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Building Wisconsin Together®

Welcome to Construction Business Group's Industry Updates. This monthly e-newsletter will help us communicate the important initiatives that we have underway and relevant updates on issues that impact Wisconsin's construction industry.

Message from Executive Director Robb Kahl

Governor's Budget Proposal

On February 15, 2012, Governor Tony Evers released his 2023-25 budget proposal. For the third time, Governor Evers introduced a budget that responsibly addresses the transportation needs of Wisconsin.

The Governor's budget proposes several significant transfers from the general fund in the 2023-25 biennium, including \$94.4 million of sales tax generated from the sale of electric vehicles and an estimated increase of \$96.5 million in sales tax on automotive parts and services. The Governor also proposes to buy down \$380 million of transportation revenue bonds, reducing future debt service.



With respect to program funding, the Governor's budget proposes to increase funding for the State Highway Rehabilitation Program by approximately \$23 million and increase funding for the Major Highway Development Program by \$26 million over the prior biennium. The budget proposes to provide an additional \$29.4 million over the biennium for highway system management and operations to conform to new roadway painting standards and to paint bridges. For specific projects, the Governor's budget includes: a \$156 million increase in the Southeast Wisconsin Mega Project funding to keep the I-94 East-West project moving forward; \$47.2 million for reconstruction of the Blatnik Bridge in Superior; \$50 million for reconstruction of the South Bridge Connector in Brown County; and \$1.2 million for repairs to the Ray Nitschke Bridge in Green Bay.

In Millions

| Program | 2021-23 | 2023-25 Gov. Budget | Difference | % Change |
|---------------------------|------------------|---------------------|-----------------|-------------|
| State Highway Rehab | \$2,191.6 | \$2,214.6 | \$23.0 | 1.0% |
| Major Highway Development | \$565.6 | \$591.4 | \$25.8 | 4.6% |
| SE. Wisconsin Freeway | \$82.0 | \$237.8 | \$155.8 | 190.0% |
| Design-Build Projects (1) | \$20.0 | 0 | -\$20.0 | -100.0% |
| Total | \$2,859.2 | \$3,043.8 | \$184.60 | 6.5% |

The Governor's budget also includes increases in local aid funding and funding for ports and rail, including the following:

- Establish an ongoing Local Road Improvement Program (LRIP) supplement funded with SEG revenue, \$50 million annually, \$100 million in the biennium;
- Increase LRIP by 4% yearly (\$4 million over the biennium);
- Increase General Transportation Aids by 4% a year (\$51.5 million over the biennium);
- Increase Routine Maintenance by \$11.4 million over the biennium;
- Increase Mass Transit Aids by 4% a year (\$6.8 million over the biennium);
- Provide \$20 million in transportation fund-supported general obligation bonds for the Freight Rail Preservation Program;
- Increase passenger rail operations assistance by \$3.6 million over the biennium; and
- Provide \$16 million in transportation fund-supported general obligation bonds for the Harbor Assistance Program.

As it did with the last two budgets, we anticipate that the Legislature will not use any portion of the Governor's budget and will draft its own. However, the Legislature has substantially increased transportation funding the last two budget cycles. We anticipate that transportation will once again be an issue of compromise between the Governor and the Legislature.

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Highway Construction Skills Training (HCST)

The WisDOT pre-apprenticeship program formally known as TrANS has taken on a new look. In addition to the Highway Construction Skills Training program adopting a new name, there is now an opportunity to combine DCA online courses with 450 hours of paid youth apprenticeship experience and HCST employer ASP-1 reimbursement.

We made a recommendation to WisDOT to expand the eligibility of HCST (formerly TrANS) certification to high school students that have completed the DCA coursework. Under this model, HCST competencies are met through a combination of high school preparation, DCA online coursework, training and certification by the 139 Training Center, and 450 hours of paid YA experience with a contractor.

There are currently 50 high school seniors enrolled in DCA that are seeking employment in our industry. Now that these students qualify for ASP-1 reimbursement, contractors have extra incentive to bring these students in as youth apprentices, and then registered apprentices.

Additional details will be rolled out soon. If you have any questions on this new opportunity to hire youth already interested and engaged in the construction industry, please contact Laura Cataldo at laura.cataldo@bakertilly.com

Industry News

From the News Stand

Modeling from Enbridge consultant finds 'extremely remote' risk of Line 5 spill reaching Lake Superior

A Canadian energy firm said Wednesday there's no "credible scenario" where a significant rupture on a proposed reroute of its oil and gas pipeline would reach Lake Superior.

Enbridge said those are the findings of [updated oil modeling](#) conducted by its consultant RPS Group, a global professional services firm based in the United Kingdom. The report shared with the Wisconsin Department of Natural Resources on Monday examined more than 13,000 spill scenarios on its proposed route and other alternatives. It states the odds of Enbridge's proposed route experiencing a significant or full-bore rupture represents a 1 in 15.7 million chance for any given year.

"In the one in 15 million chance there is a full-bore rupture on this segment, crude oil would not reach Lake Superior even after 48 hours with no emergency response at all," Enbridge spokesperson Juli Kellner said in a statement. "In reality, the pipeline would be shut down and valves closed in 13 minutes or less and crews would be dispatched immediately to contain and clean up any spill."

Enbridge is proposing to build a new [30-inch pipeline](#) that would run roughly [41 miles](#) around the Bad River Band of Lake Superior Chippewa's reservation. The company is seeking to relocate the pipeline after the tribe sued Enbridge in 2019 to shut down and remove its Line 5 oil and gas pipeline from tribal lands. The pipeline carries up to 23 million gallons of Canadian crude oil and natural gas liquids per day from Superior across northern Wisconsin and Michigan to Sarnia, Ontario.

Continue
Reading

Wimmer & Company Issues Summary of 2023-2025 Biennial State Budget

Governor Evers releases his 2023-25 State Biennial Budget

This marks the official start to the budget process as the Governor's executive proposal is now submitted to the Wisconsin State Legislature for consideration. The GOP-controlled legislature has indicated its intention to start from "base," meaning the legislature will begin its consideration based on the prior biennium's spending plan as opposed to the Governor's proposal.

Over the next few weeks, the non-partisan **Legislative Fiscal Bureau** will compile a plain-English summary of the Governor's proposal. As is customary, that will be followed by legislative budget hearings throughout the state before the legislature's Joint Committee on Finance begins its official work on the budget.

The state's fiscal year officially ends June 30, 2023, which is the statutory deadline for the next budget. However, unlike the federal government, if a new spending plan is not approved by July, the state continues operating on the prior biennium's appropriation schedule.

Highlights of the Governor's Executive Budget Proposal

- Proposing an operating budget of \$52.1 billion in FY 24 and \$51.7 billion in FY 25
- Provide \$2.6 billion in funding for public schools
- Reforming local government funding by devoting 1 penny of the state's 5 penny sales tax to local governments. In addition, allow an additional 0.5% sales tax for counties and large municipalities, via referendum
- Provide approximately \$1.2 billion over the biennium for tax relief to low- and moderate-income Wisconsin residents
- Invest \$750 million in the Broadband Expansion Grant Program

- Provide \$190 million in transportation funding by devoting sales tax generated from the sale of electric vehicles and a portion of the sales tax on auto parts, tire, and repair services to the transportation fund
- Provide \$200 million for the replacement of lead service lines through the Safe Drinking Water Loan Program
- Legalize the sale of medical marijuana
- Provide \$100 million over the biennium for a grant program for the testing of PFAS
- Accept federal Medicaid Expansion

Additional 2023-2025 State Biennial Budget Resources

Budget Documents

- 2023-2025 State Biennial Budget: [Budget in Brief](#)
- 2023-2025 State Biennial Budget: [Complete Document](#)
- 2023-2025 State Biennial Budget: [Toplevels and Background](#)

Media Releases

- Governor Evers Announces Initiatives to Build 21st Century Infrastructure, Expand High-Speed Internet, Improve Roads, Highways, Bridges: [Read it here](#)
- Governor Evers Proposes to Send 20 Percent of State's Sales Tax Back to Local Communities, Fund Essential Services like Public Safety: [Read it here](#)

Additional Links

- Additional Resources on Department of Administration [Site](#)
- Complete Transcript of Governor Evers' [Speech](#)

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