



# *Transportation Funding in Wisconsin: It's Time to Begin a Transformation*



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# *The Motor Fuel Tax*

- Mainstay of road funding for a long time
- For many years, a good surrogate for amount of travel
  - Gas was plentiful and cheap
  - Most vehicles fit into a small range of efficiency (mpg)
- Accordingly, the motor fuel tax was a fair and efficient way to charge people for their amount of travel
- Although called a tax, most people viewed motor fuel tax payments as a user charge
- State motor fuel tax revenues help fund local transit systems in a very significant way
- Until recently in Wisconsin, there was a “social contract” in place whereby motor fuel tax revenues were used only for transportation purposes—not any more



# *The Motor Fuel Tax Problem*

- The motor fuel efficiency range has grown dramatically
  - Marcus Majestic Theater to Lambeau Field: 129 miles
  - Chrysler Minivan (20 mpg)—\$3.31 in gas taxes
  - Toyota Prius (45 mpg)—\$1.47 in gas taxes
- So, the motor fuel tax is no longer very fair
- And more changes are coming
  - More hybrids (for sure)
  - Plug-ins (looks like it)
  - Hydrogen fuel cells (maybe)
  - Other fuels (who knows?)
- The bottom line: we need to begin now to transform our system of transportation funding in Wisconsin, moving away from the motor fuel tax and toward a system of road pricing
  - The technology is available
  - Do we have the will?



# *A Suggested Beginning*

- Road price the entire Wisconsin freeway system
- A premium charge for a premium drive
- Use modern, open road technology (we're not talking toll booths here)
- Typical work trip for someone who lives near GE Medical in Waukesha and commutes to NML in Milwaukee (or vice versa): 13 freeway miles each way
- Annual revenue yield in Southeastern Wisconsin @ 1¢ per mile
  - 35-40% of daily travel is on the 270 mile freeway system
  - About 16 million miles per day
  - Annual yield: about \$50 million
- By way of comparison: Tri-State Tollway from Wisconsin to Indiana
  - 78.5 miles
  - \$2.85
  - 3.6 ¢ per mile



# *A Suggested Beginning—continued*

- Additional revenue would
  - Help rebuild freeway system
  - Could provide a vehicle for funding local share of transit
  
- A discussion caveat: Separate the two distinct policy issues
  - Whether or not to road price
  - If so, whether or not to privatize