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Transportation Finance

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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 2021-22 fiscal year.

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 \$2.3 billion in the 2021-22 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 2004-05, when an annual transfer was introduced from the petroleum inspection fund (PIF). Subsequently, the passage of the 2011-13 budget began an annual transfer of 0.25% of general fund tax revenues to the fund. The 2017-19 budget created a second annual PIF transfer that requires the Secretary of the Department of Administration to transfer the unencumbered PIF balance to the transportation fund, except for an amount equal to not less than 5% of the gross annual revenues received by the PIF. 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, beginning in 2021-21.

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: 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 2021-22. The two primary sources of revenue are from the motor vehicle fuel tax and registration fees, which together make up 75.4% of total revenues to the fund, with motor vehicle fuel tax revenues alone contributing 45.3% of revenue to the fund. The total amounts collected by the state from vehicle registration fees (\$711.7 million) and title fees (\$213.1 million) are shown, even though only a portion of this revenue (76.7% or \$709.7 million of the \$924.8 million total) is deposited in the transportation fund. The remainder (23.3% or \$215.1 million) pays the annual debt service and administrative costs associated with bonds issued in the state's transportation revenue bond program and is 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 2011-12, 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 transfers from other state funds.

Table 1: 2021-22 Transportation Fund Revenue Collections by Source

Source	Amount	Percent of Total
Motor Vehicle Fuel Tax	\$1,069,996,900	45.3%
Vehicle Registration Fees	711,656,000	30.1
Title and Title Transfer Fees	213,105,200	9.0
Transfers from Other Funds	202,146,700	8.6
One-Cent PIF Deposit	39,971,500	1.7
Driver License Fees	39,013,700	1.7
Railroad Ad Valorem Tax	33,030,100	1.4
Other Motor Vehicle Fees	26,873,200	1.1
Miscellaneous Revenue	17,988,900	0.8
Aeronautical Taxes and Fees	5,613,200	0.2
Investment Earnings*	<u>1,932,800</u>	<u>0.1</u>
Total	\$2,361,328,200	100.0%

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

Table 2: Gross Transportation Fund Collections History Including Transfers

Fiscal Year	Total Gross Revenue	Percent Change
2011-12	\$1,792,163,400	
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
2020-21	2,161,511,400	2.1
2021-22	2,361,328,200	9.2
10-Year Average		2.9%
5-Year Average		4.1

The largest annual increase in gross transportation fund revenue observed over the past 10 years, as shown in Table 2, occurred in 2021-22. This increase was primarily due to a one-time transfer of an additional \$134.2 million from the general fund to the transportation fund under the 2021-23 budget. The one-time transfer from the general fund was in addition to the ongoing transfer of an

amount equal to 0.25% of annual general fund taxes to the transportation fund. Revenues in 2019-20 grew for two principal reasons: (a) an increase to certain vehicle registration and vehicle title fees under the 2019-21 budget, effective October 1, 2019; and (b) the initial annual transfer of the unencumbered PIF balance to the transportation fund, mentioned earlier. The 2014-15 increase was primarily due to one-time transfer of an additional \$133.3 million from the general fund in that biennium and an additional \$16.0 million PIF transfer.

Proceeds from the two largest revenue sources in the transportation fund, the motor vehicle fuel tax and registration fees, respectively depend on the consumption of motor fuel and the number of vehicles registered in the state. The top portion of Table 3 shows annual taxable gallons of motor vehicle fuel and vehicle registrations in Wisconsin

since 2011-12. 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 or changes in consumption. A benefit of this unit-based structure is that the associated revenue streams are relatively 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. Over the period shown in Table 3, the annual rate of inflation has increased by an average of 2.2% per year, and the state highway construction inflation rate increased by an average of 3.8%. However, annual inflation accelerated significantly in 2021-22, growing by 7.2% while the annual highway construction inflation rate rose by 6.8%.

**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
2011-12	3,197.1		3,531.0		884.2		236.3	
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	967.9	0.2	323.7	6.7
2019-20	3,299.5	-4.2	3,698.6	-2.0	971.3	0.3	319.2	-1.4
2020-21	3,279.0	-0.6	3,626.1	-2.0	995.0	2.4	340.3	6.6
2021-22	3,457.5	5.4	3,863.7	6.6	1,039.4	4.5	371.2	9.1
Compound Average Growth Rates								
10-Year		0.8%		0.9%		1.6%		4.6%
5-Year		0.5		0.8		1.8		5.3

Estimated Annual Revenues from Selected Rate Changes (2021-22)

Type	Increase/Decrease (\$ in Millions)	
	Rate Change	Annual Revenue
Motor Vehicle Fuel Excise Tax	1.0¢ per gallon	\$34
Auto and Light Truck Registration Fee	\$10 per vehicle	\$49
Heavy Truck Registration Fee	10% of current fees	\$15

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. The lower portion of Table 3 reflects the estimated revenue change associated with selected basic modifications to the motor vehicle fuel tax rate and vehicle registration fees.

Table 3 also provides insight into how transportation fund revenues were impacted by the COVID-19 pandemic, which began in the spring of 2020. Motor fuel vehicle fuel consumption and automobile registrations both declined in 2019-20 and 2020-21, but rebounded in 2021-22.

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 45.3% of gross collections, including transfers, in 2021-22. 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.

If the motor vehicle fuel tax indexing had been retained, it is estimated that the tax rate in 2021-22 would be 42.8 cents per gallon, which is 11.9 cents per gallon, or 38.5%, 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 \$1,430.7 million in

revenue in 2021-22, which is \$360.7 million more than actual revenues from the motor vehicle fuel tax (\$1,070.0 million). Cumulatively since the indexing of the rate was eliminated, it is estimated that the state has collected \$2,934.5 million less in tax revenue compared to if indexing had been retained.

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 24.7 miles per gallon in 2023. As a result, an average motorist in the state who drives these vehicles for 12,000 miles per year will be purchasing an estimated 105.4 fewer gallons of fuel in 2023 than they were in 2006 due to the increased fuel economy of their vehicle. Therefore, such motorists will be paying an estimated \$32.57 (105.4 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 6.7 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 2021-22, 6.7 cents per gallon equates to an estimated \$232 million in annual motor vehicle fuel tax revenue.

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 Fees. Revenue from

vehicle registration fees made up 30.1% of gross transportation fund revenues in 2021-22. Vehicles owned and operated in the state by Wisconsin residents are required to be registered in the state for an annual fee. 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 from \$75 to \$85, effective October 1, 2019. 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. The 2019-21 budget 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 non-farm truck of the same weight.

Prior to the 2019-21 budget, 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 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.

A separate fee of \$75 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 1.9% of the state's total vehicle fleet, while electric vehicles represent 0.2%. Due to the low number of electric

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.

vehicles in the state, the estimated revenue resulting from this fee has been relatively minor (\$1.1 million in the 2021-22). However, the revenue from the fee on hybrid-electric vehicles generated approximately \$7.5 million in 2021-22. As this segment of the fleet increases over time, these fees are likely to become a somewhat more significant source of revenue.

Other vehicle registration fees include those for 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).

Title and Title Transfer Fees. When purchasing a vehicle, or receiving a vehicle as a gift, Wisconsin residents must title the vehicle with the state. New residents to the state are also required to immediately title their vehicles with the state. When initially titling a vehicle, or transferring the title of a vehicle, residents must pay a \$164.50 title fee. DOT assigns a unique number to a title upon issuance, which is used along with the vehicle identification number as part of the vehicle record. If a vehicle is purchased through a licensed Wisconsin dealer, the dealer submits both the title and registration to DOT.

As shown in Table 4, the title and title transfer fee was most recently increased by \$95, from \$69.50 to \$164.50, effective October 1, 2019. Thus, 2020-21 was the first full fiscal year that the \$164.50 title fee was in effect. In 2021-22, vehicle title and title transfer fees accounted for 9.0% of gross transportation fund revenues.

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 two other state funds: the general fund and the petroleum inspection fund.

General Fund Transfers. The 2011-13 budget act included a provision making an ongoing,

annual transfer from the general fund to the transportation fund beginning in 2012-13. The transfer is equal to 0.25% of projected general fund tax revenues, 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 \$43,301,100, and \$44,095,000 was transferred 2020-21. In the 2021-23 biennium, however, the biennial budget supplemented this transfer with one-time increases, transferring a total of \$178.9 million in 2021-22, and \$97.3 million in 2022-23. [See later "Relationship between the Transportation Fund and the General Fund" subsection for a history of these transfers.]

PIF Transfers. The transportation fund also receives funds from the petroleum inspection fund. This fund was created in response to federal legislation requiring the cleanup of underground storage tanks. The fund currently receives revenue from one cent of the 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 Inspection Fund."]

The PIF supplies two distinct transfers to the transportation fund, as follows: (a) an ongoing annual transfer of \$6,258,500; and (b) on June 30 of each year, the transfer of the unencumbered balance of the PIF, except for an amount of not less than 5% of the gross annual revenues to the fund during the fiscal year in which the transfer is made. In 2019-20, the first year of the latter transfer, a large, initial \$61.3 million unencumbered PIF balance was transferred to the transportation fund. Also, from the 2007-09 through the 2017-19 biennia, separate transfers of surplus revenues were made each year. 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	PIF Transfers		Total
	Ongoing	Surplus Revenue	
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	6.3	61.3*	67.6
2020-21	6.3	10.0	16.3
2021-22	6.3	17.0	23.3

* Following the introduction of the requirement that the unencumbered balance of the petroleum inspection fund be transferred to the transportation fund at the end of each fiscal year, \$61.3 million was transferred on June 30, 2020.

Looking at revenues to the transportation fund, excluding transfers from other funds (the general fund and PIF transfers), 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 2011-12, with and without transfers from other funds.

One-Cent PIF Deposit. In addition to the excise tax on motor vehicle and alternate fuels, a petroleum inspection fee of two cents per gallon is imposed on petroleum products brought into the state. (The fee was reduced from three cents per gallon by 2005 Act 25.) The petroleum inspection fee is imposed on all of the inspected petroleum products defined as gasoline, gasoline-alcohol fuel blends, kerosene, fuel oil, burner oil, and diesel fuel oil, including home heating fuel. The Department of Revenue (DOR) collects the fee at the same time that it collects the motor vehicle fuel tax at petroleum company terminals.

Beginning in 2020-21, one cent per gallon of the petroleum inspection fee is directly deposited to the transportation fund. The remaining one cent

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

Fiscal Year	Gross	% Change	Less Transfers	% Change
2011-12	\$1,792.2		\$1,743.9	
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
2020-21	2,161.5	2.1	2,101.2	4.7
2021-22	2,361.3	9.2	2,159.2	2.8
10-Year Average		2.8%		2.2%
5-Year Average		4.0		2.9

of the fee continues to be deposited to the PIF. In 2021-22, the deposit of revenue from one cent of the fee generated \$40.0 million in revenue to the transportation fund.

Driver License Fees. Driver license revenue include the fees for original and renewal driver 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. 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 2022, 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 2022, 21 airlines paid this tax and no airlines qualified for the hub exemption.

In 2021-22, the ad valorem tax on commercial airline property accounted for 62.7% 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, less transaction fees. 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 2021-23 (a 20-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 away from the fund 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 have been authorized since 2017-19.

As shown in Table 7, annual transfers of general fund revenues to the transportation fund have also been made since 2011-13. The 2011-13 budget 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. The 2021-23 budget supplemented this 0.25% general fund transfer with additional funds, transferring a total of \$178.9 million in 2021-22, and \$97.3 million in 2022-23.

In addition, the 2019-21 biennial budget appropriated \$90.0 million in general purpose revenue to provide supplemental funding to local governments for road projects that are eligible for program funding under the local roads improvement program. There were also one-time transfers general fund revenues to the transportation fund authorized in the 2011-13 and 2013-15 biennia.

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>	<u>2021-23</u>	<u>18-Year 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	\$0.0	-\$1,401.9
Transportation Fund-Supported Debt Service	-43.9	0.0	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	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>276.2</u>	<u>988.2</u>
Total	-\$161.0	-\$181.7	-\$112.0	\$79.1	\$275.5	\$406.1	\$254.9	\$340.9	\$177.4	\$276.2	\$1,355.4
Cumulative Effect	-\$161.0	-\$342.7	-\$454.7	-\$375.6	-\$100.1	\$306.0	\$560.9	\$901.8	\$1,079.2	\$1,355.4	

*This table does not include GPR-supported bonding for passenger rail, which is authorized under the State Building Commission bonding authorization, or general fund debt service appropriations.

Not shown in Table 7 are the DOT general fund debt service appropriations, which were created to make annual debt service payments on general fund-supported bonds. In 2021-22, \$102,108,700 GPR was appropriated to fund these debt service costs.

In total, \$988.2 million of revenue was transferred from the general fund to the transportation fund during the twelve years from 2011-13 through 2021-23. The net impact of transactions over this period resulted in a cumulative \$1,731.0 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 net impact of these transactions during the entire 20-year period is an estimated gain to the transportation fund of \$1,355.4 million (-\$375.6 million for the first eight-year period plus \$1,731.0 million for the subsequent twelve-year period). It should be noted that this calculation 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.

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

Biennium	State Highway Improvement Program	Freight Rail	Harbor	Administrative Facilities	Passenger Rail	Biennial Total
2013-15	\$911.6	\$52.0	\$15.9	\$11.9	\$0.0	\$991.4
2015-17	805.4 ¹	29.8	13.2	0.0 ²	-43.0	805.4
2017-19	367.2	12.0	14.1	9.1	0.0	402.4
2019-21	254.3 ¹	30.0	32.0	0.0 ²	10.0	326.3
2021-23	<u>188.3¹</u>	<u>20.0</u>	<u>15.3</u>	<u>0.0²</u>	<u>0.0</u>	<u>223.6</u>
Total	\$2,526.8	\$143.8	\$90.5	\$21.0	\$-33.0	\$2,749.1
Biennial Average						\$549.8

¹ Although not shown, existing bond proceeds and SEG-S appropriation authority were available to provide funding to the state highway improvement program as follows: (a) \$5.6 million in 2015-17; (b) \$30.9 million in 2019-21, and (c) \$20.8 million in 2021-23.

² Although not shown, existing bond proceeds and SEG-S appropriation authority were also provided to the administrative facilities program as follows: (a) \$11.9 million in 2015-17; (b) \$9.1 million in 2019-21, and (c) \$13.0 million in 2021-23.

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.

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 \$194.9 million per biennium, although this amount was below \$150.0 million in each of the last three biennia. In 2021-23, \$128.3 million of revenue bonds were authorized.

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 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

Table 9: Transportation Revenue Bond Authorization Amounts

Biennium	Amount
2013-15	\$416.5
2015-17	163.4
2017-19	123.9
2019-21	142.3
2021-23	<u>128.3</u>
Total	\$974.4
Biennial Average	\$194.9

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 authorizations for the past five biennia, and illustrates the extent to which the state uses these bonds. In 2021-23, a total of \$95.3 million in transportation fund-supported, general obligation bonds were authorized, including \$60.0 million for state highway projects, \$15.3 million for the harbor assistance program, and \$20.0 million for the freight rail preservation program. Over the past five biennia, transportation fund-supported, general obligation bond authorizations averaged \$236.1 million per biennia, although this amount was below \$200.0 million in the three most recent biennia.

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

Biennium	Amount
2013-15	\$374.9
2015-17	510.0
2017-19	26.1
2019-21	174.0
2021-23	<u>95.3</u>
Total	\$1,180.3
Biennial Average	\$236.1

General Fund-Supported. As mentioned earlier, general fund-supported bonding has been used since 2003-04 as a financing mechanism for state highway improvement projects, due in part to concerns over limited growth in transportation fund revenue and transportation fund-supported debt levels. An average of \$118.9 million per biennium in general fund-supported bonds was authorized for transportation projects during the last five biennia, although no general-fund supported bonds were authorized in the 2021-23 budget. 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. Bonding authority for passenger rail is authorized under the State Building Commission. Table 11 lists the general fund-supported, general obligation bonds authorized during the most recent 10-year period.

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

Biennium	Amount
2013-15	\$200.0
2015-17	132.0
2017-19	252.4
2019-21	10.0
2021-23	<u>0.0</u>
Total	\$594.4
Biennial Average	\$118.9

Measures of Transportation Fund-Supported Debt Service Level

The issuance of bonds for transportation 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 coverage ratio has also generally increased over this

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

Fiscal Year	Revenue Bond Debt Service	Pledged Revenue	Coverage Ratio
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
2020-21	195.4	911.7	4.7:1
2021-22	215.0	924.8	4.3:1

period for two principal reasons: (a) the decreased utilization of transportation revenue bonding in recent biennia; and (b) the registration and title fee increases enacted in the 2019-21 biennium.

While the coverage ratio provides a measure of debt service compared to revenue pledged 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 2012-13. As the table shows, the percentage of gross transportation fund revenue, less transfers, devoted to debt service over this period peaked in 2016-17, and has since declined. Similar to the coverage ratio, this occurred primarily due to the increases to registration and title fees, as well as the direct deposit of one cent of the petroleum inspection fee to the fund, which were both enacted as part of the 2019-21 budget. The decreased issuance of new transportation fund-supported bonds in recent biennia has also been a factor.

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
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
2020-21	361.8	2,101.2	17.2
2021-22	358.4	2,159.2	16.6

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

Federal Funds

The state receives federal transportation funds for several different program sectors. 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 aid in each of these sectors was reauthorized under the Infrastructure Investment and Jobs Act (IIJA), also known as the Bipartisan Infrastructure Law, enacted in November, 2021. The IIJA authorized baseline funding levels for federal transportation aid programs for federal fiscal years 2022 through 2026, providing higher annual funding authorizations than the prior federal reauthorization act. Annual federal appropriation legislation is also needed to fund many IIJA programs on an annual basis. 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 federal transportation aid distributed to the state in each federal fiscal year does not align with the amount appropriated by the state in the corresponding state fiscal year.

Federal Highway Aid

Federal highway aid is the largest category of federal transportation aid, with the state appropriation of this aid totaling \$1.086 billion in 2021-22, comprised of the following: (a) \$970.7 million in basic formula aid; (b) \$45.0 million from the federal bridge formula program; (c) \$15.7 million from a federal general fund supplement; and (d) federal fiscal year 2021 redistribution funds of \$55.0 million. In August or September in each year, federal highway aid that cannot be obligated within the federal fiscal year it is provided as redistribution aid to states that have obligated their entire allotment and have the ability to obligate the redistributed funds.

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 other federal transportation programs, in which funds are generally received for narrowly prescribed purposes, federal highway aid may be spent more flexibly for both state and local transportation projects.

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.

In Wisconsin, the Legislature has established a process whereby the federal highway funds are allocated in the biennial budget to the different state and local 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 federal highway funds received differs by more than 5% from the amount appropriated by the budget act (or by DOT for differences less than 5%).

This process was implemented in 2020-21, when state transportation fund revenues declined following the onset of the COVID-19 pandemic, and the Department also received additional federal funds from the Coronavirus Response and Relief Supplemental Appropriations Act of 2021, enacted in December, 2020. In March, 2021, the Joint Finance Committee approved a DOT federal plan that used the additional federal funding to

increase DOT's state highway rehabilitation program federal appropriations (\$159.9 million) while decreasing state highway rehabilitation state-funded appropriations (\$134.0 million). This action was requested by DOT to offset a projected deficit in the transportation fund for 2020-21 caused by the COVID-19 pandemic. The process was also implemented in 2021-22, when the state received additional federal highway aid appropriations associated with the federal program authorizations under the IIIA.

Table 14 shows the allocation of federal highway aid in state fiscal year 2021-22. The primary 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 use tax. In addition, Congress has supplemented federal highway aid with federal general fund revenue in recent years due to higher federal transportation reauthorizations, as well as to compensate for falling federal highway account revenue collections.

Table 14: Budgetary Allocation of Federal Highway Aid for 2021-22*

State Appropriation	Amount
State Highway Rehabilitation	\$590,564,200
Major Highway Development	182,176,800
Local Transportation Facility Assistance	156,125,800
Local Bridge Assistance	85,205,600
Transportation Alternatives	17,592,900
Southeast Wisconsin Freeway Megaprojects	16,000,000
Departmental Operations	15,525,100
Congestion Mitigation/Air Quality Improvement	15,007,000
Administration and Planning	3,753,300
Railroad Crossing Improvements	3,291,800
Highway System Mgmt. and Operations	<u>1,172,200</u>
Total Federal Highway Aid	\$1,086,414,700

*Excludes additional federal highway aid allocated to Wisconsin as part of the annual federal redistribution process that was not included in the 2021-23 budget Act.

Federal Airport Aid

The state traditionally receives federal airport aid from the Airport Improvement Program (AIP), administered by the Federal Aviation Administration. AIP funds are allocated to the state in two forms: (a) the AIP entitlement component, which distributes funds based on the number of enplanements at commercial service airports; (b) the AIP discretionary component, which provides discretionary grants to airports using a rating process for specific projects at general aviation or commercial airports. However, the IIIA also established a new airport infrastructure grants (AIG) program that provides an additional source of formula funding to airports, with funds being distributed in the same manner as the AIP entitlement component.

Funding provided from the AIP program 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 AIG program, however, provides a 100% federal share of project costs. The state received \$117.4 million of federal airport aid in federal fiscal year 2022: \$77.6 million from AIP, and \$39.8 million from AIG. AIP 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, while AIG funds are provided from the federal general fund.

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 2022, a total of \$90.9 million in urbanized and nonurbanized area transit formula funds were distributed to Wisconsin transit systems, of which \$27.3 million went directly to the Milwaukee Urbanized Area and \$10.0 million went directly to the Madison Urbanized Area.

Other federal transit programs with funding apportioned in 2022 include the seniors and individuals with disabilities aid program (\$7.4 million), capital assistance programs (\$11.6 million), federal planning and safety aid (\$3.0 million), the tribal transit program (\$2.6 million), and the rural transit assistance program (\$0.4 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 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 highway safety improvement 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 2022, the state received \$7.4 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. 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. In federal fiscal year 2022, the state received \$3.8 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 2022, the state received \$2.2 million for all other section 405 programs. The state's total federal fiscal year 2022 funding from section 402 (\$7.4 million), section 405(d) (\$3.8 million), and all other section 405 programs (\$2.2 million) equals \$13.4 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 2022, the state received \$9.3 million in federal funds from a combination of federal motor carrier safety grant programs.

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 2021-22 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 2021-22, \$2,351,043,400 is appropriated from the transportation fund, \$1,184,785,800 is appropriated from federal funds (the federal highway aid shown in Table 14 plus all other federal aid), \$102,108,700 is appropriated from the general fund, and \$129,661,600 is bond proceeds.

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

	2021-22 Allocation	
	Amount	Percentage
Highway Programs	\$1,786,028,800	47.4%
Local Road Aid	920,030,800	24.4
Debt Service	464,374,100	12.3
Mass Transit Aids	146,999,200	3.9
General Administration ¹	109,452,300	2.9
Railroads, Harbors, and Airports	103,766,900	2.8
Division of Motor Vehicles	81,649,000	2.2
State Patrol	76,352,700	2.0
Other Programs ²	51,751,000	1.4
Non-DOT Programs	<u>27,194,700</u>	<u>0.7</u>
Total	\$3,767,599,500	100.0%

¹Includes appropriations for administration and planning from the state highway program, departmental management appropriations, and the capital project bond authorization.

²Includes 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.