



Image: <http://bit.ly/2gtgf6i>

Transportation Funding

What's the Problem?

For 60 years, the federal government has helped states pay for highway repair and construction through the Highway Trust Fund (HTF), which relies primarily on federal gas tax revenue. But in recent years inflation and the growing number of increasingly fuel efficient vehicles have hit the fund hard.

Inflation has caused the 18.4¢ per gallon federal gas tax, which has not increased since 1993, to lose [at least one-third of its purchasing power](#). The growth in the number of both electric and more fuel efficient gas-powered vehicles means that drivers are buying less gasoline and paying less gas tax. In recent years, the HTF has required transfers from the federal treasury to meet its obligations.

Declining gas tax revenue is only one factor affecting the solvency of the HTF. Our roads and bridges are getting older and falling into disrepair, costing more to maintain and improve. In 2013, the [American Society of Civil Engineers \(ASCE\)](#) gave the nation's roads and bridges minimally passing grades. Crumbling infrastructure adds to the cost of doing business, and those costs are passed on to families struggling in today's economy.

How Is Connecticut Doing?

According to a [national transportation research organization](#), 44% of the state's major roads are in poor condition, 34% of the state's bridges are outmoded or in need of major repair or replacement, and 60% of urban interstates are jammed during rush hour. Poor roads and traffic congestion add to the cost of living and doing business in Connecticut.

The legislature created the Special Transportation Fund (STF) more than 30 years ago to finance state highway maintenance and construction. The STF is funded largely by the state gas tax. The legislature at one point increased the gas tax from 25¢ to 39¢ to help fund the STF but later reduced it. The state gas tax has remained at 25¢ since 2000.

Like the HTF, the STF has needed periodic infusions from the General Fund to stay in the black. The [governor's transportation finance panel, in recommending funding options earlier this year](#), assumed that declining revenue would put the STF in an annual operational deficit by FY 2020 and deplete it by FY 2022.

Where Do We Go from Here?

The legislature can choose to explore several options to fund transportation. Here are some of them:

Protect Transportation Funding

In 2015, the legislature proposed a constitutional amendment ([SA 15-1, December Special Session](#)) protecting certain STF funding sources and prohibiting the legislature from using STF funds for non-transportation purposes (a “lockbox”). If approved again in 2017 by a majority of each chamber, the amendment will be on the 2018 ballot.

Raise the Gas Tax

New Jersey this year became the 19th state since 2013 to raise its gas tax to fund transportation spending, increasing it for the first time in nearly 30 years. The transportation finance panel has recommended that Connecticut increase its 25¢ gas tax to 39¢ in two-cent increments over seven years.



Tolling (Congestion Pricing)

Congestion pricing manages traffic flow by charging a higher toll during the busiest drive times and lower tolls - or no tolls - at other times. The State Department of Transportation (DOT) is studying congestion pricing as a way to raise revenue and improve traffic flow on I-95 between New York and New Haven, and on I-84 in Hartford.



Implement Mileage-Based User Fees (MBUF)

Under this system, drivers pay a set fee for each mile they drive, regardless of how much fuel their vehicles use. Several federal studies have called for an MBUF system to replace the gas tax, and DOT plans to take part in a multi-state MBUF study over the next several years.

Other Options

The transportation finance panel has suggested raising the sales tax and using the additional revenue for transportation purposes. (In 2015, the legislature directed that a portion of sales tax revenue go to the STF.) The finance panel has also recommended raising bus and rail fares and increasing various motor vehicle-related fees.

Learn
More

“Transportation Finance Panel Recommendations,” OLR Report [2016-R-0047](#)

“Mileage Based User Fee Grant Application,” OLR Report [2016-R-0140](#)

“Results of I-95 Congestion Tolling Study,” OLR Report [2016-R-0276](#)

“Vehicle Miles Travelled (VMT) Transportation Funding,” OLR Report [2012-R-0029](#)

