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Transportation Finance

There are three principal funding sources for the state's transportation programs: the state transportation fund, bond proceeds, and federal funds. In addition, general purpose revenue from the state's general fund has been used to support transportation programs in recent biennia. This paper discusses these sources of funding separately and provides data on the amounts provided from each source. The final section of this paper describes the total allocation of these funding types to the state's transportation programs.

Throughout this paper, unless otherwise specified, figures are provided for the 2019-20 fiscal year, as data for 2020-21 remained incomplete at the time of publication.

Transportation Fund

History of the Fund and Its Use in Budgeting for Transportation

The state transportation fund is the largest source of funding for transportation programs, with gross annual revenue (including transfers from other funds) exceeding \$2.1 billion in the 2019-20 fiscal year. The transportation fund was created by the 1977-79 biennial budget act, although the basic components of the new fund were substantially similar to its predecessor, the highway fund, which was created in 1945. The new fund combined the revenue sources from the highway fund [the motor fuel tax, vehicle registration and titling fees, driver license fees, motor carrier fees, and other miscellaneous fees collected by the Department of Transportation (DOT)] with revenue from the ad valorem property tax on commercial airlines and aircraft registration fees. A

subsequent act of the 1977-79 session added ad valorem property taxes on railroads to the list of revenue sources deposited into the transportation fund. Following the addition of the ad valorem tax collections, no major changes were made to the makeup of the transportation fund until the passage of the 2011-13 budget, which began the annual transfer of a percentage of general fund taxes to the fund. An annual transfer from the petroleum inspection fund was enacted as part of 2017 Act 59, which requires the Secretary of the Department of Administration to transfer the unencumbered balance of the petroleum inspection fund to the transportation fund, except for an amount equal to not less than 5% of the gross revenues received by the petroleum inspection fund, beginning on June 30, 2020, and annually thereafter. Most recently, in the 2019-21 biennial budget, a provision was implemented requiring revenue from one cent of the two-cent petroleum inspection fee on gasoline, diesel, and other petroleum products to be deposited directly to the transportation fund, effective July 1, 2020.

Although the addition of the aviation and railroad taxes and fees to the fund added relatively small amounts of revenue to what had been the highway fund, the creation of a "unified" transportation fund in 1977 established a principle of transportation finance that continues today. That is, the Legislature now typically makes budgetary decisions for all modes of transportation without regard to the precise amounts collected from particular transportation taxes and fees. For instance, the Legislature makes appropriations from the transportation fund for airport improvements based upon an assessment of how much is appropriate for that purpose instead of how much revenue was collected from the aviation taxes and fees. Prior to the creation of the transportation fund, revenue from aviation taxes and fees was credited to a

program revenue account and, therefore, funding for airport improvement projects was limited to the amount that was collected from these sources. Currently, transportation budgetary decisions for all modes of transportation and other DOT functions, such as the Division of Motor Vehicles, the State Patrol, and general administration, are generally made based upon this "transportation system" principle.

Overview of Transportation Fund Revenue

Table 1 shows the amounts collected from the major categories of transportation fund revenue for 2019-20. The two primary sources of revenue are from the motor vehicle fuel tax and registration fees, which together make up 87.8% of total revenues to the fund. Motor vehicle fuel tax revenues alone make up almost half (48.1%) of revenue to the fund. The total amount collected by the state from vehicle registration, titles, and other vehicle-related fees is shown (\$839.2 million in 2019-20), even though only a portion of this revenue (74.2% or \$622.9 million) is actually deposited in the transportation fund. The remainder (25.8% or \$216.3 million) pays the debt service and administrative costs associated with bonds issued in the state's transportation revenue bond program and is

Table 1: 2019-20 Transportation Fund Revenue Collections by Source

Source	Amount	Percent of Total
Motor Vehicle Fuel Tax	\$1,018,543,100	48.1%
Registration and Title Fees	839,157,100	39.6
Transfers from Other Funds	110,865,400	5.2
Railroad Ad Valorem Tax	42,019,600	2.0
Driver License Fees	39,043,100	1.8
Other Motor Vehicle Fees	26,287,400	1.2
Miscellaneous Revenue	25,939,600	1.2
Aeronautical Taxes and Fees	8,812,100	0.4
Investment Earnings*	<u>6,367,900</u>	<u>0.3</u>
Total	\$2,117,035,200	100.0%

*Investment earnings are dividends resulting from interest earned on the transportation fund balance.

Note: Percent total does not add due to rounding.

not deposited to the transportation fund. The full amount of registration revenue (often called "gross registration revenue") is shown here to provide a complete picture of the revenue collected by the state from transportation-related taxes and fees.

Table 2 shows the annual amount of gross transportation fund revenue collected since 2009-10, the annual percentage growth of those amounts and the 10- and five-year average, compound growth rates. This includes revenue resulting from transfers from other funds. Over this period, revenue growth has resulted from a combination of factors, including increases in the volume of activity subject to transportation fees and taxes (such as the number of gallons of fuel consumed or the number of motor vehicles registered), enacted increases in tax and fee rates, and, more recently, transfers from other state funds.

Table 2: Gross Transportation Fund Collections History Including Transfers

Fiscal Year	Total Gross Revenue	Percent Change
2009-10	\$1,714,108,900	
2010-11	1,739,924,200	1.5%
2011-12	1,792,163,400	3.0
2012-13	1,883,663,800	5.1
2013-14	1,842,025,500	-2.2
2014-15	2,001,638,800	8.7
2015-16	1,932,648,700	-3.4
2016-17	1,940,215,000	0.4
2017-18	1,986,908,500	2.4
2018-19	1,987,320,600	0.0
2019-20	2,117,035,200	6.5
10-Year Average		2.1%
5-Year Average		1.1

The increase in revenue in 2014-15, shown in Table 2, is partially explained by one-time transfers of \$133.3 million from the general fund and \$16.0 million from the petroleum inspection fund to the transportation fund in 2014-15.

Revenues in 2019-20 were greater than 2018-19 primarily attributable to the significant increase

in revenue in 2019-20 from two sources: (a) the 2019 Act 9 increase to vehicle registration and a significant increase to the vehicle title fees; and (b) an annual transfer, as required by 2017 Act 59, of the unencumbered balance of the petroleum inspection fund to the transportation fund, except for an amount equal to not less than 5% of the gross revenues received by the petroleum inspection fund, beginning on June 30, 2020, and annually thereafter.

Despite the 2019 Act 9 revenue increases, 2019-20 revenues were impacted by the first four months of the Covid-19 coronavirus pandemic. Restrictions implemented to ameliorate the effects and adverse economic impacts of the pandemic reduced the amount of miles traveled and vehicles purchased. Consequently, the amount of revenue generated from the motor vehicle fuel tax and registration and title fees was negatively impacted.

Compared to estimated revenues at the time of the passage of the 2019-21 biennial budget, actual 2019-20 revenues from the motor vehicle fuel tax were \$62.1 million less and gross revenues from registration and title fees were \$54.2 million less.

The top portion of Table 3 shows annual taxable gallons of motor vehicle fuel and vehicle registrations in Wisconsin since 2009-10. The lower portion of this table reflects the estimated revenue change associated with selected basic modifications to the motor vehicle fuel tax rate and vehicle registration fees. Because the related, per-gallon motor vehicle fuel tax and per-vehicle registration fee rates are unit-based (as opposed to price-based), any fluctuation in revenue from these sources is primarily a function of changes in tax and fee amounts and or changes in consumption. A significant benefit of this unit-based structure is that the associated revenue streams are relatively

**Table 3: Motor Fuel Consumption and Motor Vehicle Registrations
(In Millions of Gallons and Thousands of Vehicles)**

Fiscal Year	Motor Fuel		Automobiles		Light Trucks		Heavy Trucks	
	Gallons	% Change	Number	% Change	Number	% Change	Number	% Change
2009-10	3,144.5		3,516.3		891.8		232.6	
2010-11	3,212.1	2.1%	3,520.7	0.1%	887.0	-0.5%	233.4	0.3%
2011-12	3,197.1	-0.5	3,531.0	0.3	884.2	-0.3	236.3	1.2
2012-13	3,144.4	-1.6	3,585.8	1.6	894.1	1.1	242.7	2.7
2013-14	3,221.7	2.6	3,617.2	0.9	900.5	0.7	251.3	3.5
2014-15	3,281.9	1.9	3,661.1	1.2	914.3	1.5	264.4	5.2
2015-16	3,358.0	2.3	3,692.9	0.9	931.6	1.9	274.5	3.8
2016-17	3,379.8	0.6	3,721.0	0.8	951.2	2.1	287.1	4.6
2017-18	3,411.1	0.9	3,765.9	1.2	965.9	1.5	303.5	5.7
2018-19	3,444.1	1.0	3,773.5	0.2	986.9	2.2	328.2	8.1
2019-20	3,299.5	-4.2	3,698.6	-2.0	989.4	0.3	319.2	-2.7
10-Year Average		0.5%		0.5%		1.0%		3.2%
5-Year Average		0.1		0.2		1.6		3.8

Estimated Annual Revenues from Selected Rate Changes (2019-20)

Type	Increase/Decrease (\$ in Millions)	
	Rate Change	Annual Revenue
Motor Vehicle Fuel Excise Tax	1.0¢ per gallon	\$33
Auto and Light Truck Registration Fee	\$10 per vehicle	\$47
Heavy Truck Registration Fee	10% of current fees	\$13

stable and not directly subject to price volatility. However, if the related tax rates are not changed over time, price changes in the economy as a whole, and rising construction costs specifically, can erode the purchasing power of the related revenue streams. Although the general rate of inflation rate over the same periods (an annual average of 1.7% over both the 10-year period and over the five-year period) has been low by historical standards, state highway construction inflation averaged 3.9% during the most recent 10-year period and 3.2% over the most recent five-year period. These construction costs, which are a significant draw on the transportation fund, are increasing more rapidly than the primary tax and fee structures that support it.

Transportation Fund Taxes, Fees, and Other Revenue Sources

This section of the paper describes the categories of transportation taxes and fees that are deposited in the transportation fund.

Motor Vehicle Fuel Tax. The motor vehicle fuel tax is the largest source of revenue in the transportation fund, accounting for 48.1% of gross collections, including transfers, in 2019-20. The tax is imposed on a per-gallon basis on gasoline, diesel, and alternate fuels (such as compressed natural gas and liquid propane gas) used in motor vehicles. Currently, the fuel tax rate on gasoline and diesel is 30.9 cents per gallon. The last increase in the rate occurred on April 1, 2006, an adjustment (up from 29.9 cents per gallon) under the state's annual, inflation-based indexing formula. The rate indexing adjustment, which was begun in 1984, was repealed by 2005 Act 85, so any future changes will have to be enacted through legislation.

Since the motor vehicle fuel tax rate was last indexed, inflation has risen by 27.2%. Further, growth in the fuel economy of the average light vehicle has had the effect of reducing the amount of state motor vehicle fuel taxes paid by motorists,

even as they continue to drive a similar annual number of vehicle miles and have the same impact on state roads. To illustrate this point, according to IHS Markit (the state's economic forecasting consultant), in 2006, the average fuel economy of the national light vehicle fleet was 20.3 miles per gallon. Their current projections indicate that the average fuel economy will increase to 23.6 miles per gallon in 2020-21. As a result, by the end of the 2019-21 biennium, an average motorist in the state who drives these vehicles for 12,000 miles per year will be purchasing an estimated 82.7 fewer gallons of fuel in 2021 than they were in 2006 due to the increased fuel economy of their vehicle. Therefore, such motorists will be paying an estimated \$25.54 (82.7 gallons x 30.9 cents per gallon) less in state fuel taxes than they did in 2006 for the same amount of travel. This would be equivalent to 5.0 cents per gallon less in motor vehicle fuel taxes paid, because of the increased average fuel economy of light vehicles. Based on actual fuel consumption for 2019-20, 5 cents per gallon equates to an estimated \$166 million in annual motor vehicle fuel tax revenue.

If the motor vehicle fuel tax indexing had been retained, it is estimated that the tax rate in 2019-20 would be 40.4 cents per gallon, which is 9.5 cents per gallon, or 30.7%, more than the current rate of 30.9 cents per gallon. It is estimated that had indexing been retained, the motor vehicle fuel tax would have generated \$1,315.0 million in revenue in 2019-20, which is \$295.5 million more than actual revenues from the motor vehicle fuel tax (\$1,018.5 million). Cumulatively since the indexing of the rate was eliminated, it is estimated that the state has collected \$2,256.3 million less in tax revenue compared to if indexing had been retained.

Alternate fuel tax rates are currently 22.6 cents per gallon for liquefied propane gas, 24.7 cents per gallon for compressed natural gas, and 19.7 cents per gallon for liquefied natural gas. For a more complete discussion of the motor vehicle fuel tax, see the Legislative Fiscal Bureau's informational

paper entitled, "Motor Vehicle Fuel and Alternate Fuel Tax."

Vehicle Registration Revenue. The category identified as "Vehicle Registration Fees" in Table 1 is primarily composed of revenue from vehicle registration fees (77.4% of the total), but also includes other vehicle-related fees. The most significant of these other fees are title transfer fees (\$164.50 for most transactions), which account for about 20.6% of the total. Other fees include the fees for electric (\$100) and hybrid-electric (\$75) vehicles, late registration renewal (\$10), special license plate issuance fees (\$15), and registration and title counter service fees (\$3 or \$5, depending upon the type of transaction).

Wisconsin statutes create many different vehicle classifications for the purposes of vehicle registration. The fee for automobiles (a vehicle category that is defined to include sport utility vehicles and vans used primarily for passengers) was raised in the 2019-21 biennial budget. Effective October 1, 2019, the fee to register these vehicles was raised from \$75 to \$85. Prior to this increase, the most recent raise for these vehicles was increased on January 1, 2008, from \$55 to \$75. The fees for trucks and several other types of vehicles are based upon the weight of the vehicle. For most types of trucks and trailers, there are 19 different weight categories with fees that range from \$100 for a truck that is 4,500 pounds or less, to \$2,578 for a truck-semitrailer combination that is between 76,000 pounds and 80,000 pounds. 2019 Act 9 also increased the fees for trucks weighing 6,000 pounds or less from \$75 to \$100 for those weighing 4,500 pounds or less and from \$84 to \$100 for those weighing between 4,500 pounds up to 6,000 pounds. Certain trucks that are used in agriculture or forestry, although also registered on the basis of weight, pay a fee that is less than the fee for other trucks. The fee for farm trucks, for instance, is 25% of the fee for a nonfarm truck of the same weight.

Prior to 2019 Act 9, fees for light trucks (trucks

weighing up to 8,000 pounds) were last raised on January 1, 2008, when the fees for light trucks were increased to between \$75 and \$106, depending upon gross weight. At that same time, fees for all weight classifications of heavy trucks were increased by 30%. Table 4 shows the history of the last several registration and title fee changes for automobiles and for the heaviest trucks. The fee for the heaviest truck category, 80,000 pounds, is shown as an example, although in each instance in which fees were raised during the period shown, the fees for all or virtually all of the weight classifications were increased.

Table 4: Most Recent Changes to Vehicle Registration and Title Fees

Date of Change	Old Fee	New Fee
Automobile		
September 1, 1981	\$18.00	\$25.00
September 1, 1991	25.00	40.00
December 1, 1997	40.00	45.00
October 1, 2003	45.00	55.00
January 1, 2008	55.00	75.00
October 1, 2019	75.00	85.00
80,000 Pound Truck		
January 1, 1982	\$1,620.00	\$1,700.00
September 1, 1991	1,700.00	1,850.00
December 1, 1997	1,850.00	1,987.50
January 1, 2008	1,987.50	2,578.00
Automobile Title Fee		
July 1, 1983	\$4.00	\$5.00
December 1, 1992	5.00	12.50
December 1, 1997	12.50	16.00
October 1, 2003	16.00	26.00
October 1, 2005	26.00	36.00
January 1, 2008	36.00	60.50
June 26, 2011*	60.50	69.50
October 1, 2019	69.50	164.50

*Environmental impact title fee (\$9) was eliminated and vehicle title fee was increased by \$9.

A separate fee of \$75 fee for hybrid-electric passenger vehicles and a \$100 fee for non-hybrid, electric passenger vehicles is paid when these vehicles are registered. 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 defined as a vehicle that is capable of using both electricity and gasoline, diesel fuel, or alternative fuel to propel the vehicle. A non-hybrid, electric vehicle is defined as a vehicle that is propelled solely by electrical energy and that is not capable of using gasoline, diesel fuel, or alternative fuel to propel the vehicle.

Hybrid-electric vehicles represent less than 2.0% of the state's total vehicle fleet, while electric vehicles represent less than 0.5%. Due to the low number of electric vehicles in the state, the estimated revenue resulting from this fee has been relatively minor (less than \$0.5 million in the 2019-20). However, the revenue from the fee on hybrid-electric vehicles generated approximately \$4.4 million in 2019-20. As this segment of the fleet increases over time, these fees are likely to become a somewhat more significant source of revenue.

Transfers from Other Funds. Over the past several biennia, revenue from traditional transportation user fees has been supplemented with one-time and ongoing transfers from other state funds. The transfers from the general fund and the petroleum inspection fund are distinct from transfers or lapses of transportation fund revenue to the general fund, which occurred in the 2003-05 through the 2009-11 biennia, as a means of balancing the general fund budget.

In addition to one-time transfers, the 2011-13 budget act included a provision making an ongoing, annual transfer to the transportation fund, beginning in 2012-13. The transfer is equal to 0.25% of general fund taxes, as published in the general fund condition statement in the budget act, with a minimum annual transfer of \$35,127,000. In 2019-20 the amount transferred was equal to \$43,301,100 while a further \$44,095,000 will be transferred in 2020-21. [See later section on the relationship between the transportation fund and the general fund for a history of these transfers.]

In addition, the transportation fund has received, or continues to receive, one-time and ongoing transfers from the petroleum inspection fund (PIF). The petroleum inspection fund was originally established to fund the petroleum environmental cleanup fund award program, which was created in response to federal legislation requiring the cleanup of underground storage tanks. The fund receives revenue from a two cents per gallon petroleum inspection fee on petroleum products (primarily gasoline, diesel, and home heating fuel) distributed in the state. [For a more detailed discussion of this program, see the Legislative Fiscal Bureau's informational paper entitled, "Petroleum Environmental Cleanup Fund Award (PECFA) Program."] An ongoing annual transfer has been made from this fund since 2004-05 (\$6,321,700 per year through 2008-09 and \$6,258,500 per year since then).

This ongoing transfer was supplemented by specified, one-time transfers of surplus revenues from the petroleum inspection fund to the transportation fund in each biennium from the 2007-09 biennium through the 2017-19 biennium. Subsequently, under 2017 Act 59, the Secretary of the Department of Administration, beginning on June 30, 2020, and on June 30 of each subsequent fiscal year, is required to transfer the unencumbered balance of the petroleum inspection fund to the transportation fund, except for an amount equal to not less than 5% of the gross revenues received by PIF during the fiscal year in which the transfer is made. The actual amount transferred in each year will be dependent on revenues to, as well as expenditures and encumbrances from, the petroleum inspection fund. In 2019-20, the first year of this transfer, \$61.3 million of the unencumbered balance of the petroleum inspection fund was transferred to the transportation fund. Table 5 reflects transfers from the petroleum inspection fund to the transportation fund for the most recent 10-year period.

Table 5: Petroleum Inspection Fund Transfers to Transportation Fund (\$ in Millions)

Fiscal Year	Transfers		Total
	Ongoing	One-time	
2010-11	\$6.3	\$17.8	\$24.1
2011-12	6.3	19.5	25.8
2012-13	6.3	19.5	25.8
2013-14	6.3	16.0	22.3
2014-15	6.3	16.0	22.3
2015-16	6.3	21.0	27.3
2016-17	6.3	21.0	27.3
2017-18	6.3	24.0	30.3
2018-19	6.3	24.0	30.3
2019-20	67.6*	0.0	67.6

*This includes \$61.3 million associated with the annual transfer of the petroleum inspection fund balance, which will likely be less in future years.

Looking at revenues to the transportation fund, excluding transfers from other funds, provides a picture of the growth in transportation fund revenue from transportation-related taxes and fees. Table 6 shows the changes in gross transportation fund revenue since 2009-10, with and without transfers from other funds.

Driver License Fees. Driver license revenue include the fees for original and renewal driver

Table 6: Gross Transportation Fund Revenue with and without Transfers from Other Funds (\$ in Millions)

Fiscal Year	Gross	% Change	Less Transfers	% Change
2009-10	\$1,714.1		\$1,697.9	
2010-11	1,739.9	1.5%	1,715.9	1.1%
2011-12	1,792.2	3.0	1,743.9	1.6
2012-13	1,883.7	5.1	1,720.3	-1.4
2013-14	1,842.0	-2.2	1,784.6	3.7
2014-15	2,001.6	8.7	1,808.4	1.3
2015-16	1,932.6	-3.4	1,867.4	3.3
2016-17	1,940.2	0.4	1,870.7	0.2
2017-18	1,986.9	2.4	1,916.5	2.4
2018-19	1,987.3	0.0	1,912.3	-0.2
2019-20	2,117.0	6.5	2,006.2	4.9
10-Year Average		2.1%		1.7%
5-Year Average		1.1		2.1

licenses, endorsements, and identification cards, but also other license-related fees, such as duplicate license fees, fees for late renewal, and reinstatement fees for licenses that have been suspended or revoked. Licenses for regular automobiles and light trucks ("Class D") and for commercial motor vehicles are generally valid for eight years. The fee for an original Class D license and for the renewal of this license, is \$34. A provision of 2015 Act 55 increased the fee for an original Class D license from \$28 to \$34. The fee for a commercial driver's license is \$74. Formally, these fees consist of a regular license fee (\$24 and \$64, respectively, plus a \$10 "issuance" fee). On January 1, 2008, the \$10 fee was added to all driver's license and related transactions to help support the cost of implementing the federal Real ID Act.

Other Motor Vehicle Fees. The most significant sources of revenue in the other motor vehicle fees revenue category are the fee for driver license abstracts (primarily sold to insurance companies for use in underwriting) and the vehicle rental fee. The fee for driver license abstracts is \$5 per record for most types of records. The vehicle rental fee is a tax on the sales price from the rental of automobiles, mobile homes, motor homes, camping trailers, and limousines that are rented for a period of 30 days or less. The rate of the tax is 5%. This category also includes motor carrier registration fees, which are paid by commercial motor carrier companies, based on the number of vehicles operated in interstate commerce.

Railroad Ad Valorem Tax. Property owned by railroads is exempt from local property taxes and is subject, instead, to a state ad valorem tax. The value of railroad companies is determined on a system-wide basis, and then a portion is allocated to Wisconsin based upon each railroad's activity in the state. The Wisconsin portion of the railroad's property is taxed at the statewide average tax rate for property subject to local property taxes, net of state tax credits. In 2020, there were 10 railroad companies that paid this tax.

Aeronautical Taxes and Fees. The primary source of aviation-related revenue is the ad valorem tax on commercial airline property. Commercial airlines are exempt from local property taxes and, instead, are taxed under the state's ad valorem tax. The property of airlines is valued on a system-wide basis, and a portion of that value is allocated to Wisconsin based on a statutory formula intended to reflect each airline's activity in the state. The resulting value is taxed at the statewide average net tax rate. Airlines that operate a hub facility in the state are exempt from paying the ad valorem tax. In 2020, 23 airlines paid this tax and no airlines qualified for the hub exemption.

In 2019-20, the ad valorem tax on commercial airline property accounted for 80.0% of the revenue in the aeronautical taxes and fees category shown in Table 1. The remaining revenue in this category comes from two general aviation-related sources. First, aircraft that are not subject to the ad valorem tax (not including aircraft operated by an airline qualifying for the airline hub exemption) must pay an aircraft registration fee, which ranges from \$60 for two years for an aircraft that is 2,000 pounds or less to \$3,125 annually for an aircraft over 100,000 pounds. Second, general aviation fuel is subject to a fuel tax of six cents per gallon (air carrier companies are exempt from paying this tax).

Miscellaneous Revenue. Other revenue collected by the Department includes revenue from sales of surplus property, motor vehicle dealer license fees, salvage vehicle inspection fees, real estate lease income (primarily from leasing parking space), oversize or overweight truck permit fees, and outdoor advertising permit fees.

Investment Earnings. Investment earning revenue is generated on the cash balances maintained in the transportation fund. These balances are pooled with balances in other funds and invested on a short-term basis by the State Investment Board. The proportionate earnings attributable to

the transportation fund's balances are credited to the fund on a monthly basis.

Relationship between the Transportation Fund and the General Fund

From 2003-05 through 2019-21 (an 18-year period), the Governor and the Legislature enacted a series of transactions between the transportation fund and the general fund. This section provides information on these transactions for two separate periods, as well as information on the net impact of these transactions on the transportation fund over the entire period.

2003-05 through 2009-11 Biennia. Between the 2003-05 and 2009-11 biennia, transportation fund revenue was used as part of a strategy to balance the general fund budget. The primary uses of this transferred revenue were funding shared revenue and K-12 education. During this period, general fund-supported bonds were issued for state highway projects in place of significant amounts of segregated, transportation revenue transferred to the general fund, although the total amount transferred was higher than the replacement bonds authorized in each biennium. In 2009-11, however, general fund-supported bonds were issued in an amount greater than the total amount of segregated revenue transferred from the transportation fund to the general fund. The total of the transactions during this first, eight-year period was a \$375.6 million loss to the transportation fund.

Transfers made out of the transportation fund during this period, as will be discussed in a subsequent section, preceded the passage of a constitutional amendment in 2014 intended to prohibit the use of transportation tax and fee revenue for non-transportation purposes.

2011-13 to Present. From the 2011-13 biennium to the present biennium, no additional transportation fund revenues were used for general fund purposes. Further, under the constitutional

prohibition (passed in December, 2014), no subsequent transfers of transportation fund revenues could be made.

Conversely, general fund-supported bonds continued to be used for state highway projects in each of the biennia from 2011-13 through 2017-19, totaling \$742.8 million. However, no general fund-supported bonds for state highway projects were authorized in the 2019-21 biennium. In addition, as shown in the table, annual transfers of general fund revenues to the transportation fund were made. The 2011-13 biennial budget act created a provision requiring an annual transfer from the general fund to the transportation fund of an amount equal to 0.25% of the revenues projected to be deposited in the general fund during each fiscal year that are designated as "taxes" in the general fund condition statement. In addition to this ongoing transfer, there were also one-time transfers of revenue from the general fund to the transportation fund authorized in the 2011-13 and 2014-15 biennia.

In addition, general purpose revenue is occasionally provided to fund transportation projects on a one-time basis. For example, the 2019-21 bi-

ennial budget provided \$90.0 million general purpose revenue in 2019-20 to provide supplemental funding to local governments for road projects that are eligible for program funding under the local roads improvement program. [See the informational paper entitled, "Local Transportation Assistance Programs" for information on local transportation programs.]

In total, \$712.0 million of revenue was transferred from the general fund to the transportation fund during the ten years from 2011-13 through 2019-21. The total of the transactions during this second, ten-year period is an estimated \$1,454.8 million gain to the transportation fund.

Net Effect of Transactions. Because the amounts provided to the transportation fund in these later biennia were not offset by transfers to the general fund, over time the transportation began to benefit as a result of the interfund transactions. Table 7 shows the biennial impact of these transactions in terms of the impact on the transportation fund (a negative figure represents a loss to the transportation fund while a positive figure represents a gain to the fund). The cumulative, net impact of these transactions during the entire 18-

Table 7: Impact to Transportation Fund of General Fund Transactions (\$ in Millions)

	<u>2003-05</u>	<u>2005-07</u>	<u>2007-09</u>	<u>2009-11</u>	<u>2011-13</u>	<u>2013-15</u>	<u>2015-17</u>	<u>2017-19</u>	<u>2019-21</u>	18-Year <u>Total</u>
Transfers and Appropriations to General Fund	-\$682.6	-\$431.7	-\$162.0	-\$125.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	-\$1,401.9
Transportation Fund-Supported Debt Service	-43.91	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-43.9
Gen. Ob. Bonds for State Hwy. Projects, GPR-Supported	565.5	250.0	50.0	204.7	115.4	200.0	175.0	252.4	0.0	1,813.0
General Fund Transfers/ Appropriations to Transportation Fund	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>160.1</u>	<u>206.1</u>	<u>79.9</u>	<u>88.5</u>	<u>177.4</u>	<u>712.0</u>
Total	-\$161.0	-\$181.7	-\$112.0	\$79.1	\$275.5	\$406.1	\$254.9	\$340.9	\$177.4	\$1,079.2
Cumulative Effect	-\$161.0	-\$342.7	-\$454.7	-\$375.6	-\$100.1	\$306.0	\$560.9	\$901.8	\$1,079.2	

year period is an estimated gain to the transportation fund of \$1,079.2 million (-\$375.6 million for the first eight-year period plus \$1,454.8 million for the subsequent ten-year period). It should be noted that this calculation only reflects the net effect to the transportation fund and does not include the interest on the general fund-supported bonds issued for transportation purposes.

Constitutional Amendment

Use of transportation fund revenue for non-transportation-related purposes resulted in the drafting of a constitutional amendment related to the transportation fund and the Department of Transportation. The amendment, which established a transportation fund and Department of Transportation in the state's constitution, was passed by referendum in the November, 2014, general election, with 79.9% of voters (1,733,101) voting in favor of the amendment's passage and 20.1% (434,806) voting against it. The amendment is intended to prevent future lapses and transfers for any non-transportation-related use or any program not directly administered by the Department of Transportation, excluding those made by appropriations in statute as of December 31, 2010.

Under the amendment, section 11 of article VIII of the constitution was created to read:

"All funds collected by the state from any taxes or fees levied or imposed for the licensing of motor vehicle operators, for the titling, licensing, or registration of motor vehicles, for motor vehicle fuel, or for the use of roadways, highways, or bridges, and from taxes and fees levied or imposed for aircraft, airline property, or aviation fuel or for railroads or railroad property shall be deposited only into the transportation fund or with a trustee for the benefit of the department of transportation or the holders of transportation-related revenue bonds, except for collections from taxes or fees in existence on December 31, 2010, that were not being deposited in the transportation fund on that date. None of the funds collected or received by

the state from any source and deposited into the transportation fund shall be lapsed, further transferred, or appropriated to any program that is not directly administered by the department of transportation in furtherance of the department's responsibility for the planning, promotion, and protection of all transportation systems in the state except for programs for which there was an appropriation from the transportation fund on December 31, 2010. In this section, the term "motor vehicle" does not include any all-terrain vehicles, snowmobiles, or watercraft."

Transportation Bonds

Bonds were first authorized directly by the state for highway, bridge, and administrative facility projects in 1969. Prior to that time, counties could issue bonds for work on state highways and were reimbursed by the state for the debt service costs.

Currently, the state issues three types of bonds for transportation purposes: (a) transportation fund-supported, revenue bonds; (b) transportation fund-supported, general obligation bonds; and (c) general fund-supported general obligation bonds. This section describes the uses of these types of bonds and includes a discussion of the transportation fund debt service costs associated with the use of bonds. Table 8 provides the total, biennial bonding authorizations for transportation purposes for the last five biennia by programmatic category.

Transportation Revenue Bonds

Transportation revenue bonds have been issued for the major highway development program and for administrative facilities (Department buildings, such as Division of Motor Vehicles service centers) since 1984. In general, the source of debt service payments for revenue bonds is limited to a specific fund consisting of fees, penalties, or

Table 8: Total Bonding Authorized for Transportation Purposes (\$ in Millions)

Biennium	State Highway Improvement Program	Freight Rail	Harbor	Administrative Facilities	Passenger Rail	Transit Capital Assistance	Biennial Total
2011-13	\$727.5	\$30.0	\$10.7	\$11.9	\$0.0	-\$100.0	\$680.1
2013-15	911.6	52.0	15.9	11.9	0.0	0.0	991.4
2015-17	805.4*	29.8	13.2	0.0*	-43.0	0.0	805.4
2017-19	367.2	12.0	14.1	9.1	0.0	0.0	402.4
<u>2019-21</u>	<u>254.3**</u>	<u>30.0</u>	<u>32.0</u>	<u>0.0**</u>	<u>10.0</u>	<u>0.0</u>	<u>326.3</u>
Total	\$3,066.0	\$153.8	\$85.9	\$32.9	-\$33.0	-\$100.0	\$3,205.6
Biennial Average							\$641.1

*Previously authorized, but unissued bonds were available to provide funding in 2015-17 as follows: (a) \$5.6 million to the state highway improvement program; and (b) \$11.9 million to the administrative facilities program.

**Although not shown, existing bond proceeds and SEG-S appropriation authority were also provided in 2019-21 as follows: (a) \$30.9 million to the state highway improvement program; and (b) \$9.1 million for the administrative facilities program.

excise taxes set up for that purpose. In the case of transportation revenue bonds, this fund consists of vehicle registration fees and other vehicle-related revenue, such as title fees. These are sometimes called "pledged" revenue since the state pledges the collections to a third-party trustee for the payment of debt service. The trustee processes the receipts, makes the debt service payments, and then returns the balance of the revenue to the state for deposit in the transportation fund.

Table 9 shows the amount of revenue bonds authorized for projects over a 10-year period. Over this period, revenue bond authorizations averaged \$237.6 million per biennium, although this amount was below \$200.0 million in each of the last three biennia. In 2019-21, \$142.3 million of revenue bonds were authorized.

Table 9: Transportation Revenue Bond Authorization Amounts

Biennium	Amount
2011-13	\$341.8
2013-15	416.5
2015-17	163.4
2017-19	123.9
<u>2019-21</u>	<u>142.3</u>
Total	\$1,187.9
Biennial Average	\$237.6

General Obligation Bonds

Transportation Fund-Supported. The state has long used transportation fund-supported, general obligation bonds for freight rail and harbor improvement projects. More recently, however, these bonds have also been authorized for state highway improvement projects (although general obligation bonds were also used for highways prior to the creation of the transportation revenue bond program in 1984). Unlike revenue bonds, which have a dedicated, but ultimately limited, revenue source for debt service payments, the state pledges the "full faith, credit, and taxing power" of the state for the payment of debt service on general obligation bonds. In the case of transportation fund-supported, general obligation bonds, the debt service is paid from sum sufficient (first-draw) appropriations from the transportation fund.

Table 10 shows the transportation fund-supported, general obligation bond authorization for the past five biennia, and illustrates the extent to which the state uses these bonds. In 2019-21, a total of \$174.0 million in transportation fund-supported, general obligation bonds were authorized, including \$122.0 million for state highway projects, \$32.0 million for the harbor assistance program, and \$30.0 million for the freight rail

preservation program (in addition, \$10.0 million of unused bonding authority was reduced for the high-cost bridge program due to the only existing project in the program, the Hoan Bridge in Milwaukee County, being completed without issuing the bonds). Over the past five biennia, transportation fund-supported, general obligation bond authorizations averaged \$281.6 million per biennia, although this amount was below \$200.0 million in the two most recent biennia.

Table 10: Transportation Fund-Supported, General Obligation Bond Authorization (\$ in Millions)

Biennium	Amount
2011-13	\$322.9
2013-15	374.9
2015-17	510.0
2017-19	26.1
2019-21	<u>174.0</u>
Total	\$1,407.9
Biennial Average	\$281.6

General Fund-Supported. Due in part to concerns over limited growth in transportation fund revenue and transportation fund-supported debt levels, general fund-supported bonding has been used increasingly as a financing mechanism for state highway improvement projects. For instance, an average of \$122.0 million per biennium in general fund-supported bonds was authorized for transportation projects during the last five biennia. Most recently, under 2019 Act 9, \$10.0 million in general fund-supported, general obligation bonds were authorized for the passenger rail development program in order to add additional passenger rail service on the Hiawatha line between Milwaukee and Chicago. Table 11 lists the general fund-supported, general obligation bonds authorized during the most recent 10-year period.

Measures of Transportation Fund-Supported Debt Service Level

The issuance of bonds for transportation

Table 11: General Fund-Supported Bonds Authorized for Transportation Purposes (\$ in Millions)

Biennium	Amount
2011-13	\$15.4*
2013-15	200.0
2015-17	132.0
2017-19	252.4
2019-21	<u>10.0</u>
Total	\$609.8
Biennial Average	\$122.0

*Includes the deletion of \$100.0 million for the southeast Wisconsin transit capital assistance program.

projects allows the benefits of the projects to be realized earlier than would be the case with cash financing, while spreading out the costs, through the payment of debt service, over the life of the improvement. However, continued reliance on bonds over a sustained period can result in debt service costs that consume an increasing share of transportation revenue. There are two principal measures of transportation fund debt service levels that have been used to evaluate the state's use of bonds.

The first measure applies only to the debt service associated with transportation revenue bonds. The "coverage ratio" is the relationship between the amount of pledged revenue received during a given time period and the amount of debt service payments in that period. Under the guidelines for the issuance of bonds under the transportation revenue bond program, new bonds may be issued only if the coverage ratio was at least 2.25 to 1 (or 2.25:1) for at least 12 consecutive months of the preceding 18 months (that is, pledged revenue is 2.25 times greater than the amount needed to pay debt service costs). However, it is generally considered that a ratio higher than 2.5:1 is desirable in order to maintain a cushion above the level at which the issuance of additional bonds would be precluded. A coverage ratio below 2.5:1 may also increase the risk that the rating for the bonds is downgraded, which would increase the interest

costs associated with the bonds.

Table 12 shows the coverage ratios over a 10-year period. As the table shows, coverage ratios have been maintained at or above 3.0:1. The vehicle registration and title fee increases enacted in the 2007-09 biennium resulted in higher coverage ratios in the next few years, although the ratio subsequently declined as debt service increased. However, the registration and title fee increases enacted in the 2019-21 biennium helped increase the coverage ratio to 3.9:1 in 2019-20, the highest it has been since 1997-98.

Table 12: Revenue Bond Coverage Ratios (\$ in Millions)

Fiscal Year	Revenue Bond Debt Service	Pledged Revenue	Coverage Ratio
2010-11	\$179.6	\$602.9	3.4:1
2011-12	194.5	634.1	3.3:1
2012-13	200.8	629.5	3.1:1
2013-14	215.8	657.7	3.0:1
2014-15	220.2	665.1	3.0:1
2015-16	226.3	690.9	3.1:1
2016-17	227.3	692.9	3.0:1
2017-18	213.3	704.5	3.3:1
2018-19	203.9	704.1	3.5:1
2019-20	216.3	839.2	3.9:1

While the coverage ratio provides a measure of debt service compared to pledged revenue for the payment of the debt service, it does not provide information on the overall level of transportation fund debt service, since it excludes debt service on general obligation bonds. A more comprehensive measure is the total of all transportation debt service as a percentage of gross transportation fund revenue, exclusive of transfers from other funds.

Table 13 shows this measure of debt service for the fiscal years since 2010-11. As the table shows, the percentage of gross transportation fund revenue, less transfers, devoted to debt service has generally increased over the period shown, suggesting that the use of bonding has grown at a

Table 13: Debt Service as a Percentage of Gross Transportation Fund Revenue (\$ in Millions)*

Fiscal Year	Total Debt Service	Gross Revenue	Debt Service as % of Revenue
2010-11	\$197.2	\$1,715.9	11.5%
2011-12	240.7	1,743.9	13.8
2012-13	259.5	1,720.3	15.1
2013-14	294.2	1,784.6	16.5
2014-15	314.4	1,808.4	17.4
2015-16	340.8	1,867.4	18.2
2016-17	356.2	1,870.7	19.0
2017-18	357.6	1,916.5	18.7
2018-19	362.3	1,912.3	18.9
2019-20	371.1	2,006.2	18.5

*Revenue is shown before the payment of revenue bond debt service and exclusive of transfers from other funds.

faster rate than revenue. However, due to the increases to registration and title fees enacted as part of 2019 Act 9, the percentage of gross revenues devoted to debt service decreased in 2019-20.

Federal Funds

The state receives federal transportation funds for several different programs. This section provides information on the following types of federal aid: (a) highway aid; (b) airport aid; (c) transit aid; and (d) transportation safety aid.

Federal Highway Aid

Federal highway aid is the largest category of transportation aid, with the state receiving \$813.0 million in federal fiscal year 2020, comprised of the following: (a) \$739.6 million in basic formula aid; (b) a one-time supplemental congressional appropriation of \$23.4 million; and (c) redistribution funds of \$50.0 million. In August or September in each year, federal highway aid that cannot be obligated within the federal fiscal year it is provided is redistributed to states that have obligated their entire allotment and have the ability to obligate the

redistributed funds. The expenditure of this aid is authorized under federal surface transportation authorization acts. The most recent such act is the Fixing America's Surface Transportation (FAST) Act, which was signed into law in December, 2015, and which authorizes federal transportation aid from federal fiscal year 2016 through 2020. The FAST Act was set to expire on September 30, 2020, but was extended for one additional year, through September 30, 2021, as part of the recently enacted federal continuing resolution.

Due of the difference between the state fiscal year (July 1 to June 30) and the federal fiscal year (October 1 to September 30), the amount of aid appropriated by the state each year does not precisely align with each federal fiscal year's total. In addition, DOT received a federal Infrastructure for Rebuilding America (INFRA) grant of \$6.8 million in federal fiscal year 2020 to help fund the last phase of the Merrimac Bridge rehabilitation for freight rail over Lake Wisconsin in Columbia and Sauk counties.

Because of the large amount received, federal highway aid plays an important role in the state's overall transportation finance policy. This program also tends to draw significant legislative interest because of the flexibility that the state has with respect to the use of the funds. Unlike the other federal transportation programs, in which funds are generally received for narrowly prescribed purposes, federal highway aid may be spent within any of several different federal sub-programs, for both state and local transportation projects.

In Wisconsin, the Legislature has established a process whereby the funds are allocated in the biennial budget to the different state programs corresponding to the various federal program categories. These allocations may be adjusted later by the Joint Committee on Finance in the event that the total amount of funds received differs by more than 5% from the amount allocated by the budget

act (or by DOT for differences less than 5%).

Although a majority of federal highway aid is used in the state highway programs, significant amounts are also spent on local highway and bridge projects that are eligible for federal assistance. Smaller amounts are also spent for the following federally authorized purposes: (a) railroad crossing improvements (generally new signals or gates); (b) transportation alternatives program for bicycle and pedestrian facilities; (c) congestion mitigation/air quality improvement projects (measures designed to reduce road congestion in ozone nonattainment areas); and (d) state and metropolitan transportation planning and research activities.

Table 14 shows the allocation of estimated federal highway aid in state fiscal year 2019-20 under the 2019-21 biennial budget act. The source for federal highway aid is the highway account of the federal highway trust fund. The revenue in the highway account originates from a portion of the federal excise tax on gasoline and diesel fuel, a tax on tires over 40 pounds, taxes on the sale of heavy trucks and trailers, and the federal heavy vehicle

Table 14: Budgetary Allocation of Federal Highway Aid for 2019-20*

State Appropriation	Amount
State Highway Rehabilitation	\$445,724,100
Major Highway Development	167,701,100
Local Transportation Facility Assistance	72,238,500
Southeast Wisconsin Freeway Megaprojects	41,005,100
Local Bridge Assistance	24,419,600
Departmental Operations	15,331,700
Congestion Mitigation/Air Quality Improvement	10,719,000
Transportation Alternatives	7,049,300
Administration and Planning	3,608,500
Railroad Crossing Improvements	3,291,800
Highway System Mgmt. and Operations	<u>1,104,000</u>
Total Federal Highway Aid	\$792,192,700

*Excludes additional federal highway aid allocated to Wisconsin as part of the annual federal redistribution process that was not included in the 2019-21 budget Act

use tax. In addition, Congress has transferred general fund revenue to the highway trust fund in recent years to compensate for falling federal highway account revenue collections.

Federal Airport Aid

Federal airport aid is distributed in three forms: (a) entitlement funds, which are based on the number of enplanements at commercial service airports; (b) discretionary funds, which are distributed using a rating process for specific projects at general aviation or commercial airports; and (c) block grants, which are funds provided to states for use at general aviation airports. Entitlement funds and discretionary funds are received for either a particular airport or for a particular airport project, while the state has some discretion as to where block grant funds are used.

Federal airport improvement aid generally requires a nonfederal match. The required non-federal match for the largest airports is typically 25%, of which only General Mitchell International in Milwaukee qualifies for Wisconsin airports, and between 5% and 10% for smaller airports. In Wisconsin, the nonfederal portion is split evenly between state funds and local funds. The state received \$68.7 million in federal airport aid in federal fiscal year 2020. Federal airport funds are provided from the federal airport and airway trust fund, which includes revenue from taxes on airline tickets, flight segment taxes, air cargo taxes, and aviation fuel taxes.

Federal Transit Aid

Wisconsin receives transit aid from several different federal programs. The state receives its largest amounts of federal transit aid through the federal urbanized area formula and rural area formula programs. Other federal transit programs include the seniors and individuals with disabilities aid program, the capital assistance program, which includes funding for new buses, capital investment grants, and fixed guideway or high intensity bus

capital assistance. With some of these other programs, the state receives funding on a periodic basis in the form of Congressional earmarks or discretionary awards, while others provide funding on an annual basis based on a formula.

In federal fiscal year 2020, a total of \$70.8 million in urbanized and nonurbanized area transit formula funds were distributed to Wisconsin transit systems, of which \$21.5 million went directly to the Milwaukee Urbanized Area and \$7.8 million went directly to the Madison Urbanized Area.

Other federal transit programs with funding apportioned in 2020 include the seniors and individuals with disabilities aid program (\$5.1 million), the capital assistance program (\$11 million), federal planning and safety aid (\$2.2 million), and the rural transportation assistance program (\$0.3 million).

Transit aid is provided from the mass transit account of the highway trust fund. This account is funded with a portion of the federal excise tax on gasoline and diesel fuel. For additional information on federal transit aid, see the Legislative Fiscal Bureau's informational paper entitled, "Transit Assistance."

Federal Transportation Safety Aid

The state receives most of its federal transportation safety funds from three programs. Two of them are general traffic safety programs, which are administered by the Department's Bureau of Transportation Safety within the Division of State Patrol, and the other is the motor carrier safety assistance program, administered by the State Patrol's motor carrier inspectors.

The two general traffic safety programs are the state and community highway safety grant program (typically referred to as the "section 402" program after the citation for the program in Title 23 of the U.S. Code) and the alcohol-impaired

driving countermeasures incentive grant program [also referred to as "section 405(d)"].

The section 402 program provides funds with broad eligibility for funding state programs and local grants designed to increase safety through education initiatives, enhanced enforcement, and emergency response improvements. In order to receive section 402 funds, states are required to develop a plan that outlines several traffic safety goals and describes how the projects that would be funded are designed to meet those goals. In federal fiscal year 2020, the state received \$5.6 million from this program.

The section 405(d) program provides grants to be used specifically to combat problems associated with impaired driving and underage alcohol consumption. This funding had been provided under the section 410 program, which became section 405(d) under the Moving Ahead for Progress in the 21st Century (MAP-21) federal authorization act, effective in federal fiscal year 2013. In order to receive these funds, the state must have a minimum number of certain laws or programs, such as an administrative license suspension law for drivers who are arrested with a blood alcohol level above the legal limit, a zero tolerance law for underage drivers, a graduated license law, and a program to target drivers who are arrested for very high blood alcohol concentrations. Under the FAST Act, in federal fiscal year 2020, the state received \$3.0 million from the section 405(d) program.

In addition, section 405 provides federal funding to other safety programs, including programs related to occupant protection, traffic safety information systems, and motorcyclist safety. In federal fiscal year 2020, the state received \$1.7 million for all other section 405 programs. The state's total federal fiscal year 2020 funding from section 402 (\$5.6 million), section 405(d) (\$3.0 million), and all other section 405 programs (\$1.7 million) equals \$10.3 million.

The Department also receives federal motor carrier safety assistance program funds for activities related to the enforcement of federal motor carrier laws. DOT uses these funds for a portion of the cost of the State Patrol's motor carrier inspectors, who conduct inspections at truck weigh stations and on roadsides. In 2020, the state received \$6.5 million in federal funds from a combination of federal motor carrier safety grant programs.

General Fund Appropriations

As discussed earlier, general fund transfers to the transportation fund and general fund-supported bonds have been authorized for transportation fund purposes in recent biennia. In addition, general fund appropriations fund have been provided to directly fund transportation programming. Specifically, each year, general fund debt service appropriations are used to retire the principal and interest due on general fund-supported debt issued for transportation purposes. In 2019-20, \$99,523,100 GPR was appropriated to fund these debt service costs. Also, on occasion, general fund appropriations have been used to fund specific transportation programs. For instance, in 2019-20, 2019 Act 9 provided \$90 million GPR to fund local projects eligible for funding under the existing local roads improvement program.

Allocation of the Transportation Revenue Sources

This section focuses on the expenditure of the types of transportation revenue described in this paper. Specifically, it addresses the allocation of the combined sum of all sources to various transportation program categories.

Table 15 shows this allocation using the 2019-20 appropriation and bonding amounts, with adjustments made to include transportation revenue bond debt service (which is not reflected in an appropriation). The table reflects the bonding proceeds used to fund program costs in the current biennium associated with the newly-authorized bonds, as well as the debt service amounts, which involve the repayment of bond proceed principal that was issued to fund transportation programming in prior biennia. The repayment of interest due on outstanding bonds is also included. The table also shows the allocation of funding to DOT programs, as well as the amounts appropriated for non-DOT programs (which are the transfers to the conservation fund for estimated motor fuel taxes paid by users of snowmobiles, all-terrain vehicles, utility terrain vehicles, and motorboats, the Department of Revenue appropriations for administering transportation fund taxes, a Department of Tourism appropriation for tourism marketing, and an appropriation for making payments to municipalities that have railroad terminal facilities).

Of the total shown in Table 15, in 2019-20, \$2,240,518,700 is appropriated from the transportation fund, \$890,172,600 is appropriated from federal funds (the federal highway aid shown in

Table 15: Allocation of the Three Major Transportation Revenue Sources among All Functions

	2019-20 Allocation	
	Amount	Percentage
Highway Programs	\$1,640,556,700	47.1%
Local Road Aids	736,647,500	21.1
Debt Service	470,666,300	13.5
Railroads, Harbors, and Airports	160,756,900	4.6
Mass Transit Aids	155,325,000	4.5
General Administration*	107,560,300	3.1
Division of Motor Vehicles	78,639,100	2.3
State Patrol	69,870,500	2.0
Other Programs**	36,640,700	1.1
Non-DOT Programs	<u>26,678,700</u>	<u>0.8</u>
Total	\$3,483,341,700	100.0%

* Includes appropriations for administration and planning from the state highway program, departmental management appropriations, and the capital project bond authorization.

**Includes the transportation economic assistance program, transportation alternatives, congestion mitigation and air quality improvement grant program, traffic safety programs, expressway policing aids, and other smaller programs.

Note: Percentage totals do not add due to rounding.

Table 14 plus all other federal aid), \$189,523,100 is appropriated from the general fund, and \$163,127,300 is bond proceeds.