

**Statement of Michael J. Riley
President
Motor Transport Association of Connecticut
Before
The Joint Committee on Transportation
February 25, 2015**

I am Michael J. Riley, President of Motor Transport Association of Connecticut (MTAC), a statewide trade association, which represents around 800 companies that operate commercial motor vehicles in and through the state of Connecticut. Our membership includes freight haulers, movers of household goods, construction companies, distributors, tank truck operators and hundreds of companies that use trucks in their business and firms that provide goods and services to truck owners.

**H.B. NO 6818 AN ACT CONCERNING THE ESTABLISHMENT OF
ELECTRONIC TOLLS AT THE STATE'S BORDERS**

MTAC OPPOSES THIS BILL

AND

**MTAC SUPPORTS RESOLUTIONS PROPOSING
CONSTITUTIONAL AMENDMENTS TO PROTECT THE
SPECIAL TRANSPORTATION FUND**

The Motor Transport Association of Connecticut is full supportive of the Governor's proposal to amend the Connecticut Constitution, creating a mechanism that protects transportation funds from being pilfered and spent on non-transportation projects.



For years, funds generated by highway users – gasoline and diesel fuel taxes, gross earnings tax on petroleum products, license and registration revenue, fees, fines, fares, permits, and sales taxes on motor vehicles, have been transferred to the general fund to pay for non transportation related expenses. We cannot finance a first in class transportation system in this state if the special Transportation Fund is used as a piggy bank to be broken into for any reason.

We are very pleased to see a number of resolutions on today’s agenda which will provide constitutional protections for transportation funding. One of them should go forward, be acted upon by the Legislature this year and, if necessary, next year, and let the people of this state act to ensure that, from now, on when money is raised through transportation user fees, it will be spent on transportation projects.

While this Amendment process is playing out:

- We need to plug up the holes in the Special Transportation Fund (STF) and get an accurate picture of how much money it actually should be getting. And, we should find out how STF money is currently being spent. People might be surprised to find that certain “transportation” revenues are still being shunted off to other funds.
- The next step should be to develop a detailed vision for the projects which must be undertaken to restore and improve Connecticut’s systems for transporting people and goods far into the future.
- Then we should propose changes, including increases, reductions and additions to the mix of state revenue generators which the Constitution permits to be used for transportation projects.

Now the idea of tolling has surfaced again. Adopting tolls first and then figuring out what to do with the money, is a **“Fire”... “Aim”... “Ready”...** situation.



There are limited circumstances in which tolling may be an appropriate option for funding new construction, such as the addition of new lanes without reducing current lane capacity. In any case, only the new lanes should be tolled and drivers should always be left with an alternate, equitable toll-free road.

There are many more circumstances, however, in which tolling is an inappropriate and unacceptable funding mechanism. The most blatant example is dropping tolls on existing toll free interstates. This move is inefficient, inequitable and illegal.

TOLLING OF EXISTING INTERSTATE HIGHWAYS IS SIMPLY WRONG

Turning existing highways into cash cows for individual states is unfair to the highway users who have paid for the construction and maintenance of these roads through the payment of fuel taxes. Fuel taxes have been the preferred funding method of the Interstate Highway System since its establishment in 1956. Subjecting users to additional tolls represents double taxation. Tolling on existing highways is nothing more than an ill-conceived quick fix for transportation funding shortfalls. Often toll revenue doesn't even end up funding highway projects.

TOLLING IS ALREADY OUT OF CONTROL

The days of 25 cent tolls are over.

It's often said that some states around Connecticut have had highway and bridge tolls for many years. In those states, over time, tolls have steadily increased and the funds that were raised were often used for non highway projects. New York enacted outrageous highway toll increases to fund canal projects and the financing of the World Trade Center Freedom Tower.

Once the tolling mechanism is in place, it's a matter of time before it becomes another steady stream of revenue to be used by governments,



rejecting the tie between user fees and how those fees are used. **There is no reason why the people of Connecticut should expect anything different.**

One doesn't have to look far to see this how ridiculous this has become:

- **Today, a tractor trailer crossing the George Washington Bridge between New York and New Jersey pays a one way electronic toll of \$75, or a cash toll of \$95. Cars pay \$14.00 cash.**
- **The Verrazano Bridge costs \$80 one-way, outbound from New York**
- **It costs \$50.00 for a tractor trailer to run the New Jersey Turnpike from its first entrance to its last exit.**
- **The Tappan Zee toll for a rig is between \$16.00 and \$32.75 depending on the time of day traveled.**

BORDER TOLLS ARE UNFAIR AND MAY BE ILLEGAL

If tolls are established, their **burden should be spread across the state** and not be borne disproportionately by citizens who live along the borders with neighboring states.

Additionally, border tolls charge everyone who enters the state the same amount. **People who get off at the first exit in Greenwich, should not pay the same as people who travel I-95 all the way to Rhode Island.**

Furthermore, border tolls likely violate the U.S. Constitution's Commerce Clause, since placement of tolls at or close to a state border has the explicit intent of imposing a greater burden on interstate travelers than intrastate travelers. It is unlikely that such a scheme would survive a Court challenge, I am confident there are certain national organizations opposed to tolling interstates that stand ready to file such a legal challenge.



TOLLS ARE TREMENDOUSLY INEFFICIENT FORM OF TAXATION

The cost of collecting tolls is exorbitant. With tolling administration costs totaling as high as .30 cents on the dollar, a state would need to raise \$1.3 billion to pay for a project that cost \$1 billion. Upwards of \$300 million would essentially be wasted in collection costs. Again, this makes no sense.

And if the mechanism used to collect tolls is license plate readers, not only are the costs of collection high, the amount of evasion is significantly higher.

TOLLS WOULD RESULT IN TRAFFIC BEING DIVERTED

Tolls would create **diversion** to already overburdened local roads. In states such as Virginia and North Carolina, where Interstate tolling was explored, analyses found that as much as half the traffic would divert to other roads to avoid paying tolls. Many of the routes that traffic would divert to are secondary roads, which have fatal crash rates that are at least four times greater than Interstates, and which were not built to handle the additional traffic, creating significantly greater maintenance costs.

CONNECTICUT ALREADY HAS HIGH FUEL TAXES AND COLLECTS FROM EVERY LARGE TRUCK THAT COMES HERE

Passenger car drivers can avoid paying Connecticut's high gas tax by purchasing their fuel in other states and using it here.

However, **every large truck from other states pays Connecticut the fuel tax on every gallon of fuel which it consumes in our state.** Regardless of where they buy their fuel, trucks pay the taxes in the states where they use the fuel. Every year, Connecticut collects millions of dollars worth of fuel tax from truckers, even though they might not buy fuel here.

At 54.9¢ per gallon, Connecticut now has the highest diesel fuel tax in the country. (See attached comparison). The next closest is still 10¢ per gallon lower.



Connecticut's diesel fuel tax is adjusted annually to reflect the cost of fuel over the previous year. Truckers won't benefit from the current lower prices until the rate is recomputed and adjusted on July 1.

Four years ago this legislature, at Governor Malloy's suggestion, increased the diesel tax an additional 3 cents per gallon at the same time it capped the gasoline tax.

Fuel taxes, registration, license and permit fees, fines and other motor vehicle charges are "user fees" and should be deposited into the Special Transportation Fund (STF). However, there are many examples of several fines, fees and numerous surcharges go to the General Fund or other special funds like those that provides restitution to victims of crime or traumatic brain injury.

TOLLS WILL INCREASE COST OF DOING BUSINESS

Tolls would add **to the cost of living** and the cost of doing business in the state. **Imposing tolls on existing lanes of the Interstate System would have a devastating effect on the trucking industry.** The trucking industry's historical average profit margin is between two and four cents per mile. Financing the Interstate System with tolls would require tolls well above this level. The trucking industry is highly competitive and taxes of this magnitude must be passed along to shippers. Add to the cost of shipping, and everything brought into a state will cost more.

TRUCKERS ALSO PAY HIGHER FEDERAL FUEL TAXES

Additionally, **truckers currently pay a federal diesel fuel tax of 24.4 cents per gallon (gasoline is 18 cents), a 12% excise tax on new tractors and trailers, an annual vehicle use tax of up to \$550, and a tax on tires.**

According to the Federal Highway Administration (FHWA), commercial vehicles paid approximately 40% of all federal highway user fees. In Connecticut, the trucking industry paid over \$289 million dollar in combined state and federal taxation. This represents 31% of total federal and state



taxes and fees for all vehicles. The average 5-axle truck pays \$8,443 in state highway user fees each year, the sixth highest in the country.

Tolls would be an expensive, inefficient, and inequitable additional tax.

THE GROSS RECEIPTS TAX, A HIGHWAY USER FEE, HAS BEEN DIVERTED TO THE GENERAL FUND

Since 2006, Connecticut has diverted almost \$1 billion from the Gross Receipts tax, a highway user fee, to the General Fund.

Connecticut has historically diverted revenue generated by the Gross Earnings Tax on Petroleum Products (GET), a tax on the wholesale sale of gasoline and (until recently) diesel fuel, into the General Fund. This diversion has cost the Special Transportation Fund hundreds of millions of dollars of highway user fees, which have been collected as general revenues of the state and not deposited in the Special Transportation Fund to be used for transportation expenditures. **Before Connecticut imposes tolls, it first has to make sure that all highway user funds are used on transportation.**

THE LEGISLATURE AND ADMINISTRATIONS HAVE A RECORD OF RAIDING FUNDS

Connecticut has a long history of moving revenue streams back and forth from the General Fund to the Special Transportation Fund. We cannot expect that to change without guaranteeing, through a **constitutional amendment, that funds generated by transportation users are used for transportation.**

IT'S TIME FOR CONSTITUTIONAL PROTECTION OF THE SPECIAL TRANSPORTATION FUND.



We were pleased to see the Transportation Committee raised several Resolutions concerning amendments to the Connecticut State Constitution ensuring the use of certain revenues for transportation expenditures.

Before the legislature imposes tolls, anywhere in this state, the citizens should adopt an amendment to the Constitution of the State of Connecticut, ensuring the use of certain revenues for transportation expenditures only !

Thank you.

