

THE BOND BUYER

Wisconsin GOP rejects governor's \$3.8 billion capital package

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Wisconsin's Republican legislative majority delivered its latest rebuke to Gov. Tony Evers' biennial spending plan with their rejection of the Democrat's \$3.8 billion capital plan.

The State Building Commission — which includes Evers, four Republican members, two Democrats, and a citizen voting member — rejected all of Evers' line items at its meeting Thursday in a tie vote. A majority is needed to move the items forward.

Traditionally, the commission, which also must sign off on state borrowing for projects, takes up the package before sending approved measures to the legislature's Joint Finance Committee, which manages the state's budget process. Republicans have taken similar actions on Evers' past capital plans with an outright rejection of the package, although many of the projects later end up in their version.



"Our capital budget addressed critical infrastructure needs across our state in a way that kept borrowing low, saved the taxpayers money in the long run, and created critical local jobs and economic development," Wisconsin Gov. Tony Evers said in a statement after the vote. **Bloomberg News**

["Our capital budget](#) addressed critical infrastructure needs across our state in a way that kept borrowing low, saved the taxpayers money in the long run, and created critical local jobs and economic development," Evers said in a statement after the vote. "While Republican leaders claim to support these goals, their action today shows that they would simply rather play politics than have a meaningful discussion about how these projects would serve the needs of the folks they represent."

Evers contends the plan provides investments that deliver a \$6.8 billion economic impact. Two years ago, the commission rejected Evers' \$2.4 billion package while the legislature signed off on a \$1.5 billion plan.

One GOP member suggested inflation contributed to his decision.

"Capital budget requests traditionally include a 15% contingency for fluctuation in construction costs. Adding an average 30% inflation adjustment beyond this long-standing safeguard requires justification before any projects can be

enumerated," Senate Majority Leader Devin LeMahieu, R-Oostburg, said in a statement. "Legislative Republicans will continue to work to provide cost-savings for taxpayers by holding the Evers administration to account on excess spending."

[Evers last month unveiled](#) his \$3.8 billion capital budget that relies heavily on cash from the state's \$7 billion surplus to fund projects in an effort to reduce borrowing, given the rising interest rate environment. About \$1.9 billion would be cash-funding, saving \$1 billion in future interest costs, according to the administration.

The University of Wisconsin system would see an infusion of \$1.8 billion for projects, health services facilities would receive \$225 million, the state capital building \$50 million, with deferred maintenance for state and university buildings consuming \$616 million of the total package.

[Evers' proposed two-year](#) all-funds \$104 billion operating budget provides tax relief but also eliminates some tax credits, directs an additional \$2.6 billion to public education, provides \$290 million to upgrade the Milwaukee Brewers' ballpark, and offers local governments a lifeline of additional funding by sending [them 20% of state sales tax collections](#).

It deposits \$500 million in the budget stabilization fund, lifting it to a peak of \$2.2 billion. Education spending is expected to rise, as is local government revenue sharing, but the size of both is uncertain given GOP opposition to some measures. GOP members have blasted spending levels and want more of the \$7 billion surplus returned to taxpayers.

Evers does enjoy veto power over the budget, with the ability to rewrite pieces based on those powers.

The GOP failed to secure a supermajority in both chambers in the November race, and supermajority control of the Senate is at stake in the upcoming April 4 special election. They would need supermajorities to override the governor's veto.

The [Wisconsin Policy Forum's review](#) of the budget proposal warned spending would exceed revenues by more than \$5 billion in 2024 and \$1.3 billion in 2025, given the use of the surplus. Some spending measures represent one-time costs but others would lead to recurring demands that could hurt the state's structural balance.

The state must also tread cautiously, the forum warned, on any permanent measures. One GOP-backed proposal to move to a flat income tax could also hurt structural balance.