



SCOTT WALKER
OFFICE OF THE GOVERNOR
STATE OF WISCONSIN

P.O. Box 7863
MADISON, WI 53707

July 5, 2017

To: Assembly Speaker Robin Vos
Senate Majority Leader Scott Fitzgerald

Re: State Budget and Transportation

Transportation is at the center of finalizing a legislative agreement on the 2017-19 state budget process. With that in mind, I propose the following ideas that address issues raised by the members of the state Assembly, the state Senate and my administration.

First, we propose reducing transportation fund supported bonding by \$200 million in this budget by using an improved transportation fund balance, project cost savings, and other administrative actions. We believe this can be accomplished while continuing to keep projects on schedule.

My administration presented a transportation budget on September 15, 2016. That budget was included in the budget I submitted to the members of the Legislature on February 8, 2017. As you know, it includes the lowest levels of transportation bonding since the 2001-03 state budget.

My budget also has the lowest overall level of bonding authorization requests in 20 years. According to PEW Charitable Trusts, Wisconsin has one of the lowest levels of long-term obligations of any state in the nation. Wisconsin is also one of only a few that has a fully funded pension system. Still, I recognize the interest of many to lower the levels of transportation bonding.

Lowering bonding by \$200 million is a win for Assembly leadership who have voiced their desire to reduce bonding for transportation projects.

Second, approve contingency bonding for the Southeast Freeway Megaproject program.

Interstate 94 North/South, the Zoo Interchange and Interstate 94 East/West are high profile projects in southeastern Wisconsin. We propose contingency bonding that would be linked to additional federal funding for mega projects. Wisconsin is well positioned to qualify for additional federal funding to help support mega projects.

The prospect of furthering several mega projects in southeastern Wisconsin is a win for Senate leadership.

Third, pass a strong and safe transportation budget without a gas tax or vehicle fee increase.

We can pass a budget that provides meaningful increases to local governments to improve roads and bridges - as well as add significant investments in safety and maintenance and highway rehabilitation - all without raising the gas tax or vehicle fee. All active major projects remain on schedule with these additions to our proposal. In addition, new revenues will be available for roads in the next budget as the bonds funded by the Petroleum Inspection Fee will be paid off and those revenues can be available to bolster the Transportation Fund.

Passing a strong and responsible transportation budget without a gas tax or vehicle fee increase is a win for the taxpayers of Wisconsin.

This is a reasonable proposal that allows the leadership in the Assembly and Senate - as well as taxpayers - to have significant wins on our major issues. I respectfully ask that you share this proposal with the members of your caucuses. I hope a legislative agreement on the 2017-19 state budget can soon be reached.

Thank you!

A handwritten signature in black ink, appearing to be 'S. Walker', with a stylized flourish at the end.

Scott Walker
Governor