Transportation



Transportation policy for the way Wisconsinites actually want to travel

By Ben Eisen

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Transportation policy debates frequently drift toward promoting particular modes of travel while discouraging others. However, roads, rail lines and buses are not ends in themselves; their purpose is to help people get where they want to go efficiently and at a reasonable cost. Drawing on transportation research published by the Badger Institute over the past several years, this chapter applies a user-centered principle to three policy questions facing Wisconsin: how the state should pay for its highways, how policymakers should evaluate public transit investments, and how the state should regulate emerging technologies such as autonomous vehicles.

Key findings:

- The gas tax is a weakening funding tool. As vehicles grow more fuel-efficient and electric vehicles multiply, the historic link between road use and payment erodes.
- Wisconsin too often treats the existence of a transit system as a reason to keep funding it, regardless of whether riders show up. Milwaukee's streetcar, The Hop, cost $128 million to build, carries relatively few riders (the M Line averaged 1,355 daily rides and the newer L Line just 165), and consumes roughly $4 million a year in operating subsidies while collecting no fares.
- Outdated law is blocking technologies Wisconsinites may want. State law effectively requires a human behind the wheel, making fully driverless operation illegal in Wisconsin even as 28 states have legalized autonomous vehicle deployment as of September 2026.

Recommendations:

- Begin the transition toward mileage-based highway user fees. The long-term objective should be to replace the declining gas tax with charges tied to road use rather than to layer a new charge on top of it.
- Require transportation spending to follow demonstrated demand. Before committing state resources to major fixed-route transit projects, policymakers should require realistic ridership estimates, clear measures of taxpayer cost per rider, long-term operating cost projections, and comparisons with less expensive alternatives such as buses or flexible point-to-point service. Given The Hop's continuing low ridership and operating costs, Milwaukee should shut the system down.
- Modernize Wisconsin law to permit fully autonomous vehicles. Wisconsin should establish a clear statewide legal framework that permits autonomous transportation while maintaining appropriate safety and accountability requirements.

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Introduction

Transportation policy is unusually prone to confusing means and ends. Planners often focus on promoting or preserving particular ways of moving people around, even though the mode of transportation is only a means to the actual goal: helping people get where they want to go as efficiently as possible.

The San Francisco Municipal Transportation Agency's current transportation strategy provides an example of precisely the wrong way to think about these issues. One of its stated goals is to "create a complete and connected active transportation network that shifts trips from automobiles to walking, biking and other active transportation modes."[1]

Wisconsin should take a different approach. Transportation policy should begin with the people who use the system: where they want to go, how they want to get there and how those choices may change as new technologies become available.

Roads, rail lines, buses and other transportation systems are not ends in themselves. Their purpose is to help people get to where they want to go. Yet as the quotation above shows, public policy debates frequently drift toward the goal of promoting the use of specific technologies and systems while discouraging others.

Drawing on transportation research published by the Badger Institute over the past several years, this chapter applies that principle to three important policy questions facing Wisconsin: how the state should pay for highways, how policymakers should evaluate public transit investments, and how Wisconsin should regulate emerging technologies such as autonomous vehicles. Across each of these issues, the central question is the same: whether policy is organized around the needs and choices of users, including their willingness to bear the costs of those choices, or around preserving existing systems and promoting particular modes of travel.

Future-proof highway funding in Wisconsin

Moving away from gas taxes and towards mileage-based user fees

Wisconsin will continue to need a safe, modern highway system regardless of

whether the vehicles using it are powered by gasoline, electricity or something else. The challenge is developing a highway funding system that works as the vehicle fleet changes.

For much of the past century, motor fuel taxes provided a reasonably effective answer. Unlike general taxes, the gas tax maintained at least a rough relationship between use and payment. People who drove more generally bought more gasoline and therefore paid more toward maintaining the roads they used.

That connection was never exact, but the basic principle was sound: users should bear the cost of the infrastructure from which they benefit.

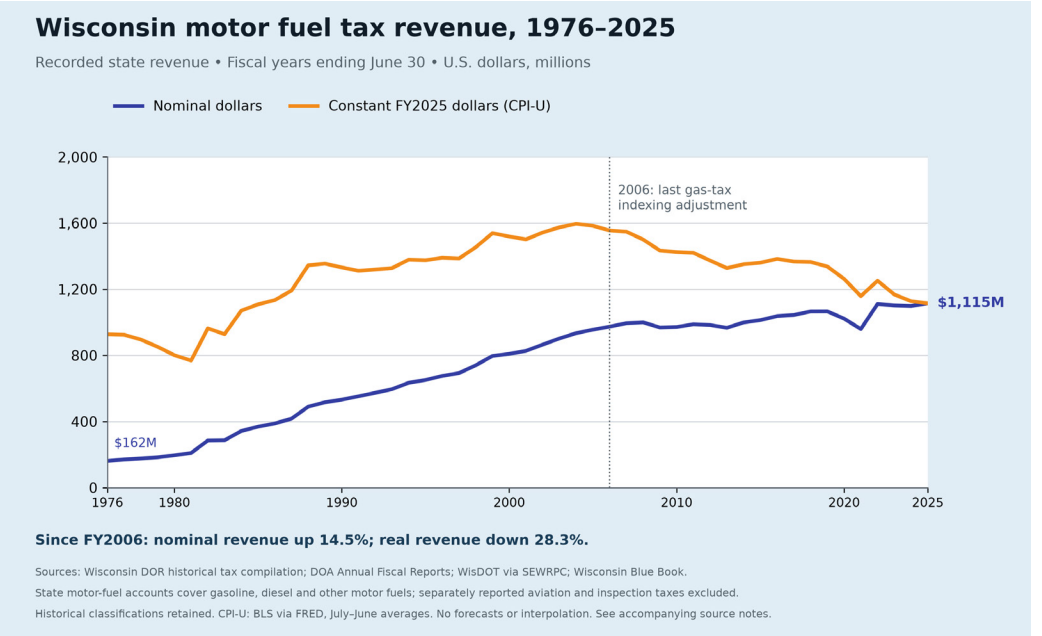
In a 2022 Badger Institute study, transportation scholar Robert Poole and Badger Institute Visiting Scholar Benita Cotton-Orr argued that technological change is progressively undermining this system. Increased fuel efficiency means motorists can drive farther while purchasing less gasoline. Electric vehicles can use the highway system without purchasing gasoline at all. Wisconsin responded in part by imposing annual surcharges on electric and hybrid vehicles, but flat annual fees cannot reproduce the relationship between road use and payment that historically made the gas tax attractive.[2] This section of this chapter is largely drawn from that work, with updates to the data.

At the time of the study, motor fuel taxes and registration fees together accounted for 89 percent of state-collected transportation revenue and 54 percent of total budgeted transportation funding. By 2025, that had fallen to 77.6 percent of revenue and 52.6 percent of funding.[3] Poole and Cotton-Orr modeled several possible futures for fuel consumption and concluded that under a scenario involving widespread adoption of electric vehicles, Wisconsin fuel tax revenue could fall by more than 31 percent by 2040 and almost 45 percent by 2050. The precise trajectory of electric vehicle adoption is uncertain. The underlying problem is not. The more miles Wisconsinites can travel without buying gasoline, the less closely a tax on gasoline corresponds to use of Wisconsin roads.[4]

Simply raising the gas tax would not solve that problem. It would collect more money from motorists who continue driving gasoline-powered cars while collecting nothing from drivers of fully electric vehicles. Increasing registration fees would likewise raise revenue without connecting the amount someone pays to how much he or she uses the road system. The better long-term answer is to restore the user-pays principle more directly. Poole and Cotton-Orr proposed gradually replacing Wisconsin's fuel tax with a mileage-based user fee, or MBUF. Instead of indirectly charging motorists according to how many gallons of gasoline they purchase, Wisconsin would ultimately charge according to the miles they drive.

Moving to increased tolling should not be a cash grab

A mileage-based fee should not become simply another source of revenue layered on top of existing taxes. Motorists understandably would resist a proposal that asks them to continue paying the gas



tax and then sends them another bill for using the same highways. The objective should instead be to move gradually from one funding mechanism to another while preserving the user-pays principle. Other state experiments examined by Poole and Cotton-Orr similarly treated per-mile charges as a substitute for fuel taxes rather than an additional levy.[5]

Wisconsin need not make this transition across every road in the state at once.

Poole and Cotton-Orr recommend beginning with the state's limited-access highways — its Interstates and other freeways. The Wisconsin Department of Transportation could develop a long-term corridor-by-corridor plan for reconstruction and modernization. As individual corridors are modernized, electronic systems similar to those already familiar to many motorists through Illinois' I-PASS could collect a per-mile charge. Drivers paying the new charge would receive rebates for state fuel taxes attributable to the gasoline used while driving on those roads. In other words, they would pay by the mile instead of paying the gas tax for those miles, not in addition to it.[6]

This approach has several advantages.

First, it provides motorists with a tangible demonstration that mileage-based fees are intended as a replacement for fuel taxes rather than a new tax layered on top of them. Second, limited-access highways are technologically easier places to begin because vehicles enter and leave at identifiable points. Third, converting those roads first would move a substantial portion of Wisconsin travel toward the new system. Based on 2020 vehicle-mile data used in the Badger Institute study, limited-access highways accounted for approximately 28 percent of all vehicle miles traveled in Wisconsin.[7]

Over time, the state could learn from its own experience and from mileage-based systems developed elsewhere before determining how best to extend the concept to other state and local roads.

A mileage-based system can also improve transparency. Instead of paying a tax that is buried in the price of every gallon of gasoline, motorists could receive statements showing miles traveled and the corresponding cost of providing the roads they use. In principle, different types of roads could carry different rates reflecting different costs, rather than treating every mile as identical.[8]

A further advantage of mileage-based and electronic road-pricing systems is that they can better account for the costs drivers impose on one another. Congestion is a good example. A mile driven on an empty highway at midday does not create the same costs for other motorists as a mile driven on a heavily congested road during rush hour. Congestion in Wisconsin metro areas has reached record heights. For example, Milwaukee commuters spent an average of 57 excess hours and 38 extra gallons of gas due to traffic congestion in 2024.[9] Pricing systems that vary charges by time or level of congestion can therefore extend the user-pays principle by requiring motorists to bear more of the costs associated with when and where they choose to drive. In addition to providing revenue for highways, such pricing can reduce congestion by encouraging some drivers to shift trips to less crowded times or routes when doing so is worthwhile to them.

Any such system must address legitimate privacy concerns. Drivers should not have to give state government a detailed record of their movements simply to pay for roads. Existing state pilot programs have experimented with alternatives ranging from odometer readings to electronic devices, and Poole and Cotton-Orr recommend strict statutory protections for any mileage data that is collected. They also recommend keeping the system simple, transparent and understandable to users.[10]

Spend transportation dollars according to demand

As discussed in the previous section, the objective of moving to increased reliance on road tolls instead of gas taxes is not to enhance state revenue. Instead, it is to create a better relationship between the people who use Wisconsin's highways and the system that provides them.

That same focus on users should also guide decisions about how money is spent on mass transit infrastructure projects.

It is easy for governments to become attached to particular forms of transportation. Large infrastructure projects are visible. They lend themselves to renderings, ribbon cuttings and ambitious projections about how people will travel in the future. These goals are not always compatible with the actual needs and preferences of users.

Milwaukee's streetcar, The Hop, provides a nearly perfect example. In his 2020 State of the City address, then-Mayor Tom Barrett said, "My vision for the streetcar has always been to expand into

the neighborhoods, both north and south, and I remain committed to that goal." The problem with this way of thinking is not that streetcars are inherently undesirable. It is that expansion of the system becomes an objective in itself rather than a means to the broader goal of helping people get where they want to go efficiently and at a reasonable cost.

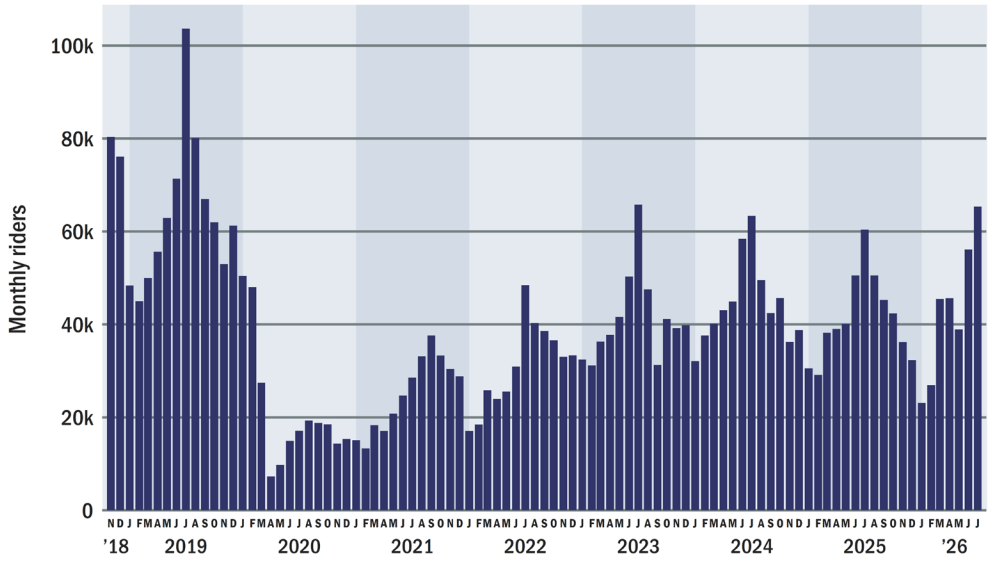
As Badger Institute President Mike Nichols noted in April 2025, ridership remained exceptionally low years after the downtown-only streetcar opened despite government's efforts to spend more and more money on a system that cost $128 million to build. Over the preceding year, the original M Line had averaged 1,355 rides per day, while the newer L Line averaged just 165. The city's transportation fund covered approximately $4 million annually in operating costs that year while riders themselves paid no fares.[11]

The Hop reached its most recent yearly peak at 65,382 in July 2026, which eclipsed the peak ridership in 2024 and 2025 but fell short of the 2023 maximum, and came in well below the pre-COVID ridership levels.

Some of the city's ongoing costs are the product of earlier decisions that became difficult to reverse. More than $69 million of The Hop's initial cost came from a federal Congestion Mitigation and Air Quality Improvement grant. A separate, earlier federal grant to build a transit bus depot also helped create pressure for the later L Line project: The out-of-the-way depot was little used, but abandoning the site's use for transit even as the land was redeveloped could have required local governments to repay millions of dollars in federal money.[12]

This is an important lesson in itself. Federal transportation money is not free.

Monthly ridership on Milwaukee's 'The Hop' trolley



Source: City of Milwaukee

A grant can lower the immediate local cost of building a project while leaving local taxpayers responsible for operating, maintaining and sometimes preserving something long after the federal dollars have been spent.

More fundamentally, however, The Hop illustrates the danger of treating the existence of a transportation system as evidence that it must continue indefinitely. The relevant question for policymakers should be whether continued spending produces enough value for the people who actually use the service. Given that it costs millions to operate for relatively few riders, the system should be shut down and resources should be used to run buses instead.[13]

Milwaukee's experience with the underused and expensive streetcar system unfortunately hasn't deterred plans for transportation infrastructure inconsistent with the needs and preferences of Wisconsinites.

In September 2025, Badger Institute Policy Director Patrick McIlheran examined the experience of commuter rail systems in neighboring Minnesota and Illinois. Minnesota had recently ended its Northstar commuter rail service between Minneapolis and its northwestern suburbs. The line cost $18.6 million to operate that year while carrying an average of just 428 weekday passengers. In 2023, taxpayers were subsidizing each ride by $116. Authorities replaced the trains with more frequent express bus service at a fraction of the cost.[14]

Chicago offers a different but equally relevant example. There, commuter rail is hardly a speculative new idea. The city's suburbs and employment patterns developed around rail for generations. Yet by 2024, ridership on its commuter rail system, Metra, remained roughly half its 2019 level even though weekday train service had been restored almost to its pre-pandemic frequency. Hybrid and remote work have weakened the traditional daily flow of workers into downtown employment centers that made commuter rail especially effective.[15]

These experiences matter in Wisconsin because proposals for additional rail investment continue to surface. McIlheran noted in 2025 that planners continued to contemplate commuter rail connecting Kenosha, Racine and Milwaukee. Preliminary estimates suggested that acquiring trains and upgrading infrastructure for the proposed line could approach half a billion dollars, apart from continuing operating subsidies.[16] As of 2026, cities along the route are continuing to explore the idea.[17]

None of this means Wisconsin policymakers should adopt a categorical policy against rail, buses or any other transportation technology.

However, in assessing any such proposals, the goal should not be to promote any of these technologies specifically, or to move people away from the use of other technologies such as personal cars. Rather, the relevant question is whether people actually want to use the service while bearing the costs themselves through fares and tollbooths rather than relying on subsidies — that is, whether the benefits justify the costs compared with available alternatives. A train carrying large

numbers of passengers efficiently may make sense. A bus may make more sense where demand is lower or more dispersed. In still other circumstances, flexible point-to-point service may increasingly provide mobility more effectively than either.

The state should therefore evaluate transportation proposals based on demonstrated demand, cost and alternatives, not on the assumption that one particular mode of transportation is inherently worthy of public investment.

This distinction is particularly important as patterns of work and travel continue to change. Fixed rail infrastructure represents a large, long-term bet that people decades from now will continue wanting to travel between the same places, at similar times and in sufficient numbers to justify the investment. Flexible transportation options can adjust much more easily when those assumptions prove wrong.

Minnesota's experience captures the point. Ending an unsuccessful train did not mean abandoning people who did not drive. It meant serving them differently. Express buses could run more frequently and at much lower cost. The objective was transportation, not trains.[18] Wisconsin policymakers should learn from these experiences and recognize the risks inherent in making long-term predictions about transportation preferences in the future.

Let Wisconsinites choose what comes next

Transportation policy should not lock taxpayers into technologies that people are no longer choosing. Neither should it use old laws to lock people out of technologies they may want to choose in the future. Wisconsin's laws governing autonomous vehicles provide a clear example that the latter problem is already emerging.

As McIlheran and Badger Institute contributor Mark Lisheron reported in July 2025, Wisconsin law effectively requires a human being to be behind the wheel of any vehicle. That means fully driverless vehicles cannot legally operate here in the way that autonomous taxis and trucks already were operating in several other states.[19] According to Business Insider, autonomous taxis are already operating in San Francisco, Los Angeles, Phoenix, Austin, Dallas, Las Vegas and Atlanta, while operators are planning to expand to Miami, Orlando, Nashville and Washington in the coming year.[20] A total of 28 states have legalized the deployment of autonomous vehicles as of September 2026.[21]

Of course, the technologies surrounding autonomous vehicles are still developing. Wisconsin also presents conditions that some early markets do not. Researchers interviewed by Badger Institute described difficulties autonomous systems can encounter with standing water, snow, ice and glare. Vehicles that function well in Phoenix or Austin will have to demonstrate that they can function safely through a Wisconsin winter.[22]

But acknowledging those challenges is different from retaining a legal requirement that makes fully autonomous operation impossible. While recognizing that harsh winters create challenges for

autonomous drivers, they create similar challenges for human drivers. Safety assessments should recognize that human drivers are also imperfect and create danger, and that the goal in Wisconsin (or any state) is not perfect safety but, rather, a regulatory environment that weighs the costs and benefits of various choices.

The potential benefits of ending the ban on autonomous drivers extend well beyond the novelty of hailing a robotaxi in a major city.

Autonomous transportation could be particularly valuable for people who cannot easily drive themselves — including the elderly and people with disabilities — and in rural communities, where conventional transit is expensive to provide. Researchers interviewed by Badger Institute pointed to paratransit as one possible application, allowing employees in a vehicle to assist passengers rather than having to spend their time driving it.[23]

In a follow-up commentary published in July 2025, McIlheran noted that labor accounted for 79 percent of the operating costs of Madison Metro Transit, according to the federal figures then available. Removing the requirement that every vehicle have a paid driver could eventually make smaller, more frequent and more individualized transportation services economically viable in places where conventional fixed-route transit is not.[24]

Consider a senior living in a small Wisconsin community who no longer feels comfortable driving. Traditional transit may offer only limited routes at limited times because supplying a driver for every trip is expensive. A sufficiently mature autonomous system could eventually make point-to-point service available at much lower cost, allowing that person to reach a doctor, pharmacy, grocery store or family member without moving to a larger city or relying on someone else to drive.

Whether autonomous vehicles will fulfill all these promises remains to be seen. Government does not need to predict precisely how successful they will become. Wisconsin lawmakers do not need to decide today that autonomous vehicles are the future of transportation. They need to make sure that an antiquated law does not decide that they aren't.

A policy focused on users allows new technologies to compete and lets Wisconsinites determine which options improve their lives. Some people may continue driving themselves. Others may use buses or trains. Still others may eventually rely on autonomous taxis, vans or other services that do not yet exist.

The role of state policy should be to establish reasonable rules for safety and accountability while allowing those choices to emerge.

A transportation policy centered on Wisconsinites

The issues examined in this chapter are tied together by an important thread. All three raise the same basic question: Who should transportation policy be built around — the institutions that provide transportation or the people who actually

use it? Here, we argue a modern approach to transportation focuses on the revealed preferences of users — what they choose to use when they are required to pay for the cost of that use — rather than focusing on the methods of transit preferred by some planners.

More specifically, it would require motorists to pay for roads according to how much they use them rather than what type of fuel happens to power their cars.

It would invest in mass transit on the basis of clear cost-benefit analysis based on the preferences of users and their willingness to pay rather than on the pet priorities of politicians and planners.

And it would allow new forms of transportation (specifically autonomous vehicles) to develop rather than protecting existing systems from technological change.

In addition to being responsive to the needs of current Wisconsinites, this approach reflects the need for humility in understanding how technologies, population centers, and commuting patterns will change in the future. Planners have imperfect information about the preferences of current Wisconsinites. They know still less about those of Wisconsinites traveling 10, 20 or 30 years from now. They should therefore be especially cautious about making policies that depend on such predictions.

A better approach is to establish rules that can adapt as individual choices change. This means pricing transportation according to use, spending on public infrastructure in response to clear demand, and regulating new technologies in a way that permits choice and innovation.

Conclusion: Recommendations for Wisconsin

The sections above point to several clear recommendations for the next Legislature and governor.

Begin the transition toward mileage-based highway user fees. Wisconsin should establish a mileage-based user fee pilot program, drawing on experience from other states and testing approaches that are simple, transparent and workable for Wisconsin motorists. The long-term objective should be to replace the declining gas tax with charges based more directly on road use, beginning where practical with limited-access highways. Any new system should avoid double taxation, include strong protections for motorists' privacy, and clearly show users what they are paying and why.[25]

Require transportation spending to follow demonstrated demand. Before committing state resources to major fixed-route transit projects, policymakers should require realistic ridership estimates, clear measures of taxpayer cost per rider, long-term operating cost projections, and comparisons with less expensive alternatives such as buses or flexible point-to-point services. Given The Hop's continuing low ridership and operating costs, the City of Milwaukee should shut down the system rather than allowing earlier spending decisions to dictate indefinite future subsidies. Wisconsin policymakers should not devote state resources to expanding The

Hop or reviving other costly commuter rail proposals unless proponents can demonstrate that actual demand and benefits justify their costs.[26]

Modernize Wisconsin law to permit fully autonomous vehicles. State law should no longer require a human driver to occupy the driver's seat when an autonomous vehicle is capable of operating without one. Wisconsin should establish a clear statewide legal framework that permits autonomous transportation while maintaining appropriate safety and accountability requirements.[27]

About the author



Ben Eisen is the vice president of policy and research at the Badger Institute.

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