**Fiscal Facts: Assessing and Funding Wisconsin’s Transportation Needs**

Wisconsin policymakers are nearing a crossroads on how to fund the state’s transportation system, as transportation revenues lag, project costs sharply increase, and a growing reliance on the state’s general fund may prove unsustainable.

A recent Wisconsin Policy Forum report finds the state has funded a series of massive highway and bridge projects over the past two decades, improving conditions on its busiest highways. Yet the quality of the state’s local roads and reach of transit services has declined, and a still-considerable list of future highway megaprojects looms.

Mounting transportation budget constraints are linked to slow growth in revenue, aging infrastructure, inflation, and other factors. Thus, if policymakers wish to put the state transportation budget on a sustainable path, they likely will face difficult decisions involving real tradeoffs. Either the state will have to forego spending and sacrifice road quality over time, or it will have to tap one of a few available funding sources such as the gas tax, vehicle fees, general tax dollars, mileage fees, or local taxes and fees.

To recap how we got here, growth slowed for revenues flowing to the state transportation fund, following the 2005 repeal of the state law linking the gas tax rate to inflation. Rates for the fund’s other key revenue source – vehicle registration fees – were increased in 2008 and 2019, but this only partially offset the gas tax trend. Policymakers have responded by increasingly tapping the state’s general fund, which relies on state income, corporate and sales taxes.

Meanwhile, the cost to support the state’s transportation network has increased. Between 2020 and 2023 alone, total state transportation spending increased by 5.3%. Yet national road construction costs grew by 56.8% during this period. State construction costs rose much less, but still considerably: 26.6%.

Wisconsin’s combined state and local transportation spending averaged $821 per person, compared to the national average of $811, the three most recent years of available Federal Highway Administration data show. Wisconsin ranked 19th in the country and third in spending among a group that also includes five neighboring states. On a per-lane-mile basis, Wisconsin’s spending falls to fourth among its neighbors at $20,166 per mile, well below the national average of $26,203.

The Forum report outlines three state spending scenarios for transportation and examines the potential revenue gap for each. It also examines a series of options to boost transportation revenues to close the potential funding gaps under two of the three scenarios. The revenue options include increasing transfers from the state’s general fund, as the state has done in recent budgets; increasing the state’s gas tax and vehicle registration fee; imposing a mileage-based fee on motorists, or other potential revenue options.

*This information is a service of the Wisconsin Policy Forum, the state’s leading resource for nonpartisan state and local government research and civic education. Learn more at* [*wispolicyforum.org*](https://wispolicyforum.org/research/state-tax-burden-up-but-overall-burden-still-falling/)*.*