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Fuel tax diversion clouds toll debate

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Along with concerns about technology, traffic jams, enforcement and lost federal grants, a new question is popping up in the debate over whether to restore tolls to Connecticut's highways.

Gubernatorial candidates, legislators and transportation advocates point to a series of controversial fuel tax hikes ordered five years ago, and the hundreds of millions of dollars they since have pumped into programs that have nothing to do with transportation. If tolls are brought back, they ask, how do you stop the state from raiding this new source of revenue?

SYPHONING OFF THE FUEL TAX

(\$ in millions)

Fiscal Year	Total Receipts	Special Transportation Fund	Other Funds
2006	\$279.6	\$43.5	\$236.0
2007	\$309.4	\$141.0	\$168.4
2008	\$357.8	\$127.8	\$220.0
2009	\$267.8	\$141.9	\$125.9
2010*	\$271.3	\$141.9	\$129.4

*estimated

Source: state Office of Fiscal Analysis

"Before any of these candidates can talk about tolls, they have to restore the public's confidence," Donald J. Shubert, spokesman for Keep CT Moving, said. "They have to find a way to protect the system - from themselves."

"We just can't hope that federal fairy godmother will drop \$1 billion here and there" to repair Connecticut's clogged

transportation network," Republican gubernatorial candidate Oz Griebel said. "Let's be honest. If you are serious about expanding our transportation system's capacity you're looking at raising more money here. The most important thing we can do is find a way to guarantee that the money we raise is going to into the infrastructure."

Griebel, former president of the Greater Hartford Metro Alliance and chairman of Connecticut's Transportation Strategy Board between 2001 and 2005, echoed many of the other gubernatorial contenders in a willingness to consider electronic tolling to fund an upgraded transportation network needed to spur economic growth.

Those improvements, Griebel said, will require billions of dollars more than Connecticut is poised to raise over the next decade. An August 2008 report from the state Department of Transportation projected a \$3.1 billion gap between the funding needed to complete planned projects through 2017, and the revenues likely to be available to support them.

That gap stems in part from how Gov. M. Jodi Rell and the state legislature have used taxes intended to support the Special Transportation Fund, a \$1.1 billion component in this fiscal year's \$18.64 billion state budget, and the primary source of revenue for highway and bridge construction.

The 25-cents-per-gallon excise tax levied on retail gasoline purchases has raised just under \$490 million per year, on average, since 2005, and all of that revenue has been dedicated to transportation, according to the legislature's nonpartisan Office of Fiscal Analysis.

But the lesser-known Petroleum Products Gross Receipts Tax, levied against wholesale gasoline and other fuel transactions, generated an average of \$300 million a year between 2006 and 2009, and more than 60 percent of that went to non-transportation spending.

The tax is projected to raise \$271 million in the current fiscal year, and almost \$130 million is earmarked outside the transportation system. Rell's proposed budget revisions for the 2010-11 fiscal year would increase the diversion to nearly \$140 million.

The diversion of the gross receipts revenues makes many leery of adding a new revenue source in the name of transportation.

"Tolls shouldn't even be considered until we have the fortitude to use those monies directly to pay for transportation," former Stamford Mayor Dannel P. Malloy, a Democrat who is exploring a gubernatorial bid, said, adding that while he has reservations about tolls, "if we get our house in order, then it goes on the table" for consideration.

Shubert, whose coalition includes 36 labor and industry organizations, state Connecticut motorists may not realize state government reaped a windfall a few years ago from the post-Hurricane Katrina spike in fuel prices and missed the opportunity to use that money for transportation. But they do remember, he added, that two summers ago they paid steep gasoline prices driven upward by about 50 cents per gallon in state fuel taxes.

Rell's 2006 running mate, Lt. Gov. Michael Fedele, who is seeking the Republican gubernatorial nomination this time around, said he understands the frustration over the transportation revenue raids. "You have to lead by example," he said, adding that as governor he would be "open to discussion" about tolls, and would resist any effort to divert receipts away from transportation.

Even without concerns about diversion of revenue away from transportation, reinstating tolls is an iffy proposition, at least for this session. Rep. Tony Guerrero, D-Rocky Hill, co-chairman of the legislature's Transportation Committee, said he expects two pending toll bills will be debated, but he's not sure the issue will be resolved his year.

Rell has said she fears that electronic tolling systems don't resolve the challenge of collecting fees from delinquent motorists who live out of state. "In addition, the current legislative proposals to put tolls on the Connecticut state borders would be very unfair to those who live in and around those border towns as well as to those who commute to work every day," Rell's press office wrote in a statement Thursday.

Still, Guerrero said 2010 may well feature the first major floor debate on tolls in more than two decades, and mistakes about recent tax policy will be a big part of it.

"I think a lot of people are seriously looking at tolls in a very different light than they were even five years ago," he said. "They don't have a problem with them. But they want to see some kind of lock-box to protect the money."

"My whole idea is for us to have a system so that people who are crossing through the state, who don't buy any gas here or even spend a dime, have to contribute to fix the highway system," said Rep. Demetrios Giannaros, D-Farmington, who is sponsoring a measure to add tolls to highways near the New York border. "We can't use it for other things."

But is it possible to craft a transportation fund piggy bank that future governors and legislatures can't tap for other purposes?

Rep. Themis Klarides of Derby, the second-highest ranking Republican in the House of Representatives, said she would love to see it done, but isn't holding her breath. After the fuel tax was raised from 5 to 7 percent over three years, minority Republicans in the House and Senate pushed successfully for a special session in June 2008 that canceled a fourth scheduled increase, arguing too much funding already had been diverted away from highway projects.

Minnesota voters amended their constitution in 1928 to dedicate two-thirds of revenue generated by a motor fuel tax into a highway fund and one-third into a bridge fund. Griebel said his campaign would research that amendment, though it is too soon to say whether a similar provision would be effective in Connecticut.

The legislature approved the elimination of remaining toll stations in Connecticut between 1983 and 1986. That included eight stations spread across Interstates 95 and 395 between Greenwich and Plainfield, on three Hartford-area bridges and on the Merritt and Wilbur Cross parkways. The last Connecticut toll was paid in April 28, 1989 on the Charter Oak Bridge in Hartford.