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To: Assembly Committee on Local Government
From: Toni Herkert, Government Affairs Director, and Evan Miller, Government Affairs Specialist
League of Wisconsin Municipalities
Date: October 29, 2025
RE: Assembly Bill 483 - Wheel Tax Referendum Requirement

Chairman Novak, Vice-Chair Donovan, and Committee Members,

The League of Wisconsin Municipalities is a nonpartisan, nonprofit membership organization that advocates for the interests of our over 600 member cities and villages, large and small, urban and rural, throughout the state.

Thank you for the opportunity to provide testimony today in opposition to 2025 Assembly Bill 483. While transportation infrastructure may vary widely based on individual community's characteristics, the reality is that road conditions in municipalities of all sizes continue to deteriorate. Local road quality fell from 6.6 on a 10-point scale in 2010 to 6.2 in 2023. In the same period, the share of local roads rated as excellent or very good fell by 9.5%. Local residents and businesses are suffering from this deteriorating road quality with higher vehicle maintenance costs and a bumpier ride to their destination.

In recent visits around the state as part of the ReVITALize Wisconsin Community Highways campaign, local leaders have noted the importance of local roads for our economy, our safety, and our quality of life. For example, a Division Chief with the Oshkosh Fire Department remarked, "Safe, updated roads affect how ambulances, fire, and rescue trucks get out to emergencies all over the City of Oshkosh. Bad roads negatively impact the timing of our responses, not to mention bad roads are rough on our equipment." A realtor and Community Development Authority member in Waterloo commented, "When folks come through Waterloo, looking to move here, the top items are location and curb appeal, and then they see the roads, and they say oh no, oh no. I've lost many home sales due to the bumpy roads."

While local leaders understand the importance of maintaining transportation infrastructure, they do not have the budgetary capacity to address those needs. Despite increases in transportation funding over the past state budgets, in 2023, General Transportation Aids (GTAs) only covered 14.0% to 15.7% of eligible city and village transportation costs. In 2005, GTAs covered 17.1% to 18.3% of eligible costs. While continued investments in GTAs have been appreciated, GTAs have failed to keep pace with inflation resulting in the reduced payments relative to costs. In the same period from 2005 to 2023, levy limits have been imposed then tightened, meaning cities and villages can no longer backfill their local transportation budget with general revenues to the same degree. In addition, transportation costs have grown faster than levy capacity, due to inflation in asphalt, concrete, equipment, and labor costs.

The wheel tax is the only remaining viable and reliable solution for municipalities to fund local transportation projects on their 21,000-plus road miles. Wheel tax revenues help bridge that gap without requiring levy-limit exemptions, referenda, or cuts to other municipal services such as police, fire, parks, and libraries. Currently, 52 cities and villages have local vehicle registration taxes, also known as wheel taxes. Cities and villages of all sizes have turned to wheel taxes, ranging from the largest cities in the state down to municipalities of under 1,000 residents. Wheel taxes ensure that local governments do not fall further behind in maintaining their transportation infrastructure that accommodates resident and business traffic and grows their transportation system for the future.

Much like the State Legislature found it necessary to raise the vehicle registration fee in the 2019-2021 State Budget and raise the title fee in the 2025-2027 State Budget, under current law, local elected governing bodies may also choose to generate necessary transportation revenues by enacting a vehicle registration fee. The Legislature has made certain that all funds generated by a wheel tax must be used for transportation-related purposes. While local governing bodies, much like the State Legislature, seek to receive public input in the process, local governing bodies, also like the State Legislature, have the capacity to raise vehicle registration fees without a referendum.

Wheel taxes provide municipalities predictable and stable year-to-year revenue. Unlike state or federal funding, which can fluctuate or depend on legislative appropriations, a wheel tax provides steady annual revenue tied to the number of registered vehicles within the community. That predictability helps cities and villages develop multi-year capital improvement plans (CIPs) and schedule maintenance at optimal times therefore lowering long-term infrastructure costs. Regular maintenance funded by a stable source reduces the "defer-and-rebuild" cycle, which is costlier over time.

Assembly Bill 483 seeks to change that by requiring local governments to go to a referendum for new and already enacted wheel taxes while still allowing the State Legislature to increase vehicle registration fees without voter approval. Local leaders on governing bodies are elected by the same constituents. If those constituents are displeased with the hard decisions made by their elected officials, voters may choose to elect new people to those positions in the next election.

City and village leaders have their backs against a wall. Their transportation infrastructure is not keeping pace with transportation system needs, and local revenue generation through a wheel tax is becoming a necessity to maintain the local roads that residents and businesses use every day. Communities that adopt wheel taxes hold public hearings and often provide detailed project lists to demonstrate how the revenue will be used, building public trust. Input from the public is considered, but sometimes hard yet necessary votes much rest with the people elected and entrusted to make those decisions that promote a sustainable transportation system and support local growth.

Well-maintained local roads are essential for business attraction, freight movement, and workforce mobility. A dedicated local transportation revenue source ensures that pavement quality and necessary and timely maintenance keep pace with development critical for commercial districts, industrial parks, and housing expansion. In addition, local governments with stable road funding can coordinate better with state and regional highway investments, enhancing overall network efficiency.

Many Midwest states including our neighbors in Iowa, Indiana, Michigan, and Minnesota have local vehicle fees or wheelage taxes as part of their local transportation finance mix. Wisconsin's framework is aligned with this regional norm, meaning maintaining the local option keeps Wisconsin competitive and consistent with its neighbors' approaches.

Our opposition to this legislation isn't asking for special treatment for local governments. It's asking for the same treatment that elected leaders at the state level already have when evaluating the state's transportation needs and the funding necessary to meet those needs.

We appreciate your consideration of the League's comments and concerns on Assembly Bill 483. If you have any questions, you may contact Toni Herkert at therkert@lwm-info.org or Evan Miller at emiller@lwm-info.org.