Filling Potholes
A New Look at Funding Local Transportation in Wisconsin

A Wisconsin Taxpayers Alliance Study for the Local Government Institute
Study Purpose

• Understand the importance of transportation to Wisconsin’s economy

• Understand funding for transportation at the local level

• Identify potential mechanisms to create an adequate, long term, sustainable, and equitable funding stream
Transportation Dependent Economy

- Agriculture
- Manufacturing
- Trucking
- Tourism

WI Economy
Manufacturing Critical

Manufacturing Employment and Wages, US v. WI, 2012

- Share of Employment: Wisconsin (16.8%) is 2nd, U.S. (9.1%)
- Share of Wages: Wisconsin (21.0%) is 2nd, U.S. (11.2%)
Manufacturing Critical

**Wages**
- Manufacturing Jobs: $52,400
- Non-Manufacturing Jobs: $42,000

**Wages and Benefits**
- Manufacturing Jobs: $67,000
- All Jobs: $41,500
Dodge County Manufacturing

% Jobs

- Manufacturing: 42.2%
- Spin Off Jobs: 28.9%
- Other Jobs: 28.9%
Agriculture Critical

- In 2012
  - 413,500 jobs (11.9% of WI employment)
  - $30.1 Billion in Total Income (10.9%)
  - $88.3 Billion in Total Sales (16.1%)

WI depends on Trucking

% Employment

WI

US

0.0%
0.2%
0.4%
0.6%
0.8%
1.0%
1.2%
1.4%
1.6%

% Employment
Wisconsin 2\textsuperscript{nd} most dependent on Transportation Reliant Industries
Town Roads: Last Tourism Mile

Figure 4: Tourism Critical to Northern Wisconsin
Traveler Spending % of County Personal Income, 2012

$11 Billion Industry
So, if...

• “...states that have invested more in infrastructure tend to have greater output, more private investment, and more employment growth” – Federal Reserve Bank of Boston

AND

• ...Wisconsin has double the jobs in the transportation dependent industries of manufacturing, ag, and trucking

AND

• ...Wisconsin has double the wages in these transportation dependent industries
Wouldn’t you expect...

- ...Wisconsin would spend more, perhaps double, what other competitor states spend?

OR

- ...that Wisconsin’s roads would be twice as good as other competitor states?
System Condition

- Less than 50% of WI roads = good

- 35 states had roads in better condition

- 14% of our bridges are structurally deficient or functionally obsolete

- Bad roads cost drivers $700 annually in Milwaukee and $615 annually in Madison in extra maintenance costs.
Funding Condition

$974 Million Transportation Fund Deficit

$2B Short over 10 years to maintain funding levels and over double the % of roads in poor condition to 42%

$5.8B short to maintain current status of roads

$15.3B short to maintain current level of mobility
Per Capita Spending

- Far less than double
- Michigan has much higher population
- Not the best comparison
Weather and Lane Miles Impact Spending

• Of top 14 spending states, only Louisiana does not have significant snowfall.
Per Lane Mile

$17,800 - $15,500 = $2,300 per mile

$2,300 * 114,800 miles = $264 million annually

$264M * 2 = over ½ the deficit

Does not include
weather
transportation dependency
high local paved roads (5th)
Why the funding dilemma?:

**Slowed General Revenue Growth**

State and Local Government General Revenue Index

- 1993-1999 (5.6% annual growth)
- 2000 - 2011 (4.0% annual growth)
Why the funding dilemma?:

**Shifting Priorities**

### Annual Spending Changes 93 - 11

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Wis.</td>
<td>U.S.</td>
<td>Wis.</td>
<td>U.S.</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>4.5%</td>
<td>4.3%</td>
<td>3.5%</td>
<td>4.1%</td>
</tr>
<tr>
<td><strong>Highways</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5.5%</td>
<td>4.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Corrections</strong></td>
<td>9.0%</td>
<td>6.1%</td>
<td>3.1%</td>
<td>2.8%</td>
</tr>
<tr>
<td><strong>K-12 Education</strong></td>
<td>4.4%</td>
<td>4.9%</td>
<td>2.5%</td>
<td>3.1%</td>
</tr>
<tr>
<td><strong>Higher Education</strong></td>
<td>4.3%</td>
<td>4.9%</td>
<td>5.0%</td>
<td>4.9%</td>
</tr>
<tr>
<td><strong>Public Welfare</strong></td>
<td>2.7%</td>
<td>3.6%</td>
<td>7.0%</td>
<td>6.0%</td>
</tr>
</tbody>
</table>
Why the funding dilemma?:

Transportation Fund

- Driving patterns
- Fuel Efficiency
- Indexing
The Local Squeeze
The Town Squeeze

% of Funding

- Town GTA: 4.0%
- All Else: 96.0%

% of Roads

- Town: 46%
- All Else: 54%
The Local Squeeze:
Shifting Priorities

- Local Asst.: 40% → 32%
- Highways: 36% → 39%
- Debt Service: 8% → 16%

Priority Shift
The Local Squeeze: Shared Revenues

 Millions $
The Local Squeeze: Property Tax Limits

Local Government Revenue Growth

1.7% annually from 2012 – 2014
vs.
3.7% from 2005 - 2011
And, don’t forget increased prices
# The Local Squeeze

## Avg. Annual Ch.

<table>
<thead>
<tr>
<th>Period</th>
<th>U.S.</th>
<th>Wis.</th>
<th>Rk.</th>
</tr>
</thead>
<tbody>
<tr>
<td>93-00</td>
<td>4.7%</td>
<td>5.3%</td>
<td>22</td>
</tr>
<tr>
<td>00-11</td>
<td>3.1%</td>
<td>0.6%</td>
<td>48</td>
</tr>
</tbody>
</table>
The Local Squeeze
18 miles of local roads per 1,000 people (15th in US) increases pain of the squeeze on your constituents.
SOLUTIONS

Adequate

Equitable

Not Excessive Bonding

Raising Revenues

Equitable Distribution to Various Interests and Geographies

Sustainable

SOLUTIONS
Time to Invest

2011 Mid-Size Sedan

- **IL**: $308 (Gas Tax $99, Registration $209)
- **IA**: $410 (Gas Tax $120, Registration $290)
- **MI**: $342 (Gas Tax $132, Registration $210)
- **MN**: $463 (Gas Tax $156, Registration $307)
- **WI**: $254 (Gas Tax $179, Registration $75)
Time to Invest

2011 4WD SUV

- IL: $387
  - Gas Tax: $288
  - Registration: $99

- IA: $606
  - Gas Tax: $441
  - Registration: $165

- MI: $497
  - Gas Tax: $289
  - Registration: $208

- MN: $675
  - Gas Tax: $460
  - Registration: $215

- WI: $322
  - Gas Tax: $247
  - Registration: $75
SOLUTIONS

Adequate

Equitable

Not Excessive Bonding

Raising Revenues

Equitable Distribution to Various Interests and Geographies

Sustainable

Solutions