

STATE REPRESENTATIVE
DEAN KNUDSON
30TH ASSEMBLY DISTRICT

Testimony on AB 210
May 12, 2015
Assembly Committee on Transportation

Mr. Chairman and Members,

Thank you for the opportunity to testify on AB210. This bill provides local governments with a new tool to help them build and maintain safe streets and roads. Voters will have the chance to vote up or down on a temporary one-half percent local sales tax dedicated entirely to the improvement of local roads. Like our levy limit and revenue limit laws have successfully controlled property taxes by giving local voters control over increases, this bill creates an option for voters to approve a new revenue stream to support road maintenance. A convincing case must be made for voters to raise their own taxes, but it can be done. In recent elections, voters have approved almost 80% of school district referenda questions. We understand the importance of building and maintaining safe roads, as well as the challenge we face as fuel-based taxes have not kept up with the cost of road repairs. The concept here is simple: If the taxpayers believe the investment is worth it, they will pay for it.

The proposal we bring in front of you today is different than the one originally submitted. From the time this idea was brought forward, Senator Tiffany and I have had productive discussions with the Counties Association, the League of Municipalities, and the Towns Association. The result of these discussions is what you see in the substitute amendment in front of you. The sub does the following:

- Allows, with voter approval, counties to levy a .5% sales tax for the sole purpose of road repair and maintenance

- The tax may last only for 4 years, but may be renewed at referendum
- Requires the referendum be held at a spring or fall general election
- If the referendum fails, there is a mandatory one year “cooling off” period before the measure can be placed on the ballot again
- The revenue will be distributed between the counties and municipalities based on an agreed-upon formula that is 50% population based and 50% based on the number and type of road miles
- The bill contains a maintenance of effort requirement based on a 5-year rolling average, to prevent this money being collected for one purpose and used for another

We believe that this is a common sense, fiscally responsible way to ensure that our roads are maintained. It offers taxpayers additional protection by not allowing the tax to be levied without voter consent, nor continued without re-approval by voters. Local governments must show the results of this additional revenue in the form of improved streets and roads if they wish to seek reapproval for the tax to continue. The bill proposes a unique new source for money to repair and maintain our streets and roads, one that is focused, temporary and taxpayer approved.

With that, I’m happy to take your questions.



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MEMORANDUM

TO: Honorable Members of the Assembly Committee on Transportation

FROM: Daniel Bahr, Government Affairs Associate

DATE: May 12, 2015

SUBJECT: Support for Assembly Bill 210

The Wisconsin Counties Association (WCA) supports Assembly Bill 210, which allows counties to impose a half-cent sales tax for maintenance and repair of local highways, streets, and bridges. WCA has worked with the bill authors, as well as the League of Wisconsin Municipalities, Wisconsin Towns Association, and other transportation stakeholders, to develop a consensus package reflected in the AB 210 substitute amendment. The parameters and funding distributions included in the substitute amendment are supported by various members of the transportation community and all three statewide organizations representing local governments.

Under AB 210, counties will be allowed to adopt a half-cent sales tax for transportation purposes. The tax needs to be approved by voters at a countywide referendum and would sunset after four years. Sales tax revenues generated from the tax will be distributed between the county and underlying cities, villages, and towns based on population and road miles. Local governments will be required to spend the sales tax revenue on maintenance and repair of roads and bridges.

In order to ensure additional funding is dedicated to roads, AB 210 also includes a maintenance of effort requirement. In other words, local governments will be required to continue dedicating local property tax dollars to their road budgets, in addition to devoting new revenues generated from the sales tax to transportation.

An optional half-cent local option sales tax for transportation purposes at the county level will significantly help counties address their highway funding needs. In the report titled "Keep Wisconsin Moving—Smart Investments, Measurable Results," the Wisconsin Transportation Finance and Policy Commission recommended a local-option sales tax as a viable option for the Legislature to consider. AB 210 provides local governments with a new tool to address the backlog of maintenance on local roads and bridges, while also charging local taxpayers with the decision of whether to approve the tax.

WCA commends Representative Knudson and Senator Tiffany for their work on this legislation and we respectfully request that the committee support AB 210.

Please feel free to contact WCA if you need additional information.

MARK D. O'CONNELL, EXECUTIVE DIRECTOR



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To: Assembly Committee on Transportation

From: Curt Witynski, Assistant Director, League of Wisconsin Municipalities

Date: May 12, 2015

Re: AB 210, Enabling a Local Sales Tax Option for Street Maintenance and Construction

The League of Wisconsin Municipalities supports the substitute amendment to AB 210, enabling a county to pass a one-half percent sales tax with voter approval and requiring the county to share the revenue with underlying cities, villages and towns based on population and road/type miles. The Substitute amendment is a compromise that was worked out between the authors of the bill, the League, the Towns Association, and the Counties Association. The bill is modeled after a local option sales tax approach that has been used successfully in Texas to help fund local transportation costs.

While we support the Substitute Amendment, based on comments we have received from our members, the ideal version of the bill we would like to see passed would contain the following features:

- Eligible expenditures would include all transportation spending, including transit.
- The sunset period would be longer.
- Specify that use of sales tax option will not result in a reduction in GTA payments from the state or a reduction in a community's property tax levy.

Why a local option transportation sales tax makes sense:

- Increased transportation costs, declining transportation aids, and property tax levy limits combined with declining shared revenues leave local governments with few options to fund transportation needs and make it more likely that needed maintenance gets deferred.
- Tight revenues limit local governments' ability to react to situations outside their control. Winters with above-average snowfalls and sustained freezing temperatures like in 2013-2014 are one example. Overtime from snow plowing combined with salt and sand costs can quickly drain local transportation budgets.
- Wisconsin's sales tax is low relative to other states and its neighbors.
- The sales tax is familiar to consumers and the collection process is already in place.

We urge the committee to recommend passage of the Substitute Amendment to AB 210, enabling a local-option sales tax for local transportation costs. Thanks for considering our comments.



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May 11, 2015

Assembly Committee on Transportation
State Capitol 223N
P.O. Box 8953
Madison, WI 53708

Dear Honorable Members of the Assembly Committee on Transportation:

My name is Ronald Chamberlain and I have the privilege to serve in the position of La Crosse County Highway Commissioner. Previous to that, from 1998 to 2011, I served as the Adams County Highway Commissioner.

In my seventeen years of service as a Highway Commissioner, I have watched as highway construction and maintenance costs, primarily materials and fuel, have gone through the roof. For example in La Crosse County during the 10 year period from 2004 to 2014 the cost of fuel increased 159%, the cost of hotmix asphalt increased 85%, and seal coating oil increased 225%. There is no reasonable way for a County to account for these inflationary increases in materials even without a property tax levy cap, and the cap in place it has made it even more difficult.

As a result of those skyrocketing costs, in order to afford to perform the necessary maintenance on our County Trunk Highway System, we have had to gradually move to funding all improvements with the proceeds from bonding.

As of the 2015 budget, all of our improvement efforts are paid for with either bonding, grants or some combination of both, this includes maintenance type asphalt overlays. Also as of the 2015 budget, the combined funding stream of Property Tax Levy and General Transportation Aids are barely sufficient to pay for our current maintenance needs.

There are not enough grant funds available to address our systems needs and continued bonding is not a long term sustainable solution. Moreover, the rising costs for maintenance come at the price of decreasing the maintenance we are able to perform, which will result in a decreased level of service to the public if the trend of increasing costs and decreasing revenue streams continues.

The public deserves a well maintained highway system and in order for that to happen the local governments need more tools in the transportation funding toolbox, AB 210 is a means to add to that toolbox. As such, I respectfully request that the Assembly Committee on Transportation support the passage of Assembly Bill 210.

Furthermore, as you consider AB 210 I'd ask you to keep in mind that a simple road construction project normally takes at least a year of planning and preparation plus the year of construction for a total of two years and a complex project can take as many as six years. Therefore, I would respectfully request that the Committee consider either an extended sunset requirement of at least 10 years or no sunset requirement at all. Such a time frame would allow for a successful capital improvement program being planned and executed, one that includes both simple and complex projects based on actual system needs.

Thank you for your time, consideration and continuing efforts to keep Wisconsin an excellent place to live, work and play.

Sincerely,



Ronald Chamberlain
Highway Commissioner

cc: file

An Equal Opportunity Employee