	\$787,192,700

6. PROPOSED INCREASES TO TRANSPORTATION TAXES AND FEES [LFB Paper 695]

Under the Governor's recommendations and the Joint Finance version of the bill, a number of changes would be made to transportation fund taxes and fees. The following tables summarize the fiscal effect of these changes, which are described in more detail in subsequent entries.

Transportation Taxes and Fees -- Governor's Recommendations

<u>Tax and Fee Changes</u>	<u>2019-20</u>	<u>2020-21</u>	<u>Biennium</u>
Motor Vehicle Fuel Tax Rate (8¢ per Gallon)	\$207,351,000	\$277,573,800	\$484,924,800
Annual Indexing of Motor Vehicle Fuel Tax Rate	6,911,700	34,696,700	41,608,400
Heavy Truck Fees (27% Increase)	15,579,800	20,773,100	36,352,900
Vehicle Title Fees (\$10 Increase)	15,314,100	20,418,800	35,732,900
Hybrid-Electric Vehicle Definition (\$75 Annual fee)*	<u>3,070,200</u>	<u>6,675,100</u>	<u>9,745,300</u>
Total	\$248,226,800	\$360,137,500	\$608,364,300

Transportation Taxes and Fees -- Joint Finance Action

<u>Tax and Fee Changes</u>	<u>2019-20</u>	<u>2020-21</u>	<u>Biennium</u>
Vehicle Title Fees (\$95 Increase)	\$114,662,600	\$158,251,000	\$272,913,600
Gross Vehicle Weight Registration Fee (\$100) - Trucks Not Exceeding 10,000 Pounds	7,874,900	10,618,500	18,493,400
Automobile Registration Fee (\$10 Increase)	28,010,100	37,307,500	65,317,600
Hybrid-Electric Vehicle Definition*	4,605,300	6,675,100	11,280,400
Motor Fuel Dealer Administrative Allowance	8,400,000	11,300,000	19,700,000
Evaporation Loss Allowance	<u>3,100,000</u>	<u>4,200,000</u>	<u>7,300,000</u>
Total	\$166,652,900	\$228,352,100	\$395,005,000

*A current law \$75 fee exists on certain hybrid-electric vehicles, as enacted under 2017 Act 59, that the Department is unable to assess on these vehicles. The Governor's and Joint Finance Committee's recommended modification to the definition of a hybrid-electric vehicle would address this issue and enable DOT to begin assessing the existing \$75 fee on hybrid-electric passenger vehicles.

7. MOTOR VEHICLE FUEL TAX RATE INCREASE [LFB Paper 695]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG-REV	\$484,924,800	- \$484,924,800	\$0

Governor: Increase the motor vehicle fuel tax rate (gasoline, gasoline blended with ethanol, and diesel) by eight cents per gallon resulting in a rate of 38.9 cents per gallon, effective October 1, 2019. The current motor vehicle fuel tax rate has been in effect since April 1, 2006, when the final annual indexing adjustment increased the rate to the current 30.9 cents per gallon rate.

Increase estimated transportation fund revenues by \$207,351,000 in 2019-20 and \$277,573,800 in 2020-21. Lower revenues in the first year compared to the second year reflect that the eight cent rate increase would only be in effect for the final nine months of 2019-20.

The current law provisions related to the floor tax would apply to the proposed rate change. Under current law, on the date any motor vehicle rate change becomes effective, a floor tax is imposed on any motor vehicle fuel held for sale or resale on which the prior motor vehicle fuel tax rate has already been imposed. The amount of the floor tax is determined by multiplying the

number of gallons of motor vehicle fuel being held in inventory on which the prior tax rate has been paid by the difference between that rate already paid and the new rate. The Governor's recommendations did not include any revenues associated with the imposition of the floor tax.

Repeal the obsolete current law provision that specifies the imposition of a one-cent per gallon motor vehicle fuel tax rate increase on November 1, 1997.

Joint Finance: Delete provision.

8. ANNUAL INDEXING OF MOTOR VEHICLE FUEL TAX RATE [LFB Paper 695]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG-REV	\$41,608,400	-\$41,608,400	\$0

Governor: Restore the annual indexing of the state motor vehicle fuel tax rate by adjusting the tax rate on April 1, of each year, based on the annual average change in the consumer price index (CPI). The last indexing adjustment to the state's motor vehicle fuel tax rate occurred on April 1, 2006.

Increase estimated transportation fund revenue by \$6,911,700 in 2019-20 and \$34,696,700 in 2020-21 to reflect the estimated increases in the motor vehicle fuel tax rate due to the reinstatement of the indexing provision. The estimated revenue would be based on two indexing adjustments, which would increase the fuel tax rate from 38.9 cents per gallon (a rate that includes the eight cent per gallon statutory increase included in the Governor's recommended budget, effective October 1, 2019) to an estimated 39.7 cents per gallon (0.8 cent increase) on April 1, 2020 and to an estimated 40.5 cents per gallon (0.8 cent increase) on April 1, 2021.

The indexing formula would include two steps. First, an inflation adjustment factor is calculated by dividing the annual average CPI for all urban consumers, U.S. city average, as determined by the U.S. Department of Labor, for the previous year by the annual average CPI for the year before the previous year. For example, to calculate the April 1, 2020, inflation adjustment factor, the 2019 annual average CPI would be divided by the 2018 annual average CPI. Second, the new fuel tax rate would be calculated by multiplying the existing fuel tax rate by the inflation adjustment factor and rounding the result to the nearest tenth of a cent.

The current law provisions related to the floor tax would apply to the proposed fuel tax rate indexing adjustments under this provision. The Governor's recommendations did not include any revenues associated with the imposition of the floor tax.

Joint Finance: Delete provision.

9. INCREASE AUTOMOBILE REGISTRATION FEE [LFB

SEG-REV	\$65,317,600
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 Paper 695]

Joint Finance: Increase the annual vehicle registration fee for automobiles by \$10, from \$75 to \$85, effective October 1, 2019. Increase estimated transportation fund revenue by \$28,010,100 SEG-REV in 2019-20 and \$37,307,500 SEG-REV in 2020-21.

10. INCREASE TO REGISTRATION FEES FOR VEHICLES REGISTERING BASED ON GROSS VEHICLE WEIGHT [LFB Paper 695]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG-REV	\$36,352,900	-\$17,859,500	\$18,493,400

Governor: Increase the following registration fees for motor vehicles that are registered based on gross vehicle weight, as shown in the table below. Increase estimated transportation fund revenue by \$15,579,800 in 2019-20 and by \$20,773,100 in 2020-21.

<u>Gross Weight Not Exceeding (in Pounds)</u>	<u>Current Fee</u>	<u>Increase</u>	<u>Proposed Fee</u>
4,500	\$75	\$21	\$96
6,000	84	23	107
8,000	106	29	135
10,000	155	42	197
12,000	209	57	266
16,000	283	77	360
20,000	356	97	453
26,000	475	129	604
32,000	609	165	774
38,000	772	209	981
44,000	921	249	1,170
50,000	1,063	288	1,351
54,000	1,135	307	1,442
56,000	1,209	327	1,536
62,000	1,367	370	1,737
68,000	1,543	417	1,960
73,000	1,755	474	2,229
76,000	2,081	562	2,643
80,000	2,560	692	3,252

The administration indicates that it intended the above registration fee modifications (a 27% increase) to apply only to vehicles with gross weights in excess of 8,000 pounds. As drafted, the bill would increase fees by the amounts shown for vehicles lighter than the 8,000 pound threshold, which includes a variety of lower-weight vehicle types, such as sport utility vehicles, pick-up trucks, and vans. The estimated revenue associated with the proposed fee change reflects the administration's intent to increase only the fees on vehicles with gross weights in excess of 8,000 pounds. A modification to the bill would be needed to capture the administration's intent.

Specify that these increased fee amounts would first apply to an application for registration received by DOT on the effective date of the bill. However, the estimated revenues in the bill associated with this provision appear to reflect nine months of collections in 2019-20.

Joint Finance: Delete the Governor's recommendation to increase registration fees for vehicles weighing 8,000 pounds or more. Instead, modify the annual registration fees for the following vehicle weight classes such that the fee amount due for each of the affected classes would be \$100, as shown the table below. Increase estimated transportation fund revenue by \$7,874,900 SEG-REV in 2019-20 and by \$10,618,500 SEG-REV in 2020-21. [As compared to the bill, this would reduce estimated revenue by \$7,704,900 in 2019-20 and by \$10,154,600 in 2020-21.] Specify that these provisions would first apply to vehicle registration applications on October 1, 2019.

Gross Vehicle Weight Not Exceeding (in Pounds)	Current Fee	Change	Proposed Fee	Estimated Revenue Change to Base	
				2019-20	2020-21
4,500	\$75	\$25	\$100	\$4,592,700	\$6,224,300
6,000	84	16	100	6,309,800	8,551,400
8,000	106	-6	100	-1,060,100	-1,436,800
10,000	155	-55	100	<u>-1,967,500</u>	<u>-2,720,400</u>
				\$7,874,900	\$10,618,500

11. INCREASE VEHICLE TITLE FEES [LFB Paper 695]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG-REV	\$35,732,900	\$237,180,700	\$272,913,600

Governor: Increase the base motor vehicle title and title transfer fees (currently \$62) by \$10. Increase estimated transportation fund revenue by \$15,314,100 in 2019-20 and \$20,418,800 in 2020-21. Under current law, motor vehicles registered in the state must be titled. The Department issues certificates of title and charges a related fee when a vehicle owner assumes ownership of a new vehicle (the title fee) and after ownership of a currently titled vehicle is transferred (the title transfer fee). Under the proposed increase, the base fee amounts due for these transactions would increase to \$72.

Under current law, a supplemental fee of \$7.50 is also charged for both title and title transfer transactions, for a total amount due of \$69.50. The total amount due for each transaction type under the proposed \$10 increase would be \$79.50.

The increase to these fees would become effective on the general effective date of the bill. However, the estimated revenues in the bill associated with this provision appear to reflect nine months of collections in 2019-20.

Joint Finance: Modify the Governor's recommendation to instead increase the fee for an initial vehicle title or title transfer transaction by \$95, effective October 1, 2019. This action would increase the total amount of these fees (inclusive of the supplemental fees) to \$164.50. Increase

estimated transportation fund revenue by \$114,662,600 SEG-REV in 2019-20 and \$158,251,000 SEG-REV in 2020-21. Compared to the Governor's recommendations, this would be an increase of \$99,348,500 in 2019-20 and \$137,832,200 in 2020-21 associated with vehicle title and title transfer fees.

12. HYBRID-ELECTRIC VEHICLE FEE DEFINITION [LFB Paper 696]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG-REV	\$9,745,300	\$1,535,100	\$11,280,400

Governor: Amend the definition of a hybrid-electric vehicle to mean a vehicle that is capable of using both electricity and gasoline, diesel fuel, or alternative fuel to propel the vehicle. Increase estimated transportation fund revenue by \$3,070,200 in 2019-20 and \$6,675,100 in 2020-21.

2017 Act 59 created a \$75 fee for hybrid-electric passenger vehicles and a \$100 fee for non-hybrid, electric passenger vehicles. These supplementary fees are in addition to the existing, required annual registration fees, and were to be imposed beginning January 1, 2018. A hybrid-electric vehicle is currently defined as capable of using gasoline, diesel fuel, or alternative fuel to propel the vehicle, but that is propelled to a significant extent by an electric motor that draws electricity from a battery that has a capacity of not less than four-kilowatt hours and may be capable of being recharged from an external source of electricity.

The Department has subsequently determined that it is unable to identify by vehicle identification number the subset of hybrid-electric vehicles that have batteries with more than four-kilowatt hours of capacity. As a result, the Department is only assessing the \$100 fee on electric ("non-hybrid, electric") vehicles, which can be identified. The proposed modification to the definition would allow DOT to collect the \$75 annual fee for hybrid-electric passenger vehicles without reference to battery capacity and would become effective on the general effective date of the bill. However, the estimated revenues in the bill associated with this provision appear to reflect six months of collections in 2019-20.

Joint Finance: Modify the effective date of the provision to October 1, 2019. Increase estimated transportation fund revenue by \$1,535,100 in 2019-20, as compared to the bill, to reflect nine months of collections in 2019-20.

13. ELIMINATE LICENSED MOTOR VEHICLE FUEL SUPPLIERS ADMINISTRATIVE ALLOWANCE SEG-REV \$19,700,000

Joint Finance: Eliminate the 1.35% administrative allowance that licensed motor vehicle fuel suppliers may deduct when remitting the fuel tax on gasoline to the Department of Revenue, effective October 1, 2019. Increase estimated transportation fund revenue by \$8,400,000 SEG-REV in 2019-20 and by \$11,300,000 SEG-REV in 2020-21.

14. ELIMINATE RETAILER REFUNDS FOR EVAPORATION

SEG-REV	\$7,300,000
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Joint Finance: Eliminate the 0.5% refund of the motor vehicle fuel tax paid on gasoline received into a service station operator's storage facilities to cover shrinkage and evaporation losses. Specify that a refund may not be claimed for fuel purchased after September 30, 2019. Increase estimated transportation fund revenue by \$3,100,000 SEG-REV in 2019-20 and by \$4,200,000 SEG-REV in 2020-21.

15. MILEAGE-BASED FEE STUDY

SEG	\$2,500,000
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Joint Finance: Provide the Department \$2,500,000 SEG in 2019-20 to do the following: (a) enter into a contract not to exceed \$2,500,000 for a mileage-based fee study that would outline the policies, procedures, and operations needed to implement such fees; and (b) a traffic and revenue analysis associated with such fees. Require the firm under contract for this study to report its findings to DOT and each house of the Legislature by December 1, 2022. Require DOT to submit a recommendation on an implementation plan for a mileage-based fee to the Joint Committee on Finance by January 1, 2023. Specify that if the Committee modifies and approves the proposed plan, the Department would only be able to implement the mileage-based fee as modified by the Committee. Specify that if the Committee approves a mileage-based fee structure, there would be created within DOT a Division of Innovative Transportation Finance Systems, which would report directly to the DOT Secretary. Specify that this Division would administer any mileage-based fee structure approved by the Committee.

16. TRANSPORTATION-RELATED BOND SUMMARY

The following table summarizes the biennial usage of bonds for transportation projects in the 2017-19 biennium, under the Governor's 2019-21 recommendations, and the Joint Finance version of the bill, by type of bond and program or project. 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 from the respective funds. Eventually, bonds are sold to replenish those balances and this becomes the ultimate financing source for these projects.

	<u>2017-19</u>	<u>Governor 2019-21</u>	<u>Joint Finance 2019-21</u>
Transportation Fund-Supported, General Obligation Bonds			
Freight Rail Preservation	\$12,000,000	\$30,000,000	\$30,000,000
Harbor Assistance	14,100,000	39,000,000	32,000,000
High-Cost Bridge*	0	-10,000,000	-10,000,000
Major Interstate Bridges	0	27,000,000	27,000,000
Southeast Wisconsin Freeway Megaprojects	0	65,000,000	95,000,000
Subtotal	<u>\$26,100,000</u>	<u>\$151,000,000</u>	<u>\$147,000,000</u>
Transportation Revenue Bonds			
Major Highway Development	\$114,820,000	\$133,174,600	\$142,254,600
Administrative Facilities	9,080,000	9,080,000	0
Subtotal	<u>\$123,900,000</u>	<u>\$142,254,600</u>	<u>\$142,254,600</u>
General Fund-Supported, General Obligation Bonds			
Southeast Wisconsin Freeway Megaprojects	\$252,400,000	\$0	\$0
Passenger Rail Development**	0	45,000,000	10,000,000
Subtotal	<u>\$0</u>	<u>\$45,000,000</u>	<u>\$10,000,000</u>
Total	\$402,400,000	\$338,254,600	\$326,254,600

*Bonds authorized for the Hoan Bridge project in Milwaukee County, which has been completed. The reduction would eliminate the remaining unused authority.

**Debt service paid under Building Commission's capital improvement and other public purposes debt service appropriation.

17. TRANSPORTATION REVENUE BOND AUTHORIZATION

Governor: The Governor's recommendation would provide transportation revenue bond authority of \$142,254,600, reflecting the planned use of revenue bonds for major highway development projects (for fiscal effect, see "State Highway Program") and administrative facilities construction projects (for fiscal effect, see "Departmentwide") in the 2019-21 biennium.

In February, 2019, the Building Commission approved the issuance of \$123,900,000 of previously authorized, but unissued transportation revenue bonds. Following the issuance of these bonds (before accounting for any potential premiums), the remaining revenue bond authority is expected to total \$86,306,000. This balance, along with the Governor's recommended increase in revenue bond authority, would result in the availability of \$228,560,600 in ongoing authority. Of this total, \$142,254,600 would be appropriated in the 2019-21 biennium, as follows: (a) \$66,587,300 annually for the major highway development program; and (b) \$4,540,000 annually for administrative facility construction projects. Estimated debt service associated with previously authorized bonds, as well as this new bonding authority, are shown in a separate item.

Joint Finance: Authorize the entire \$142,254,600 in revenue bonds recommended by the Governor for major highway development projects. Require DOT to use up to \$9,080,000 of existing revenue bond authority or proceeds to fund administrative funding projects.

18. TRANSPORTATION-RELATED DEBT SERVICE SUMMARY

This item summarizes the transportation fund-supported and general fund-supported debt service on transportation-related bonds under current law and the Joint Finance version of the bill.

Transportation Fund-Supported. Estimated transportation fund-supported debt service on previously authorized bonds and the bonds authorized in the biennium would total \$391,102,400 in 2019-20 and \$412,542,700 in 2020-21. 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 2017-19 biennium, as well for each year of the 2019-21 biennium under Joint Finance. Gross transportation fund revenue includes revenues from the transportation tax and fee increases for the 2019-21 biennium under the Joint Finance version 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>
2017-18	\$357.6	\$1,913.6	18.7%
2018-19	373.2	1,933.0	19.3
2019-20	391.1	2,124.6	18.4
2020-21	412.5	2,231.4	18.5

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

Note: Debt service and revenue values shown for 2017-18 are actual, while those values for other years are estimated and reflect the provisions of the Joint Finance version of the bill.

General Fund-Supported. General fund-supported debt is not included in the above calculation of transportation fund-supported debt service as a percentage of transportation revenue. The reestimate of existing general fund-supported debt service on bonds issued for transportation purposes (\$120.1 million in 2019-20 and \$120.3 million in 2020-21) is shown in a separate entry.

19. TRANSPORTATION REVENUE BOND DEBT SERVICE REESTIMATE

SEG-REV	\$38,603,400
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Governor/Joint Finance: Decrease estimated transportation fund revenue by \$11,687,800 in 2019-20 and \$26,915,600 in 2020-21 to reflect increases in the amount of vehicle registration and other pledged revenue needed to pay principal and interest on transportation revenue bonds. Of these amounts, \$889,100 in 2019-20 and \$6,596,500 in 2020-21 relate to the revenue bonds that would be authorized under the bill for major highway development purposes.

Revenue bond debt service is primarily paid from vehicle registration revenue prior to that revenue being deposited in the transportation fund. Consequently, these debt service payments are

considered negative revenue rather than a transportation fund expenditure. Total transportation revenue bond debt service in 2018-19 is estimated at \$213,447,300, an amount that is projected to increase under the bill, as modified, to an estimated \$225,135,100 in 2019-20 and \$240,362,900 in 2020-21.

20. TRANSPORTATION FUND-SUPPORTED, GENERAL OBLIGATION BOND DEBT SERVICE REESTIMATE -- SOUTHEAST WISCONSIN FREEWAY AND HIGH-COST BRIDGE PROJECTS

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	\$6,399,000	\$100,100	\$6,499,100

Governor: Increase estimated transportation fund-supported, general obligation bond debt service by \$2,219,500 in 2019-20 and \$4,179,500 in 2020-21 associated with existing bonds authorized for southeast Wisconsin freeway reconstruction and high-cost bridge projects. Base funding for these appropriations is \$93,363,700, and would increase to \$95,583,200 in 2019-20 and \$97,543,200 in 2020-21 under this reestimate.

Reestimate debt service as follows: (a) increase debt service due on existing bonds by \$2,219,500 in 2019-20 and \$4,073,300 in 2020-21; (b) increase debt service for bonds authorized in the bill for the Zoo Interchange project by \$106,200 in 2020-21.

Joint Finance: Increase estimated debt service by \$100,100 in 2020-21 to reflect the higher bonding level for the Zoo Interchange project as compared to the bill. [The Joint Finance version of the bill would authorize \$30 million more in bonds for this project.]

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

SEG	\$2,693,200
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Governor/Joint Finance: Decrease funding by \$878,100 in 2019-20 and increase funding by \$3,571,300 in 2020-21 to fund the estimated transportation fund-supported, general obligation bond debt service associated with existing bonds authorized for state highway rehabilitation and major highway development projects. No new bonds would be authorized associated with this bonding purpose under the bill. Base funding for this appropriation is \$12,546,100, and would decrease to \$11,668,000 in 2019-20 and increase to \$16,117,400 in 2020-21 under this reestimate.

22. TRANSPORTATION FUND-SUPPORTED, GENERAL OBLIGATION BOND DEBT SERVICE REESTIMATE -- OTHER PROJECTS

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	\$3,993,700	- \$82,700	\$3,911,000

Governor: Increase estimated transportation fund-supported, general obligation bond debt service by \$2,104,000 in 2019-20 and \$1,889,700 in 2020-21 associated with existing bonds authorized for state highway rehabilitation, major highway development, freight rail preservation, harbor improvement projects, and department facilities and with those bonds that would be authorized under the bill. Combined base funding for these appropriations is \$56,612,100, and would increase to \$58,716,100 in 2019-20 and \$58,501,800 in 2020-21 under this reestimate.

Reestimate debt service as follows: (a) increase debt service due on existing bonds by \$2,104,000 in 2019-20 and \$1,151,300 in 2020-21; and (b) increase debt service due for the following bond purposes authorized under the bill by \$405,300 in 2020-21 for harbor assistance, by \$311,800 in 2020-21 for freight rail preservation, and by \$21,300 in 2020-21 for major interstate bridge reconstruction.

Joint Finance: Reduce estimated debt service for harbor assistance bonds by \$82,700 in 2020-21. [The Joint Finance version of the bill would authorize \$7,000,000 less in bonds for the harbor assistance program.]

23. EXISTING GENERAL FUND-SUPPORTED, GENERAL OBLIGATION BOND DEBT SERVICE REESTIMATE

GPR	\$16,423,400
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Governor/Joint Finance: Increase funding by \$8,144,200 in 2019-20 and by \$8,279,200 in 2020-21 to fund the reestimated debt service associated with existing general fund-supported, general obligation bonds authorized for state highway projects in previous biennia. None of the general fund-supported bonds authorized under the bill would affect the Department's GPR debt service appropriations. Base funding for this appropriation is \$111,794,800, and would increase to \$120,119,000 in 2019-20 and \$120,254,000 in 2020-21.

Local Transportation Aid

1. GENERAL TRANSPORTATION AIDS [LFB Paper 710]

SEG	\$66,182,700
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Governor/Joint Finance: Provide the following related to the general transportation aids program:

- a. *County Aid.* Increase funding by \$2,777,400 in 2019-20 and \$11,109,400 in 2020-21

to fund a 10.0% increase to the calendar year general transportation aid distribution for counties for 2020 and thereafter. The current calendar year distribution for counties is currently equal to \$111,093,800. This would provide a calendar year distribution amount for counties equal to \$122,203,200 for 2020 and thereafter.

b. *Municipal Aid.* Increase funding by \$17,432,000 in 2019-20 and \$34,863,900 in 2020-21 to fund a 10.0% increase to the calendar year general transportation aid distribution for municipalities for 2020 and thereafter. The current calendar year distribution level for municipalities is currently equal to \$348,639,300. This would provide a calendar year distribution amount for municipalities equal to \$383,503,200 for 2020 and thereafter. Increase the mileage aid rate by 10.0% (from its current level of \$2,389 per mile) to \$2,628 per mile for calendar year 2020 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 (2012 through 2017 for 2019 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.

2. COUNTY FOREST ROAD AID

SEG	\$71,800
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Joint Finance: Provide \$35,900 annually to the appropriation for county forest road aid and increase the rate per mile provided to counties eligible for this program to \$351 per mile (from \$336 per mile). Specify that these provisions would first apply on the day after publication of the biennial budget act.

3. MASS TRANSIT OPERATING ASSISTANCE [LFB Paper 711]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	\$13,842,400	-\$11,073,900	\$2,768,500

Governor: Provide \$2,768,600 in 2019-20 and \$11,073,800 in 2020-21 to provide a 10% increase in mass transit operating assistance to each tier of mass transit systems for calendar year 2020 and thereafter. Specify that the increase in funding would be distributed as follows: (a) \$1,604,900 in 2019-20 and \$6,419,400 in 2020-21 for Tier A-1 (Milwaukee County); (b) \$421,700 in 2019-20 and \$1,686,800 in 2020-21 for Tier A-2 (Madison); (c) \$612,200 in 2019-20 and \$2,448,700 in 2020-21 for Tier B transit systems (systems serving a population of 50,000 or more

that are not in Tiers A-1 or A-2); and (d) \$129,800 in 2019-20 and \$518,900 in 2020-21 for Tier C transit systems (systems serving areas with population between 2,500 and 50,000).

Set the statutory calendar year distribution amounts for 2020 and thereafter at \$70,613,300 for Tier A-1, \$18,554,800 for Tier A-2, \$26,935,400 for Tier B, and \$5,707,800 for Tier C.

Joint Finance: Decrease funding compared to the Governor by \$2,214,900 in 2019-20 and \$8,859,000 in 2020-21. This would provide an increase in base funding of \$553,700 in 2019-20 and \$2,214,800 in 2020-21 to provide a 2% increase in mass transit operating assistance to each tier of mass transit systems for calendar year 2020 and thereafter. Specify that the increase in funding would be distributed as follows: (a) \$321,000 in 2019-20 and \$1,283,900 in 2020-21 for Tier A-1; (b) \$84,300 in 2019-20 and \$337,400 in 2020-21 for Tier A-2; (c) \$122,400 in 2019-20 and \$489,700 in 2020-21 for Tier B transit systems; and (d) \$26,000 in 2019-20 and \$103,800 in 2020-21 for Tier C transit systems.

Set the statutory calendar year distribution amounts for 2020 and thereafter at \$65,477,800 for Tier A-1, \$17,205,400 for Tier A-2, \$24,976,400 for Tier B, and \$5,292,700 for Tier C.

4. TRANSIT CAPITAL ASSISTANCE GRANTS [LFB Paper 711]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	\$10,000,000	- \$10,000,000	\$0

Governor: Provide \$10,000,000 in 2020-21 to a newly-created continuing SEG appropriation for transit capital assistance grants. Require DOT to administer a transit capital assistance grant program and award grants to eligible applicants for the replacement of public transit vehicles. Specify that DOT would be required to establish criteria for awarding grants under the newly-created transit capital assistance grant program. This would establish base level funding at \$10,000,000 annually for these grants in future biennia.

Define "eligible applicant" to mean a local public body in an urban area that is served by an urban mass transit system incurring an operating deficit. Specify that "public transit vehicle" would mean any vehicle used for providing transportation service to the general public that is eligible for replacement as an eligible mitigation action established under the Volkswagen settlement.

Joint Finance: Delete provision.

5. SENIORS AND INDIVIDUALS WITH DISABILITIES AIDS [LFB Paper 712]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	\$6,000,000	- \$3,000,000	\$3,000,000

Governor: Provide \$3,000,000 annually for the seniors and individuals with disabilities specialized assistance program. This would increase funding from \$912,700 in base funding to \$3,912,700 annually. State specialized assistance funding supplements federal section 5310 funding (enhanced mobility of seniors and individuals with disabilities program) to aid eligible applicants in Wisconsin's rural and small urban areas with transit capital and operating projects that serve seniors and individuals with disabilities.

The administration indicates that it intended to provide this \$3,000,000 annually for the seniors and individuals with disabilities county assistance program. If the county assistance funding change had been included in the bill, it would have increased funding from \$14,477,800 in base funding to \$17,477,800 annually for a 20.7% increase in the county assistance appropriation. The bill would have to be modified to incorporate this intent.

Joint Finance: Delete the Governor's recommendation and instead provide \$1,500,000 annually for the seniors and individuals with disabilities county assistance program rather than the specialized assistance program. This would increase annual funding from \$14,477,800 in base funding to \$15,977,800 annually for a 10.4% increase in the county assistance appropriation.

6. TRANSPORTATION EMPLOYMENT AND MOBILITY [LFB Paper 713]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	\$1,000,000	-\$500,000	\$500,000

Governor: Provide \$500,000 annually to the Department's transportation employment and mobility continuing appropriation. This would increase funding from \$332,600 in base funding to \$832,600 annually. Under current law, DOT may award grants from this appropriation to public and private organizations for the development and implementation of demand management, ride-sharing, and job access and employment transportation assistance programs. Currently, the Wisconsin employment transportation assistance program (WETAP) is funded from this appropriation. WETAP is an annual competitive grant program that combines both state and federal funding for transit systems and organizations that assist low-income individuals in getting to work.

Joint Finance: Modify the Governor's recommendation to provide \$250,000 annually to the Department's transportation employment and mobility continuing appropriation.

7. PARATRANSIT AIDS

SEG	\$550,000
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Governor/Joint Finance: Provide \$275,000 annually to provide a 10% increase for paratransit aid. This would increase funding from \$2,750,000 in base funding to \$3,025,000 annually. Under current law, DOT is required to provide paratransit aid to assist eligible urban mass transit operating assistance recipients with the provision of paratransit service required under the Americans with Disabilities Act. In awarding the paratransit grants to eligible urban mass

transit systems, the Department must: (a) maximize the level of paratransit service provided by those systems; and (b) give priority to eligible applicants for the maintenance of paratransit service provided on July 1, 2011.

8. TRIBAL ELDERLY TRANSPORTATION GRANT PROGRAM

PR	\$79,200
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Governor/Joint Finance: Provide \$39,600 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 \$396,000 in base funding to \$435,600 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 "Administration -- Division of Gaming" for the general fund fiscal effect).

Local Transportation Assistance

1. LOCAL ROADS IMPROVEMENT PROGRAM -- SEG FUNDING [LFB Paper 720]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	\$1,915,200	- \$1,915,200	\$0

Governor: Provide the following increases to the local roads improvement program (LRIP): (a) \$323,900 in 2019-20 and \$654,300 in 2020-21 for the formula allocation component of the program; (b) \$303,300 in 2019-20 and \$633,700 in 2020-21 for the discretionary grants component of the program.

For the discretionary portion of the program, specify that the SEG funding be allocated as follows: (a) \$176,000 in 2019-20 and \$295,000 in 2020-21 for counties; (b) \$17,300 in 2019-20 and \$99,900 in 2020-21 for municipalities (cities and villages); and (c) \$110,000 in 2019-20 and \$238,800 in 2020-21 for towns. [By statute, the formula allocation is determined on a percentage basis as shown in the table below.]

Set the annual statutory distributions of discretionary LRIP funding at the following amounts: (a) \$5,569,400 in 2019-20, and \$5,688,400 in 2020-21 for counties; (b) \$3,867,700 in 2019-20 and \$3,950,300 in 2020-21 for municipalities; and (c) \$6,033,600 in 2019-20, and \$6,162,400 in 2020-21 for towns. The table below reflects biennial funding for LRIP for 2017-19 and under the recommended 2019-21 funding level for these program components.

Current Law and Governor's Recommended Biennial LRIP Funding

	<u>2017-19</u>	<u>2019-21</u>	<u>Difference</u>	<u>% Change</u>
Formula-Based Allocation*				
Counties (43%)	\$15,191,728	\$15,612,328	\$420,600	2.8%
Municipalities (28.5%)	10,068,936	10,347,736	278,800	2.8
Towns (28.5%)	<u>10,068,936</u>	<u>10,347,736</u>	<u>278,800</u>	2.8
Total Formula Funds	\$35,329,600	\$36,307,800	\$978,200	2.8%
Discretionary Allocation				
Counties	\$10,786,800	\$11,257,800	\$471,000	4.4%
Municipalities	7,700,800	7,818,000	117,200	1.5
Towns	<u>11,847,200</u>	<u>12,196,000</u>	<u>348,800</u>	2.9
Total Discretionary Funds	\$30,334,800	\$31,271,800	\$937,000	3.1%
Biennial Program Total	\$65,664,400	\$67,579,600	\$1,915,200	2.9%

*Does not include \$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 discretionary and formula-based grants through separate appropriations of state funds. These grants are provided on a biennial basis for capital improvements on existing county, town, and municipal 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.

Joint Finance: Delete provision.

2. LOCAL ROADS IMPROVEMENT PROGRAM -- GPR GPR \$90,000,000
FUNDING [LFB Paper 720]

Joint Finance: Provide \$90,000,000 GPR in 2019-20 to a newly-created GPR appropriation that would be used to fund local government project costs that would be eligible for program funding under the current law the local roads improvement program discretionary component, to be allocated as follows: (a) \$32,003,200 for county projects; (b) \$22,847,400 for municipalities; and (c) and \$35,149,400 for towns. Specify that notwithstanding local road improvement program cost-sharing requirements, that a required local project cost match of 10% of total project cost would apply to project submitted for funding under the GPR appropriation. Require DOT to solicit project applications for this funding, beginning in 2019-20, until the funds appropriated have been expended. Provide DOT the authority to promulgate administrative rules for this purpose. Because the funding would be provided in 2019-20, there would be no ongoing base level funding for this supplemental program component.

3. LOCAL BRIDGE ASSISTANCE PROGRAM EARMARK -- CITY OF KAUKAUNA

Joint Finance: Provide a local bridge assistance program grant to the City of Kaukauna in 2019-20, notwithstanding the statutory requirements of this program. Specify that this grant would be used for Veteran's Memorial Lift Bridge and would fund 80% of the remaining project costs.

4. HARBOR ASSISTANCE PROGRAM -- FUNDING [LFB Paper 721]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	\$13,200,000	\$0	\$13,200,000
BR	<u>39,000,000</u>	<u>- 7,000,000</u>	<u>32,000,000</u>
Total	\$52,200,000	- \$7,000,000	\$45,200,000

Governor: Provide 2019-21 harbor assistance program funding of \$52,200,000, as follows: (a) \$13,200,000 SEG in 2019-20; and (b) \$39,000,000 BR in transportation fund-supported, general obligation bonds. This recommendation would be a \$38,100,100 increase in funding compared to the program's 2017-19 biennial budget, which provided \$14,100,000 in transportation fund-supported bonds. Base program funding of \$493,800 SEG annually also exists to help fund project costs.

Estimated transportation fund-supported, general obligation bond debt service associated with the partial issuance of these bonds would increase by \$405,300 SEG in 2020-21, as shown under a separate item (see "Transportation Finance").

Joint Finance: Reduce the harbor assistance bond authorization by \$7,000,000 as compared to the bill. Estimated debt service would be reduced, as compared to the bill, by \$82,700 in 2020-21, as shown under a separate item (see "Transportation Finance").

5. HARBOR ASSISTANCE PROGRAM -- SHIPBUILDER GRANT PRIORITY FOR 2019-21 [LFB Paper 721]

Governor/Joint Finance: Require, when making grant awards from the harbor assistance program in the 2019-21 biennium, notwithstanding the eligibility criteria of the program, that DOT give priority to municipalities in which a shipbuilder in this state is conducting operations. Although not specified in the bill, the administration indicates that this provision is intended to apply to Marinette Marine, a subsidiary of Fincantieri Marine Group. The administration indicates that up to \$29.0 million of the recommended 2019-21 funding for the harbor assistance program may be awarded under this provision.

6. FREIGHT RAIL PRESERVATION PROGRAM [LFB Paper 722]

BR	\$30,000,000
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Governor/Joint Finance: Authorize \$30,000,000 in transportation fund-supported, general obligation bonds 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 \$18,000,000 more than the \$12,000,000 in bonds provided under the 2017-19 biennial budget. Estimated transportation fund-supported, general obligation bond debt service associated with the partial issuance of these bonds, which would increase by \$311,800 in 2020-21, is shown under a separate item (see "Transportation Finance").

7. INTERMODAL FACILITIES GRANTS

Joint Finance: Require DOT to provide up to \$1,500,000 to applicants for intermodal freight facilities grants from the freight rail infrastructure improvement program revolving loan fund balance in the 2019-21 biennium, notwithstanding the statutory requirements of that program related to project eligibility and loan repayment. Modify the purposes of the existing freight rail infrastructure improvement program appropriation to allow for the payment of these grants. Provide DOT authority to award grants for intermodal freight facilities that are determined to have a public purpose. Specify that a grant may be for purposes of planning, design, feasibility analysis, construction, or any other related purpose. Effective on July 1, 2021 and thereafter, add intermodal freight facilities to the list of freight rail preservation program project types eligible for the bond funding provided to that program.

8. PASSENGER RAIL DEVELOPMENT PROGRAM [LFB Paper 723]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
BR	\$45,000,000	- \$35,000,000	\$10,000,000
SEG	<u>0</u>	<u>25,000,000</u>	<u>25,000,000</u>
Total	\$45,000,000	- \$10,000,000	\$35,000,000

Governor: Provide \$45,000,000 in general fund-supported, general obligation bonding authority for the passenger rail route development program. The administration indicates that the additional funding would be used to fund rail improvements to Amtrak's Hiawatha line, which travels between Milwaukee and Chicago.

Under current law, \$79,000,000 is authorized for passenger rail development projects, of which \$11,569,800 remains unissued. DOT is required to administer a rail passenger route development program funded from these bond proceeds. The primary allowed use of these funds is for capital costs related to Amtrak service extension routes or other rail service routes between certain cities (including between the cities of Milwaukee and Chicago). Under the program, DOT is not allowed to use any bond proceeds unless the Joint Committee on Finance approves the use

of the proceeds. Also, with respect to any allowed passenger route development project, the Department is required to submit evidence to the Joint Committee on Finance that Amtrak, or the applicable railroad, has agreed to provide rail passenger service on that route.

Bonds issued for this purpose are repaid from a Building Commission GPR debt service appropriation used to repay bonds issued for capital improvements and other public purposes. Estimated annual debt service on the bonds authorized to date is \$1,327,600 in 2019-20 and \$1,511,700 in 2020-21. An increase of \$288,300 in 2020-21 in GPR debt service associated with the partial issuance of this \$45,000,000 in bonds is reflected in a separate item (see "Building Commission").

Joint Finance: Decrease funding compared to the Governor's recommendation by \$10,000,000 to provide \$35,000,000 in passenger rail service development funding comprised of: (a) \$10,000,000 BR in general fund-supported, general obligation bonding authority; and (b) \$25,000,000 SEG in 2019-20. Funding would be used to fund improvements needed to add additional passenger rail service on the Hiawatha line. Decrease estimated debt service by \$224,200 compared to the Governor's recommendations for a net increase of \$64,100 in 2020-21 in debt service associated with the partial issuance of the \$10,000,000 in bonds, which is reflected in a separate item (see "Building Commission").

9. RAILROAD CROSSING AND REPAIR [LFB Paper 724]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	\$930,600	- \$465,400	\$465,200

Governor: Increase funding by \$465,300 annually to fund railroad crossing and repair reimbursement claims. Current law provides that any railroad company that receives notice from the Department to repair an at-grade crossing surface may file a claim for reimbursement with DOT for up to 85% of the eligible costs. The administration indicates that the recommendation would assist in addressing a backlog of projects eligible for funding through this program. Along with base level funding of \$234,700, this funding would provide a total \$700,000 annually for rail crossing and repair reimbursement claims.

Joint Finance: Reduce the Governor's recommendations by \$232,700 annually, which would provide a \$232,600 annual increase in base funding. This action, when combined with base level funding, would provide \$467,300 annually to the program.

10. AERONAUTICS AIR TRAFFIC CONTROL SYSTEM [LFB Paper 725]

SEG	\$2,000,000
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Governor/Joint Finance: Increase funding by \$1,000,000 annually for the aeronautics assistance program to assist local airports in their conversion to "Next Generation Air Traffic Control Systems." This is a federal initiative led by the Federal Aviation Administration and

includes planning and implementation of new technologies (such as use of satellite-based technologies in place of radar) and airspace procedures.

The aeronautics assistance appropriation funds the state's share of the design and construction costs of airport improvement projects, which are primarily funded with federal (and local) funds. The base level funding for the state aeronautics assistance appropriation is \$13,336,500.

11. REPEAL PROHIBITION ON USE OF CONDEMNATION AUTHORITY FOR RECREATIONAL AND PEDESTRIAN TRAILS

Governor: Repeal the provisions enacted under 2017 Act 59 that prohibit the use of condemnation authority for recreational trails, state trails, bicycle lanes and ways, and pedestrian ways. Current law prohibits the use of general eminent domain authority, as well as specific state (DNR and DOT) and local government eminent domain authority (county and municipal), for these purposes.

Joint Finance: Delete provision.

12. REPEAL 2017 ACT 368 LOCAL TRANSPORTATION PROJECT PROVISIONS

Governor: Repeal the following 2017 Act 368 local transportation program requirements: (a) the requirement that DOT notify a political subdivision of whether the aid provided to each subdivision includes federal moneys and which project components must be paid for with federal moneys, if any; (b) the requirement that any local project funded in whole or in part with state funds under the surface transportation urban and rural programs, or under the local bridge program, be let through competitive bidding and by contract to the lowest responsible bidder; and (c) the requirement that for any local project meeting both of the following criteria, DOT may not require a local government to comply with any portion of the Department's facilities development manual other than design standards: (1) the project proposal is reviewed and approved by a professional engineer or by the highway commissioner for the county in which the project will be located; and (2) the project is conducted by a political subdivision with no expenditure of federal money.

Repeal the definitions of a local bridge, local roads, political subdivision, and a project created under Act 368 associated with the above provisions. These provisions are currently scheduled to first apply to projects let and aid disbursed on July 1, 2019.

Joint Finance: Delete provision.

State Highway Program

The following tables compare total funding for state highway improvement programs in 2018-19 with the Governor's 2019-21 recommendation for those programs in the 2019-21 biennium and under the Joint Finance version of the bill. Since the highway improvement program relies on both current revenues (SEG and FED) and bond proceeds to fund program activity, both tables show the 2018-19 SEG and FED appropriation base, plus the amount of bonding that was allocated during 2018-19.

State Highway Improvement Program -- Base Year to Governor's Recommendation Comparison

Fund	2018-19 Base Plus Bonds	Governor*		Change to Base Base Plus Bonds Doubled	
		2019-20	2020-21	Amount	% Change
SEG	\$421,099,900	\$547,953,900	\$717,953,900	\$423,708,000	50.3%
FED	665,557,000	654,430,300	649,430,300	-27,253,400	-2.0
Bonds	<u>192,787,300</u>	<u>102,587,300</u>	<u>112,587,300</u>	<u>-170,400,000</u>	-44.2
Total	\$1,279,444,200	\$1,304,971,500	\$1,479,971,500	\$226,054,600	8.8%

Note: Amounts shown in 2019-21 comprise all state highway improvement program recommendation items, including standard budget adjustments.

State Highway Improvement Program -- Base Year to Joint Finance Action Comparison

Fund	2018-19 Base Plus Bonds	Joint Finance		Change to Base Plus Bonds Doubled	
		2019-20	2020-21	Amount	% Change
SEG	\$421,099,900	\$563,211,200	\$593,167,200	\$314,178,600	37.3%
FED	665,557,000	654,430,300	649,430,300	-27,253,400	-2.0
Bonds	192,787,300	107,127,300	147,127,300	-131,320,000	-34.1
Existing Revenue					
Bonds	<u>0</u>	<u>15,460,000</u>	<u>15,460,000</u>	<u>30,920,000</u>	N.A.
Total	\$1,279,444,200	\$1,340,228,800	\$1,405,184,800	\$186,525,200	7.3%

Note: Amounts shown in 2019-21 comprise all state highway improvement program recommendation items, including standard budget adjustments.

The following tables compare total funding for state highway improvement programs in the 2017-19 biennium with the Governor's 2019-21 budget recommendation and under the Joint Finance version of the bill, including standard budget adjustments. The tables show total biennial program resources by funding type and the percentage change to the composition of program funding.

**State Highway Improvement Program Summary --
2017-19 to Governor's Budget Recommendation Comparison**

<u>Fund</u>	<u>2017-19</u>	<u>2019-21 Governor</u>	<u>Biennial Change in Resources</u>	<u>% Change</u>
SEG	\$840,297,000	\$1,265,907,800	\$425,610,800	50.7%
FED	1,525,959,400	1,303,860,600	-222,098,800	-14.6
Bonds	<u>367,220,000</u>	<u>215,174,600</u>	<u>-152,045,400</u>	-41.4
Total	\$2,733,476,400	\$2,784,943,000	\$51,466,600	1.9%

**State Highway Improvement Program Component Summary --
2017-19 to Joint Finance Action Comparison**

<u>Fund</u>	<u>2017-19</u>	<u>2019-21 Joint Finance</u>	<u>Biennial Change in Resources</u>	<u>% Change</u>
SEG	\$840,297,000	\$1,156,378,400	\$316,081,400	37.6%
FED	1,525,959,400	1,303,860,600	-222,098,800	-14.6
Bonds	367,220,000	254,254,600	-112,965,400	-30.8
Existing Revenue Bonds (SEG-S)	<u>0</u>	<u>30,920,000</u>	<u>30,920,000</u>	N.A.
Total	\$2,733,476,400	\$2,745,413,600	\$11,937,200	0.4%

**State Highway Improvement Program Component Summary --
2017-19 to Governor's Budget Recommendation Comparison**

	<u>2017-19</u>	<u>2019-21 Governor</u>	<u>Biennial Change in Resources</u>	<u>% Change</u>
State Highway Rehabilitation				
SEG	\$740,604,700	\$1,086,365,400	\$345,760,700	46.7%
FED	<u>885,552,500</u>	<u>791,448,200</u>	<u>-94,104,300</u>	<u>-10.6</u>
Total	\$1,626,157,200	\$1,877,813,600	\$251,656,400	15.5%
Major Highway Development				
SEG	\$73,543,900	\$46,223,200	-\$27,320,700	-37.1%
FED	375,336,100	378,802,200	3,466,100	0.9
Trans. Revenue Bonds (SEG-S)	<u>114,820,000</u>	<u>133,174,600</u>	<u>18,354,600</u>	<u>16.0</u>
Total	\$563,700,000	\$558,200,000	-\$5,500,000	-1.0%
SE Wis. Freeway Megaprojects				
SEG	\$18,148,400	\$133,319,200	\$115,170,800	634.6%
FED	265,070,800	133,610,200	-131,460,600	-49.6
Gen. Ob. Bonds (GPR)	252,400,000	0	-252,400,000	-100.0
Gen. Ob. Bonds (SEG)	<u>0</u>	<u>65,000,000</u>	<u>65,000,000</u>	<u>N.A.</u>
Total	\$535,619,200	\$331,929,400	-\$203,689,800	-38.0%
Major Interstate Bridge				
SEG	\$8,000,000	\$0	-\$8,000,000	-100.0%
Gen. Ob. Bonds (SEG)	<u>0</u>	<u>27,000,000</u>	<u>27,000,000</u>	<u>N.A.</u>
Total	\$8,000,000	\$27,000,000	\$19,000,000	237.5%
High-Cost Bridge				
Gen. Ob. Bonds (SEG)	\$0	-\$10,000,000	-\$10,000,000	N.A.
Total	\$2,733,476,400	\$2,784,943,000	\$51,466,600	1.9%

Note: Amounts shown are inclusive of adjustments to the 2018-19 base and standard budget adjustments.

**State Highway Improvement Program Component Summary --
2017-19 to Joint Finance Action Comparison**

	<u>2017-19</u>	<u>2019-21 Joint Finance</u>	<u>Biennial Change in Resources</u>	<u>% Change</u>
State Highway Rehabilitation				
SEG	\$740,604,700	\$1,040,836,000	\$300,231,300	40.5%
FED	<u>885,552,500</u>	<u>896,977,600</u>	<u>11,425,100</u>	1.3
Total	\$1,626,157,200	\$1,937,813,600	\$311,656,400	19.2%
Major Highway Development				
SEG	\$73,543,900	\$52,223,200	-\$21,320,700	-29.0%
FED	375,336,100	338,802,200	-36,533,900	-9.7
Trans. Revenue Bonds	114,820,000	142,254,600	27,434,600	23.9
Existing Revenue Bonds (SEG-S)	<u>0</u>	<u>30,920,000</u>	<u>30,920,000</u>	N.A.
Total	\$563,700,000	\$564,200,000	\$500,000	0.1%
SE Wis. Freeway Megaprojects				
SEG	\$18,148,400	\$63,319,200	\$45,170,800	248.9%
FED	265,070,800	68,080,800	-196,990,000	-74.3
Gen. Ob. Bonds (GPR)	252,400,000	0	-252,400,000	-100.0
Gen. Ob. Bonds (SEG)	<u>0</u>	<u>95,000,000</u>	<u>95,000,000</u>	N.A.
Total	\$535,619,200	\$226,400,000	-\$309,219,200	-57.7%
Major Interstate Bridge				
SEG	\$8,000,000	\$0	-\$8,000,000	-100.0%
Gen. Ob. Bonds (SEG)	<u>0</u>	<u>27,000,000</u>	<u>27,000,000</u>	N.A.
Total	\$8,000,000	\$27,000,000	\$19,000,000	237.5%
High-Cost Bridge	\$0	-\$10,000,000	-\$10,000,000	N.A.
Total	\$2,733,476,400	\$2,745,413,600	\$11,937,200	0.4%

Note: Amounts shown are inclusive of adjustments to the 2018-19 base and standard budget adjustments.

1. STATE HIGHWAY REHABILITATION PROGRAM [LFB Paper 730]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	\$320,000,000	- \$45,529,400	\$274,470,600
FED	<u>- 60,000,000</u>	<u>105,529,400</u>	<u>45,529,400</u>
Total	\$260,000,000	\$60,000,000	\$320,000,000

Governor: Make the following changes to the state highway rehabilitation program's funding in order to provide a 2019-21 funding level of \$1,877,813,600: (a) an increase \$120,000,000 SEG in 2019-20 and \$200,000,000 SEG in 2020-21; and (b) a decrease of \$60,000,000 FED in 2020-21. Standard budget adjustment reductions of \$2,928,800 SEG annually and \$813,900 FED annually are reflected in a separate item (see "Departmentwide").

The following tables compare the base year (2018-19) and 2017-19 biennium's state highway rehabilitation program funding with the 2019-21 biennial funding level recommended by the Governor.

**State Highway Rehabilitation Program --
Base Funding to Governor's Recommendation Comparison**

<u>Fund</u>	2018-19	<u>Governor*</u>	
	<u>Base</u>	<u>2019-20</u>	<u>2020-21</u>
SEG	\$386,111,500	\$503,182,700	\$583,182,700
FED	<u>426,538,000</u>	<u>425,724,100</u>	<u>365,724,100</u>
Total	\$812,649,500	\$928,906,800	\$948,906,800

* Includes \$2,509,200 SEG and \$2,493,300 FED associated with adjustments to the 2018-19 base funding amount and standard budget adjustments.

**State Highway Rehabilitation Program Funding --
2017-19 to 2019-21 Governor's Recommendation Comparison**

<u>Fund</u>	<u>2017-19</u>		
	<u>2017-18</u>	<u>2018-19</u>	<u>Biennial Total</u>
SEG	\$357,002,400	\$383,602,300	\$740,604,700
FED	<u>461,507,800</u>	<u>424,044,700</u>	<u>885,552,500</u>
Total	\$818,510,200	\$807,647,000	\$1,626,157,200

<u>Fund</u>	<u>Governor -- 2019-21*</u>		<u>Biennial Total</u>
	<u>2019-20</u>	<u>2020-21</u>	
SEG	\$503,182,700	\$583,182,700	\$1,086,365,400
FED	<u>425,724,100</u>	<u>365,724,100</u>	<u>791,448,200</u>
Total	\$928,906,800	\$948,906,800	\$1,877,813,600

% Change in Resources 15.5%

*Includes \$2,509,200 SEG and \$2,493,300 FED annually associated with adjustment to the 2018-19 base funding amount and standard budget adjustments.

Joint Finance: Increase funding by \$60,000,000 in the 2019-21 biennium compared to the Governor's recommendations in order to provide state highway rehabilitation program funding level of \$1,937,813,600 (as shown in the tables below): (a) decreases of \$3,742,700 SEG in 2019-20 and \$41,786,700 SEG in 2020-21; and (b) increases of \$20,000,000 FED in 2019-20 and \$85,529,400 in 2020-21. [Standard budget adjustment reductions of \$2,928,800 SEG annually and \$813,900 FED annually are shown in a separate item (see "Departmentwide").]

**State Highway Rehabilitation Program --
Base Funding to Joint Finance Action Comparison**

<u>Fund</u>	2018-19	<u>Joint Finance*</u>	
	<u>Base</u>	<u>2019-20</u>	<u>2020-21</u>
SEG	\$386,111,500	\$499,440,000	\$541,396,000
FED	<u>426,538,000</u>	<u>445,724,100</u>	<u>451,253,500</u>
Total	\$812,649,500	\$945,164,100	\$992,649,500

* Includes \$2,509,200 SEG and \$2,493,300 FED associated with adjustments to the 2018-19 base funding amount and standard budget adjustments.

**State Highway Rehabilitation Program Funding --
2017-19 to 2019-21 Joint Finance Action Comparison**

<u>Fund Source</u>	<u>2017-19</u>		<u>Biennial Total</u>
	<u>2017-18</u>	<u>2018-19</u>	
SEG	\$357,002,400	\$383,602,300	\$740,604,700
FED	<u>461,507,800</u>	<u>424,044,700</u>	<u>885,552,500</u>
Total	\$818,510,200	\$807,647,000	\$1,626,157,200

<u>Fund Source</u>	<u>Joint Finance -- 2019-21*</u>		<u>Biennial Total</u>
	<u>2019-20</u>	<u>2020-21</u>	
SEG	499,440,000	541,396,000	\$1,040,836,000
FED	<u>445,724,100</u>	<u>451,253,500</u>	<u>896,977,600</u>
Total	\$945,164,100	\$992,649,500	\$1,937,813,600

% Change in Resources 19.2%

*Includes \$2,509,200 SEG and \$2,493,300 FED annually associated with adjustment to the 2018-19 base funding amount and standard budget adjustments.

2. MAJOR HIGHWAY DEVELOPMENT PROGRAM [LFB Paper 731]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	\$0	\$6,000,000	\$6,000,000
FED	- 40,105,800	- 40,000,000	- 80,105,800
BR	133,174,600	9,080,000	142,254,600
SEG-S	<u>0</u>	<u>40,000,000</u>	<u>40,000,000</u>
Total	\$93,068,800	\$15,080,000	\$108,148,800

Governor: Make the following changes to major highway development program funding

in order to provide a 2019-21 funding level of \$558,200,000: (a) decreases of \$21,752,900 FED in 2019-20 and \$18,352,900 FED in 2020-21; and (b) authorization of \$133,174,600 BR in transportation revenue bond authority.

Estimated reductions to transportation fund revenue, associated with the partial issuance of these bonds, of \$832,300 in 2019-20, and \$6,175,500 in 2020-21 is shown in a separate item (see "Transportation Finance"). Standard budget adjustment reductions of \$108,900 SEG annually and \$240,800 FED annually are reflected in a separate item (see "Departmentwide").

The following tables compare the base year (2018-19) and 2017-19 biennium's major highway development program funding with the 2019-21 biennial funding level recommended by the Governor.

**Major Highway Development Program --
Base Funding to Governor's Recommendation Comparison**

<u>Fund</u>	2018-19	<u>Governor*</u>	
	<u>Base Plus Bonds</u>	<u>2019-20</u>	<u>2020-21</u>
SEG	\$23,220,500	\$23,111,600	\$23,111,600
FED	209,694,800	187,701,100	191,101,100
Trans. Revenue			
Bonds (SEG-S)	<u>66,587,300</u>	<u>66,587,300</u>	<u>66,587,300</u>
Total	\$299,502,600	\$277,400,000	\$280,800,000

* Includes \$353,400 SEG and \$518,600 FED associated with adjustments to the 2018-19 base funding amount and standard budget adjustments.

**Major Highway Development Program Funding --
2017-19 to 2019-21 Governor's Recommendation Comparison**

<u>Fund</u>	<u>2017-19</u>		<u>Biennial Total</u>
	<u>2017-18</u>	<u>2018-19</u>	
SEG	\$50,676,800	\$22,867,100	\$73,543,900
FED	166,159,900	209,176,200	375,336,100
Trans. Revenue			
Bonds (SEG-S)	<u>48,232,700</u>	<u>66,587,300</u>	<u>114,820,000</u>
Total	\$265,069,400	\$298,630,600	\$563,700,000

<u>Fund</u>	<u>Governor -- 2019-21*</u>		<u>Biennial Total</u>
	<u>2019-20</u>	<u>2020-21</u>	
SEG	\$23,111,600	\$23,111,600	\$46,223,200
FED	\$187,701,100	191,101,100	378,802,200
Trans. Revenue			
Bonds (SEG-S)	<u>66,587,300</u>	<u>66,587,300</u>	<u>133,174,600</u>
Total	\$277,400,000	\$280,800,000	\$558,200,000

% Change in Resources -1.0%

*Includes \$353,400 SEG and \$518,600 FED annually associated with adjustment to the 2018-19 base funding amount and standard budget adjustments.

Joint Finance: Make the following modifications to the Governor's recommendations in order to provide a 2019-21 major highway development program funding level of \$564,200,000 (as shown in the table below), which is \$6,000,000 higher than the Governor's recommendation: (a) increases \$4,000,000 SEG in 2019-20 and \$2,000,000 SEG in 2020-21; (b) a decrease of \$20,000,000 FED annually; (c) an increase of \$20,000,000 SEG-S annually (this provision would require DOT to use \$30.9 million in existing revenue bond proceeds to fund project work); and (d) authorize an additional \$9,080,000 in newly-authorized transportation revenue bonds (of the SEG-S provided under item "c," \$9,080,000 would be associated with this bonding authorization). [Standard budget adjustment reductions of \$108,900 SEG annually and \$240,800 FED annually are shown in a separate item (see "Departmentwide.")]

**Major Highway Development Program --
Base Funding to Joint Finance Action Comparison**

<u>Fund</u>	<u>2018-19 Base Plus Bonds</u>	<u>Joint Finance*</u>	
		<u>2019-20</u>	<u>2020-21</u>
SEG	\$23,220,500	\$27,111,600	\$25,111,600
FED	209,694,800	167,701,100	171,101,100
Trans. Revenue Bonds	66,587,300	71,127,300	71,127,300
Existing Bond Proceeds	<u>0</u>	<u>15,460,000</u>	<u>15,460,000</u>
Total	\$299,502,600	\$281,400,000	\$282,800,000

* Includes \$353,400 SEG and \$518,600 FED associated with adjustments to the 2018-19 base funding amount and standard budget adjustments.

**Major Highway Development Program --
2017-19 to 2019-21 Joint Finance Action Comparison**

	<u>2017-19</u>		<u>Biennial Total</u>
	<u>2017-18</u>	<u>2018-19</u>	
SEG	\$50,676,800	\$22,867,100	\$73,543,900
FED	166,159,900	209,176,200	375,336,100
Trans. Revenue Bonds	<u>48,232,700</u>	<u>66,587,300</u>	<u>114,820,000</u>
Total	\$265,069,400	\$298,630,600	\$563,700,000

<u>Fund</u>	<u>Joint Finance -- 2019-21*</u>		<u>Biennial Total</u>
	<u>2019-20</u>	<u>2020-21</u>	
SEG	\$27,111,600	\$25,111,600	\$52,223,200
FED	\$167,701,100	\$171,101,100	338,802,200
Trans. Revenue Bonds	71,127,300	71,127,300	142,254,600
Existing Bond Proceeds	<u>15,460,000</u>	<u>15,460,000</u>	<u>30,920,000</u>
Total	\$281,400,000	\$282,800,000	\$564,200,000

% Change in Resources 0.1%

*Includes \$353,400 SEG and \$518,600 FED annually associated with adjustment to the 2018-19 base funding amount and standard budget adjustments.

Estimated project completion schedules for major highway development projects receiving funding under the Governor's recommended 2019-21 program funding level, and under the Joint Finance version of the bill, are shown in the following table.

**Anticipated Major Highway Development Project Completion Dates
Under Governor's Recommendation and Joint Finance Action**

<u>Highway</u>	<u>Project Segment</u>	<u>Counties</u>	<u>Final Year of Expenditure</u>	<u>Completion Delay</u>
Governor/Joint Finance				
USH 10/441	Winnebago CTH CB to Oneida Street	Outagamie, Calumet & Winnebago	2020	No Delay
STH 15	STH 76 to New London	Outagamie	2024	No Delay
USH 18/151	Verona Road/Madison Beltline	Dane	2021	No Delay
STH 23	STH 67 to USH 41	Sheboygan & Fond du Lac	2023	No Delay
I-39/90	Illinois State Line to USH 12/18	Dane & Rock	2021	*
STH 50	I-94 to 43 rd Avenue	Kenosha	2023	No Delay
I-43	Silver Spring Drive to STH 60	Milwaukee & Ozaukee	**	**
Joint Finance				
I-41	STH K to CTH F	Brown & Outagamie	**	**

* 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.

** These projects would be enumerated and would receive funding under the bill for each year of the biennium. The final design, cost, and completion date has yet to be determined.

Note: Anticipated completion dates indicates the final year of expenditure provided by DOT in the February, 2019, report to the Transportation Projects Commission (TPC), which typically succeeds the date the project is open to traffic.

3. ENUMERATION OF I-43 PROJECT IN MILWAUKEE AND OZAUKEE COUNTIES AS MAJOR HIGHWAY DEVELOPMENT PROJECT [LFB Paper 731]

Governor/Joint Finance: Enumerate I-43, extending approximately 14.3 miles between Silver Spring Drive in the City of Glendale and STH 60 in the Village of Grafton, in Milwaukee and Ozaukee counties, as a major highway development project.

A major highway development project is, with certain exceptions, any improvement project that either has a total cost in excess of \$91,100,000, or, that has a total cost in excess of \$36,400,000 and expands highway capacity. For this purpose, capacity expansion includes: (a) construction of a new highway of 2.5 miles or more in length; (b) relocation of 2.5 miles or more of existing roadway; (c) the addition of one or more lanes at least five miles in length; or (d) the improvement of 10 miles or more of an existing divided highway to freeway standards. Projects exceeding the

\$91,100,000 threshold must either be enumerated in the statutes or approved by the Transportation Projects Commission prior to the Department beginning construction. Projects exceeding the \$36,400,000 cost threshold, and meeting the capacity expansion definitions, must be enumerated in the statutes prior to construction. During 2017-19 budget deliberations, DOT estimated the project's inflation-adjusted cost as in the range of \$565 million to \$615 million. The Governor's budget recommendation, and the Joint Finance version of the bill, would include \$17.3 million in 2019-20 and \$38.6 million in 2020-21 for this project under the major highway development program's estimated schedule.

4. I-41 IN BROWN AND OUTAGAMIE COUNTIES -- MAJOR HIGHWAY DEVELOPMENT PROJECT

Joint Finance: Enumerate I-41, extending approximately 23 miles between STH 96 to CTH F in Brown and Outagamie counties, including local roads and interchanges as necessary for the completion of the project, as a major highway development project. Require DOT to construct an interchange with I-41 and local roads, near the intersection of Southbridge Road (which becomes French Road) and Creamery Road in Brown County as a component of this major highway development project. Under the major highway development program's funding level, \$4.0 million in 2019-20 and \$2.0 million in 2020-21 would be provided to fund the federal environmental review process and interchange access reports that would be necessary for this project to proceed. No project cost estimate is currently available as limited analysis of the project has been completed to date.

5. SOUTHEAST WISCONSIN FREEWAY MEGAPROJECTS [LFB Paper 732]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	\$110,000,000	- \$70,000,000	\$40,000,000
FED	75,326,000	- 65,529,400	9,796,600
BR	<u>65,000,000</u>	<u>30,000,000</u>	<u>95,000,000</u>
Total	\$250,326,000	- \$105,529,400	\$144,796,600

Governor: Make the following changes to the southeast Wisconsin freeway megaprojects program's funding in order to provide a 2019-21 funding level of \$331,929,400: (a) increases of \$10,000,000 SEG in 2019-20 and \$100,000,000 SEG in 2020-21; (b) increases of \$11,863,000 FED in 2019-20 and \$63,463,000 FED in 2020-21; and (c) the authorization of \$65,000,000 BR of transportation fund-supported, general obligation bonds for use on the Zoo Interchange project in Milwaukee County.

Estimated transportation fund-supported debt service associated with the partial issuance of these general obligations bonds in the biennium would be \$106,200 in 2020-21 (shown in a separate item under "Transportation Finance"). Standard budget adjustment reductions of \$108,300 SEG annually and \$182,100 FED annually are also reflected in a separate item (see "Departmentwide").

The following tables compare the base year (2018-19) and 2017-19 biennium's southeast Wisconsin freeway megaprojects program funding with the 2019-21 biennial funding level recommended by the Governor.

**Southeast Wisconsin Freeway Megaproject Program --
Base Funding to Governor's Recommendation Comparison**

<u>Fund</u>	2018-19	Governor*	
	<u>Base Plus Bonds</u>	<u>2019-20</u>	<u>2020-21</u>
SEG	\$11,767,900	\$21,659,600	\$111,659,600
FED	29,324,200	41,005,100	92,605,100
Gen. Ob. Bonds (GPR)	126,200,000	0	0
Gen. Ob. Bonds (SEG)	<u>0</u>	<u>32,500,000</u>	<u>32,500,000</u>
Total	\$167,292,100	\$95,164,700	\$236,764,700

* Includes \$107,800 SEG and \$186,100 FED associated with adjustments to the 2018-19 base funding amount and standard budget adjustments.

**Southeast Wisconsin Freeway Megaprojects Program Funding --
2017-19 to 2019-21 Governor's Recommendation Comparison**

<u>Fund</u>	2017-19		<u>Biennial Total</u>
	<u>2017-18</u>	<u>2018-19</u>	
SEG	\$6,488,300	\$11,660,100	\$18,148,400
FED	235,932,700	29,138,100	265,070,800
Gen. Ob. Bonds (GPR)	<u>126,200,000</u>	<u>126,200,000</u>	<u>252,400,000</u>
Total	\$368,621,000	\$166,998,200	\$535,619,200

<u>Fund</u>	Governor - 2019-21*		<u>Biennial Total</u>
	<u>2019-20</u>	<u>2020-21</u>	
SEG	\$21,659,600	\$111,659,600	\$133,319,200
FED	41,005,100	92,605,100	133,610,200
Gen. Ob. Bonds (SEG)	<u>32,500,000</u>	<u>32,500,000</u>	<u>65,000,000</u>
Total	\$95,164,700	\$236,764,700	\$331,929,400

% Change in Resources -38.0%

*Includes \$107,800 SEG and \$186,100 FED annually associated with adjustment to the 2018-19 base funding amount and standard budget adjustments.

Note: The 2017-18 FED amount includes a one-time \$160.0 million federal INFRA grant provided for use on the I-94 North-South freeway project.

As shown in the tables above, the bill would provide 2019-21 program funding of \$331,929,400. This funding level would keep the north leg of the Zoo Interchange project on its current completion schedule (2023, under the February, 2019, TPC schedule). However, the amounts provided under the bill would provide more funding to the southeast Wisconsin freeway megaprojects program than DOT has indicated would be needed to fund this program's planned expenditures in the biennium. The administration indicates that it had intended that \$60,000,000 SEG of these funds would instead be provided to the state highway rehabilitation program in 2020-21.

Joint Finance: Decrease funding by \$105,529,400 in the biennium compared to the Governor in order to provide a southeast Wisconsin freeway megaprojects funding level of \$226,400,000 as follows: (a) an increase of \$15,000,000 SEG in 2019-20 and a decrease of \$85,000,000 SEG in 2020-21; (b) a decrease of \$65,529,400 FED in 2020-21; and (c) the authorization of an additional \$30,000,000 BR of transportation fund-supported, general obligation bonds for use on the Zoo Interchange project in Milwaukee County. As compared to the bill, increase estimated transportation fund-supported debt service associated with the partial issuance of these general obligations bonds in the biennium by \$100,100 SEG in 2020-21 [Standard budget adjustment reductions of \$108,300 SEG annually and \$182,100 FED annually are shown in a separate item (see "Departmentwide.")]

As modified by Joint Finance, the bill would provide \$226.4 million to the megaprojects program. In budget discussions, DOT has indicated that it would use \$195.0 million of this amount for the north leg of the Zoo Interchange project and \$11.4 million related to Zoo Interchange and I-94 North-South project costs for which bonds and federal aid may not be used and for project studies. Together, these amounts total \$206.4 million, which is the amount that the Department has indicated would be needed to complete these projects.

The remaining \$20.0 million would be available to fund costs associated with reinitiating work on the I-94 East-West project (70th Street to 16th Street) in Milwaukee County, which is the next anticipated megaproject. Project enumeration would be required before commencement of construction activities. The preferred project alternative is an eight-lane replacement of the current six-lane facility. Although environmental study and federal approval for this project were completed and the preferred alternative selected, on September 29, 2017, the then-DOT Secretary requested that the Federal Highway Administration (FHWA) rescind the project's federal approval due to a lack of enumeration and available funding. In order to reinstate this decision, DOT would need to complete additional work on the project's environmental documentation and resubmit the project's record of decision (approval) to FHWA for reinstatement.

**Southeast Wisconsin Freeway Megaprojects Program --
Base Funding to Joint Finance Action Comparison**

<u>Fund</u>	2018-19 Base	<u>Joint Finance*</u>	
	<u>Plus Bonds</u>	<u>2019-20</u>	<u>2020-21</u>
SEG	\$11,767,900	\$36,659,600	\$26,659,600
FED	29,324,200	41,005,100	27,075,700
Gen. Ob. Bonds (SEG)	<u>0</u>	<u>32,500,000</u>	<u>62,500,000</u>
Total	\$41,092,100	\$110,164,700	\$116,235,300

* Includes \$107,800 SEG and \$186,100 FED associated with adjustments to the 2018-19 base funding amount and standard budget adjustments.

**Southeast Wisconsin Freeway Megaprojects Program Funding --
2017-19 to 2019-21 Joint Finance Action Comparison**

	<u>2017-19</u>		<u>Biennial Total</u>
	<u>2017-18</u>	<u>2018-19</u>	
SEG	\$6,488,300	\$11,660,100	\$18,148,400
FED	235,932,700	29,138,100	265,070,800
Gen. Ob. Bonds (GPR)	<u>126,200,000</u>	<u>126,200,000</u>	<u>252,400,000</u>
Total	\$368,621,000	\$166,998,200	\$535,619,200

<u>Fund</u>	<u>Joint Finance -- 2019-21*</u>		<u>Biennial Total</u>
	<u>2019-20</u>	<u>2020-21</u>	
SEG	\$36,659,600	\$26,659,600	\$63,319,200
FED	41,005,100	27,075,700	68,080,800
Gen. Ob. Bonds (SEG)	<u>32,500,000</u>	<u>62,500,000</u>	<u>95,000,000</u>
Total	\$110,164,700	\$116,235,300	\$226,400,000

% Change in Resources -57.7%

*Includes \$107,800 SEG and \$186,100 FED annually associated with adjustment to the 2018-19 base funding amount and standard budget adjustments.

Note: The 2017-18 FED amount includes a one-time \$160.0 million federal INFRA grant provided for use on the I-94 North-South freeway project.

6. INSTALLATION OF NOISE BARRIER ON I-41

Joint Finance: Require DOT to install a noise barrier in the 2019-21 biennium along the east side of I-41 adjacent to 112th Street, between Clarke Street and Center Street in Milwaukee County.

7. MAJOR INTERSTATE BRIDGE BOND AUTHORIZATION AND USE OF FUNDS [LFB Paper 733]

BR	\$27,000,000
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Governor/Joint Finance: Authorize \$27,000,000 of transportation fund-supported, general obligation bonds for the major interstate bridge program (the St. Croix Crossing project) to be used to pay for remaining project costs. The administration indicates that this funding would be needed to pay the state's remaining share of project costs on the St. Croix Crossing project, which is due to the State of Minnesota. Although the project was open to traffic in August, 2017, these funds would be used to pay a settlement related to additional costs incurred during project construction, which is currently under negotiation with the contractor. Modify the current law provision that limits the funding of preliminary design work for a major interstate bridge project to only the program's appropriations and bond authorization. This provision would allow the Department's state highway rehabilitation program appropriations to fund these preliminary design costs.

Estimated transportation fund-supported debt service associated with the partial issuance of these general obligation bonds, which would increase by \$21,300 SEG in 2020-21, is shown in a separate item (see "Transportation Finance").

8. HIGH-COST STATE BRIDGE BOND AUTHORIZATION REDUCTION [LFB Paper 733]

BR	-\$10,000,000
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Governor/Joint Finance: Reduce the authorization of transportation fund-supported, general obligation bonds for the high-cost state bridge program (the Hoan Bridge) by \$10,000,000. The Hoan Bridge project was completed in 2015. Because the project is complete, the bonds will not be issued, and there is no corresponding debt service reduction associated with this bonding authorization reduction.

9. REPEAL 2017 ACT 368 FEDERAL FUNDING LIMITATIONS ON STATE HIGHWAY PROJECTS

Governor: Repeal the provisions of 2017 Act 368 that require that for certain state highway projects on which the Department expends federal moneys, it must expend federal moneys on not less than 70% of the aggregate project components eligible for federal funding each fiscal year. Under current law, this requirement applies to the following project types: (a) southeast Wisconsin freeway megaprojects; (b) major highway development projects; and (c) state highway rehabilitation projects with a total cost of less than \$10 million. Repeal related provisions that allow DOT to submit a passive review request for waiver of these requirements. These provisions are currently scheduled to first apply to projects let on July 1, 2019.

Joint Finance: Delete provisions.

10. INTELLIGENT TRAFFIC SYSTEMS AND TRAFFIC CONTROL SIGNALS APPROPRIATIONS SUNSET

Governor/Joint Finance: Delete the sunset of the state, federal, and local appropriation

accounts for intelligent traffic systems and traffic control signals. Under current law, no moneys may be encumbered from these appropriation accounts after June 30, 2021. 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). The appropriations were originally scheduled to sunset on June 30, 2019; however, 2017 Act 59 extended this date to June 30, 2021.

No above-base funding for this purpose would be provided under the bill. The 2018-19 adjusted base funding for this purpose, after standard budget adjustments, is \$9,967,100 SEG (the federal and local appropriation accounts do not have existing base funding).

11. ALTERNATIVE HIGHWAY PROJECT DELIVERY METHODS AND PROGRAM

Joint Finance: Create a program and office for alternative highway project delivery, including the following provisions:

Office of Innovative Program Delivery. Create an office of innovative program delivery in DOT. Specify that the director of the office would be appointed by, and report directly to, the DOT Secretary. Require the DOT Secretary to appoint a director who has no fewer than five years of experience in design-build project development and delivery specific to public transportation or public infrastructure construction. Require that the director do all of the following: (a) perform the duties and functions required to facilitate alternative project delivery; (b) employ, supervise, and train personnel assigned to the office by the DOT Secretary; and (c) supervise all expenditures of the office. Specify that the office perform the duties and functions required to facilitate alternative project delivery. Create the following definitions related to this office: (a) "director" would mean the director of the office of innovative program delivery attached to the Department; and (b) "office" would mean the office of innovative program delivery attached to the Department. Require the DOT Secretary to assign from DOT's existing position authority at least 1.0 FTE position to the office of innovative program delivery.

Alternative Project Delivery. Create the following definitions: (a) "Alternative technical concepts" would mean a proposed alternative to the technical requirements provided by the office in the request for proposals for a project; (b) "best value design-build contract" would mean a design-build contract award made following a calculation of value as provided in a request for proposals; (c) "design-build contract" would mean a contract for a project under which the design, engineering, construction, and related services are provided by a single design-builder; (d) "design-builder" would mean a private legal entity, consortium, or joint venture that proposes to or executes a contract with the office to design, engineer, and construct a project under this section; (e) "design-build project" would mean a project for which design, engineering, construction, and related services are procured through a single contract with a single private legal entity, consortium, or joint venture capable of providing the necessary design, engineering, construction, and related services; (f) "design professional" would mean a person registered as an architect or professional engineer, or a registered architecture or engineering firm, partnership, or corporation; (g) "director" would mean the director of the office of innovative program delivery attached to DOT; (h) "fixed price variable scope design-build contract" would mean a design-build contract

award made to the lowest qualified responsible bidder able to provide the best qualitative scope of work at a price not to exceed a fixed price set by the office; (i) "low bid design-build contract" would mean a design-build contract award made to the lowest qualified responsible bidder; (j) "member" would mean a private legal entity that is a member of a consortium or joint venture that is a design-builder; (k) "office" would mean the office of innovative program delivery attached to the Department; (l) "project" would mean a project involving a highway improvement, as defined under current law; (m) "qualified responsible bidder" would mean a design-builder responding to a request for qualifications and that is certified by the technical review committee; (n) "responsive cost proposal" would mean a proposal that clearly identifies the costs of all services to be performed by the qualified responsible bidder, including all related fees, wages, and equipment and material costs; (o) "responsive technical proposal" would mean a proposal that clearly demonstrates a qualified responsible bidder's understanding of the design, engineering, and construction services to be performed and clearly describes the bidder's approach to the project; (p) "Technical review committee" would mean the committee appointed for review of the alternative project delivery methods described under these provisions; and (q) "value engineering change" would mean a proposal that provides for a product of equal or improved quality to the product required by the department and that will reduce the project cost, improve safety, or decrease the time to complete the project.

Design-Build Projects. Require the Department to administer a pilot program under which not more than six contracts are awarded for design-build projects to be completed no later than December 31, 2025. Specify that the director may not designate a project as a design-build project unless the Department is able to clearly define the scope of work. Specify that DOT may not expend more than \$250,000,000 for six design-build contracts designated as follows:

1. one low bid design-build contract for a project with an estimated value of not less than \$5,000,000 and not more than \$25,000,000;
2. one best value design-build contract for a project with an estimated value of not less than \$25,000,000 and not more than \$75,000,000;
3. one fixed price variable scope design-build contract with an estimated value of not less than \$25,000,000 and not more than \$75,000,000; and
4. three contracts designated by the director with a total estimated value of not more than \$125,000,000. The department may enter into a low bid design-build contract, best value design-build contract or a fixed price variable scope design-build contract under this subdivision.

Specify that for each project designated as a design-build project the office would prepare a written analysis supporting the office's determination that it is the best interests of the state to make the designation. Require that the written determination and supporting materials would be subject to open records laws. Specify that the written analysis would include all of the following:

1. the extent to which the department can adequately define the project requirements in a proposed scope of design and construction;
2. the impact on the projected project schedule and completion date;

3. the impact on the projected cost of the project;
4. the impact on the quality factors of the project;
5. the availability of contractors with experience with design-build projects or other innovative project delivery methods;
6. the capability of the department to manage a design-build project with office employees and design consultants;
7. the capability of the department to oversee a design-build project with a contractor with experience with design-build projects or other innovative project delivery methods;
8. the availability of current department employees qualified to perform design and engineering services required for the design-build project;
9. the original character of the product or the services;
10. the statutory authority for the designation of the project as a design-build project and how the project furthers the department's statutory duties;
11. whether the design-build project must comply with any federal rule or regulation or any U.S. department of transportation requirement and a statement that the design-build project is in compliance; and
12. any other criteria the office determines is necessary.

Specify that for each project designated under this new program, the office would be required to solicit requests for qualifications, requests for proposals, and cost proposals and let each project by contract to a qualified responsible bidder. Specify that no more than six months following the completion of a design-build project, the office would be required to prepare a report, with input from the design-builder and the technical review committee, detailing the project, the decision to designate the project as a design-build project, the type of design-build contract let, and recommendations for statutory changes, if any. Require that the office provide this report to the Joint Committee on Finance and the Senate and Assembly standing committees having jurisdiction over transportation matters. Specify that the Senate and Assembly standing committees having jurisdiction over transportation matters would be required to schedule a hearing on the report not more than 30 days following distribution of the report by the Chief Clerks of the Senate and the Assembly. Provide that these provisions would not apply to projects completed after December 31, 2025.

Technical Review Committee. Specify that the DOT Secretary appoint five individuals to a technical review committee to evaluate proposals submitted under this section. Provide that the committee consist of the following:

1. an employee of the Department representing a regional office of the Department who has at least five years of experience in the transportation construction industry;

2. two employees of the Department representing the division of the Department responsible for transportation project development, each of whom have at least five years of experience in the transportation construction industry;

3. one person representing a state association of architectural, engineering, or design companies; and

4. one person representing a state association of transportation construction companies.

Prohibit the DOT Secretary from appointing to the technical review committee any person associated, as defined in state law, with a design-builder. Specify that a person appointed to the technical review committee may review proposals when the proposed project could benefit the appointee or the appointee's immediate family, as defined under state law for public officials. Specify that a person appointed to the technical review committee is an agent of the Department under state law. Specify that except as otherwise provided, all records of the technical review committee are open to public inspection and copying under public record law.

Bids. Require the office to solicit design-build proposals in two phases. Specify that in the first phase, the office solicit requests for qualifications and requests for proposals. Provide that the technical review committee certify responsible bidders as provided and score technical proposals. Specify that in the second phase, the office solicit cost proposals and the technical review committee evaluate cost proposals.

Request for Qualifications. Require the office to prepare a request for qualifications that includes all of the following:

1. minimum required qualifications for certification as a qualified bidder, which would include all of the following;

a. the design and construction experience of the design-builder or member, personnel, and contractors who will manage the design, engineering, and construction aspects of the project [Specify that the office may not require a level of experience that will unreasonably restrict competition.];

b. a requirement that the design-builder or member employ an individual who has no fewer than five years of experience in highway construction specific to highway improvement projects in this state;

c. a requirement that the design-builder or member be a design professional or will employ or contract with a design professional; and

d. a sworn statement of the design-builder's financial ability, equipment, and experience in design-build project delivery and any other information the office determines is necessary to determine a bidder's competency.

2. Minimum required qualifications for certification as a responsible bidder, which must include all of the following:

- a. the design-builder is registered or authorized to do business in this state;
 - b. the design-builder submits a sworn statement that indicates that it has adequate financial resources to complete the work described in the request for qualifications, taking into account any other work the design-builder is currently under contract to complete;
 - c. the design-builder is bondable for the term of the proposed contract and is able to obtain a 100% performance bond and a separate 100% payment bond;
 - d. if the Department has previously contracted with the design-builder or a member, the design-builder or member has a record of satisfactorily completing projects. [Specify that in making this determination, the technical review committee would be required to consider if the design-builder or the member has completed all contracts in accordance with drawings and specifications, diligently pursued execution of the work and completed contracts according to the time schedule, fulfilled guarantee requirements of contracts, and complied with applicable safety program requirements. Provide that the technical review committee may not consider whether a design-builder or member exercised legal rights specified in statute or rule or under a contract with the Department.]
 - e. the design-builder or a member is not on a list maintained by the Department identifying persons ineligible to bid due to suspension or debarment or on a list that the Department of administration maintains for persons who violated statutory provisions or administrative rules relating to construction;
 - f. the design-builder or a member has been in business for at least 12 months;
 - g. the design-builder or a member has served as a prime contractor on no fewer than five projects administered by the Department during the previous five calendar years;
 - h. the design-builder can provide information to the technical review committee upon request about ownership, management, and control of the design-builder;
 - i. the design-builder or a member has not been debarred from any government contracts and has not been found to have committed tax avoidance or evasion in any jurisdiction in the previous 10 years;
 - j. the design-builder has not been disciplined under a professional license in any jurisdiction in the previous 10 years; and
 - k. no design professional employed by the design-builder or a member or that the design-builder will contract with has been disciplined in any jurisdiction under a license that is currently in use.
4. Specify that information about bid procedures and the proposed project, including all of the following:
 - a. the type of contract to be awarded;

- b. the selection criteria for recommendation of design-builders for phase two;
- c. project requirements, including a scope of work statement and a schedule;
- d. the required completion date of the project; and
- e. a description of requirements for the technical proposal for the project.

Specify that the office advertise the request for qualifications by publication of a Class 1 notice in the official state newspaper and on the Department's internet site. Provide that the office may place similar notices in publications likely to inform potential bidders of the project. Require that the office issue a request for qualifications or provide information as to where the request for qualifications may be obtained to any person, without regard to the qualifications of the person. Require the office include in all advertisements for this purpose the location and scope of work, the amount of bid guarantee required, the date, time, and place of bid or proposal opening, and the date when and place where plans will be available.

Provide that the technical review committee certify at least two but not more than four design-builders as qualified responsible bidders. Specify that if the office does not receive at least two responses to the request for qualifications or if the technical review committee certifies only one design-builder as a qualified responsible bidder, the office may re-advertise or cancel the project.

Request for Proposals. Require that the office prepare a request for proposals for each design-build contract that includes all the following:

1. the name, title, address, and telephone numbers of persons to whom questions concerning the proposal should be directed;
2. the procedures to be followed for submitting proposals, including how proposals must be delivered, the date and time by which they must be received, and the name and address of the person who is to receive them;
3. the date and time of the pre-proposal conference, if any;
4. a requirement that a technical proposal and a cost proposal be submitted in separate sealed proposals at the same time;
5. a clear description of the scope of all design, engineering, and construction work; and
6. the criteria for evaluating proposals and their relative weight, if applicable.
7. the design criteria package, including a description of drawings, specifications, or other information to be submitted with the proposals, which would be required to allow the design-builder to use innovative projects meeting the criteria;
8. the project schedule and budget limits, if any;

9. the proposed terms and conditions of the contract;
10. requirements relating to performance bonds, payments bonds, and insurance;
11. amount of stipend, if any;
12. the procedures for awarding a contract;
13. a process for the technical review committee to review and accept alternative technical concepts and value engineering change proposals;
14. a requirement that the design-builder perform not less than 30% of the construction services under the contract with labor provided by employees of the design-builder or member and equipment owned or rented by the design-builder or member; and
15. any other information the office determines is necessary.

Specify that technical review committee would be required to evaluate each technical proposal, which may include a confidential interview, and would be required to assign points in accordance with the request for proposals and would be subject to all of the following:

1. for a project that will be awarded as either a low bid design-build contract or a fixed price variable scope design-build contract, the technical review committee would be required to determine whether technical proposals are responsive to the request for proposals without ranking or scoring the proposals; and
2. for a project that will be awarded as a best value design-build contract, the technical review committee would be required to determine whether technical proposals are responsive to the request for proposals and score each responsive technical proposal as required by the request for proposals. The technical review committee may award not more than 20% of the points awarded to a technical proposal based on the design-builder's qualifications and ability to design, contract, and deliver the project in accordance with any deadline established in the request for proposals. The technical review committee may award a technical proposal not more than 55% of the maximum number of combined points that may be awarded to a technical proposal and cost proposal.

Require that the office allow design-builders to include alternative technical concepts and value engineering changes in their proposals by describing the process for submission and evaluation of alternative technical concepts and value engineering changes in the request for proposals. Specify that the technical review committee may not consider a proposal responsive unless the proposal includes a conceptual design, critical path method, bar schedule of the work to be performed or similar schematic, design plans and specifications, technical reports, and all other information required by the request for proposals. Specify that the technical review committee may not consider any price or fee included in the technical proposal. Specify that the office notify the design-builder for each proposal that is determined to be responsive and that the design-builder may submit a cost proposal. Provide that the office reject all proposals that are determined to be nonresponsive.

Cost Proposals. Specify that design-builders that are notified as responsive bidders may submit a cost proposal and the proposal would be required to include a fixed cost of design, engineering, and construction services prepared by a design professional that contains all design, engineering, construction, and quality assurance and quality control costs of the project. Specify that the technical review committee may open cost proposals only after the technical proposals have been reviewed. Require that at the time and place specified in the request for proposals, the technical review committee open cost proposals, read the proposals aloud, and, for a project that will be awarded as a best value design-build contract, make public the committee's scoring of the technical proposals. Specify that following a review of cost proposals, the department may issue a notice of intent to award a contract, subject to all of the following:

1. for a low bid design-build contract, the contract would be awarded to the qualified responsible bidder that submitted a responsive technical proposal and also submitted the lowest responsive cost proposal;

2. for a fixed price variable scope design-build contract, the contract would be awarded to the qualified responsible bidder that submitted a responsive technical proposal and that submitted a responsive cost proposal that provides the maximum amount of services for the maximum fixed price set by the office or for an amount that is less than the maximum fixed price; and

3. for a best value design-build contract, the contract would be awarded to the qualified responsible bidder with the highest adjusted score, which would be calculated by adding the bidder's technical proposal score to the bidder's cost proposal score. [Specify that the technical review committee award the lowest qualified responsible bidder the maximum number of points that may be awarded to a cost proposal under the request for proposals, but not less than 45% and not more than 75% of the maximum number of combined points that may be awarded to a technical proposal and cost proposal. Require that for each remaining qualified responsible bidder, the technical review committee would calculate the score for the cost proposal by reducing the maximum number of points that may be awarded to the cost proposal by at least 1% for each percentage point by which the cost proposal exceeds the lowest cost proposal.]

Specify that following a review of cost proposals, the office may reject all proposals. Provide that if the office rejects all proposals or does not execute a contract after issuing an intent to award a design-build contract, the office may reissue the request for proposals and allow only the qualified responsible bidders originally notified as responsive to submit new proposals. Specify that the office may pay a reasonable stipulated fee to each design-builder that provides a responsive but unsuccessful proposal in response to the reissued request for proposals. Stipulate that if the reissued request for proposals specifies a maximum fixed price, the office may not award a stipend to a design-builder whose proposal exceeds that price. Specify that not less than five working days prior to executing a design-build contract, the department would be required to provide notice to each unsuccessful qualified responsible bidder that a notice of intent to award a contract has been issued. Required that the Department and the technical review committee maintain the confidentiality of information provided by design-builders as required under current law.

Contract award. Create the following definitions: (a) "construction services" means work

necessary to construct a project, including trucking services and materials purchased regardless of whether the materials are installed by the design-builder; and (b) "specialty services" means work related to sanitary sewer systems, water main systems, staking, electrical, landscaping and erosion control, traffic control, signing, pavement marking, fencing, and other work identified by the office.

Specify that no later than 10 days following the issuance of a notice of intent to award a design-build contract, the office would be required to verify that the design-builder will perform not less than 30% of the construction services under the contract with labor provided by employees of the design-builder or member and equipment owned or rented by the design-builder or member. Stipulate that the design-builder would be required to submit to the office in the form prescribed by the office documentation of the construction services the design-builder or members will perform and the dollar value of the services. Require the office to calculate the percentage of total construction services identified in the contract to be performed by the design-builder or members by subtracting the value of specialty services to be performed from the total contract amount and dividing the dollar value of construction services to be performed by the design-builder or members by the difference. Specify that if the value of construction services to be performed by the design-builder or members is less than 30% of the value of all construction services required under the contract, the office would be required to cancel the contract award.

Project delivery. Specify that an individual identified in a response to a request for qualifications or in a technical proposal may be replaced by a design-builder if the office determines that the new individual meets the qualifications described in the response to the request for qualifications or in the technical proposal and that the individual's qualifications are at least equal to the qualifications of the individual being replaced.

Liability. Provide that nothing in these design build provisions be construed as relieving a design-builder of 3rd-party liability or liability for loss or damage to property of the state or a county or municipality. Specify that all design services, including architectural and engineering services, provided under a design-build contract are services and not products.

Stipulated Fee. Require the Department to award a stipulated fee of not less than three-tenths of 1% of the department's estimated cost of design and construction as follows:

1. to each qualified responsible bidder that provides a responsive but unsuccessful proposal when the office issues a notice of intent to award a contract. If the request for proposals specifies a maximum fixed price, the office may not award a fee to a proposal that exceeds the maximum fixed price;
2. to all qualified responsible bidders that provide a responsive proposal, if the office does not issue a notice of intent to award a contract; and
3. to all qualified responsible bidders if the office cancels the solicitation before the technical review committee reviews technical proposals.

Require DOT to pay the stipulated fee to each qualified responsible bidder no later than 90 days after DOT issues a notice of intent to award a contract, determines that it will not issue a

notice of intent to award a contract, or cancels the solicitation. Specify that in consideration for paying the fee, DOT may use the work product contained in an unsuccessful proposal in connection with any proposed or awarded design-build project without making any additional compensation to the design-builder. Specify that if an unsuccessful design-builder waives the stipulated fee, the department may not use work product in the design-builder's unsuccessful proposal.

Appeals. Specify that any person aggrieved and directly affected by a decision of the office to issue a request for qualifications or a request for proposals would be entitled to administrative judicial review of the decision, as allowable under current law. Provide that a person be considered a person aggrieved and directly affected by a decision of the office if any of the following would apply to a request for qualifications or a request for proposals issued by the office under this section:

1. the request does not include qualifications, requirements, or other items required under this section;
2. the request does not comply with procedural requirements under this section;
3. the request contains material errors or omissions;
4. the request contains material discrepancies, deficiencies, or ambiguities that prevent a person from submitting a responsive proposal;
5. the request indicates a bias against or preference for a specific design-builder; or
6. the request exceeds the Department's authority.

Specify that any person aggrieved and directly affected by a decision of the office to issue a notice of intent to award a contract under this section would be entitled to administrative judicial review of the decision as allowable under current law. Specify that a person would be considered aggrieved and directly affected by a decision of the office if any of the following apply to a notice of intent to award a contract under this section:

1. the design-builder that received the notice of intent to award a contract was improperly certified as a qualified responsible bidder;
2. a mathematical error was made in scoring any of the proposals that resulted in an improper intent to award a contract;
3. there is evidence of collusion or fraud involving either the design-builder who received the notice of intent to award a contract or a member of the technical review committee;
4. there is evidence of bias of a member of the technical review committee;
5. there is evidence that a member of the technical review committee has a conflict of interest because the committee member, a member of his or her immediate family, as defined under current law for public officials, or any organization or business with which the member is

associated, as defined under current law for public officials, may benefit from the intent to award a contract; or

6. the technical proposal or cost proposal submitted by the design-builder who received the notice of intent to award a contract is not responsive to the request for proposals, contains conditions or qualifications not provided for in the request for proposals, or does not assign costs to all services identified in the technical proposal or is otherwise materially unbalanced.

Specify that if the office prevails upon judicial review, following any protest and appellate court proceedings, the office would be entitled to recover all costs and charges included in the final order or judgment, excluding attorney's fees. Specify that upon payment of costs and charges by the protester, the bond would be returned. Provide that if the protesting party prevails, the protesting party would be entitled to recover from the office all costs and charges included in the final order or judgment, excluding attorney's fees. Specify that the entire amount of the bond would be forfeited if the hearing officer determines that a protest was filed for a frivolous or improper purpose, including but not limited to the purpose of harassing, causing unnecessary delay, or causing needless cost for the office or parties.

Deliverables. Provide that no later than three months after the effective date of the bill, the office would be required to prepare a report that establishes a program structure for delivering design build projects. Required that report specify the types of highway improvement projects to be considered and procedures and timelines for the bid process. Specify that the office may not designate a highway improvement project as a design-build project prior to the completion of the report. Specify that no later than six months after the effective date of the bill, the office would be required to prepare a design-build procurement manual that incorporates the requirements under this subsection and any applicable requirements under federal law. Specify that the manual would be created by a committee that includes all of the following members: (a) the director; (b) two employees of the department who represent the division of the department responsible for transportation project development and who each have not less than five years of experience in the transportation construction industry; (c) one person representing a state association of transportation architectural, engineering, or design companies to be nominated by the governor and appointed with the advice and consent of the senate; (d) one person representing a state association of transportation construction companies to be nominated by the governor and appointed with the advice and consent of the senate; and (e) one person representing a national trade group with a design-build certification program and experience in assisting states with the implementation of a design-build program to be nominated by the governor and appointed with the advice and consent of the senate.

Specify that no later than December 31, 2026, the office submit a report the Joint Committee on Finance and the Senate and Assembly standing committees having jurisdiction over transportation matters summarizing observations of the process utilized for alternative project delivery methods and describing the effectiveness of the alternative project delivery methods contracting procedures. Require that the report include discussion on scope of work, history of projects selected, evaluation criteria, selection process, contract administration, work progression, time and cost comparisons between the traditional contracting method and alternative delivery methods, claims, and changes. Require that no later than six months after receipt of this report, the

Joint Committee on Finance would be required to determine whether the alternative project delivery pilot program was successful in providing DOT with additional tools that allow innovation, reduced project completion time, cost certainty, or reduced cost or other advantages or benefits and make a recommendation to the Legislature as to whether the pilot program should be made permanent.

Administrative Rules and Related Nonstatutory Provisions. Specify that DOT may promulgate administrative rules necessary to implement these provisions. Specify that DOT may promulgate emergency rules related to these provisions for the period before the date on which permanent rules take effect. Notwithstanding current law provisions related emergency rule promulgation, specify that emergency rules promulgated related to these provisions would remain in effect until the first day of the 25th month beginning after the effective date of the emergency rule, the date on which the permanent rules take effect, or the effective date of the repeal of the emergency rule, whichever is earlier. Notwithstanding current law provisions related to emergency rule promulgation, specify that DOT would not be required to provide evidence that promulgating a rule for the purpose of executing these design-build provisions as emergency rules is necessary for the preservation of public peace, health, safety, or welfare and is not required to provide a finding of emergency for a rule promulgated under these provisions. These provisions would take effect on the general effective date of the bill

Motor Vehicles

1. POSTAGE INCREASE [LFB Paper 740]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	\$3,000,000	- \$2,048,000	\$952,000
SEG-REV	<u>0</u>	<u>352,000</u>	<u>352,000</u>
Total	\$3,000,000	- \$1,696,000	\$1,304,200

Governor: Provide \$1,500,000 SEG annually to fund increased postage costs in the Division of Motor Vehicles. Related information provided by DOT indicates that recent year mail volume has increased, due in part to the need to communicate additional information about local vehicle registration fees ("wheel tax") changes that do not fit on the "postcard" format that is generally used for vehicle registration renewal. In addition, the Department indicates that recent increases to postage rates (increased most recently in January, 2019) have also contributed to rising postage costs.

Joint Finance: Reduce the Governor's recommendation by \$1,024,000 SEG annually. Notwithstanding the statutory requirements related to processing fee rates, require DOT to increase its wheel tax processing fee by 10 cents per vehicle (to 27 cents), which would increase transportation fund revenue by \$176,000 SEG-REV annually.

2. DRIVER LICENSES AND IDENTIFICATION CARDS FOR UNDOCUMENTED ALIENS [FOR PURPOSES OTHER THAN VOTING]

Governor: Extend eligibility to receive REAL ID non-compliant driver licenses and identification cards to undocumented aliens. [Driver licenses issued under these provisions would be subject to current law driver knowledge and skills requirements applicable for licensing. A REAL ID non-compliant credential is not valid for certain federal purposes, such as air travel.] Make the following related changes to the current law driver license and identification card application, issuance, and renewal processes for REAL non-compliant credentials:

a. *Proof of Citizenship or Legal Presence.* Specify that when processing, issuing, or renewing a REAL ID non-compliant driver license or identification card, the Department may not include any question, or require any proof or documentation, as to whether the applicant is a citizen or national of the United States or lawfully present in the United States, despite existing requirements that DOT examine personally identifiable information and other biometric data in order to determine if an applicant is entitled by law to obtain these credentials. Specify that in lieu of required documentation showing the applicant's date of birth, name, and principal address, an applicant for a REAL ID non-compliant driver license or identification card may provide any documentation deemed acceptable to the Department. Provide that current law driver license and identification card valid documentary proof requirements and requirements related to the expiration date of a person's legal presence in the United States would not apply to REAL ID non-compliant licenses and identification cards.

b. *Applicants without a Social Security Number.* Specify that if a driver license or identification card applicant does not have a social security number and the application is for a REAL ID non-compliant license or card, such a person may provide, in order to be issued such a credential, a statement made or subscribed under oath or affirmation that they do not have a social security number, in a manner prescribed by DOT, with the assistance of the Department of Children and Families. Provide that any license that is issued or renewed in reliance on such a statement would be invalid if the statement is false. Specify that in lieu of current documentation requirements, the applicant could provide an individual taxpayer identification number, a foreign passport, or any other documentation deemed acceptable by DOT. Under current law, in processing driver license or identification card applications or renewals, DOT is required to verify the following: (a) an identification document that includes the applicant's photograph or both the applicant's full legal name and date of birth; (b) documentation showing the applicant's name and address of principal residence; and (c) proof of the applicant's social security number or verification that the applicant is not eligible for a social security number.

Specify that the following current law requirements would not apply to an application for, or renewal of, a REAL ID non-compliant driver license or identification card: (a) the requirement that DOT verify driver license and identification card application information and that the Department direct applicants to investigate and resolve social security number discrepancies prior to issuance; (b) the requirement that DOT cancel a driver license or identification card regardless of expiration date, if the Department receives information from a local, state, or federal government agency that the holder no longer satisfies the requirements (including those related to legal presence) for issuance; and (c) the requirement that DOT may not accept any foreign

document other than an official passport to satisfy personal identification documentation. Provide that DOT may not disclose to any person the fact that an applicant has provided verification of not having a social security number in applying for a REAL ID non-compliant driver license or identification card, except to the Elections Commission for administering its voter records matching program.

Require that any applicant issued a REAL ID non-compliant driver license or identification card who does not provide a verified social security number during the license application process receive a license marked, "Not valid for voting purposes. Not evidence of citizenship or immigration status." Specify that such a driver license would expire four years after the date of issuance and that DOT would have the discretion, at the time of renewal, as to whether to take an applicant's photograph and administer an eyesight exam, so long as both actions occur at least once every eight years. Provide that such identification cards would expire every two years and that a renewed or reinstated card would be valid for a period of two years from the card's last expiration date.

c. *Noncitizen Limited-Term License.* Specify that no person may operate a motor vehicle with a noncitizen limited-term license (which DOT may issue under current law), unless the owner or operator of the vehicle has in effect a motor vehicle liability policy with respect to the vehicle being operated. Prohibit discrimination on the basis of a person's status as a holder or a non-holder of a noncitizen limited-term license and add this license status as a prohibited basis for discrimination in employment, transportation with a motor carrier, automobile insurance, housing, and the equal enjoyment of a public place of accommodation or amusement. Include nondiscrimination on the basis of being a holder or non-holder of a noncitizen limited-term license on the list of written assurances that businesses must provide to DOT in order to be identified as a motorist service on DOT specific information signs.

d. *Effective Date and Initial Applicability.* These provisions would first take effect on the first day of the fourth month beginning after publication of the bill and would first apply to driver license and identification card applications received by the Department on this date.

Renumber various statutory sections and amend statutory cross references as necessary to accomplish these changes.

Joint Finance: Delete provision.

3. AUTOMATIC VOTER REGISTRATION -- TRANSFER OF INFORMATION

Governor: Include as part of the current law Elections Commission and DOT voter record matching program, a requirement that DOT electronically transfer Department records related to the verification of voter eligibility for regular driver license and identification card holders, including: (a) the full name of each individual who holds a current driver license or identification card; (b) such persons' name history, address history, date of birth, driver license or identification card number; (c) a copy of proof of citizenship documents that such persons used to obtain a driver license or identification card; and (d) a statement from the Department indicating that it verified such persons' citizenship. Specify that DOT provide these voter eligibility-related records on a

continuous basis, not less than monthly, notwithstanding various current law restrictions related to the disclosure of personally identifiable information maintained by the Department. Require DOT, for each of these items of information, to provide the most recent date that the item of information was provided or obtained. Under the bill, the Elections Commission would be required to facilitate the registration of all eligible voters in the state. This information sharing provision would assist the Elections Commission in fulfilling this requirement. [See "Elections Commission."]

Require that DOT's application and renewal forms used by applicants for obtaining driver licenses and identification cards inform the applicant of the Department's duty to make the personally identifiable information contained in the application available to the Elections Commission for voter eligibility verification and registration purposes. Specify that these applications and renewal forms would be required to provide the applicant an opportunity to elect not to have this information made available to the Elections Commission for these purposes. Provide that if an applicant elects not to make available the information required for the purposes of voter registration and eligibility verification, the Department would be prohibited from making this information available to the Elections Commission for these purposes. Specify that this provision would not preclude the Department from sharing this information with the Elections Commission for the current law purposes of online voter registration or for any other purpose other than automatic voter registration.

Notwithstanding current law requirements related to the existing voter record matching program and restrictions on the disclosure of personally identifiable information, require DOT to enter into and begin transferring information under a revised agreement with the Elections Commission administrator no later than the first day of the fourth month after the general effective date of the bill.

Joint Finance: Delete provision.

4. EXEMPTION FROM PROBATIONARY LICENSE REQUIREMENTS -- UNITED STATES ARMED FORCES

Governor: Include persons providing proof of enlistment in the United States Armed Forces to DOT to the list of persons exempt from probationary driver licenses requirements.

Under current law, DOT is generally required to issue probationary driver licenses to persons applying for an original license. Probationary licenses expire two years from the applicant's next birthday and are subject to a number of restrictions, depending on the age of the license holder and the driving-related activity. However, under current law, the following persons are exempt from these probationary requirements: (a) any person moving to the state who has been licensed in another jurisdiction for at least three years, who presently holds a license, other than an instruction permit, from another jurisdiction which has not expired for more than six months and who is 21 or older; (b) any person entitled to a regular license under a driver license reciprocity agreement with a foreign government; and (c) any person issued a commercial driver license. Under the bill, enlisted members of the Army, Marine Corps, Navy, Air Force and Coast Guard, which comprise the United States Armed Forces, would be exempt from probationary license requirements, if proof of enlistment is provided to DOT.

Joint Finance: Delete provision.

5. IDENTIFICATION CARD RECEIPTS FOR VOTING PURPOSES -- VALID PERIOD

Governor: Extend the period for which identification card receipts issued by DOT for the purposes of voting remain valid, from 60 days to 180 days.

Under current law, the Department may not charge a fee to an applicant for the initial issuance, renewal, or reinstatement of an identification card (or temporary receipt) if the applicant is a U.S. citizen who will be at least 18 years of age on the date of the next election and the applicant requests that the identification card be provided without charge for purposes of voting. Because identification cards may be used for voting and are mailed to applicants, DOT provides those card applicants who are also eligible voters with a temporary receipt that may be used for voting purposes. The fee for identification cards issued for purposes other than voting is \$28 (\$18 for the card itself, plus a \$10 issuance fee).

Joint Finance: Delete provision.

State Patrol

1. OFFICE OF EMERGENCY COMMUNICATIONS TRANSFER FROM DMA TO DOT [LFB Paper 500]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	<u>Funding Positions</u>		<u>Funding</u>	<u>Positions</u>	<u>Funding Positions</u>	
SEG	\$485,200	3.00	-\$485,200	- 3.00	\$0	0.00
PR	<u>2,524,800</u>	<u>4.00</u>	<u>- 2,524,800</u>	<u>- 4.00</u>	<u>0</u>	<u>0.00</u>
Total	\$3,010,000	7.00	-\$3,010,000	- 7.00	\$0	0.00

Governor: Modify current law related to the Office of Emergency Communications (OEC), as follows:

a. *Transfer functions associated with the OEC from DMA to DOT.* Transfer the powers and duties of the Interoperability Council, the Wisconsin Interoperable System for Communications (WISCOM), the 911 Subcommittee, Next Generation 911 (NG911), the Public Safety Broadband program, and the Land Mobile Radio Program from the Department of Military Affairs (DMA) to the Department of Transportation (DOT). Transfer all assets and liabilities, tangible personal property, pending matters, and contracts from DMA to DOT, as determined by the Secretary of the Department of Administration on the general effective date of the bill. Transfer the authority to appoint a director of emergency communications from the Adjutant General to the Secretary of DOT.

b. *Transfer appropriations associated with the OEC from DMA to DOT.* Transfer the following annual appropriations and position authority, from DMA to DOT's motor vehicle services and enforcement program: (a) the interoperable communications system appropriation [\$1,262,400 PR and 4.0 PR positions annually]; (b) the Interoperability Council appropriation funded from the police and fire protection fund, as under current law [\$240,900 SEG in 2019-20 and \$244,300 SEG in 2020-21 and 3.0 SEG positions annually]; (c) the Next Generation 911 appropriation [no funding]; (d) the public safety interoperable communication system, general usage fees appropriation [no funding]; and (e) the public safety interoperable communication system, state fees appropriation [no funding]. While the bill transfers position authority and funding for 4.0 PR and 3.0 SEG positions, the bill would not include the transfer of incumbent employees.

Under current law, the two DMA appropriations (identified above) for the deposit of interoperability system usage fees are PR-supported and are able to receive and expend all funds deposited for operation of the system. The bill would repeal and recreate these existing PR appropriations as transportation fund-supported (SEG) appropriations, but would not appropriate any funds for the purposes of the appropriations. The bill would also transfer to DOT DMA's authority to charge interoperability system usage fees to state agencies or other users of the system. Fee revenue would be deposited to the transportation fund under the current law requirement that all collections by DOT be deposited to this fund, unless specifically required to be deposited in another fund. However, the bill would need to be modified, if it is the intent of the administration to appropriate the related SEG revenue for these appropriations.

c. *Interoperability Council.* Provide that DOT, instead of DMA, provide staff support to the Council. Under current law, the 15-member Council is comprised of various state executives and local officials and is generally charged with making recommendations and providing advice for the purpose of achieving a statewide interoperable communication system.

d. *WISCOM.* Transfer oversight of the development and operation of a statewide public safety interoperability communication system (more commonly referred to as WISCOM) from DMA to DOT. Specify that the Interoperability Council assist and advise DOT (rather than DMA) in identifying, obtaining, and allocating funding to implement WISCOM. Further, provide that the Council make recommendations to DOT (rather than DMA) on various current law aspects of the administration of public safety interoperable communication systems.

Repeal the statutory requirement that DMA issue a request for proposals regarding WISCOM. Instead, require DOT, no later than June 30, 2020, to issue a request for proposals (RFP) for a statewide public safety interoperable communications system to be deployed on existing tower sites. Specify that DOT may expend not more than \$500,000 to enter into a contract with an organization to provide professional consulting services related to the development of bidder qualifications and technical requirements for this RFP. Provide that the current law requirements related to making orders or awarding contracts to the lowest responsible bidder for all materials, supplies, equipment, and contractual services would not apply to the contract for consulting services. Specify that in soliciting bids for this contract, current law provisions relating to competitive sealed bidding would not apply.

e. *Next Generation 911*. Transfer the authority to appoint one member of the 19-member 911 Subcommittee from the Adjutant General to the Secretary of Transportation. NG911 is a nationwide initiative aimed at updating the 9-1-1 service infrastructure. Related DMA base funding for the creation, operation, and maintenance of an emergency services IP network to facilitate the implementation NG911 is \$6,700,000 SEG. This base funding currently funds a DMA appropriation and is funded from the police and fire protection fund. The bill would delete this base funding from DMA, but would not appropriate the funding to DOT for the network, as was intended by the administration. Unless the bill is modified to reflect the administration's intent, additional revenue would be available to the police and fire protection fund, which is primarily used to offset the amount of GPR needed to fund the annual county and municipal aid distribution.

As directed in 2017 Act 59, the OEC was created in October, 2017, to oversee the Interoperability Council and its four subcommittees (Wisconsin Interoperability System for Communications, 911, Land Mobile Radio, and Nationwide Public Safety Broadband Network). The stated goal of the OEC is to support and promote the ability of emergency responders and government officials to continuously communicate in the event of natural disasters, acts of terrorism, or other man-made disasters. Prior to October, 2017, the Interoperability Council operated under the jurisdiction of the Department of Justice.

[See DMA -- "Office of Emergency Communications Transfer to DOT."]

Joint Finance: Delete provisions, but require DOT to issue a request for proposals for WISCOM by June 30, 2020, in collaboration with DMA. Authorize DOT to expend up to \$500,000 for related professional consulting services from existing Department resources.

2. PUBLIC SAFETY RADIOS [LFB Paper 745]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
SEG	\$1,931,900	- \$91,200	\$1,840,700

Governor: Increase funding by \$121,000 in 2019-20 and \$1,810,900 in 2020-21 to the appropriation that funds State Patrol operations for the purpose of replacing mobile radio equipment used by troopers with updated (dual-band) equipment from a sole supplier. Currently, officers are using radio equipment from multiple suppliers, which can result in additional Department support and maintenance efforts. This would establish ongoing base funding of \$1,810,900 for this purpose.

Joint Finance: Reduce the Governor's recommendation by \$5,700 in 2019-20 and by \$85,500 in 2020-21 to provide the funding sufficient to purchase the radio equipment. Specify that \$593,700 would be provided on a one-time basis in order to account for the existing base funding for this purpose.

3. EVIDENTIAL BREATH TEST INSTRUMENT REPLACEMENT PR \$240,400

Governor/Joint Finance: Provide \$120,200 annually to fund the replacement of evidential breath test instruments, which are used to measure the blood alcohol content of motor vehicle operators suspected of operating while intoxicated. The Department's 2019-21 budget request indicated that in addition to the 219 breath testing instruments that are scheduled to be replaced with existing funding, this funding would allow for the replacement of an additional 88 instruments. This would establish ongoing base funding for this purpose of \$120,000 annually for this purpose.

4. ALLOW PRIVATE SALVAGE VEHICLE INSPECTIONS [LFB Paper 746]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
PR	\$234,000	-\$234,000	\$0

Governor: Specify that if the Department establishes requirements for certification to conduct salvage vehicle inspections, it may not require that the inspector of these vehicles be employed by DOT or a law enforcement agency. Increase revenue and expenditure authority by \$117,000 annually to reflect an estimated increase in program revenue associated with this provision.

Under current law, a repaired salvage vehicle may not be registered or be issued a new certificate of title until an inspector authorized by DOT examines the vehicle to verify the title, source, and ownership of parts, as well as compliance with safety equipment requirements. A DOT administrative rule currently requires that a person be a Wisconsin law enforcement officer or a full-time employee of DOT's State Patrol and complete specified training to be qualified to conduct salvage inspections.

This item was also included under DOT's 2019-21 biennial budget request. Under the request, as under the bill, it could be expected that fee revenue from the Department and local government inspections would decrease, as private inspectors would instead perform a portion of these inspections. To reflect this expected reduction, the Department had intended to reduce expenditure authority in the related PR appropriation (\$145,900 annually under current law) by \$28,900 annually, to result in a modified expenditure authority of \$117,000 annually. A modification to the bill would be required to reflect this intent.

Joint Finance: Delete provision.

5. LIEUTENANT GOVERNOR SECURITY

Joint Finance: Prohibit DOT from spending from the State Patrol general operations appropriations more in the 2019-21 biennium for the security and safety of the Lieutenant

Governor than was expended in the 2017-19 biennium.

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

SEG	-\$18,709,500
FED	- 2,795,000
SEG-S	- 76,800
PR	<u>442,200</u>
Total	-\$21,139,100

Governor/Joint Finance: Make adjustments to the base budget for: (a) turnover reduction (-\$4,680,900 SEG and -\$1,444,500 FED annually); (b) full funding of continuing position salaries and fringe benefits (-\$7,624,000 SEG, -\$739,900 FED, -\$38,400 SEG-S and \$49,200 PR annually); (c) overtime (\$2,876,400 SEG, \$773,400 FED, and \$166,500 PR annually); (d) night and weekend salary differential (\$258,800 SEG and \$13,500 FED annually); (e) reclassifications and semiautomatic pay progression (\$4,900 PR in 2019-20 and \$5,900 PR in 2020-21); and (f) full funding of lease costs and directed moves (-\$344,700 SEG in 2019-20 and -\$25,400 SEG in 2020-21).

[Note: The reduction shown under item (b), "full funding of continuing position salaries and fringe benefits," is primarily due to an adjustment to salary and fringe benefits associated with the 2017 Act 59 reduction of 100 SEG FTEs in 2017-18 and the corresponding lapse of associated funding in that year. However, the Act 59 funding reduction was a lapse of funds from DOT appropriations and not an ongoing reduction in funding. Therefore, this item should not be included as a standard budget adjustment, but rather should be considered as a budget change decision item, if the reduction is to occur.]

2. INTERNAL REORGANIZATION OF POSITIONS AND FUNDS

Governor/Joint Finance: Transfer 6.00 SEG positions and \$632,200 SEG annually associated with the Department's Traffic and Criminal Software (TRACs) unit from DMV to State Patrol. DOT transferred responsibility for the TRACs unit from DMV to State Patrol during the past biennium, as State Patrol is the primary user of this data reporting system. The proposed transfer, which was included in the Department's 2019-21 budget request, would realign the technical support positions and funding associated with TRACs to the division (State Patrol), which now manages it.

3. DOT ADMINISTRATIVE FACILITIES [LFB Paper 750]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
BR	\$9,080,000	- \$9,080,000	\$0

Governor: Authorize \$9,080,000 in transportation revenue bonds for DOT administrative

facilities construction projects. The recommendation would appropriate bond proceeds for this program at the base level (\$4,540,000 annually). This authorization is also typically incorporated into the Building Commission's biennial capital budget recommendations. Estimated reductions to transportation fund revenue, associated with the partial issuance of these bonds, of \$56,800 in 2019-20 and \$421,000 in 2020-21, are shown in a separate item (see "Transportation Finance").

Joint Finance: Delete provision. Require DOT to expend up to \$9,080,000 from the proceeds of existing transportation revenue bonds for administrative facility projects in the 2019-21 biennium.