

JOSEPH R. SCULLEY
PRESIDENT

Statement of Joseph R. Sculley
President
Motor Transport Association of Connecticut
Before
The Transportation Committee
February 29, 2016
Re: HJR 1

MTAC OPPOSES UNLESS AMENDED

Chairman Guerrero, Senator Leone, Representative Arce, Senator Boucher, Representative O'Dea and members of the Transportation Committee, thank you for this opportunity to testify. My name is Joe Sculley; I am the President of Motor Transport Association of Connecticut (MTAC). Our almost 700 members include 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. Most of our members are small businesses with less than 10 trucks.

This year, Governor Malloy has proposed the most ambitious and transformative plan to improve, replace, repair, and expand all transportation systems in this state's history. There can be no doubt that the state has neglected its roads, bridges and transit programs for years. The time has come to make the investments necessary to bring our transportation systems to first in class status.

The last time such an ambitious program was proposed was after the collapse of the Mianus River Bridge. In order to finance the \$6 billion program at that time, Governor O'Neill, with the support of MTAC and many others, proposed programmed increases in fuel taxes, registration and license fees, and other transportation related revenue generators. It was a good plan and it worked.

However, as the projects were completed, and surpluses began to accumulate in the Special Transportation Fund (STF), transportation funds were regularly raided and diverted to non-transportation expenditures.

After the turn of the century, in order to help finance long-neglected rail improvements and other major transportation undertakings, the Legislature increased the Gross Receipts Tax on Petroleum Products, which functions primarily as a fuel tax. The oil crisis drove the cost of petroleum through the ceiling and, because it is a percentage tax, the GRT brought hundreds of millions of unanticipated dollars into state coffers. Then, predictably, that money was swept away from transportation objectives and the legislature spent it on projects and programs that had nothing to



do with transportation. If that money had been used as intended, our transportation systems would be in better shape today.

The citizens and businesses of this state know what happens when the Legislature find unencumbered state funds. They use them however they want. This cannot continue if we are going to go forward with the Governor's transformative investment in transportation.

Governor Malloy has proposed a Constitutional Amendment to protect Transportation Funds, and MTAC agrees with the Governor's idea. The adoption of a strong Constitutional Amendment, or a "lockbox", that ensures that transportation revenues can only be spent on transportation purposes, would be a fiscally responsible action. However, because of the way this resolution was drafted, we do not believe it constitutes the kind of lockbox that the citizens of this state want and deserve.

HJ1 requires that;

“(S)ources of funds, moneys and receipts of the state credited, deposited or transferred to said fund by state law on or after the effective date of this amendment shall be credited, deposited or transferred to the Special Transportation Fund, ”

Yet the proponents refuse to list those "sources" in the amendment. Other states that have Constitutional provisions regarding transportation name revenue sources in the Constitution, specifically: Alabama, Colorado, Georgia, Kentucky, Maine, Michigan, Minnesota, Montana, Nevada, New Hampshire, Ohio, Oregon, Pennsylvania, Utah, Washington, Wisconsin, and Wyoming.

MTAC believes that an amendment to the Connecticut Constitution should name revenue sources right in the Constitution. And, it should identify, in general terms the types of expenditures that can be characterized as "transportation".

The Governor's Transportation Finance Panel offered some aggressive financing proposals to raise \$100 billion. These recommendations add to the critical necessity of passing a strong and enforceable lockbox. The Transportation Finance Panel options include fuel tax increases, license and permit fee increases, an oil companies tax increase, and congestion price tolling. The panel names possible locations for tolling as the I-84 west corridor, I-95 East, I-95 West, the CT River bridges in Hartford area, Route 2, I-91/I-691/Rt 15 interchange, Route 9, and Route 11.

These tax and fee increases will be a shock to small business trucking companies who might be struggling to stay in business. Larger companies will pass those costs on to their customers, resulting in higher prices for goods and services for all CT consumers. Everybody will pay more for everything. And if the funds are diverted, those that provide the funding will get nothing in return.

Connecticut is still dealing with growing budget deficits. A proposal for 5.75% across-the-board cuts is on the table for this year. Many leaders are suggesting a similar approach might have to happen next year as well. These proposals were suggested before the recent notice by OFA which states that the budget deficit is \$900 million.

MTAC members see this news about large deficits and difficult cuts, and at the same time see the proposal to raise \$100 billion under the auspices of this lockbox proposal. The STF is funded almost entirely by car and truck owners and operators who pay their fuels taxes, the oil companies' tax, motor vehicle receipts, license and permit fees, and fines, as well as some federal highway funds, which are also generated by road and highway users. MTAC members fear that their taxes and fees will go up, and the funds will be diverted to other areas of government. If those fears were to come to fruition, it would mean that car and truck owners and operators would be subsidizing other areas of government (more so than they already are).

MTAC agrees with the concept of a lockbox, but we believe the language needs to be strengthened. Thank you for your consideration.