



Senate

General Assembly

File No. 803

January Session, 2005

Substitute Senate Bill No. 1057

Senate, May 25, 2005

The Committee on Finance, Revenue and Bonding reported through SEN. DAILY of the 33rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING THE GOVERNOR'S TRANSPORTATION IMPROVEMENT PROGRAM, THE TRANSPORTATION FUND, TAX ON FUEL AND THE AUTHORIZATION OF SPECIAL TAX OBLIGATION BONDS OF THE STATE FOR TRANSPORTATION PURPOSES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2005*) As used in this section and
2 sections 2, 15 to 18, inclusive, 26 and 29 of this act and section 13b-57q
3 of the general statutes, as amended by this act:

4 (1) "New Haven Line" means the rail passenger service operated
5 between New Haven and intermediate points and Grand Central
6 station, including the Danbury, Waterbury and New Canaan branch
7 lines.

8 (2) "New Haven Line Revitalization account" means the account
9 established by subsection (b) of section 15 of this act.

10 (3) "New Haven Line Revitalization program" means the design,
11 development, construction and acquisition of maintenance facilities,
12 rail cars and related equipment for use on the New Haven Line, as
13 specified in subdivisions (1) and (2) of section 2 of this act. Projects
14 undertaken as part of said program are not a "TSB project" for the
15 purposes of section 13b-57i of the general statutes, as amended by this
16 act.

17 (4) "Transportation Strategy Board projects account" means the
18 account created by subsection (a) of section 13b-57r of the general
19 statutes.

20 Sec. 2. (NEW) (*Effective July 1, 2005*) The Commissioner of
21 Transportation shall:

22 (1) Acquire not less than three hundred forty-two self-propelled rail
23 cars for use on the New Haven Line;

24 (2) Design and construct rail maintenance facilities to support the
25 self-propelled rail cars;

26 (3) Design and construct operational improvements to Interstate 95
27 between Greenwich and North Stonington; and

28 (4) Purchase twenty-five transit buses.

29 Sec. 3. (NEW) (*Effective July 1, 2005*) The State Bond Commission
30 shall have power, in accordance with the provisions of sections 3 to 8,
31 inclusive, of this act, to authorize the issuance of special tax obligation
32 bonds of the state in one or more series and in principal amounts in the
33 aggregate, not exceeding \$485,650,000, provided: (1) \$26,450,000 shall
34 be effective July 1, 2005, (2) \$32,800,000 shall be effective July 1, 2006,
35 (3) \$49,400,000 shall be effective July 1, 2007, (4) \$55,000,000 shall be
36 effective July 1, 2008, (5) \$55,000,000 shall be effective July 1, 2009, (6)
37 \$54,000,000 shall be effective July 1, 2010, (7) \$54,000,000 shall be
38 effective July 1, 2011, (8) \$54,000,000 shall be effective July 1, 2012, (9)
39 \$54,000,000 shall be effective July 1, 2013, and (10) \$51,000,000 shall be
40 effective July 1, 2014.

41 Sec. 4. (NEW) (*Effective July 1, 2005*) The proceeds of the sale of such
42 bonds, to the extent hereinafter stated, shall be used for the purpose of
43 payment of the transportation costs, as defined in subdivision (6) of
44 section 13b-75 of the general statutes, with respect to the projects and
45 uses hereinafter described, which projects and uses are hereby found
46 and determined to be in furtherance of one or more of the authorized
47 purposes for the issuance of special tax obligation bonds set forth in
48 section 13b-74 of the general statutes. Any proceeds from the sale of
49 the bonds may be used by the Department of Transportation for the
50 Bureau of Public Transportation for rail rolling stock and maintenance
51 facilities, including rights-of-way, other property acquisition and
52 related projects, not exceeding \$485,650,000.

53 Sec. 5. (NEW) (*Effective July 1, 2005*) None of the bonds issued
54 pursuant to sections 3 to 8, inclusive, of this act shall be authorized
55 except upon a finding by the State Bond Commission that there has
56 been filed with it (1) a request for such authorization, which is signed
57 by the Secretary of the Office of Policy and Management or by or on
58 behalf of such state officer, department or agency and stating such
59 terms and conditions as the commission, in its discretion, may require,
60 and (2) any capital development impact statement and any human
61 services facility colocation statement required to be filed with the
62 Secretary of the Office of Policy and Management pursuant to section
63 4-26b of the general statutes, any advisory report regarding the state
64 conservation and development policies plan required pursuant to
65 section 16a-31 of the general statutes, and any statement regarding
66 farmland required pursuant to subsection (g) of section 3-20 of the
67 general statutes and section 22-6 of the general statutes, provided the
68 State Bond Commission may authorize the bonds without a finding
69 that the reports and statements required by subdivision (2) of this
70 section have been filed with it if the commission authorizes the
71 secretary of the commission to accept the reports and statements on its
72 behalf. No funds derived from the sale of bonds authorized by the
73 commission without a finding that the reports and statements required
74 by subdivision (2) of this section have been filed with it shall be
75 allotted by the Governor for any project until the reports and

76 statements required by subdivision (2) of this section, with respect to
77 such project, have been filed with the secretary of the commission.

78 Sec. 6. (NEW) (*Effective July 1, 2005*) For the purposes of sections 3 to
79 8, inclusive, of this act, each request filed as provided in section 5 of
80 this act, for an authorization of bonds shall identify the project for
81 which the proceeds of the sale of the bonds are to be used and
82 expended and, in addition to any terms and conditions required
83 pursuant to section 5 of this act, include the recommendation of the
84 person signing the request as to the extent to which federal, private or
85 other moneys then available or thereafter to be made available for
86 costs in connection with any such project should be added to the state
87 moneys available or becoming available from the proceeds of bonds
88 and temporary notes issued in anticipation of the receipt of the
89 proceeds of bonds. If the request includes a recommendation that some
90 amount of the federal, private or other moneys should be added to the
91 state moneys, then, if and to the extent directed by the State Bond
92 Commission at the time of authorization of the bonds, the amount of
93 the federal, private or other moneys then available or thereafter to be
94 made available for costs in connection with the project shall be added
95 to the state moneys.

96 Sec. 7. (NEW) (*Effective July 1, 2005*) Any balance of proceeds of the
97 sale of the bonds authorized for the projects or purposes of section 4 of
98 this act, in excess of the aggregate costs of all the projects so authorized
99 shall be used in the manner set forth in sections 13b-74 to 13b-77,
100 inclusive, of the general statutes and in the proceedings of the State
101 Bond Commission respecting the issuance and sale of the bonds.

102 Sec. 8. (NEW) (*Effective July 1, 2005*) The bonds issued pursuant to
103 sections 3 to 8, inclusive, of this act, shall be special obligations of the
104 state and shall not be payable from nor charged upon any funds other
105 than revenues of the state pledged therefor in subsection (b) of section
106 13b-61 of the general statutes and section 13b-69 of the general statutes,
107 or such other receipts, funds or moneys as may be pledged therefor.
108 The bonds shall neither be payable from nor charged upon any funds

109 other than the pledged revenues or such other receipts, funds or
110 moneys as may be pledged therefor. The state or any political
111 subdivision of the state shall not be subject to any liability on the
112 bonds, except to the extent of the pledged revenues or such other
113 receipts, funds or moneys as may be pledged therefor. The bonds shall
114 be issued under and in accordance with the provisions of sections 13b-
115 74 to 13b-77, inclusive, of the general statutes.

116 Sec. 9. (NEW) (*Effective July 1, 2005*) The State Bond Commission
117 shall have power, in accordance with the provisions of sections 9 to 14,
118 inclusive, of this act, to authorize the issuance of special tax obligation
119 bonds of the state in one or more series and in principal amounts in the
120 aggregate, not exceeding \$194,500,000, provided that: (1) \$16,500,000
121 shall be effective July 1, 2005, (2) \$28,000,000 shall be effective July 1,
122 2006, (3) \$50,000,000 shall be effective July 1, 2007, (4) \$50,000,000 shall
123 be effective July 1, 2008, and (5) \$50,000,000 shall be effective July 1,
124 2009. Each such authorization shall include the amount authorized and
125 the project or projects for which the proceeds of the bonds will be
126 used.

127 Sec. 10. (NEW) (*Effective July 1, 2005*) The proceeds of the sale of the
128 bonds to the extent hereinafter stated shall be used for the purpose of
129 payment of the transportation costs, as defined in subdivision (6) of
130 section 13b-75 of the general statutes, with respect to the projects and
131 uses hereinafter described, which projects and uses are hereby found
132 and determined to be in furtherance of one or more of the authorized
133 purposes for the issuance of special tax obligation bonds set forth in
134 section 13b-74 of the general statutes:

135 (1) For the Bureau of Engineering and Highway Operations:
136 Operational improvements to Interstate 95 between Greenwich and
137 North Stonington, \$187,000,000;

138 (2) For the Bureau of Public Transportation: Bus rolling stock, not
139 exceeding \$7,500,000.

140 Sec. 11. (NEW) (*Effective July 1, 2005*) None of the bonds issued

141 pursuant to sections 9 to 14, inclusive, of this act, shall be authorized
142 except on a finding by the State Bond Commission that there has been
143 filed with it (1) a request for such authorization, which is signed by the
144 Secretary of the Office of Policy and Management or by or on behalf of
145 such state officer, department or agency and stating such terms and
146 conditions as said commission, in its discretion, may require, and (2)
147 any capital development impact statement and any human services
148 facility colocation statement required to be filed with the Secretary of
149 the Office of Policy and Management pursuant to section 4-26b of the
150 general statutes, any advisory report regarding the state conservation
151 and development policies plan required pursuant to section 16a-31 of
152 the general statutes, and any statement regarding farmland required
153 pursuant to subsection (g) of section 3-20 of the general statutes and
154 section 22-6 of the general statutes, provided the State Bond
155 Commission may authorize the bonds without a finding that the
156 reports and statements required by subdivision (2) of this section have
157 been filed with it if the commission authorizes the secretary of the
158 commission to accept the reports and statements on its behalf. No
159 funds derived from the sale of bonds authorized by the commission
160 without a finding that the reports and statements required by
161 subdivision (2) of this section have been filed with it shall be allotted
162 by the Governor for any project until the reports and statements
163 required by subdivision (2) of this section, with respect to the project,
164 have been filed with the secretary of the commission.

165 Sec. 12. (NEW) (*Effective July 1, 2005*) For the purposes of sections 9
166 to 14, inclusive, of this act, each request filed as provided in section 11
167 of this act, for an authorization of bonds shall identify the project for
168 which the proceeds of the sale of the bonds are to be used and
169 expended and, in addition to any terms and conditions required
170 pursuant to section 11 of this act, include the recommendation of the
171 person signing the request as to the extent to which federal, private or
172 other moneys then available or thereafter to be made available for
173 costs in connection with any such project should be added to the state
174 moneys available or becoming available from the proceeds of bonds
175 and temporary notes issued in anticipation of the receipt of the

176 proceeds of bonds. If the request includes a recommendation that some
177 amount of the federal, private or other moneys should be added to the
178 state moneys, then, if and to the extent directed by the State Bond
179 Commission at the time of authorization of the bonds, the amount of
180 the federal, private or other moneys then available or thereafter to be
181 made available for costs in connection with the project shall be added
182 to the state moneys.

183 Sec. 13. (NEW) (*Effective July 1, 2005*) Any balance of proceeds of the
184 sale of the bonds authorized for the projects or purposes of section 10
185 of this act, in excess of the aggregate costs of all the projects so
186 authorized shall be used in the manner set forth in sections 13b-74 to
187 13b-77, inclusive, of the general statutes and in the proceedings of the
188 State Bond Commission respecting the issuance and sale of the bonds.

189 Sec. 14. (NEW) (*Effective July 1, 2005*) The bonds issued pursuant to
190 sections 9 to 14, inclusive, of this act, shall be special obligations of the
191 state and shall neither be payable from nor charged upon any funds
192 other than revenues of the state pledged therefor in subsection (b) of
193 section 13b-61 of the general statutes and section 13b-69 of the general
194 statutes, or such other receipts, funds or moneys as may be pledged
195 therefor. The bonds shall neither be payable from nor charged upon
196 any funds other than the pledged revenues or such other receipts,
197 funds or moneys as may be pledged therefor. The state or any political
198 subdivision of the state shall not be subject to any liability thereon,
199 except to the extent of the pledged revenues or such other receipts,
200 funds or moneys as may be pledged therefor. The bonds shall be
201 issued under and in accordance with the provisions of sections 13b-74
202 to 13b-77, inclusive, of the general statutes.

203 Sec. 15. (NEW) (*Effective July 1, 2005*) (a) On and after January 1,
204 2008, and terminating on July 1, 2015, a surcharge of one dollar per trip
205 on the New Haven Line and its branches is imposed on each ticket for
206 travel, either originating or terminating in the state. The Commissioner
207 of Transportation shall, by regulations adopted in accordance with
208 chapter 54 of the general statutes, determine the method by which the

209 surcharge shall be applied to weekly and monthly commutation
210 tickets.

211 (b) There is hereby created a restricted capital project account to be
212 known as the New Haven Line Revitalization account. The following
213 funds shall be deposited into the account: (1) The proceeds of the
214 surcharge imposed by subsection (a) of this section, and (2) any other
215 funds required by law to be deposited in the account. Funds in the
216 account shall be used solely for capital costs incurred as part of the
217 New Haven Line Revitalization program undertaken pursuant to this
218 act.

219 (c) The Secretary of the Office of Policy and Management shall, in
220 consultation with the Commissioner of Transportation, annually
221 prepare a budget detailing how funds in the New Haven Line
222 Revitalization account shall be spent during the next fiscal year. On the
223 approval of such budget by the Governor, the Commissioner of
224 Transportation may expend funds for the purposes stated therein.

225 (d) On termination of the surcharge, any funds remaining in the
226 restricted account after the payment of authorized capital costs may be
227 used by the Treasurer to, at such time as the Treasurer considers
228 appropriate, defease bonds issued pursuant to sections 3 to 8,
229 inclusive, of this act.

230 Sec. 16. (NEW) (*Effective from passage*) During the fiscal year ending
231 June 30, 2005, the annual financing plan adopted pursuant to section
232 13b-57q of the general statutes, as amended by this act, shall include
233 the sum of five million dollars to be expended from the Transportation
234 Strategy Board projects account to support the New Haven Line
235 Revitalization program undertaken pursuant to sections 15 to 18,
236 inclusive, and 26 of this act. The funds shall remain available until
237 expended.

238 Sec. 17. (NEW) (*Effective July 1, 2005*) During the fiscal year ending
239 June 30, 2006, the sum of twenty million dollars shall be expended
240 from the Transportation Strategy Board projects account to support the

241 New Haven Line Revitalization program undertaken pursuant to this
242 act. The funding shall be included in the annual financing plan
243 adopted pursuant to section 13b-57q of the general statutes, as
244 amended by this act. The funds shall remain available until expended.

245 Sec. 18. (NEW) (*Effective July 1, 2005*) During the fiscal years ending
246 June 30, 2007, to June 30, 2015, inclusive, the sum of fifteen million
247 dollars shall be expended from the Transportation Strategy Board
248 projects account to support the New Haven Line Revitalization
249 program undertaken pursuant to this act. The funding shall be
250 included in the annual financing plan adopted pursuant to section 13b-
251 57q of the general statutes, as amended by this act. The funds shall
252 remain available until expended.

253 Sec. 19. (NEW) (*Effective July 1, 2005*) On and after July 1, 2015, in
254 each fiscal year the sum of fifteen million dollars shall be expended
255 from the Transportation Strategy Board projects account to pay debt
256 service on special tax obligation bonds issued pursuant to sections 1 to
257 8, inclusive of this act. The funding shall be included in the annual
258 financing plan adopted pursuant to section 13b-57q of the general
259 statutes, as amended by this act. The funds shall remain available until
260 expended.

261 Sec. 20. (NEW) (*Effective July 1, 2005*) For the fiscal years ending June
262 30, 2006, and June 30, 2007, the Transportation Strategy Board shall
263 expend five million dollars each fiscal year for purposes of the
264 program established pursuant to section 13b-38bb of the general
265 statutes. The funding shall be included in the annual financing plan
266 adopted pursuant to section 13b-57q of the general statutes, as
267 amended by this act. The funds shall remain available until expended.

268 Sec. 21. Section 13b-57q of the general statutes is repealed and the
269 following is substituted in lieu thereof (*Effective July 1, 2005*):

270 (a) On or before [December 1, 2003, and] August first of each year,
271 [thereafter,] the Department of Transportation, in consultation with the
272 Secretary of the Office of Policy and Management, the State Treasurer

273 and the Transportation Strategy Board, shall prepare a financing plan
274 for the annual funding and financing of the projects and purposes
275 described in section 13b-57h. Such annual financing plan shall be
276 based upon the authorized funding amount establishing the maximum
277 aggregate use of cash from the incremental revenues and use of special
278 tax obligation bond proceeds to fund some or all of such projects and
279 purposes, as well as the use of any federal revenue, grants or other
280 transportation-related financial assistance which may be available in
281 such fiscal year, and shall otherwise meet all requirements of state
282 statutes and applicable trust indenture provisions, including any
283 coverage requirements, relating to such financing plan. The annual
284 financing plan shall include funding mandated by sections 16 to 20,
285 inclusive, of this act. Upon the approval of such annual financing plan
286 by the Governor, incremental revenues identified in the annual
287 financing plan for cash funding shall be paid within the fiscal year of
288 such annual financing plan into the Transportation Strategy Board
289 projects account, established under section 13b-57r, of the Special
290 Transportation Fund and shall be available to fund those projects and
291 purposes identified in such annual financing plan for cash funding.
292 Upon the approval of the portion of the annual financing plan relating
293 to the use of bond proceeds to fund some or all of such projects and
294 purposes by the Treasurer and the Secretary of the Office of Policy and
295 Management, incremental revenues identified in the annual financing
296 plan to pay debt service and other expenditures related to the issuance
297 of special tax obligation bonds to fund such projects and purposes
298 shall be paid into the Transportation Strategy Board [project] projects
299 account, established under section 13b-57r, of the Special
300 Transportation Fund during the fiscal year covered by such financing
301 plan and shall be available to pay debt service requirements, as
302 defined in section 13b-75, in accordance with the provisions of
303 subsection (a) of section 13b-69 and the Treasurer shall proceed to
304 issue the requisite amount of special tax obligation bonds, subject to
305 any required approval of the State Bond Commission, to fund those
306 projects and purposes identified in such annual financing plan to be
307 funded by bond proceeds, and the Commissioner of Transportation

308 shall direct the expenditure of such bond proceeds. The proceeds of
309 any special tax obligation bonds issued to fund the projects and
310 purposes described in section 13b-57h as those projects and purposes
311 may be modified, less costs of issuance and the funding of required
312 reserves, shall be deposited in a subaccount of the Infrastructure
313 Improvement Fund created by the senior indenture for special tax
314 obligation bonds and shall be available to fund those projects and
315 purposes identified in such annual financing plan to be funded by the
316 issuance of special tax obligation bonds. Any such projects or purposes
317 so financed are hereby found and determined to be in furtherance of
318 one or more of the authorized purposes for the issuance of special tax
319 obligation bonds set forth in subdivision (6) of subsection (b) of section
320 13b-74. Said special tax obligation bonds are hereby authorized to be
321 issued in an amount up to the authorized funding amount with respect
322 to each fiscal year for the projects and purposes set forth in section 13b-
323 57h and shall be special obligations of the state and shall not be
324 payable from nor charged upon any funds other than revenues of the
325 state pledged therefor in subsection (b) of section 13b-61 and section
326 13b-69, as amended by this act, or such other receipts, funds or moneys
327 as may be pledged therefor. Said bonds shall not be payable from nor
328 charged upon any funds other than such pledged revenues or such
329 other receipts, funds or moneys as may be pledged therefor, nor shall
330 the state or any political subdivision thereof be subject to any liability
331 thereon, except to the extent of such pledged revenues or such other
332 receipts, funds or moneys as may be pledged therefor. Said bonds shall
333 be issued under and in accordance with the provisions of sections 13b-
334 74 to 13b-77, inclusive, and sections 13b-57m to 13b-57q, inclusive, as
335 amended by this act.

336 (b) In addition to the preparation of the annual financing plans, the
337 Department of Transportation shall prepare a five-year financing plan
338 that shall project for a period of five years the incremental revenues to
339 be credited to the Transportation Strategy Board projects account,
340 established under section 13b-57r, of the Special Transportation Fund,
341 the expenditures anticipated under section 13b-57o, the anticipated use
342 of cash funding, including funding mandated by sections 16 to 20,

343 inclusive, of this act, bond proceeds and federal revenue, grants or
344 other transportation related financial assistance to fund or finance the
345 projects and purposes described in section 13b-57h. Such five-year
346 financing plan shall be updated on or before August first of each year
347 at the same time as the preparation of the annual financing plan and
348 shall be provided by the Commissioner of Transportation to the
349 Transportation Strategy Board, the State Treasurer, the Secretary of the
350 Office of Policy and Management and the joint standing committees of
351 the General Assembly having cognizance of matters relating to
352 transportation and finance, revenue and bonding.

353 Sec. 22. Section 13b-38bb of the general statutes is repealed and the
354 following is substituted in lieu thereof (*Effective July 1, 2005*):

355 (a) [Not later than January 1, 2000, then not later than October 1,
356 2000, and annually after October 1, 2000, the Commissioner of
357 Transportation, within available General Fund appropriations,] The
358 Commissioner of Transportation shall establish a state matching grant
359 program, in accordance with the provisions of this section, which shall
360 be available to any municipality upon application of such
361 municipality. Such grants shall be expended by such municipalities for
362 elderly and disabled demand responsive transportation programs that
363 shall be available to persons age sixty or older.

364 (b) Not later than thirty days after the commissioner determines an
365 allocation amount, the commissioner shall notify municipalities of the
366 availability of such amount.

367 (c) Municipalities shall apply to the state through a designated
368 regional planning organization or transit district for funding
369 allocations. The regional planning organization or transit district and
370 municipalities interested in applying for the funds shall collaborate on
371 service design to determine how to use the funding most effectively in
372 that municipality and its surrounding region. The commissioner shall
373 have the authority to approve or disapprove the method for delivery
374 of service.

375 (d) The maximum amount allocated to a municipality shall be
376 determined by the commissioner in accordance with the following
377 formula: Fifty per cent of such funds shall be apportioned on the basis
378 of the share of the population of persons age sixty or older in the
379 municipality relative to the state's total population of persons age sixty
380 or older, as defined in the most recent federal decennial census or in
381 estimates provided in the five-year interim by the Office of Policy and
382 Management. Fifty per cent of such funds shall be apportioned on the
383 basis of a municipality's square mileage relative to the state's total
384 square mileage.

385 (e) Each municipality applying for such grant funds shall provide a
386 fifty per cent match to such funds. If a municipality chooses not to
387 apply for such funds, its portion shall revert to the [General Fund]
388 Transportation Strategy Board projects account within the Special
389 Transportation Fund.

390 (f) A municipality, receiving a grant provided pursuant to this
391 section, shall annually submit to the Commissioner of Transportation,
392 on forms provided by said commissioner, the following data on such
393 transportation programs: (1) The number of unduplicated riders; (2)
394 the number of one-way trips; (3) the number of miles traveled; (4) the
395 number of trip denials; (5) the number of hours vehicles are in use
396 annually; (6) all federal, state, municipal and other revenues received
397 and expenditures incurred in the provision of dial-a-ride services; and
398 (7) any other information determined to be necessary by the
399 commissioner.

400 (g) A municipality receiving a grant pursuant to this section shall
401 annually submit to the Commissioner of Transportation a certification
402 that any state grant shall be in addition to current municipality levels
403 of spending on such programs.

404 (h) Any funds appropriated for the purposes of this section shall not
405 be expended for any other purpose.

406 Sec. 23. Section 12-587 of the general statutes is repealed and the

407 following is substituted in lieu thereof (*Effective July 1, 2005*):

408 (a) As used in this chapter: (1) "Company" includes a corporation,
409 partnership, limited partnership, limited liability company, limited
410 liability partnership, association, individual or any fiduciary thereof;
411 (2) "quarterly period" means a period of three calendar months
412 commencing on the first day of January, April, July or October and
413 ending on the last day of March, June, September or December,
414 respectively; (3) "gross earnings" means all consideration received
415 from the first sale within this state of a petroleum product; (4)
416 "petroleum products" means those products which contain or are
417 made from petroleum or a petroleum derivative; (5) "first sale of
418 petroleum products within this state" means the initial sale of a
419 petroleum product delivered to a location in this state; (6) "export" or
420 "exportation" means the conveyance of petroleum products from
421 within this state to a location outside this state for the purpose of sale
422 or use outside this state; and (7) "sale for exportation" means a sale of
423 petroleum products to a purchaser which itself exports such products.

424 (b) (1) Except as otherwise provided in subdivision (2) of this
425 subsection, any company which is engaged in the refining or
426 distribution, or both, of petroleum products and which distributes
427 such products in this state shall pay a quarterly tax on its gross
428 earnings derived from the first sale of petroleum products within this
429 state. Each company shall on or before the last day of the month next
430 succeeding each quarterly period render to the commissioner a return
431 on forms prescribed or furnished by the commissioner and signed by
432 the person performing the duties of treasurer or an authorized agent or
433 officer, including the amount of gross earnings derived from the first
434 sale of petroleum products within this state for the quarterly period
435 and such other facts as the commissioner may require for the purpose
436 of making any computation required by this chapter. Except as
437 otherwise provided in subdivision (3) of this subsection, the rate of tax
438 shall be (A) five per cent with respect to calendar quarters prior to July
439 1, 2005; (B) five and one-half per cent with respect to calendar quarters
440 commencing on or after July 1, 2005, and prior to July 1, 2006; (C) six

441 per cent with respect to calendar quarters commencing on or after July
442 1, 2006, and prior to July 1, 2007; (D) six and eight-tenths per cent with
443 respect to calendar quarters commencing on or after July 1, 2007, and
444 prior to July 1, 2008; (E) seven and three-tenths per cent with respect to
445 calendar quarters commencing on or after July 1, 2008, and prior to
446 July 1, 2013; and (F) seven and eight-tenths per cent with respect to
447 calendar quarters commencing on or after July 1, 2013.

448 (2) Gross earnings derived from the first sale of the following
449 petroleum products within this state shall be exempt from tax: (A) Any
450 petroleum products sold for exportation from this state for sale or use
451 outside this state; (B) the product designated by the American Society
452 for Testing and Materials as "Specification for Heating Oil D396-69",
453 commonly known as number 2 heating oil, to be used exclusively for
454 heating purposes or to be used in a commercial fishing vessel, which
455 vessel qualifies for an exemption pursuant to section 12-412; (C)
456 kerosene, commonly known as number 1 oil, to be used exclusively for
457 heating purposes, provided delivery is of both number 1 and number 2
458 oil, and via a truck with a metered delivery ticket to a residential
459 dwelling or to a centrally metered system serving a group of
460 residential dwellings; (D) the product identified as propane gas, to be
461 used exclusively for heating purposes; (E) bunker fuel oil, intermediate
462 fuel, marine diesel oil and marine gas oil to be used in any vessel
463 having a displacement exceeding four thousand dead weight tons; (F)
464 for any first sale occurring prior to July 1, 2008, propane gas to be used
465 as a fuel for a motor vehicle; (G) for any first sale occurring on or after
466 July 1, 2002, grade number 6 fuel oil, as defined in regulations adopted
467 pursuant to section 16a-22c, to be used exclusively by a company
468 which, in accordance with census data contained in the Standard
469 Industrial Classification Manual, United States Office of Management
470 and Budget, 1987 edition, is included in code classifications 2000 to
471 3999, inclusive, or in Sector 31, 32 or 33 in the North American
472 Industrial Classification System United States Manual, United States
473 Office of Management and Budget, 1997 edition; (H) for any first sale
474 occurring on or after July 1, 2002, number 2 heating oil to be used
475 exclusively in a vessel primarily engaged in interstate commerce,

476 which vessel qualifies for an exemption under section 12-412; (I) for
477 any first sale occurring on or after July 1, 2000, paraffin or
478 microcrystalline waxes; or (J) for any first sale occurring prior to July 1,
479 2008, petroleum products to be used as a fuel for a fuel cell, as defined
480 in subdivision (113) of section 12-412.

481 (3) The rate of tax on gross earnings derived from the first sale of
482 grade number 6 fuel oil, as defined in regulations adopted pursuant to
483 section 16a-22c, to be used exclusively by a company which, in
484 accordance with census data contained in the Standard Industrial
485 Classification Manual, United States Office of Management and
486 Budget, 1987 edition, is included in code classifications 2000 to 3999,
487 inclusive, or in Sector 31, 32 or 33 in the North American Industrial
488 Classification System United States Manual, United States Office of
489 Management and Budget, 1997 edition, or number 2 heating oil used
490 exclusively in a vessel primarily engaged in interstate commerce,
491 which vessel qualifies for an exemption under section 12-412 shall be:
492 (A) Four per cent with respect to calendar quarters commencing on or
493 after July 1, 1998, and prior to July 1, 1999; (B) three per cent with
494 respect to calendar quarters commencing on or after July 1, 1999, and
495 prior to July 1, 2000; (C) two per cent with respect to calendar quarters
496 commencing on or after July 1, 2000, and prior to July 1, 2001; and (D)
497 one per cent with respect to calendar quarters commencing on or after
498 July 1, 2001, and prior to July 1, 2002.

499 (c) (1) Any company which imports or causes to be imported into
500 this state petroleum products for sale, use or consumption in this state,
501 other than a company subject to and having paid the tax on such
502 company's gross earnings from first sales of petroleum products
503 within this state, which earnings include gross earnings attributable to
504 such imported or caused to be imported petroleum products, in
505 accordance with subsection (b) of this section, shall pay a quarterly tax
506 on the consideration given or contracted to be given for such
507 petroleum product if the consideration given or contracted to be given
508 for all such deliveries during the quarterly period for which such tax is
509 to be paid exceeds three thousand dollars. Except as otherwise

510 provided in subdivision (3) of this subsection, the rate of tax shall be
511 (A) five per cent with respect to calendar quarters commencing prior to
512 July 1, 2005; (B) five and one-half per cent with respect to calendar
513 quarters commencing on or after July 1, 2005, and prior to July 1, 2006;
514 (C) six per cent with respect to calendar quarters commencing on or
515 after July 1, 2006, and prior to July 1, 2007; (D) six and eight-tenths per
516 cent with respect to calendar quarters commencing on or after July 1,
517 2007, and prior to July 1, 2008; (E) seven and three-tenths per cent with
518 respect to calendar quarters commencing on or after July 1, 2008, and
519 prior to July 1, 2013; and (F) seven and eight-tenths per cent with
520 respect to calendar quarters commencing on or after July 1, 2013. Fuel
521 in the fuel supply tanks of a motor vehicle, which fuel tanks are
522 directly connected to the engine, shall not be considered a delivery for
523 the purposes of this subsection.

524 (2) Consideration given or contracted to be given for petroleum
525 products, gross earnings from the first sale of which are exempt from
526 tax under subdivision (2) of subsection (b) of this section, shall be
527 exempt from tax.

528 (3) The rate of tax on consideration given or contracted to be given
529 for grade number 6 fuel oil, as defined in regulations adopted
530 pursuant to section 16a-22c, to be used exclusively by a company
531 which, in accordance with census data contained in the Standard
532 Industrial Classification Manual, United States Office of Management
533 and Budget, 1987 edition, is included in code classifications 2000 to
534 3999, inclusive, or in Sector 31, 32 or 33 in the North American
535 Industrial Classification System United States Manual, United States
536 Office of Management and Budget, 1997 edition, or number 2 heating
537 oil used exclusively in a vessel primarily engaged in interstate
538 commerce, which vessel qualifies for an exemption under section 12-
539 412 shall be: (A) Four per cent with respect to calendar quarters
540 commencing on or after July 1, 1998, and prior to July 1, 1999; (B) three
541 per cent with respect to calendar quarters commencing on or after July
542 1, 1999, and prior to July 1, 2000; (C) two per cent with respect to
543 calendar quarters commencing on or after July 1, 2000, and prior to

544 July 1, 2001; and (D) one per cent with respect to calendar quarters
545 commencing on or after July 1, 2001, and prior to July 1, 2002.

546 (d) The amount of tax reported to be due on such return shall be
547 due and payable on or before the last day of the month next
548 succeeding the quarterly period. The tax imposed under the provisions
549 of this chapter shall be in addition to any other tax imposed by this
550 state on such company.

551 (e) For the purposes of this chapter, the gross earnings of any
552 producer or refiner of petroleum products operating a service station
553 along the highways or interstate highways within the state pursuant to
554 a contract with the Department of Transportation or operating a
555 service station which is used as a training or test marketing center
556 under the provisions of subsection (b) of section 14-344d, shall be
557 calculated by multiplying the volume of petroleum products delivered
558 by any producer or refiner to any such station by such producer's or
559 refiner's dealer tank wagon price or dealer wholesale price in the area
560 of the service station.

561 Sec. 24. Section 13b-61a of the general statutes is repealed and the
562 following is substituted in lieu thereof (*Effective July 1, 2005, and*
563 *applicable to calendar quarters commencing on or after July 1, 2005*):

564 Notwithstanding the provisions of section 13b-61: [, for] (1) For
565 calendar quarters ending on or after September 30, 1998, and prior to
566 September 30, 1999, the Commissioner of Revenue Services shall
567 deposit into the Special Transportation Fund established under section
568 13b-68 five million dollars of the amount of funds received by the state
569 from the tax imposed under section 12-587, as amended by this act, on
570 the gross earnings from the sales of petroleum products attributable to
571 sales of motor vehicle fuel; [,] (2) for calendar quarters ending
572 September 30, 1999, and prior to September 30, 2000, the commissioner
573 shall deposit into the Special Transportation Fund nine million dollars
574 of the amount of such funds received by the state from the tax imposed
575 under said section 12-587 on the gross earnings from the sales of
576 petroleum products attributable to sales of motor vehicle fuel; (3) for

577 calendar quarters ending September 30, 2000, and prior to September
578 30, 2002, the commissioner shall deposit into the Special
579 Transportation Fund eleven million five hundred thousand dollars of
580 the amount of such funds received by the state from the tax imposed
581 under said section 12-587, on the gross earnings from the sales of
582 petroleum products attributable to sales of motor vehicle fuel; [] (4) for
583 the calendar quarters ending September 30, 2002, and prior to
584 September 30, 2003, the commissioner shall deposit into the Special
585 Transportation Fund, five million dollars of the amount of such funds
586 received by the state from the tax imposed under said section 12-587
587 on the gross earnings from the sales of petroleum products attributable
588 to sales of motor vehicle fuel; [, and] (5) for the calendar [quarter]
589 quarters ending September 30, 2003, and [each calendar quarter
590 thereafter] prior to September 30, 2005, the commissioner shall deposit
591 into the Special Transportation Fund, five million two hundred fifty
592 thousand dollars of the amount of such funds received by the state
593 from the tax imposed under said section 12-587 on the gross earnings
594 from the sales of petroleum products attributable to sales of motor
595 vehicle fuel; (6) for the calendar quarters ending September 30, 2005,
596 and prior to September 30, 2006, the commissioner shall deposit into
597 the Special Transportation Fund nine million six hundred twenty-five
598 thousand dollars of the amount of such funds received by the state
599 from the tax imposed under said section 12-587 on the gross earnings
600 from the sales of petroleum products attributable to sales of motor
601 vehicle fuel; (7) for the calendar quarters ending September 30, 2006,
602 and prior to September 30, 2007, the commissioner shall deposit into
603 the Special Transportation Fund fourteen million dollars of the amount
604 of such funds received by the state from the tax imposed under said
605 section 12-587 on the gross earnings from the sales of petroleum
606 products attributable to sales of motor vehicle fuel; (8) for the calendar
607 quarters ending September 30, 2007, and prior to September 30, 2008,
608 the commissioner shall deposit into the Special Transportation Fund
609 twenty-one million dollars of the amount of such funds received by the
610 state from the tax imposed under said section 12-587 on the gross
611 earnings from the sales of petroleum products attributable to sales of

612 motor vehicle fuel; (9) for the calendar quarters ending September 30,
613 2008, and prior to September 30, 2013, the commissioner shall deposit
614 into the Special Transportation Fund twenty-five million two hundred
615 twenty-five thousand dollars of the amount of such funds received by
616 the state from the tax imposed under said section 12-587 on the gross
617 earnings from the sales of petroleum products attributable to sales of
618 motor vehicle fuel; and (10) for the calendar quarters ending
619 September 30, 2013, and prior to September 30, 2014, the commissioner
620 shall deposit into the Special Transportation Fund twenty-nine million
621 eight hundred fifty thousand dollars of the amount of such funds
622 received by the state from the tax imposed under said section 12-587
623 on the gross earnings from the sales of petroleum products attributable
624 to sales of motor vehicle fuel.

625 Sec. 25. (NEW) (*Effective July 1, 2005*) The Department of
626 Transportation may solicit bids or qualifications for equipment,
627 materials or services for a project funded pursuant to this act at any
628 time in the fiscal year, notwithstanding the fact that all required funds
629 may not be available for expenditure until later in the same or a
630 succeeding fiscal year.

631 Sec. 26. (NEW) (*Effective January 1, 2006*) Not later than September
632 first of each year the Commissioner of Transportation shall report to
633 the Governor and the joint standing committees of the General
634 Assembly having cognizance of matters relating to transportation and
635 to finance, revenue and bonding, in accordance with section 11-4a of
636 the general statutes, concerning (1) the status of the New Haven Line
637 Revitalization program authorized by this act; and (2) the capital needs
638 of the passenger rail services in the state.

639 Sec. 27. (NEW) (*Effective from passage*) The unexpended balance of
640 the funds transferred to the Department of Transportation pursuant to
641 section 2 of public act 04-177 shall not lapse on June 30, 2005, and such
642 funds shall continue to be available to support the implementation of
643 the increased motorist assistance services recommended by the
644 Transportation Strategy Board during the fiscal year ending June 30,

645 2006.

646 Sec. 28. (NEW) (*Effective from passage*) The unexpended balance of
647 funds appropriated to the Department of Transportation for the
648 Transportation Strategy Board in subsection (a) of section 47 of special
649 act 01-1 of the June special session, and carried forward in subdivision
650 (2) of subsection (a) of section 47 of special act 01-1 of the June special
651 session, as amended by section 2 of special act 01-1 of the November 15
652 special session, section 16 of public act 02-1 of the May 9 special
653 session, subsection (a) of section 42 of public act 03-1 of the June 30
654 special session, section 36 of public act 03-4 of the June 30 special
655 session and section 8 of public act 04-177 shall not lapse on June 30,
656 2005, and such funds shall continue to be available during the fiscal
657 years ending June 30, 2006, and June 30, 2007, for the programs and
658 purposes of the Transportation Strategy Board.

659 Sec. 29. Section 13b-57i of the general statutes is repealed and the
660 following is substituted in lieu thereof (*Effective July 1, 2005*):

661 (a) The board shall coordinate preparation of a performance report
662 on the TSB projects specified in section 13b-57h that require
663 accompanying economic development plans. For the purposes of this
664 section, a project undertaken as part of the New Haven Line
665 Revitalization program defined in section 1 of this act is not a TSB
666 project.

667 (b) The board, in consultation with the Departments of
668 Transportation and Economic and Community Development and the
669 Office of Policy and Management, shall determine the format for the
670 report. The report shall include, but not be limited to, the following: (1)
671 A map delineating the boundaries of each TIA and identifying TSB
672 projects and any economic development projects described in
673 subsection (c) of section 13b-57h; (2) a description of funding for,
674 implementation status of and estimated completion date of each TSB
675 project and any economic development projects described in
676 subsection (c) of section 13b-57h; (3) an explanation of how each
677 economic development project described in subsection (c) of section

678 13b-57h meets one or more of the criteria in subdivisions (1) to (4) of
679 subsection (c) of section 13b-57h with regard to one or more TSB
680 projects; (4) a statement describing how each TSB project and each
681 economic development project described in subsection (c) of section
682 13b-57h addresses the goals and objectives of the state plan of
683 conservation and development prepared under chapter 297; (5) a
684 description of the role of municipalities and regional planning agencies
685 in planning and implementing each TSB project and each economic
686 development project described in subsection (c) of section 13b-57h; (6)
687 a description of the extent to which all of the TSB projects and
688 economic development projects described in subsection (c) of section
689 13b-57h in each TIA address the transportation problems, needs or
690 concerns of the TIA; and (7) an evaluation of how each TSB project and
691 each economic development project described in subsection (c) of
692 section 13b-57h addresses the transportation problems, needs or
693 concerns of the TIA based on statistical measures which shall be
694 developed jointly by the board and the Departments of Transportation
695 and Economic and Community Development and the Office of Policy
696 and Management.

697 (c) The report required under subsection (b) of this section shall be
698 submitted, in accordance with the provisions of section 11-4a, not later
699 than December 15, 2004, along with the report required on the same
700 date under subdivision (3) of subsection (k) of section 13b-57g, and
701 thereafter along with said report as required under subdivision (3) of
702 subsection (k) of section 13b-57g, to the joint standing committees of
703 the General Assembly having cognizance of matters relating to
704 transportation, planning and development and finance, revenue and
705 bonding. Not later than fifteen days after receipt of the December
706 fifteenth report, the joint standing committees of the General Assembly
707 having cognizance of matters relating to transportation and planning
708 and development shall review the report and submit comments and
709 recommendations to the bonding subcommittee of the joint standing
710 committee of the General Assembly having cognizance of matters
711 relating to finance, revenue and bonding. Not later than thirty days
712 after receipt of the report, the joint standing committee of the General

713 Assembly having cognizance of matters relating to finance, revenue
714 and bonding shall conduct a public hearing on the report.

715 Sec. 30. Section 13b-57o of the general statutes is repealed and the
716 following is substituted in lieu thereof (*Effective July 1, 2005*):

717 (a) There are hereby authorized bonds and bond anticipation notes
718 to be issued under and in accordance with the provisions of sections
719 13b-74 to 13b-77, inclusive, for the purposes of funding of the projects
720 and purposes described in section 13b-57h as those projects and
721 purposes may be modified, including, but not limited to, the costs of
722 issuance and required reserves which authorizations shall not exceed
723 [the following aggregate amounts:

T1	Authorized Funding Amounts	
T2	Fiscal Year	Amount
T3	2004	\$ 32,423,000
T4	2005	\$ 35,125,000
T5	2006	\$ 32,526,000
T6	2007	\$ 26,528,000
T7	2008	\$ 25,530,000
T8	2009	\$ 25,532,000
T9	2010	\$ 23,533,000
T10	2011	\$ 22,535,000
T11	2012	\$ 21,537,000
T12	2013	\$ 20,538,000
T13	Total	\$264,807,000]

724 one hundred fifty million dollars, provided: (1) Ten million dollars
725 shall be effective July 1, 2005; (2) twenty million dollars shall be
726 effective July 1, 2006; (3) twenty million dollars shall be effective July 1,
727 2007; (4) fifty million dollars shall be effective July 1, 2008; and (5) fifty
728 million dollars shall be effective July 1, 2009.

729 (b) Such projects and purposes shall be funded by the use of any
730 federal revenue, grants or other transportation related financial
731 assistance which may be available, the issuance of special tax
732 obligation bonds, as more particularly described in sections 13b-74 to

733 13b-77, inclusive, and, where appropriate, cash from incremental
 734 revenues. Not more than one million dollars of such amounts may be
 735 made available to fund the operations of the Transportation Strategy
 736 Board for fiscal years ending June 30, 2004, and June 30, 2005.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2005</i>	New section
Sec. 2	<i>July 1, 2005</i>	New section
Sec. 3	<i>July 1, 2005</i>	New section
Sec. 4	<i>July 1, 2005</i>	New section
Sec. 5	<i>July 1, 2005</i>	New section
Sec. 6	<i>July 1, 2005</i>	New section
Sec. 7	<i>July 1, 2005</i>	New section
Sec. 8	<i>July 1, 2005</i>	New section
Sec. 9	<i>July 1, 2005</i>	New section
Sec. 10	<i>July 1, 2005</i>	New section
Sec. 11	<i>July 1, 2005</i>	New section
Sec. 12	<i>July 1, 2005</i>	New section
Sec. 13	<i>July 1, 2005</i>	New section
Sec. 14	<i>July 1, 2005</i>	New section
Sec. 15	<i>July 1, 2005</i>	New section
Sec. 16	<i>from passage</i>	New section
Sec. 17	<i>July 1, 2005</i>	New section
Sec. 18	<i>July 1, 2005</i>	New section
Sec. 19	<i>July 1, 2005</i>	New section
Sec. 20	<i>July 1, 2005</i>	New section
Sec. 21	<i>July 1, 2005</i>	13b-57q
Sec. 22	<i>July 1, 2005</i>	13b-38bb
Sec. 23	<i>July 1, 2005</i>	12-587
Sec. 24	<i>July 1, 2005, and applicable to calendar quarters commencing on or after July 1, 2005</i>	13b-61a
Sec. 25	<i>July 1, 2005</i>	New section
Sec. 26	<i>January 1, 2006</i>	New section
Sec. 27	<i>from passage</i>	New section
Sec. 28	<i>from passage</i>	New section
Sec. 29	<i>July 1, 2005</i>	13b-57i
Sec. 30	<i>July 1, 2005</i>	13b-57o

FIN *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note and OLR Bill Analysis

sSB 1057

AN ACT CONCERNING THE GOVERNOR'S TRANSPORTATION IMPROVEMENT PROGRAM, THE TRANSPORTATION FUND, TAX ON FUEL AND THE AUTHORIZATION OF SPECIAL TAX OBLIGATION BONDS OF THE STATE FOR TRANSPORTATION PURPOSES.

State Impact:

The bill increases Special Tax Obligation (STO) bond authorizations by \$564.4 million (see table below.) This will result in a cost to the Special Transportation Fund of \$419.7 million in debt service payments over 20 years, assuming a 6% interest rate.

Net Impact of sSB 1057 on STO Bonding and Debt Service		
<u>Purpose</u>	<u>(\$ Millions)</u>	
	<u>STO Bonds</u>	<u>Debt Service</u>
Rail Cars and Maintenance Facility	485.7	361.2
I-95 Improvements	187.0	144.6
New Buses	7.5	
Reduction in bonding for TSB ¹ projects	<u>-115.8</u>	<u>-86.1</u>
Net Total	564.4	419.7

¹ Transportation Strategy Board

The \$1 surcharge for travel on the New Haven Line from January 1, 2008 through June 2015 is expected to result in a revenue gain to the New Haven Line Revitalization Account of approximately \$10 million in FY 08 (partial year) and \$20 million per year in FY 09 through FY 15.

The increase in the petroleum products gross receipts tax rate and revenue transfer to the Special Transportation Fund (STF) is expected to result in a revenue increase ranging between \$17.5 million in FY 06 and \$98.5 million in FY 14 (see below for further information.)

Municipal Impact: None

OFA FISCAL IMPACT:

The table below summarizes the proposed funding plan for the purchase of rail cars for the New Haven Line and the construction of maintenance facilities for those cars.

Summary of Funding for the Rail Car and Maintenance Facility Plan						
(\$ Millions)						
Fiscal Year	Provisions Contained in sSB 1057				Additional Resources ⁴	Total Funding
	TSB Funds ¹	\$1 Ticket Surcharge ²	STO Bonds ³	Total in sSB 1057		
FY 05	5.0	-	0.0	5.0	17.0	22.0
FY 06	20.0	-	26.5	46.5	5.0	51.5
FY 07	15.0	-	32.8	47.8	5.0	52.8
FY 08	15.0	8.0	49.4	72.4	5.0	77.4
FY 09	15.0	14.8	55.0	84.8	27.7	112.5
FY 10	15.0	26.5	55.0	96.5	44.5	141.0
FY 11	15.0	4.0	54.0	73.0	24.0	97.0
FY 12	15.0	7.5	54.0	76.5	14.5	91.0
FY 13	15.0	9.6	54.0	78.6	14.0	92.6
FY 14	15.0	25.5	54.0	94.5	5.0	99.5
FY 15	15.0	53.7	51.0	119.7	10.0	129.7
Total	160.0	149.6	485.7	795.3	171.7	967.0

¹ Transportation Strategy Board (TSB) account funds are transferred to the New Haven Line Revitalization account in sections 16 through 18 of the bill.

² The \$1 ticket surcharge is imposed in section 15 of the bill.

³ The Special Tax Obligation (STO) bonds are authorized in sections 3 through 8 of the bill.

⁴ The Office of Policy and Management has indicated that the proposed sources of additional resources may include a portion of DOT's annual \$200 million on STO bonds or federal funds.

The following table provides a summary of the proposed use of the Special Tax Obligation (STO) bonds authorized in Sections 9 through 14 of the bill, for highway improvements and the purchase of buses.

Summary of Proposed use of STO Bond Funds Authorized in Sections 9 through 14 of sSB 1057¹			
(\$ Millions)			
Fiscal Year	I-95 Improvements	New Buses	Total

**Summary of Proposed use of STO Bond Funds Authorized in
Sections 9 through 14 of sSB 1057¹**
(\$ Millions)

<u>Fiscal Year</u>	<u>I-95 Improvements</u>	<u>New Buses</u>	<u>Total</u>
FY 06	12.5	4.0	16.5
FY 07	24.5	3.5	28.0
FY 08	50.0	0.0	50.0
FY 09	50.0	0.0	50.0
FY 10	<u>50.0</u>	<u>0.0</u>	<u>50.0</u>
Total	187.0	7.5	194.5

¹ The information was provided by the Office of Policy and Management.

The table below shows the changes made in Section 30 to STO bonds previously authorized for the Transportation Strategy Board projects.

**Changes to STO Bond Funds Authorized
for Transportation Strategy Board Projects**
(\$ Millions)

	<u>TSB</u>		<u>Effect of sSB 1057</u>
	<u>Current Law</u>	<u>Change</u>	<u>Total</u>
FY 04	32.4	-32.4	0.0
FY 05	35.1	-35.1	0.0
FY 06	32.5	-22.5	10.0
FY 07	26.5	-6.5	20.0
FY 08	25.5	-5.5	20.0
FY 09	25.5	24.5	50.0
FY 10	23.5	26.5	50.0
FY 11	22.5	-22.5	0.0
FY 12	21.5	-21.5	0.0
FY 13	<u>20.5</u>	<u>-20.5</u>	<u>0.0</u>
Total	265.8	-115.8	150.0

The following table summarizes the anticipated revenue impact of the petroleum products gross receipts tax increase contained in sections 23 and 24 of the bill.

**Petroleum Products Gross Receipts Tax
Tax Rates and Revenue Gains by Fiscal Year**

<u>Fiscal Year</u>	<u>Effective Date</u>	<u>Current Law</u>	<u>New Rate</u>	<u>Revenue Gain (\$ Millions)</u>
FY 06	7/1/05	5.0%	5.5%	17.5
FY 07	7/1/06	5.5%	6.0%	35.0

Petroleum Products Gross Receipts Tax Tax Rates and Revenue Gains by Fiscal Year				
<u>Fiscal Year</u>	<u>Effective Date</u>	<u>Current Law</u>	<u>New Rate</u>	<u>Revenue Gain (\$ Millions)</u>
FY 08	7/1/07	6.0%	6.8%	63.0
FY 09	7/1/08	6.8%	7.3%	80.0
FY 10	-	7.3%	-	80.0
FY 11	-	7.3%	-	80.0
FY 12	-	7.3%	-	80.0
FY 13	-	7.3%	-	80.0
FY 14	7/1/13	7.3%	7.8%	98.5

OLR SUMMARY:

This bill:

1. requires the transportation commissioner to acquire new self-propelled rail cars for the New Haven Rail Line and construct maintenance facilities for them, construct operational improvements on I-95, and purchase 25 transit buses;
2. authorizes approximately \$486 million in bonding for the rail-related improvements the bill requires and \$194.5 million in bonding for the other required transportation improvements;
3. establishes a \$1 per trip surcharge on tickets for travel on the New Haven Line for the seven and one-half year period from January 1, 2008 through June 2015 and dedicates the revenue from the surcharge to the rail line improvements required by the bill;
4. increases the petroleum products gross receipts tax rate from the current 5% to 5.5% in FY 06, 6% in FY 07, 6.8% in FY 08, 7.3% in FY 09 through FY 13, and 7.8% for FY 14 and thereafter;
5. increases the current \$5.25 million quarterly transfer to the Special Transportation Fund (STF) of petroleum products tax receipts attributable from motor vehicle fuel sales to \$9.625 million in FY 06, \$14 million in FY 07, \$21 million in FY 08, \$25.225 million in FY 09 through FY 13, and \$29.85 million in FY

- 14;
6. annually transfers specified amounts from the Special Transportation Fund (STF) to the Transportation Strategy Board (TSB) projects account and directs specified amounts to be spent from the projects account on the rail-related improvements the bill requires;
 7. reduces the bonding authority available for TSB projects based on specified "incremental revenues" that are set aside for these projects to \$150 million and sets specific amounts that will be authorized over the next five fiscal years, beginning July 1, 2005;
 8. requires \$5 million to be spent by the TSB in both FY 06 and FY 07 for the municipal dial-a-ride matching grant program and eliminates a requirement that it be funded within available General Fund appropriations;
 9. exempts the improvements for the New Haven Rail Line from certain requirements applicable to TSB projects; and
 10. makes miscellaneous related changes and requirements.

EFFECTIVE DATE: July 1, 2005, except (1) the New Haven Line Revitalization program status report requirement is effective January 1, 2006; and (2) the provisions on the FY 05 transfer of \$5 million for the rail projects and carrying forward current funding are effective upon passage.

§§ 1 & 2 – Required DOT Actions

OFA Fiscal Impact:

These sections permit DOT to implement the provisions of the bill.

OLR Analysis

The bill requires the transportation commissioner to:

1. acquire at least 342 self-propelled rail cars for use on the New Haven Rail Line;
2. design and construct rail maintenance facilities to support the self-propelled rail cars;
3. design and construct operational improvements to Interstate 95 between Greenwich and North Stonington; and
4. purchase 25 transit buses.

The New Haven Line consists of the rail passenger service between New Haven and Grand Central Station in New York and includes the Danbury, Waterbury, and New Canaan branch lines in Connecticut. The bill designates the design, development, construction, and acquisition of the maintenance facilities, rail cars, and related equipment for use on the New Haven Line as the “New Haven Line Revitalization Program.”

§§ 3-8 – Bonds Authorized for New Haven Line Revitalization Program

OFA Fiscal Impact:

The interest cost to the Transportation Fund to bond \$485.65 million for twenty years at 6.0% is \$361.2 million. These bonds could be used to leverage in federal highway funding depending on the availability of such funds.

OLR Analysis

The bill authorizes the State Bond Commission to authorize issuance of a total of \$485.650 million in Special Tax Obligation bonds over the period from July 1, 2005 through July 1, 2014 for rail rolling stock and maintenance facilities, including rights-of-way, other property acquisition, and related projects. The annual amounts

available for these purposes are: \$26.45 million on July 1, 2005; \$32.8 million on July 1, 2006; \$49.4 million on July 1, 2007; \$55 million on July 1, 2008 and again on July 1, 2009; \$54 million on July 1, 2010, July 1, 2011, July 1 2012, and July 1, 2013; and \$51 million on July 1, 2014.

The bill determines the issuance of these bonds to be in furtherance of one or more of the purposes authorized for the use of special tax obligation bonds. It declares them to be special obligations of the state and thus payable only from the revenues pledged by law for repayment of special tax obligation bonds.

The commission may authorize the bonds only after it finds that a request for authorization signed by the appropriate state officer department or agency has been filed with it and any capital development impact statement, human services facility collocation statement, advisory report regarding the state conservation and development policies plan, and statement regarding farmland that are required by law have been filed with it. The commission may authorize the bonds without finding that all the required reports and statements have been filed with it, if it has authorized its secretary to accept any required reports and statements on its behalf.

Any request for issuance of bonds must identify the project for which the bond proceeds are to be used and the recommendation of the person signing the request as to the extent to which federal, private, or other money currently or soon to be available for the project should be added to the bond proceeds. Any bond proceeds in excess of the aggregate costs of all authorized projects must be used in accordance with existing statutory requirements for such excess proceeds.

§§ 9-14 – Bond Authorizations for Other Specified Transportation Purposes

OFA Fiscal Impact:

The interest cost to the Transportation Fund to bond \$194.5 million

for twenty years at 6.0% is \$144.6 million. These bonds could be used to leverage in federal highway funding depending on the availability of such funds.

OLR Analysis

The bill authorizes the Bond Commission to authorize issuance of a total of \$194.5 million in bonds for the period from July 1, 2005 through July 1, 2009 to be used as follows: \$187 million for operational improvements to Interstate 95 between Greenwich and North Stonington and \$7.5 million for purchase of buses.

Of the \$194.5 million in total authorizations for these purposes, the bill makes \$16.5 million available on July 1, 2005; \$28 million on July 1, 2006; and \$50 million on July 1, 2007, July 1, 2008 and July 1, 2009.

The requirements and stipulations for issuance of bonds described above also apply to the bonds authorized under these provisions as well.

§ 15 – New Haven Line Trip Surcharge and Revitalization Account

OFA Fiscal Impact:

It is anticipated that the \$1 ticket surcharge will result in a revenue gain to the New Haven Line Revitalization account of approximately \$10 million in FY 08 (partial year) and \$20 million per year in FY 09 through FY 15. The table below shows the anticipated usage of this revenue for the purchase of rail cars and construction of the maintenance facilities associated with them:

Anticipated Utilization of Revenue from the \$1 Ticket Surcharge¹	
<u>Fiscal Year</u>	<u>\$ Millions</u>
FY 08	8.0
FY 09	14.8
FY 10	26.5
FY 11	4.0
FY 12	7.5
FY 13	9.6
FY 14	25.5

Anticipated Utilization of Revenue from the \$1 Ticket Surcharge¹

<u>Fiscal Year</u>	<u>\$ Millions</u>
FY 15	53.7

¹ Based on the funding plan provided by the Office of Policy and Management.

OLR Analysis

For the seven-and-one-half year period beginning on January 1, 2008 and ending on July 1, 2015, the bill imposes a surcharge of \$1 per trip on each ticket for travel on the New Haven Line and its branches that either originates or terminates in Connecticut. The transportation commissioner must determine by regulation how the surcharge must be applied to weekly and monthly commutation tickets.

The bill creates a restricted capital project account to be known as the New Haven Line revitalization account into which the proceeds of the ticket surcharge and any other funds required by law to be deposited into the account must be placed. Funds in the account may only be used for the rail cars, maintenance facilities, and related equipment designated as the New Haven Line revitalization program.

The Office of Policy and Management (OPM) secretary must consult with the transportation commissioner and prepare an annual budget detailing how funds in the revitalization account must be spent in the next fiscal year. The commissioner may spend the money for the stated purposes once the governor approves the annual budget.

Once the trip surcharge terminates, the treasurer may use any funds remaining in the restricted account, after paying authorized capital costs, to retire bonds issued pursuant to the revitalization program as she deems appropriate.

§§ 16-19 – Transfers from the Special Transportation Fund to the Transportation Strategy Board Projects Account and Annual Expenditures for the New Haven Line Revitalization Program

OFA Fiscal Impact:

The table below summarizes the impact of the bill on funds transfers in the Transportation Strategy Board (TSB) account, the New

Haven Line Revitalization (NHLR) account and the Elderly and Disabled Demand Responsive Transportation (Dial-a-Ride) Program (see Sections 20 and 22.)

Effect of sSB 1057 on Fund Transfers					
(\$ Millions)					
<u>Fiscal Year</u>	<u>TSB¹</u>	<u>Effect of sSB 1057</u>			<u>Total</u>
	<u>Current Law</u>	<u>TSB</u>	<u>Dial-a-Ride²</u>	<u>NHLR³</u>	
FY 05	31.0	26.0	0.0	5.0	31.0
FY 06	29.3	4.3	5.0	20.0	29.3
FY 07	24.3	4.3	5.0	15.0	24.3
FY 08 to FY 15	24.3	9.3	0.0	15.0	24.3

¹ Transportation Strategy Board account
² Elderly and Disabled Demand Responsive Transportation Program
³ New Haven Line Revitalization account

OLR Analysis

The bill requires specific amounts of funding to be included in the annual financing plan and spent from the TSB projects account on the New Haven Line Revitalization Program. The funds designated for the revitalization program must remain available until spent.

In FY 05, the bill requires \$5 million to be spent from the TSB projects account for projects included in the New Haven Line Revitalization Program. In FY 06, the bill requires \$20 million to be spent from the TSB account on the rail revitalization program. For FYs 07 through FY 15, the bill requires \$15 million annually to be spent from the TSB account on the rail revitalization program.

Beginning on July 1, 2015, and for each fiscal year thereafter, the bill requires \$15 million from the TSB account to be spent on payment of the debt service on the Special Tax Obligation bonds that were issued for the rail cars, maintenance facilities, and other related projects that make up the rail revitalization program.

§§ 20 & 22 – Funding for Elderly and Disabled Demand Responsive Transportation Programs

OFA Fiscal Impact:

The impact for the Elderly and Disabled Demand Responsive Transportation (Dial-a-Ride) Program is indicated in the summary table for Sections 16-19 provided above.

OLR Analysis

The bill requires the TSB to spend \$5 million in FY 06 and \$5 million in FY 07 for purposes of the state matching grant program for municipal demand responsive transportation programs for the disabled and those age 60 and older (dial-a-ride). It also removes the current requirement that this program be funded within available General Fund appropriations. It requires any funding allocated to a municipality that chooses not to apply for it to be returned to the TSB projects account in the STF instead of to the General Fund. The bill requires the funding to be included in the required annual financing plan and makes it available until it is expended.

The dial-a-ride grant program was established by the legislature in 1999 to provide matching grants to municipalities based on an allocation formula that provides half of the municipality's apportionment based on its relative share of the state's elderly population and half based on its relative square mileage compared to the total area of the state. Municipalities must apply for the grants through a regional planning organization or transit district and must collaborate on service design to determine how to use the funding most effectively in the municipality and its surrounding region.

§§ 23 & 24– Petroleum Products Gross Receipts Tax Increases**OFA Fiscal Impact:**

It is anticipated that the Petroleum Products Gross Receipts Tax increases will result in the following revenue gains to the Special Transportation Fund:

Petroleum Products Gross Receipts Tax Tax Rates and Revenue Gains by Fiscal Year				
<u>Fiscal Year</u>	<u>Effective Date</u>	<u>Current Law</u>	<u>New Rate</u>	<u>Revenue Gain (\$ Millions)</u>
FY 06	7/1/05	5.0%	5.5%	17.5
FY 07	7/1/06	5.5%	6.0%	35.0
FY 08	7/1/07	6.0%	6.8%	63.0
FY 09	7/1/08	6.8%	7.3%	80.0
FY 10	-	7.3%	-	80.0
FY 11	-	7.3%	-	80.0
FY 12	-	7.3%	-	80.0
FY 13	-	7.3%	-	80.0
FY 14	7/1/13	7.3%	7.8%	98.5

OLR Analysis

The bill increases the quarterly gross earnings tax on companies that distribute certain products in Connecticut that contain or are made from petroleum or a petroleum derivative from the current 5% to:

1. 5.5% for FY 06 calendar quarters,
2. 6% for FY 07 calendar quarters,
3. 6.8% for FY 08 calendar quarters,
4. 7.3% calendar quarters in FY 09 through FY 13, and
5. 7.8% for FY 14 and thereafter. Petroleum products currently exempt from the tax remain so.

The bill increases the amounts of the petroleum products tax receipts attributable to the sale of motor vehicle fuel that the revenue services commissioner must deposit in the Special Transportation Fund from the current \$5.25 million per calendar quarter to:

1. \$9.625 million for the FY 06 calendar quarters,
2. \$14 million for the FY 07 calendar quarters,

3. \$21 million for the FY 08 calendar quarters,
4. \$25.225 for FY 09 through 13, and
5. \$29.85 million for FY 14.

No transfers are authorized beyond the final calendar quarter of FY 14.

§ 25 – DOT Administration of Projects

OFA Fiscal Impact:

The provision enables DOT to implement the provisions of the bill.

OLR Analysis

The bill allows the DOT to solicit bids or qualifications for equipment, materials, or service for any project funded under the bill at any time in the fiscal year, even if all the required funds may not be available for expenditure until later in the same or a succeeding fiscal year.

§ 26 – Rail Revitalization Program Status Report

OFA Fiscal Impact:

It is anticipated that the cost to prepare the report will be met within the department's available resources.

OLR Analysis

The bill requires the transportation commissioner to report annually by September 1 to the governor, the Transportation Committee, and the Finance, Revenue and Bonding Committee on the status of the New Haven Line Revitalization Program and the capital needs of the state's passenger rail services.

§§ 27 & 28 – Unexpended Funds to Be Carried Forward

OFA Fiscal Impact:

It is anticipated that the balances carried forward from FY 05 to FY 06 under the provisions of Sections 27 and 28 are \$150,000 and \$175,000 respectively. The carry forward of these funds prevents them from lapsing at the end of the fiscal year and becoming part of the Special Transportation Fund surplus.

OLR Analysis

The bill carries forward the unexpended balance of \$150,000 transferred to the DOT from the TSB Projects Account in 2004 and makes these funds available for expenditure during FY 06 for implementing increased motorist assistance services recommended by the TSB.

The bill also carries forward the unexpended balance of funds appropriated to DOT for the TSB during the last four years and makes them available for expenditure during FY 06 and FY 07 for TSB's programs and purposes.

§ 29 – New Haven Line Revitalization Program Not a TSB Project**OFA Fiscal Impact:**

The provision has no fiscal impact.

OLR Analysis

Currently, the TSB must coordinate preparation of a performance report on its projects that requires accompanying economic development plans. By law, transportation strategy projects that require spending more than \$1 million must be accompanied by an economic development plan. The bill prohibits projects undertaken as part of the New Haven Line Revitalization Program from being considered TSB projects and thus exempts them from these

requirements.

§§ 20 & 30 – Revisions to TSB Projects Account and Related Operations

OFA Fiscal Impact:

The table below shows the changes made in Section 30 to Special Tax Obligation (STO) bonds previously authorized for Transportation Strategy Board projects. The cancellation of \$115.8 million in STO bonds will result in a saving to the Special Transportation Fund of \$86.1 million in debt service payments over 20 years, assuming a 6% interest rate. The fiscal impact of the changes to the funding of the TSB projects account is included in the summary table provided for Sections 16 through 19 of the bill.

Changes to STO Bond Funds Authorized for Transportation Strategy Board Projects (\$ Millions)			
	TSB	Effect of sSB 1057	
	<u>Current Law</u>	<u>Change</u>	<u>Total</u>
FY 04	32.4	-32.4	0.0
FY 05	35.1	-35.1	0.0
FY 06	32.5	-22.5	10.0
FY 07	26.5	-6.5	20.0
FY 08	25.5	-5.5	20.0
FY 09	25.5	24.5	50.0
FY 10	23.5	26.5	50.0
FY 11	22.5	-22.5	0.0
FY 12	21.5	-21.5	0.0
FY 13	<u>20.5</u>	<u>-20.5</u>	<u>0.0</u>
Total	265.8	-115.8	150.0

OLR Analysis

In 2003, the legislature created the TSB projects account as the repository for certain motor vehicle-related fee increases, known as “incremental revenues,” that were made available to the TSB to fund several TSB strategy projects identified in the legislation as priority projects. The revenue from these incremental fee increases went into

the Special Transportation Fund, but had to be set aside in the projects account. The legislation also authorized more than \$264.8 million in bonding over a 10-year period (although the calculated aggregate of the individual annual authorized amounts actually totals \$265.8 million) for use in funding the projects and programs recommended by the TSB and identified as transportation strategy related projects. The bonds are backed by the dedicated incremental revenue stream going into the TSB projects account.

The bill reduces the bonding authorizations that are supported by the dedication of the incremental revenues to \$150 million and, instead of the current annual authorized funding amounts specified for FY 04 through FY 13 authorizes \$10 million as of July 1, 2005, \$20 million as of July 1, 2006, \$20 million as of July 1, 2007, \$50 million as of July 1, 2008, and \$50 million as of July 1, 2009.

BACKGROUND

Legislative History

The Senate referred the bill (File 268) to the Appropriations Committee on April 26 and the committee reported it favorably on May 2. The Senate referred it to the Finance, Revenue and Bonding Committee on May 11. The committee reported a substitute bill on May 16. The substitute bill:

1. replaces the revenue stream based on a series of increases in the excise tax on motor vehicle fuels with a revenue stream based on increases in the petroleum products gross earnings tax and increases the quarterly transfers of petroleum products tax receipts transferred to the STF;
2. eliminates a provision allowing the transportation commissioner, with the governor's approval, to make agreements with federal transportation agencies, New York state, and the Metropolitan Transportation Authority and its

- subsidiaries to carry out the bill's provisions without regard to any other provisions of state law;
3. adds the FY 06 and FY 07 annual funding of \$5 million for the municipal dial-a-ride matching grant program and funds the program from TSB funds instead of the General Fund;
 4. restores the "incremental revenue" set aside that funds designated TSB projects and the bonding authority for such projects that the original bill eliminated, but does so at a reduced level;
 5. reduces the bonding authority supported by the incremental revenues from \$265 million to \$150 million and modifies the amounts of bonding authority available each year;
 6. eliminates the original bill's requirement that the transportation commissioner evaluate, design, and construct improvements to highways other than I-95 and the \$150 million bond authorization for these purposes;
 7. reduces the bill's overall authorization of STO bonds for activities other than the New Haven Rail Line Revitalization project from \$344.5 million to \$194.5 million to reflect the redesignation of this authority to TSB projects instead of improvements to highways other than I-95 as required in the original bill;
 8. requires the transportation commissioner to make his annual status report on the rail revitalization program and passenger rail service capital needs to the Finance, Revenue and Bonding Committee as well as the Transportation Committee; and
 9. makes other minor changes.

COMMITTEE ACTION

Transportation Committee

Joint Favorable Report
Yea 26 Nay 3

Appropriations Committee

Joint Favorable Report
Yea 40 Nay 4

Finance, Revenue and Bonding Committee

Joint Favorable Substitute
Yea 37 Nay 8