

Foxconn could bring big changes to transportation, transit

The planned Foxconn manufacturing complex in Racine County is requiring state and local leaders to rethink long-standing policies about infrastructure, jobs, economic development, and municipal service boundaries. At the recent Wisconsin Policy Forum annual meeting, a panel of speakers discussed the major changes Foxconn is expected to bring to transit and transportation.

The scope and complexity of the enormous Foxconn development in Racine County is requiring state and local leaders to adopt new approaches to numerous issues.

From expanding state tax incentives and altering tax-incremental finance laws to finding ways to satisfy the plant's demand for water, the prospect of creating a "silicon prairie" of high-tech manufacturing and support firms in Wisconsin is upending long-standing political and business orthodoxies.

One of the most visible areas for these seismic changes is transportation, which a group of state and local leaders recently discussed at the Wisconsin Policy Forum's (WPF) annual meeting in Milwaukee. The program included a keynote address by state Department of Transportation (DOT) Secretary Dave Ross, followed by a panel discussion featuring Racine County Executive Jonathan Delagrave, Rep. Jason Fields (D-Milwaukee), Milwaukee Metropolitan Association of Commerce (MMAC) President Tim Sheehy, and Wisconsin Transportation Development Association (WTDA) Executive Director Craig Thompson.

Foxconn is "disrupting our way of life, but in a very positive way," MMAC's Sheehy said. "When it comes to thinking about transportation and transit, they're well ahead of where we are as a region and they're going to pull us in that direction."



WPF President Rob Henken, left, leads a panel discussing Foxconn's impact on Wisconsin's transportation needs with Racine Co. Exec. Jonathan Delagrave, Rep. Jason Fields, MMAC President Tim Sheehy, WTDA Exec. Dir. Craig Thompson, and Wis. DOT Sec. Dave Ross.

Foxconn will have far-reaching impacts on highways, mass transit, and new transportation technologies such as autonomous vehicles, the speakers said. The challenge will be how to accommodate those demands given current fiscal and legislative constraints.

Highway needs

Even before Foxconn arrived, the I-94 corridor through southeast Wisconsin was the focus of a multi-billion-dollar "mega-project" for more than a decade, DOT's Ross said. Completion of various phases have been delayed as state officials juggled them with other statewide projects.

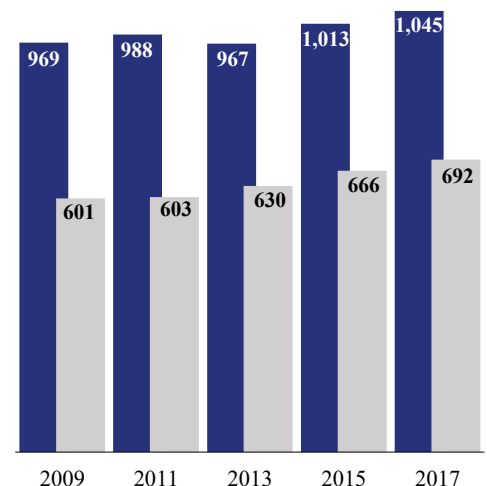
Combined revenues from the state's two major transportation fund sources, gas taxes and vehicle registration fees, have changed little in recent years (see chart at right), rising more slowly than inflation. WTDA's Thompson and MMAC's Sheehy said the need to finish the "megaprojects," as well as improve-

ments elsewhere, highlight the need for new revenues. Ross, however, said "the political reality is there is no interest whatsoever" in raising the gas tax, vehicle registration fees, or other state or local revenue sources.

The Foxconn tax incentive legislation approved last year includes \$252.4 million in borrowing to complete the final phase of the North-South corridor between the Illinois state line and Milwaukee. But that borrowing depends on Wisconsin receiving a \$246.2 million federal grant that will be awarded later this year. The project was originally scheduled to be finished by 2015.

Thompson said that even if Wisconsin gets the federal money, the state estimates the project will not be finished until 2021. Without it, he said DOT has

Transportation Revenues Grow Slowly
Gas Tax (blue), Veh. Reg. Fees (gray)
2009-17, \$ millions



suggested the work may not be finished until 2032, adding that another stretch of I-94 just east of the massive Zoo Interchange has been shelved indefinitely.

Meanwhile, state highway and local road improvements to Foxconn are being leapfrogged ahead of other state projects. The nonpartisan Legislative Fiscal Bureau reported recently that the nearly \$90 million the state has shifted to support local Foxconn-related improvement and construction projects limits the funding that could go to projects elsewhere in the state.

Ross acknowledged that Foxconn is prompting the state to consider techno-

logical innovations. The federal grant application includes creating dedicated autonomous vehicle lanes to accommodate Foxconn trucks traveling from General Mitchell Airport in Milwaukee to the plant in Mount Pleasant.

Transit demands

Getting Foxconn's projected 13,000 employees to and from work will also require new approaches, the speakers said. Fields said solutions may involve everything from shared transit routes to housing and job training programs, as well as public and private-sector partnerships.

Racine County's Delagrave said new forms of local government collaboration could accomplish many of the same goals as creating a regional transit authority, which remains unpopular with state lawmakers. Foxconn is already spurring such cooperation on a variety of issues, he added.

According to Sheehy, the dispute over regional transit has in the past boiled down to who will pay for it. "To borrow from architecture, I think this is a case where form follows function. The economy in this region functions without regard to borders. The laborshed we're all going to draw from is going to pull us together as a region." □

Wisconsin Policy Forum

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Capitol notes

■ *Indiana Gov. Eric Holcomb (R) is expected to sign legislation exempting "software as a service" from the state sales tax. The bill would apply to transactions in which users purchase, rent, lease, or license the right to remotely access pre-written computer software.*

A growing number of software makers are marketing their products on a subscription or licensing basis, rather than an outright purchase.

■ *Former Wisconsin Attorney General Bronson La Follette (D) has died. La Follette was the son of former U.S. Sen. Robert M. La Follette Jr. and the grandson of former Gov. and U.S. Sen. Robert M. "Fighting Bob" La Follette.*

Bronson La Follette was elected to two two-year terms as Attorney General beginning in 1964 and was elected again to three four-year terms beginning in 1976. He ran unsuccess-

fully for governor in 1968, losing to incumbent Gov. Warren Knowles (R).

■ *Gov. Walker (R) has appointed his chief of staff, Rich Zipperer, to the Public Service Commission. Zipperer replaces Ellen Nowak, who became Secretary of Administration earlier this year. Eric Schutt, who had been Walker's chief of staff from 2011 to 2015, will return to the post from a private-sector job.*