

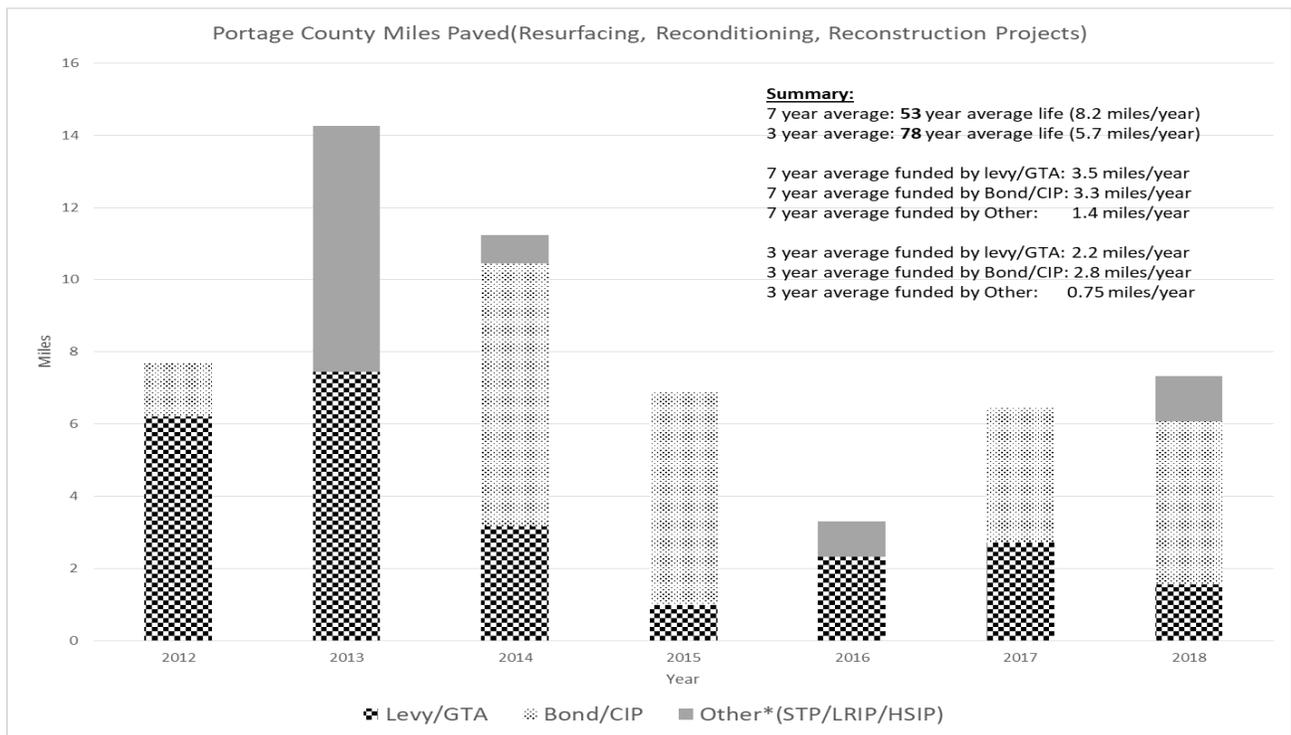


## PORTAGE COUNTY VEHICLE REGISTRATION FEE FACT SHEET

**ISSUE STATEMENT:** Current funding model for the Portage County Highway Department is unsustainable for continued investment into highway infrastructure.

### **RESURFACING, RECONDITIONING, RECONSTRUCTION PROGRAM FUNDING**

The Portage County Highway Department has been recently relying on borrowing in order to maintain existing level of service on our highway and bridge system. Current goals of resurfacing, reconditioning, reconstructing approximately 10 miles per year for a 40 year pavement life are not being met.



### **CURRENT REVENUE SOURCES:**

The Highway Department's main funding sources are detailed below.

Revenues	2015	%	2016	%	2017	%	2018	%	Totals	%
Tax Levy	\$3,949,013	43%	\$4,041,164	46%	\$4,141,164	41%	\$4,141,164	50%	\$16,272,505	43.5%
GTA	\$1,645,000	18%	\$1,731,000	20%	\$1,840,000	18%	\$2,102,793	26%	\$7,318,793	19.6%
CHIP	\$463,000	5%	\$85,000	1%	\$0	0%	\$465,000	6%	\$1,013,000	2.7%
Fund Balance	\$1,165,000	12%	\$1,905,000	22%	\$125,000	2%	\$125,000	2%	\$3,320,000	8.9%
CIP(Borrowing)	\$2,059,000	22%	\$980,000	11%	\$3,875,000	39%	\$2,551,000	31%	\$9,465,000	25.3%
<b>Totals</b>	<b>\$9,281,013</b>		<b>\$8,742,164</b>		<b>\$9,981,164</b>		<b>\$9,384,957</b>		<b>\$37,389,298</b>	



**COUNTY FUNDING:**

According to the Wisconsin County Association 2018 Fact Book, Portage County is in the 2<sup>nd</sup> lowest quartile for Highway Expenditures per capita yet is in the highest quartile for county road miles. Over the past 4 years, county funding from the tax levy has remained stagnant with less than 0.5% increase over this time period. From 2007 to 2018, this increase has average approximately 1% per year over this time period which has not met the rapid increase in costs.

**STATE FUNDING:**

The two major state funding sources are General Transportation Aids (GTAs) and the Local Road Improvement Program (LRIP). GTAs are paid on a calendar year basis, while LRIP payments are made by fiscal year (July to June), so some variations in funding levels shown in our calculations may occur. A recent analysis by the Wisconsin Policy Forum found that while the state funding for the two aids programs rose 8.7% from 2007-17, spending for the programs actually declined by 8.1% or \$39.4 million in real dollars when adjusted for inflation using the Consumer Price Index (CPI). A recent legislative audit noted that, in general, state highway costs have tended to rise more rapidly than the CPI. This is further demonstrated by the cost trends below.

The vast majority of GTA and LRIP funding comes from the state’s fuel tax and vehicle registration fees. Revenues from both sources have generally been flat in recent years. The gas tax has not been raised since 2006, and overall fuel consumption has declined. At the same time, the state hasn’t raised vehicle registration fees since 2008, except for electric and hybrid vehicles this year.

**HIGHWAY COST TRENDS:**

Below is a summary of three major material purchases with the significant increases over the past decade.

<i>Average Prices</i>	<u>Asphalt/ton</u>	<u>Salt/ton</u>	<u>Oil/gallon</u>
2007	\$27	\$42	\$1.33
2018	\$41	\$83	\$2.06
% Change	52%	98%	55%
Approx. Qty	22,000	5,800	400,000
Ave. Difference	\$308,000	\$237,800	\$292,000

**EXPENDITURE HISTORY:**

Below is a brief explanation of services provided on the County highway system.

General Maintenance

The budget items covers many areas of pavement and right-of-way maintenance. Major items include pavement marking, shouldering, signing, tree and brush maintenance, etc.

Winter Maintenance

The Department strives to maintain safe driving conditions during the winter season. This service is maintained by utilizing 15 county routes and 4 combined state/county routes. The county routes are split into primary(salt) and secondary(sand) routes based on roadway classification,



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traffic, and other factors. This budget can change significantly from year-to-year depending on the winter severity.

Preservation(Surface and Bridge Maintenance)

In order to extend the life of our pavements to the 40+ year cycle, the department needs to maintain a consistent pavement preservation program of crackfilling, wedging, and chipsealing. In addition, the County is responsible for 43 bridges throughout the county which require regular and planned maintenance.

Resurfacing, Reconditioning, Reconstruction Program

This program includes new paving projects which are broken down into 3 categories.

1. Reconstruction – These projects typically require the complete rebuild of the road base and significant improvements to the right-of-way including grading and drainage improvements. These projects include any major bridge replacements.
2. Reconditioning – These projects typically require minor improvements to the road base and will include spot ditching and drainage improvements. Spot improvements such as vertical or horizontal hill realignments may also occur.
3. Resurfacing – These projects are the typical pavement replacements consisting of pulverizing and paving a new surface. Very minimal work is needed outside the shoulder points.

The goal of the department's plan is multi-fold:

1. Decrease the life cycle of our pavements: The proposed goal averages approximately 10 miles/year of new pavement which results in an average pavement replacement of 43 years. An average of 30 to 35 years would be preferred but this would require significant more funding.
2. Address Safety and Existing Deficiencies: The plan consists of multiple reconstruction and recondition projects every year which will allow the department to correct major issues such as poor subgrade and base issues as well as other areas such as poor sight distance, poor drainage, and steep sideslopes. Spending the additional dollars upfront in correcting these issue versus a resurfacing project will help extend the life of these pavements and improve safety.
3. Attempt to balance workload: Since the Department's Enterprise Fund and equipment replacement is not directly supported by levy or other outside funding, it is critical that we have a balanced program which will allow the department to optimize our fleet to ensure we are providing efficient services to our taxpayers. A balanced and sustainable program is also critical in analyzing our staffing needs.
4. Balance construction with maintenance: Large fluctuations in the pavement program and funding has resulted in significant shifts in personnel and resources from maintenance activities.

Records and Reports

This is the administrative charge with the percentage set by the state on an annual basis to account for the Enterprise Fund's administrative costs.



Recent History of Expenditures:

<u>Expenditures</u>	<u>2015</u>	<u>%</u>	<u>2016</u>	<u>%</u>	<u>2017</u>	<u>%</u>	<u>2018</u>	<u>%</u>	<u>Totals</u>	<u>%</u>
General Maintenance	\$1,580,000	17%	\$1,711,000	20%	\$1,900,000	19%	\$2,040,000	25%	\$7,231,000	19.5%
Winter Maintenance	\$1,726,000	19%	\$1,790,000	20%	\$1,790,000	18%	\$1,800,000	22%	\$7,106,000	19.1%
Preservation	\$1,220,000	13%	\$1,447,000	17%	\$1,360,000	13%	\$1,320,000	15%	\$5,347,000	14.4%
Resurf/Recond/Recon	\$4,466,000	48%	\$3,470,000	40%	\$4,675,000	47%	\$3,541,000	43%	\$16,152,000	43.5%
Records and Reports	\$289,000	3%	\$326,000	4%	\$256,000	3%	\$420,000	5%	\$1,291,000	3.5%
Totals	\$9,281,000		\$8,744,000		\$9,981,000		\$9,121,000		\$37,127,000	

**SYSTEM NEEDS**

Approximately 85% of the County’s 434 miles of roadway have been identified as needing maintenance, preservation, or improvement. Fortunately, the department’s preservation program has been able to maintain an average surface condition rating of 6.5 out of 10 but over 31 miles of county roads have been identified as having significant structural issues which will need full reconstruction.

Of the County’s 36 bridges, 6 are structurally deficient. In addition, 13 are over 35 years of age with 3 bridges over 75 years of age.

In order to maintain the current system without any major expansion projects, the Highway Department is **projecting a \$3 million/year deficit** in funding. This projection has led to the analysis of two main options: **1.) Decrease level of service or 2.) Increase revenues.** These options are discussed below.

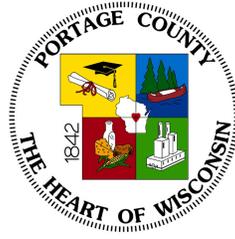
**DECREASE LEVEL OF SERVICE OPTIONS**

General Maintenance – These are the core services that the department provides every day for safety and efficiency. Cuts to general maintenance are not recommended and would have a large impact to everyday travel and would lead to safety issues such as blocked vision triangles at intersections, shoulder drop-offs, missing signage, etc. Decrease to maintenance on bridges will lead to faster deterioration, load postings, and possible closures.

Winter Maintenance – Poor winter driving conditions can lead to safety concerns and affect commuters and business commerce. The level of service provided by the department could be reduced in a number of different ways. All of these items are not recommended as they will lead to significant reduction in service but should be discussed by policy makers.

1. Reduce the number of primary roads(salt) which will lead to more secondary(sand) routes.
2. Decrease hours of snow and ice removal.
3. Develop additional classification of roads which would not be maintained during minor snow events.

Preservation - A strong preservation program has held the system together through wedging, chipsealing, crackfilling, and overlays. The chipsealing program is being extended to an 8 to 10 year average cycle in order to increase funds for the bridge maintenance and preservation funds. Multiple national studies have



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identified preservation programs as the most cost effective way of maintaining the transportation system. Reductions in this program will lead to faster deterioration and increased costs in the future.

Resurfacing, Reconditioning, Reconstruction – As shown in the initial chart, the goal of approximately 10 miles/year is not being met and the average pavement life is projecting to be well over 50 years. Possible reductions are to eliminate all reconstruction and reconditioning projects and focus on resurfacing projects. These resurfacing projects would only renew the pavement surface and would not address structural deficiencies, substandard features, and safety concerns eliminating the additional costs of ditching, correcting steep side slopes, correcting sight distance issues, etc. Other possible reductions are to look for jurisdictional transfers to our municipalities which will reduce our mileage. All local forms of government are experiencing financial issues so any transfer would be difficult.

#### INCREASE REVENUE OPTIONS

1. Increase in County Levy - The funding gap is considerable and this large of an increase would require a reduction in services in other county departments due to current levy restrictions. Otherwise, the county could pursue a county referendum to exceed the levy restrictions for the purpose of increase road funding as another option to increase the levy contribution.
2. Borrowing – As mentioned, this option has been utilized for a number of years but the long-term borrowing is not sustainable for the department’s needs. Interest and administrative costs will continue to accumulate if this option is considered as the long-term solution.
3. Other Funding Sources – State aid increases have not kept up to the rising costs of construction and maintenance materials, labor, and equipment. Topics such as an additional 0.5% sales tax option for transportation needs have been included in past state budget proposals but have not been passed. Also, other state and federal funding sources will continue to be evaluated but these types of funds typically provide improvement for a small portion of the system.
4. County Vehicle Registration Fee - Wisconsin law allows a town, village, city or county to collect an annual municipal or county vehicle registration fee (wheel tax) in addition to the regular annual registration fee paid for a vehicle. Below is information provided by the Wisconsin Department of Transportation regarding the fee which is commonly referred to as a wheel tax.

#### What vehicles are subject to a wheel tax?

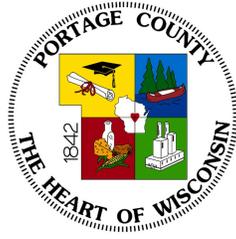
An automobile or a motor truck registered under 8,000 lbs gross weight and customarily kept in the municipality or county that enacted the tax. This includes:

- Automobiles, vans and Sport Utility Vehicles (SUVs) that qualify as a passenger vehicle
- Motor trucks and dual-purpose motor homes (trucks that can be equipped with a slide-in camper unit) registered at a gross weight of 8,000 lbs. or less.

#### What vehicles are exempt from this fee?

Vehicles exempt from wheel tax are:

- Buses, motorcycles, mopeds, motor homes, low-speed vehicles and trailers
- Trucks registered at more than 8,000 pounds or registered as Farm or Dual Purpose Farm
- Vehicles registered as Antique, Collector, Driver education, Historic military vehicle, Hobbyist, Human service vehicle, Low-speed vehicle, Medal of honor, Municipal, State-



owned, Special X and one vehicle with Ex-prisoner of war registration issued to any qualified individual

- Any vehicle with registration issued by a Wisconsin Indian tribe or band
- Vehicles displaying Dealer, Distributor, Finance company or Manufacturer plates

**What determines whether a vehicle is customarily kept in a municipality or county?**

Applications for original title and registration request the county and city, village or township where a vehicle is "customarily kept" or domiciled. This information also prints on the registration renewal notice. Renewal notices instruct the customer to change their address, or where the vehicle is customarily kept, if incorrectly shown on the notice.

In the absence of an indicated municipality or county of domicile, the owner or lessee's post office address is used to determine municipality or county of domicile, per administrative rule Trans 126.01(c).

Per s. 341.60, Wis. Stats., any person who gives a false address or location where a vehicle is customarily kept in an application for registration may be fined not more than \$200 or imprisoned not more than 6 months or both.

**Are estimates of the number of vehicles subject to a wheel tax within a county or municipality available?**

Yes. Current vehicle data is available at the end of each fiscal and calendar year. The vehicles eligible for wheel tax report is available on the WisDOT website. Based on recent data, there are approximately 57,000 vehicles that would qualify in Portage County.

**What are the administrative costs associated with a wheel tax?**

Currently, WisDOT charges a fee per vehicle application of 17 cents. The administrative fee is the same for all municipalities regardless of the amount of fee imposed by the municipality or the number of vehicles for which the fee is collected.

**How long after enactment can this fee be collected by WisDOT?**

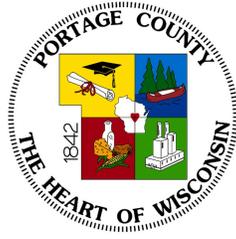
WisDOT requires notification at least 90 days prior to the first day of the month in which the amendment is effective. WisDOT also requires notification at least 90 days prior to the first day of the month in which an amended or the repeal of a wheel tax is effective.

When a wheel tax ordinance is implemented, collection for vehicles subject to the fee will begin on these dates:

- Renewal of current registrations expiring the first day of the month or later.
- Issuance of new registrations with a date of operation or dealer delivery date on the second day of the month or later.

When a wheel tax ordinance is repealed, collection will terminate on these dates:

- Renewal of current registrations expiring the first day of the month or later.



- Issuance of new registrations with a date of operation or dealer delivery date on the second day of the month or later.

**Can the revenues received from wheel tax payments be used for any purpose?**

Counties and municipalities must use the moneys from wheel tax payments for transportation related purposes only (s. 341.35(6r), Wis. Stats.). "Highway" is defined by state law to mean "all public ways and thoroughfares and bridges on the same." Courts have interpreted "highways" to include trails because they are "public ways and thoroughfares and bridges on the same." "Sidewalk" means that "portion of a highway between the curb lines, or the lateral lines of a roadway, and the adjacent property lines, constructed for use of pedestrians."

**If a county has a wheel tax in effect, can a municipality within that county also enact a wheel tax ordinance?**

According to s. 341.35(3m), Wis. Stats: "If a municipality and the county in which the municipality is located enact ordinances under this section, a motor vehicle customarily kept in the municipality shall be subject to a municipal registration fee and a county registration fee." Therefore, both the municipality and county would collect a wheel tax simultaneously for vehicles subject to the fee in the municipality, if each chose to enact an ordinance.

**What other municipalities have implemented a wheel tax?**

- Municipalities
  - Appleton (city; \$20)
  - Arena (township; \$20)
  - Beloit (city; \$20)
  - Eden (village; \$20)
  - Evansville (city; \$20)
  - Fort Atkinson (city; \$20)
  - Gillett (city; \$20)
  - Iron Ridge (village; \$10)
  - Janesville (city; \$20)
  - Kaukauna (city; \$10)
  - Lodi (city; \$20)
  - Milton (city; \$30)
  - Milwaukee (city; \$20)
  - New London (city; \$20)
  - Platteville (city; \$20)
  - Portage (city; \$20)
  - Prairie du Sac (village; \$20)
  - Sheboygan (city; \$20)
  - Tigerton (village; \$10)
- Counties
  - Chippewa County (\$10)
  - Dane County (\$28 beginning for October 2018 registrations)
  - Green County (\$20 beginning for August 2018 registrations)
  - Iowa County (\$20)
  - Lincoln County (\$20)
  - Marathon County (\$25)
  - Milwaukee County (\$30)
  - St. Croix County (\$10)



**Can Portage County share this revenue with other municipalities?**

Wisconsin follows the principle that the unit of government that imposes a tax must also be the unit of government that spends the tax proceeds. See, Authority to Tax in Wisconsin, 44 Marq. L. Rev. 457, 1994. Therefore, the state legislature has provided no authority for the county to exempt vehicles from particular municipalities and no authority to distribute proceeds from the taxes collected to other municipalities.

**Why doesn't the fee apply to large trucks and equipment?**

State law dictates which vehicles the fee can apply to. Large trucks which include tractor/trailer combinations pay a much higher fee than the typical \$75 state registration fee. These vehicles can pay over \$2,500/year for their registration fee plus increased fuel tax from higher usage.

**How does Wisconsin compare to our neighboring states?**

Below is a chart developed by the Transportation Development Association(TDA) found in their June 2017 #8 Fact Sheet.( <http://www.tdawisconsin.org/wp-content/uploads/2017/06/TDA-JFI-Fact-8.pdf>)

Average Annual Cost to Drive	Minnesota	Iowa	Illinois	Michigan	Wisconsin
Local Option Taxes on Gasoline	\$ -	\$ -	\$ 101	\$ -	\$ -
Local Option Registration Fee	\$ 10	\$ -	\$ 87	\$ -	\$ 50
State Registration Fees	\$ 357	\$ 320	\$ 101	\$ 175	\$ 75
State Taxes/Fees on Gasoline	\$ 156	\$ 173	\$ 174	\$ 211	\$ 179
<b>Totals</b>	<b>\$ 523</b>	<b>\$ 493</b>	<b>\$ 463</b>	<b>\$ 386</b>	<b>\$ 304</b>

\*\*In the TDA's analysis, they had already included a Milwaukee County vehicle registration fee effective March 2017 which is currently at \$30.

**How much revenue will a wheel tax provide Portage County if implemented?**

Every \$10 of vehicle registration fee collected represents approximately \$570,000 of revenue. The Portage County Highway Committee has recommended an initial fee of \$25 which would provide approximately \$1.4 million. As stated previously, the projected deficit was approximately \$3 million which will require the County to continue to evaluate other funding options or reductions in level of service.

**Who can I contact for more information?**

For any questions, please contact:  
Nathan Check, PE  
Highway Commissioner  
[checkn@co.portage.wi.us](mailto:checkn@co.portage.wi.us)  
715-345-5230

Additional information can be found at the WisDOT website:  
<https://wisconsindot.gov/Pages/dmv/vehicles/title-plates/wheeltax.aspx>