



House of Representatives

General Assembly

File No. 368

February Session, 2018

Substitute House Bill No. 5393

House of Representatives, April 10, 2018

The Committee on Transportation reported through REP. GUERRERA of the 29th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT ESTABLISHING THE CONNECTICUT TRANSPORTATION FINANCE AUTHORITY TO MAINTAIN MAJOR STATE HIGHWAYS.

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

1 Section 1. (NEW) (*Effective from passage*) As used in this section and
2 sections 2 and 4 of this act, unless the context otherwise requires:

3 (1) "Electronic tolling system" means an electronic system for
4 recording, monitoring, collecting and paying for tolls on the highways
5 of this state, including, but not limited to, transponders or other
6 electronic transaction or payment technology devices or video toll
7 transaction systems; and

8 (2) "Toll operator" means a private entity that operates an electronic
9 tolling system, which duties may include, but need not be limited to,
10 collecting tolls, administrative charges and penalties.

11 Sec. 2. (NEW) (*Effective from passage*) (a) The provisions of this
12 section shall not be effective until the General Assembly enacts

13 legislation to authorize the implementation of electronic tolling
14 systems on the highways, or the portions thereof, of this state.

15 (b) There is hereby established and created a body politic and
16 corporate, constituting a public instrumentality and political
17 subdivision of the state established and created for the performance of
18 an essential public and governmental function, to be known as the
19 Connecticut Transportation Finance Authority. The authority shall not
20 be construed to be a department, institution or agency of the state.

21 (c) The powers of the authority shall be vested in and exercised by a
22 board of directors, which shall consist of the following fifteen voting
23 members: (1) (A) The Commissioner of Transportation, or the
24 commissioner's designee, (B) the Commissioner of Motor Vehicles, or
25 the commissioner's designee, (C) the Commissioner of Revenue
26 Services, or the commissioner's designee, and (D) the Secretary of the
27 Office of Policy and Management, or the secretary's designee, each
28 serving *ex officio*; (2) five appointed by the Governor; (3) one
29 appointed by the speaker of the House of Representatives; (4) one
30 appointed by the majority leader of the House of Representatives; (5)
31 one appointed by the minority leader of the House of Representatives;
32 (6) one appointed by the president pro tempore of the Senate; (7) one
33 appointed by the minority leader of the Senate; and (8) one appointed
34 by the majority leader of the Senate. Each member appointed pursuant
35 to subdivisions (2) to (8), inclusive, of this subsection shall serve for a
36 term of four years. The Governor shall appoint the chairperson of the
37 board from among the members of the board, with the advice and
38 consent of both houses of the General Assembly. The chairperson shall
39 serve at the pleasure of the Governor. The board shall select a vice-
40 chairperson from among the members of the board and such other
41 officers as it deems necessary. The appointing authorities shall make
42 all initial appointments under this subsection not later than sixty days
43 after the General Assembly authorizes the implementation of
44 electronic tolling systems on the highways, or the portions thereof, of
45 this state.

46 (d) Members of the board may not designate a representative to
47 perform in their absence their respective duties under this section. Any
48 vacancy occurring other than by expiration of term shall be filled in the
49 same manner as the original appointment for the balance of the
50 unexpired term. Any member of the board may be removed for
51 misfeasance, malfeasance or wilful neglect of duty at the sole direction
52 of the appointing authority.

53 (e) The chairperson shall, with the approval of the members of the
54 board of directors, appoint an executive director of the authority who
55 shall be an employee of the authority and paid a salary prescribed by
56 the board. The executive director shall supervise the administrative
57 affairs and technical activities of the authority in accordance with the
58 directives of the board.

59 (f) Each member of the board shall be entitled to reimbursement for
60 such member's actual and necessary expenses incurred during the
61 performance of such member's official duties.

62 (g) Members may engage in private employment, or in a profession
63 or business, subject to any applicable laws, rules and regulations of the
64 state regarding official ethics or conflict of interest.

65 (h) Eight members of the board shall constitute a quorum, and an
66 affirmative vote by a majority of the members present at a meeting of
67 the board shall be sufficient for any action taken by the board. No
68 vacancy in the membership of the board shall impair the right of a
69 quorum to exercise all rights and perform all duties of the board.

70 (i) The authority shall continue as long as it has bonds or other
71 obligations outstanding and until its existence is terminated by law,
72 provided no such termination shall affect any outstanding contractual
73 obligation of the authority and the state shall succeed to the obligations
74 of the authority under any contract. Upon the termination of the
75 existence of the authority, all its rights and properties shall pass to and
76 be vested in the state of Connecticut.

77 (j) It shall not constitute a conflict of interest for a trustee, director,
78 partner or officer of any person, firm or corporation, or any individual
79 having a financial interest in a person, firm or corporation, to serve as a
80 member of the board of directors, provided such trustee, director,
81 partner, officer or individual shall comply with all applicable
82 provisions of chapter 10 of the general statutes.

83 Sec. 3. (NEW) (*Effective from passage*) (a) The provisions of this
84 section shall not be effective until the General Assembly enacts
85 legislation to authorize the implementation of electronic tolling
86 systems on the highways, or portions thereof, of this state.

87 (b) The purposes of the Connecticut Transportation Authority shall
88 be to: (1) Construct, maintain and operate electronic tolling systems on
89 the highways, or portions thereof, of this state when authorized by the
90 General Assembly and such authorization is effective, (2) use any
91 revenue received from tolls to pay the costs of owning, maintaining,
92 repairing, reconstructing, improving, rehabilitating, using,
93 administering, controlling and operating such tolled highways, and (3)
94 promote the safe and efficient movement of people and goods on such
95 tolled highways.

96 (c) To accomplish the purposes of the authority, the authority is
97 authorized and empowered to:

98 (1) Have perpetual succession as a body politic and corporate and to
99 adopt bylaws for the regulation of its affairs and the conduct of its
100 business;

101 (2) Adopt an official seal and alter the same at pleasure;

102 (3) Maintain an office at such place or places as it may designate;

103 (4) Sue and be sued in its own name, and plead and be impleaded;

104 (5) (A) Employ such assistants, agents and other employees as may
105 be necessary or desirable who shall not be employees, as defined in
106 subsection (b) of section 5-270 of the general statutes; (B) establish all

107 necessary or appropriate personnel practices and policies, including
108 those relating to hiring, promotion, compensation, retirement and
109 collective bargaining, which need not be in accordance with chapter 68
110 of the general statutes, and the authority shall not be an employer as
111 defined in subsection (a) of section 5-270 of the general statutes; and
112 (C) engage consultants, attorneys and appraisers as may be necessary
113 or desirable to carry out its purposes in accordance with this section
114 and sections 2 and 4 of this act;

115 (6) Issue bonds, bond anticipation notes and other obligations of the
116 authority for any of its corporate purposes, and to fund or refund the
117 same, as provided in this section and sections 2 and 4 of this act;

118 (7) Receive and accept aid or contributions from any source of
119 money, property, labor or other things of value, to be held, used and
120 applied to carry out the purposes of this section and sections 2 and 4 of
121 this act, subject to such conditions upon which such grants and
122 contributions may be made, including, but not limited to, gifts or
123 grants from any department, agency or instrumentality of the United
124 States or this state for any purpose consistent with this section and
125 sections 2 and 4 of this act;

126 (8) Borrow money for the purpose of obtaining working capital;

127 (9) Make and enter into all contracts and agreements necessary or
128 incidental to the performance of its duties and the execution of its
129 powers under this section and sections 2 and 4 of this act, including
130 contracts and agreements for such professional services as the
131 authority deems necessary, including, but not limited to, financial
132 consultants, bond counsel, underwriters and technical specialists;

133 (10) Acquire, lease, purchase, own, manage, hold and dispose of
134 personal property, and lease, convey or deal in or enter into
135 agreements with respect to such property on any terms necessary or
136 incidental to the carrying out of these purposes;

137 (11) Invest in, acquire, lease, purchase, own, manage, hold and

138 dispose of real property and lease, convey or deal in or enter into
139 agreements with respect to such property on any terms necessary or
140 incidental to carrying out the purposes of this section and sections 2
141 and 4 of this act, provided such transactions shall not be subject to
142 approval, review or regulation by any state agency pursuant to title 4b
143 of the general statutes or any other provision of the general statutes;

144 (12) Procure insurance against any liability or loss in connection
145 with its property and other assets, in such amounts and from such
146 insurers as it deems desirable and to procure insurance for employees;

147 (13) Account for and audit funds of the authority and funds of any
148 recipients of funds from the authority;

149 (14) Retain and expend funds for technical, traffic, revenue,
150 financial, legal and other consultants and experts to assist in the
151 development and implementation of electronic tolling systems;

152 (15) Procure, retain and expend funds for toll operators, vendors,
153 suppliers, designers, engineers, software designers, installers,
154 contractors, maintenance personnel, back-office and customer service
155 personnel, collections, enforcement and for other equipment,
156 materials, personnel and services in order to assist in the development
157 and implementation of electronic tolling systems;

158 (16) Enter into reciprocal agreements with other states, jurisdictions
159 and operators of toll facilities in other states to enable the authority to
160 obtain and share with such other states, jurisdictions and operators
161 any toll operator information regarding an out-of-state registered
162 owner of a vehicle that has used a tolled highway, including the make
163 of the vehicle, the vehicle's license plate and the name and address of
164 the registered owner of the vehicle;

165 (17) Enter into, or cause the toll operator on behalf of such authority
166 to enter into, reciprocal agreements with other states, jurisdictions and
167 operators of toll facilities in other states allowing for additional
168 enforcement mechanisms for the efficient collection of tolls incurred by

169 residents of states other than this state;

170 (18) Enter into an agreement with the Department of Emergency
171 Services and Public Protection for the provision of law enforcement
172 assistance by the state police on tolled highways that are not otherwise
173 provided by the state police on state roads and highways;

174 (19) Enter into an agreement with the Department of Transportation
175 for the provision of services on tolled highways;

176 (20) Charge, collect, retain and fix the amount of tolls for transit
177 over or use of tolled highways, provided such amounts shall be fixed
178 and changed by the authority, so as to ensure, at a minimum, funding
179 that is sufficient to: (A) Pay the costs related to the tolled highways,
180 including, but not limited to, the cost of owning, maintaining,
181 repairing, reconstructing, improving, rehabilitating, using,
182 administering, controlling and operating such tolled highways; (B) pay
183 the principal of, redemption premium, if any, and interest on notes or
184 bonds relating to the tolled highways, as such principal, premium or
185 interest become due and payable; and (C) create and maintain reserves
186 established for the operation and maintenance of the tolled highways;

187 (21) Provide advance notice of the tolls that will be charged and the
188 option for payment to motor vehicle operators before such operators
189 enter a tolled highway, or portion thereof;

190 (22) Deposit all revenues received by the authority into an account
191 under the exclusive control of the authority, provided such revenues
192 shall not be commingled with other funds and revenues and shall be
193 expended only for the purposes and subject to the provisions of 23
194 USC 129(a)(3), as amended from time to time;

195 (23) Prior to commencing construction of an electronic tolling
196 system, hold at least one public information meeting in the general
197 vicinity of the proposed toll location to receive comments on the
198 proposed toll, methodology for setting and changing the tolls and user
199 classifications;

200 (24) Develop and implement a privacy policy relating to any toll
201 customer information and other data collected, received, maintained,
202 archived, accessed and disclosed by the authority to a toll operator;
203 and

204 (25) Do all acts and things necessary or convenient to carry out the
205 purposes of and the powers expressly granted by this section and
206 sections 2 and 4 of this act.

207 Sec. 4. (NEW) (*Effective from passage*) (a) The provisions of this
208 section shall not be effective until the General Assembly enacts
209 legislation to authorize the implementation of electronic tolling
210 systems on the highways, or portions thereof, of this state.

211 (b) The members of the board of directors of the Connecticut
212 Transportation Finance Authority shall adopt written procedures, in
213 accordance with the provisions of section 1-121 of the general statutes,
214 for:

215 (1) Adopting an annual budget and plan of operations, including a
216 requirement of board approval before the budget or plan may take
217 effect;

218 (2) Hiring, dismissing, promoting and compensating employees of
219 the authority, including an affirmative action policy and a requirement
220 of board approval before a position may be created or a vacancy filled;

221 (3) Acquiring real and personal property and personal services,
222 including a requirement of board approval for any nonbudgeted
223 expenditure in excess of an amount to be determined by the board;

224 (4) Contracting for financial, legal, bond underwriting and other
225 professional services, including a requirement that the authority solicit
226 proposals at least once every three years for each such service which it
227 uses;

228 (5) Issuing and retiring bonds, bond anticipation notes and other
229 obligations of the authority;

230 (6) Awarding loans, grants and other financial assistance, including
231 eligibility criteria, the application process and the role played by the
232 authority's staff and board of directors; and

233 (7) The implementation of electronic tolling systems, including, but
234 not limited to, the (A) establishment of variable or dynamic toll rates
235 that take into consideration the day of the week, level of congestion or
236 anticipated congestions; (B) establishment of different toll rates based
237 on the type of vehicle classification, size, weight, number of axles or
238 vehicle occupancy; (C) establishment of reduced or discounted tolls for
239 toll road users or classes of users registered in the state that are
240 equipped with transponders or similar technology and have valid toll
241 customer accounts with the authority or the toll operator, as the case
242 may be; (D) exemptions for high-occupancy commuter vehicles and
243 motor vehicles leased to an agency of this state, owned by the state,
244 used by a law enforcement unit, as defined in section 7-294a of the
245 general statutes, used by a member of an emergency medical service
246 organization, as defined in section 19a-175 of the general statutes,
247 while responding to emergencies and used to provide public transit
248 services; (E) the imposition of surcharges, premiums or additional fees
249 for designated users or classes of users of a tolled highway who travel
250 on such highway without a valid transponder or similar technology;
251 (F) the imposition of administrative charges and penalties for late
252 payment and toll evasion; and (G) due process procedures that include
253 notice, the right to challenge a toll and associated charges, the
254 opportunity for a hearing and a right to appeal.

255 Sec. 5. Subdivision (12) of section 1-79 of the 2018 supplement to the
256 general statutes is repealed and the following is substituted in lieu
257 thereof (*Effective July 1, 2018*):

258 (12) "Quasi-public agency" means Connecticut Innovations,
259 Incorporated, the Connecticut Health and Education Facilities
260 Authority, the Connecticut Higher Education Supplemental Loan
261 Authority, the Connecticut Student Loan Foundation, the Connecticut
262 Housing Finance Authority, the State Housing Authority, the Materials

263 Innovation and Recycling Authority, the Capital Region Development
264 Authority, the Connecticut Lottery Corporation, the Connecticut
265 Airport Authority, the Connecticut Health Insurance Exchange, the
266 Connecticut Green Bank, the Connecticut Retirement Security
267 Authority, the Connecticut Port Authority, [and] the State Education
268 Resource Center and the Connecticut Transportation Finance
269 Authority.

270 Sec. 6. Section 1-120 of the general statutes is repealed and the
271 following is substituted in lieu thereof (*Effective July 1, 2018*):

272 As used in sections 1-120 to 1-123, inclusive:

273 (1) "Quasi-public agency" means Connecticut Innovations,
274 Incorporated, the Connecticut Health and Educational Facilities
275 Authority, the Connecticut Higher Education Supplemental Loan
276 Authority, the Connecticut Student Loan Foundation, the Connecticut
277 Housing Finance Authority, the Connecticut Housing Authority, the
278 Materials Innovation and Recycling Authority, the Capital Region
279 Development Authority, the Connecticut Lottery Corporation, the
280 Connecticut Airport Authority, the Connecticut Health Insurance
281 Exchange, the Connecticut Green Bank, the Connecticut Retirement
282 Security Authority, the Connecticut Port Authority, [and] the State
283 Education Resource Center and the Connecticut Transportation
284 Finance Authority.

285 (2) "Procedure" means each statement, by a quasi-public agency, of
286 general applicability, without regard to its designation, that
287 implements, interprets or prescribes law or policy, or describes the
288 organization or procedure of any such agency. The term includes the
289 amendment or repeal of a prior regulation, but does not include,
290 unless otherwise provided by any provision of the general statutes, (A)
291 statements concerning only the internal management of any agency
292 and not affecting procedures available to the public, and (B) intra-
293 agency memoranda.

294 (3) "Proposed procedure" means a proposal by a quasi-public

295 agency under the provisions of section 1-121 for a new procedure or
296 for a change in, addition to or repeal of an existing procedure.

297 Sec. 7. Section 1-124 of the general statutes is repealed and the
298 following is substituted in lieu thereof (*Effective July 1, 2018*):

299 (a) Connecticut Innovations, Incorporated, the Connecticut Health
300 and Educational Facilities Authority, the Connecticut Higher
301 Education Supplemental Loan Authority, the Connecticut Student
302 Loan Foundation, the Connecticut Housing Finance Authority, the
303 Connecticut Housing Authority, the Materials Innovation and
304 Recycling Authority, the Connecticut Airport Authority, the Capital
305 Region Development Authority, the Connecticut Health Insurance
306 Exchange, the Connecticut Green Bank, the Connecticut Retirement
307 Security Authority, the Connecticut Port Authority, [and] the State
308 Education Resource Center and the Connecticut Transportation
309 Finance Authority shall not borrow any money or issue any bonds or
310 notes which are guaranteed by the state of Connecticut or for which
311 there is a capital reserve fund of any kind which is in any way
312 contributed to or guaranteed by the state of Connecticut until and
313 unless such borrowing or issuance is approved by the State Treasurer
314 or the Deputy State Treasurer appointed pursuant to section 3-12. The
315 approval of the State Treasurer or said deputy shall be based on
316 documentation provided by the authority that it has sufficient
317 revenues to (1) pay the principal of and interest on the bonds and notes
318 issued, (2) establish, increase and maintain any reserves deemed by the
319 authority to be advisable to secure the payment of the principal of and
320 interest on such bonds and notes, (3) pay the cost of maintaining,
321 servicing and properly insuring the purpose for which the proceeds of
322 the bonds and notes have been issued, if applicable, and (4) pay such
323 other costs as may be required.

324 (b) To the extent Connecticut Innovations, Incorporated, the
325 Connecticut Higher Education Supplemental Loan Authority, the
326 Connecticut Student Loan Foundation, the Connecticut Housing
327 Finance Authority, the Connecticut Housing Authority, the Materials

328 Innovation and Recycling Authority, the Connecticut Health and
329 Educational Facilities Authority, the Connecticut Airport Authority,
330 the Capital Region Development Authority, the Connecticut Health
331 Insurance Exchange, the Connecticut Green Bank, the Connecticut
332 Retirement Security Authority, the Connecticut Port Authority, [or] the
333 State Education Resource Center or the Connecticut Transportation
334 Finance Authority is permitted by statute and determines to exercise
335 any power to moderate interest rate fluctuations or enter into any
336 investment or program of investment or contract respecting interest
337 rates, currency, cash flow or other similar agreement, including, but
338 not limited to, interest rate or currency swap agreements, the effect of
339 which is to subject a capital reserve fund which is in any way
340 contributed to or guaranteed by the state of Connecticut, to potential
341 liability, such determination shall not be effective until and unless the
342 State Treasurer or his or her deputy appointed pursuant to section 3-12
343 has approved such agreement or agreements. The approval of the State
344 Treasurer or his or her deputy shall be based on documentation
345 provided by the authority that it has sufficient revenues to meet the
346 financial obligations associated with the agreement or agreements.

347 Sec. 8. Section 1-125 of the general statutes is repealed and the
348 following is substituted in lieu thereof (*Effective July 1, 2018*):

349 The directors, officers and employees of Connecticut Innovations,
350 Incorporated, the Connecticut Higher Education Supplemental Loan
351 Authority, the Connecticut Student Loan Foundation, the Connecticut
352 Housing Finance Authority, the Connecticut Housing Authority, the
353 Materials Innovation and Recycling Authority, including ad hoc
354 members of the Materials Innovation and Recycling Authority, the
355 Connecticut Health and Educational Facilities Authority, the Capital
356 Region Development Authority, the Connecticut Airport Authority,
357 the Connecticut Lottery Corporation, the Connecticut Health Insurance
358 Exchange, the Connecticut Green Bank, the Connecticut Retirement
359 Security Authority, the Connecticut Port Authority, [and] the State
360 Education Resource Center and the Connecticut Transportation
361 Finance Authority and any person executing the bonds or notes of the

362 agency shall not be liable personally on such bonds or notes or be
363 subject to any personal liability or accountability by reason of the
364 issuance thereof, nor shall any director or employee of the agency,
365 including ad hoc members of the Materials Innovation and Recycling
366 Authority, be personally liable for damage or injury, not wanton,
367 reckless, wilful or malicious, caused in the performance of his or her
368 duties and within the scope of his or her employment or appointment
369 as such director, officer or employee, including ad hoc members of the
370 Materials Innovation and Recycling Authority. The agency shall
371 protect, save harmless and indemnify its directors, officers or
372 employees, including ad hoc members of the Materials Innovation and
373 Recycling Authority, from financial loss and expense, including legal
374 fees and costs, if any, arising out of any claim, demand, suit or
375 judgment by reason of alleged negligence or alleged deprivation of any
376 person's civil rights or any other act or omission resulting in damage
377 or injury, if the director, officer or employee, including ad hoc
378 members of the Materials Innovation and Recycling Authority, is
379 found to have been acting in the discharge of his or her duties or
380 within the scope of his or her employment and such act or omission is
381 found not to have been wanton, reckless, wilful or malicious.

382 Sec. 9. Subsection (b) of section 13b-61 of the general statutes is
383 repealed and the following is substituted in lieu thereof (*Effective July*
384 *1, 2018*):

385 (b) Notwithstanding any provision of subsection (a) of this section,
386 there shall be paid promptly to the Treasurer and thereupon, unless
387 required to be applied by the terms of any lien, pledge or obligation
388 created by or pursuant to the 1954 declaration, part III (C) of chapter
389 240, credited to the Special Transportation Fund:

390 (1) On and after July 1, 1984, all moneys received or collected by the
391 state or any officer thereof on account of, or derived from, sections 12-
392 458 and 12-479, provided the State Comptroller is authorized to record
393 as revenue to the General Fund for the fiscal year ending June 30, 1984,
394 the amount of tax levied in accordance with said sections 12-458 and

395 12-479, on all fuel sold or used prior to the end of said fiscal year and
396 which tax is received no later than July 31, 1984;

397 (2) On and after July 1, 1984, all moneys received or collected by the
398 state or any officer thereof on account of, or derived from, motor
399 vehicle receipts;

400 (3) On and after July 1, 1984, all moneys received or collected by the
401 state or any officer thereof on account of, or derived from, (A)
402 subsection (a) of section 14-192, and (B) royalty payments for retail
403 sales of gasoline pursuant to section 13a-80;

404 (4) On and after July 1, 1985, all moneys received or collected by the
405 state or any officer thereof on account of, or derived from, license,
406 permit and fee revenues as defined in section 13b-59, except as
407 provided under subdivision (3) of this subsection;

408 (5) On or after July 1, 1989, all moneys received or collected by the
409 state or any officer thereof on account of, or derived from, section 13b-
410 70;

411 (6) On and after July 1, 1984, all transportation-related federal
412 revenues of the state;

413 (7) On and after July 1, 1997, all moneys received or collected by the
414 state or any officer thereof on account of, or derived from, fees for the
415 relocation of a gasoline station under section 14-320;

416 (8) On and after July 1, 1997, all moneys received or collected by the
417 state or any officer thereof on account of, or derived from, section 14-
418 319;

419 (9) On and after July 1, 1997, all moneys received or collected by the
420 state or any officer thereof on account of, or derived from, fees
421 collected pursuant to section 14-327b for motor fuel quality registration
422 of distributors;

423 (10) On and after July 1, 1997, all moneys received or collected by

424 the state or any officer thereof on account of, or derived from, annual
425 registration fees for motor fuel dispensers and weighing or measuring
426 devices pursuant to section 43-3;

427 (11) On and after July 1, 1997, all moneys received or collected by
428 the state or any officer thereof on account of, or derived from, fees for
429 the issuance of identity cards pursuant to section 1-1h;

430 (12) On and after July 1, 1997, all moneys received or collected by
431 the state or any officer thereof on account of, or derived from, safety
432 fees pursuant to subsection (w) of section 14-49;

433 (13) On and after July 1, 1997, all moneys received or collected by
434 the state or any officer thereof on account of, or derived from, late fees
435 for the emissions inspection of motor vehicles pursuant to subsection
436 (k) of section 14-164c;

437 (14) On and after July 1, 1997, all moneys received or collected by
438 the state or any officer thereof on account of, or derived from, the sale
439 of information by the Commissioner of Motor Vehicles pursuant to
440 subsection (b) of section 14-50a;

441 (15) On and after October 1, 1998, all moneys received by the state
442 or any officer thereof on account of, or derived from, section 14-212b;

443 (16) On and after July 1, 2009, all moneys received or collected by
444 the state or any officer thereof on account of, or derived from, any
445 direct federal subsidy pursuant to Section 6431 of the Internal Revenue
446 Code of 1986, or any subsequent corresponding internal revenue code
447 of the United States, as amended from time to time, and relating to
448 bonds or bond anticipation notes issued by the state pursuant to
449 sections 13b-74 to 13b-77, inclusive;

450 (17) On and after July 1, 2011, all moneys received or collected by
451 the state or any officer thereof on account of, or derived from, sections
452 13b-61a to 13b-61c, inclusive; and

453 (18) On and after July 1, 2011, any other funds, moneys and receipts

454 of the state required by law to be deposited, transferred or paid into
 455 the Special Transportation Fund other than proceeds of bonds or other
 456 securities of the state or of federal grants under the provisions of
 457 federal law. [; and]

458 [(19) On and after July 1, 2015, all moneys received or collected by
 459 the state or any officer thereof on account of, or derived from, the use
 460 of highways, expressways and ferries, except as necessary for the
 461 direct payment of debt service on obligations of the state incurred for
 462 transportation purposes.]

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>from passage</i>	New section
Sec. 5	<i>July 1, 2018</i>	1-79(12)
Sec. 6	<i>July 1, 2018</i>	1-120
Sec. 7	<i>July 1, 2018</i>	1-124
Sec. 8	<i>July 1, 2018</i>	1-125
Sec. 9	<i>July 1, 2018</i>	13b-61(b)

Statement of Legislative Commissioners:

In Section 1, in the introductory language, "3" was changed to "4" for accuracy; in Sections 2(a) and 3(a), "authorizes" was changed to "enacts legislation to authorize" for clarity; in Section 3(b), new Subdivs. designators (1) to (3) were inserted in the first sentence for clarity, "to use toll amounts" was changed to "use any revenue received from tolls" for clarity, and Subsec. (c) designator was inserted before the second sentence for clarity; in Section (3)(c)(20), Subdivs. designators (1) and (2) were changed to Subparas. designators (A), (B) and (C) for accuracy and clarity; and in Section 4, Subsec. (a) was inserted for accuracy and consistency with provisions of Sections 2 and 3.

TRA Joint Favorable Subst. -LCO

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 19 \$	FY 20 \$
Treasurer, Debt Serv.	GF - Potential Cost	See Below	See Below
Connecticut Transportation Finance Authority	CTFA - Potential Cost	See Below	See Below

Note: GF=General Fund;

Municipal Impact: None

Explanation

Explanation

The bill establishes the Connecticut Transportation Finance Authority (CTFA) as a quasi-public agency financially autonomous from the state which is contingent on if the General Assembly enacts legislation implementing tolling on state highways.

The bill may result in an initial cost to the CTFA through bond debt service for the construction of the electronic tolling system, although the CTFA may be eligible to use federal funds if available. As the bill does not specify the state highways that electronic tolling will be placed on, it is estimated that once established the annual toll revenue may be between \$600-\$800 million which is dependent on several factors relating to toll rates and how many miles will be tolled. The bill specifies that the toll revenue will be used according to federal law and be used for any debt service payments. The CTFA may deposit all toll revenue into an account controlled by the CTFA.

The bill also permits CTFA to issue bonds. Like other quasi-public authorities, these bonds are backed by a special capital reserve fund

(SCRF). While this represents a potential cost to the state, the impact to the General Fund is expected to be minimal as the Office of the State Treasurer is not expected to approve the issuance of SCRF-backed bonds unless CTA can show that it will be able to generate sufficient revenue from its activities to pay the debt service on the bonds.

The SCRF provides a higher level of repayment security, which results in a lower rate of interest on the bond issuance. SCRF-backed bonds are a contingent liability of the state, which does not count against the state's statutory limit on General Obligation bonds in CGS Sec. 3-21. In the event that the SCRF is drawn down in part or completely, a draw on the General Fund is authorized and the SCRF is fully restored. The draw on the General Fund is deemed to be appropriated and is not subject to the constitutional or statutory appropriations cap. All that is required is a certification by the issuing authority of the amount required. If draws on a SCRF continue, the annual draws on the General Fund required to refill it also continue.

The bill specifies that the employees of the CTFA will not be state employees as defined in C.G.S 5-270. As the bill does not provide for the transfer of any current state employees to CTFA, there is no personnel-associated fiscal impact to the state.

It should be noted that the CTFA is a quasi-public agency if and only if the General Assembly enacts electronic tolling in the state.

The Out Years

To the extent the General Assembly enacts tolls, the annualized ongoing fiscal impact identified above would continue into the future dependent on the toll revenue.

OLR Bill Analysis**sHB 5393*****AN ACT ESTABLISHING THE CONNECTICUT TRANSPORTATION FINANCE AUTHORITY TO MAINTAIN MAJOR STATE HIGHWAYS.*****SUMMARY**

This bill establishes a quasi-public Connecticut Transportation Finance Authority (CTFA), to build, maintain, and operate electronic toll systems (tolls) and manage tolled roads. The bill specifies that its provisions establishing and empowering the authority are not effective until the General Assembly enacts legislation implementing tolling on state highways.

The bill establishes a 15-member board to govern CTFA and gives it general powers to operate as a quasi-public agency and specific powers for implementing tolls and managing tolled roads. It requires CTFA to use the toll revenue it collects to pay tolled highway maintenance, operation, and improvement costs. Under the bill, CTFA may deposit all toll revenue into an account it controls and must use it in accordance with federal toll revenue restrictions (see BACKGROUND).

The bill also eliminates a requirement that all money collected or received from the use of highways, expressways, and ferries be deposited into the Special Transportation Fund (STF) (see BACKGROUND), except that which is used to pay transportation-related debt service (§ 9).

EFFECTIVE DATE: Upon passage, except the STF provision and conforming changes to quasi-public laws (§§ 5-8) are effective July 1, 2018.

ESTABLISHMENT AND PURPOSE

Quasi-Public Agency

The bill establishes CTFA as a public instrumentality and political subdivision of the state created to perform an essential public and government function. Under the bill, CTFA is a quasi-public agency, not a state department, institution, or agency, and is subject to the statutory procedural, operating, and reporting requirements for quasi-public agencies, including lobbying restrictions and an ethics code.

It has perpetual succession as long as any of its obligations are outstanding. Termination does not affect outstanding contractual obligations. Its rights and properties vest in the state when it lawfully terminates.

Purpose

Under the bill, CTFA's purpose is to:

1. construct, maintain, and operate "electronic tolling systems" on highways, or portions of highways, when legislation authorizing tolls is effective, or have a private entity (i.e., a toll operator) do so;
2. use any toll revenue to pay the costs of owning, maintaining, repairing, reconstructing, improving, rehabilitating, using, administering, controlling, and operating the tolled highways; and
3. promote the safe and efficient movement of people and goods on the tolled highways.

Under the bill, an "electronic tolling system" is an electronic system for recording, monitoring, collecting, and paying for tolls on the highways of the state, including transponders or other electronic transaction or payment technology devices or video toll transaction systems.

Existing DOT Authority and Highway Laws

State law (1) makes DOT responsible for all aspects of planning,

developing, maintaining, and improving transportation in the state (CGS § 13b-3) and (2) gives the DOT commissioner jurisdiction over the state highway system and the general responsibility for all highways in the state (CGS § 13b-24).

Although the bill gives CTFA control over toll revenue, it does not appear to give CTFA authority to independently alter, lay out, construct, or maintain state highways, nor does it limit DOT's ability to do so. Additionally, the bill does not define the relationship between the two entities.

POWERS

General Powers

To accomplish its purpose, the bill gives CTFA general powers to function as a quasi-public authority and specific powers related to tolling. The general powers allow it to:

1. have perpetual succession as a body and adopt bylaws;
2. adopt and alter an official seal;
3. maintain one or more offices;
4. sue and be sued;
5. receive, from any source, aid or contributions of money, labor, property, or other things of value (including state or federal grants or gifts) and use such contributions to carry out its purpose, subject to the conditions upon which the contributions were made;
6. issue bonds, bond anticipation notes, and other obligations;
7. borrow money for working capital;
8. use consultants, attorneys, and appraisers;
9. enter into contracts and agreements, including for professional services provided by financial consultants, bond counsel,

underwriters, and technical specialists;

10. acquire, lease, manage, and dispose of real and personal property and enter into agreements with respect to such property (the bill specifies that real property transactions are not subject to any approval, reviews, or regulations applicable to state property under current law);
11. purchase insurance for its property, other assets, and employees;
12. account for and audit authority funds and any recipients of authority funds; and
13. do all things necessary or convenient to carry out its purpose and powers.

The bill also authorizes CTFA to employ staff as necessary and specifies that they are not state employees, and CTFA is not an employer under the state's collective bargaining law. CTFA may establish and modify personnel policies, including those relating to employee hiring, compensation, promotion, retirement, and collective bargaining. CTFA may enter into collective bargaining agreements with labor unions, but these agreements do not have to comply with the state's collective bargaining law for state employees.

Toll-Related Powers

The bill gives CTFA numerous powers in order to implement and administer tolling.

Resource Procurement and Expenditures. To assist in developing and implementing tolls, the bill authorizes CTFA to retain and pay technical, traffic, revenue, financial, legal and other consultants and experts. It may also procure, retain, and spend funds on toll operators, vendors, suppliers, designers, engineers, software designers, installers, and contractors; maintenance back-office and customer service personnel; collections and enforcement; and for other necessary equipment, staff, and services.

Agreements. The bill authorizes CTFA to enter into a number of agreements necessary for implementing tolls. It may enter into reciprocal agreements with other states, jurisdictions, and toll operators to (1) share toll operator information on out-of-state vehicle owners that have used tolled highways, including the vehicle's make and license plate number and the owner's name and address and (2) implement additional enforcement mechanisms to efficiently collect tolls owed by out-of-state residents.

It may also enter into agreements with (1) DOT for providing services on tolled highways and (2) the Department of Emergency Services and Public Protection (DESPP) for state police to enforce laws on tolled highways that they do not enforce elsewhere.

Toll Charges and Collection. The bill authorizes CTFA to charge, collect, retain, and fix the amount of tolls charged for travelling on tolled highways. It requires CTFA to set tolls so that it collects enough revenue to, at a minimum:

1. cover the costs of owning, maintaining, repairing, reconstructing, improving, rehabilitating, using, administering, controlling, and operating tolled highways;
2. pay debt service on bonds relating to the tolled highways; and
3. create and maintain reserves established for tolled highway maintenance and operation.

Under the bill, before toll construction starts, CTFA may hold one or more public informational hearings, in the general vicinity of the proposed toll location, to receive public comments on the proposed toll, the methodology for changing the tolls, and user classifications. The bill also authorizes CTFA to notify drivers, before they enter tolled highways, of the tolls that will be charged and how they can be paid.

The bill authorizes CTFA to deposit all revenues it receives into an account it exclusively controls, as long the revenue is (1) not commingled with other funds and (2) spent in accordance with federal

restrictions on toll revenue (see BACKGROUND).

Privacy. Under the bill, CTFA may develop and implement a privacy policy for toll customer information and other data it collects, receives, maintains, and discloses to a toll operator.

GOVERNANCE

Board Membership

Under the bill, CTFA's board consists of the following 15 voting members, 11 of whom are appointed and four who serve ex officio:

1. the transportation, motor vehicles, and revenue services commissioners, or their designees;
2. the policy and management secretary or his designee;
3. five members appointed by the governor; and
4. one appointed by each of the six legislative leaders.

Appointing authorities must make initial appointments within 60 days after the legislature authorizes toll implementation in the state. Each appointed member serves a four-year term and may not designate a representative to perform his or her duties. Vacancies must be filled for the unexpired term by the original appointing authority. Board members may be removed, at the appointing authority's discretion, for misfeasance, malfeasance, or willful neglect of duty.

Board members are not paid but are reimbursed for expenses.

Chairpersons and Executive Director

The bill requires the governor to appoint the board's chairperson from among the members, with the advice and consent of both legislative chambers, and the chairperson serves at the pleasure of the governor. The board must select a vice-chairperson from among its members, as well as any other officers it deems necessary.

The chairperson, with the board's approval, must appoint an

executive director of the authority. The executive director is (1) an employee of the authority, (2) paid a salary prescribed by the board, and (3) responsible for supervising the authority's administrative affairs and technical activities according to the board's directives.

Conflicts of Interest

Board members may be privately employed or engage in a business or profession, subject to state ethics and conflict of interest laws, rules, and regulations. Under the bill, it is not a conflict of interest for a trustee, director, partner, or officer of any person, firm, or corporation, or any person with a financial interest in the person, firm, or corporation, to serve as a director, provided he or she complies with applicable state ethics laws.

Board Deliberations

Eight board members constitute a quorum, and the board can act by a majority of those present. Vacancies do not prevent a quorum from acting.

POLICIES AND PROCEDURES***General Policies***

The bill requires the CTFA board to adopt written procedures for:

1. adopting an annual budget and plan of operations, which must require board approval before either can take effect;
2. hiring, dismissing, promoting, and paying employees, including an affirmative action policy and a requirement for board approval before a position may be created or a vacancy filled;
3. acquiring real and personal property and personal services, which must require board approval for any non-budgeted expenditure that exceeds an amount the board determines;
4. contracting for financial, legal, bond underwriting, and other professional services, which must require the board to solicit proposals at least once every three years for these services;

5. issuing and retiring bonds and other authority obligations; and
6. awarding grants, loans, and other financial assistance, which must include eligibility criteria, the application process, and the role of CTFA staff and board.

CTFA must follow the same notice requirements quasi-public agencies follow before adopting its procedures.

Toll Implementation Policies

In addition to the general policies and procedures it must adopt, CTFA must also adopt written toll implementation policies. Specifically, the policies must cover:

1. establishing variable or dynamic toll rates that account for the day of the week or actual or anticipated traffic congestion;
2. establishing toll rates that vary based on vehicle classification, size, weight, number of axels, or occupancy;
3. establishing reduced or discounted tolls for in-state toll road users with transponders and accounts with the authority or toll operator;
4. exemptions for high-occupancy commuter vehicles, state agency vehicles, law enforcement vehicles, emergency medical service vehicles, and public transit vehicles;
5. surcharges, premiums, or added fees for those who use a tolled highway without a transponder or similar technology;
6. administrative charges and penalties for late toll payment and toll evasion; and
7. due process procedures, including notice and the right to challenge a toll and associated charges, to a hearing, and to appeal.

BACKGROUND

Tolling and Federal Law

Although states are free to toll roads, bridges, and tunnels built without federal funds, federal law limits the imposition of tolls on existing federal-aid highways, especially interstate highways. But recent federal laws have expanded states' abilities to allow tolling in certain instances, such as when building new interstate routes or when adding a new lane to an existing interstate highway (23 U.S.C. § 129).

Federal law also has created several pilot programs, such as the Value Pricing Pilot Program, in which participating states use "congestion pricing" to try to manage traffic flow and reduce traffic congestion. (Congestion pricing is the practice of charging higher tolls when traffic is heaviest and lower or no tolls at other times.) Connecticut is participating in the Value Pricing Pilot Program.

Toll Revenue Restrictions

Under federal law, toll revenue must be used first on the highway being tolled, including (1) debt service for the tolled road; (2) a reasonable return on investment of any private person financing the road; (3) road maintenance, operating, and improvement costs; and (4) if applicable, payments that the entity that controls tolling revenue owes to another party under a public-private partnership agreement (23 U.S.C. § 129(a)(3)(A)).

If the public authority with jurisdiction over the toll road has met the annual financial obligations related to the toll road and certifies that the road is adequately maintained, any remaining toll revenue may be used for other roads and other uses allowed under federal highway law (e.g., maintenance and improvement of other highways, congestion mitigation and air quality improvements, highway safety initiatives, and certain public transit improvements).

Special Transportation Fund

The STF is a dedicated fund used to finance the state's transportation infrastructure program and operate the Department of Transportation (DOT) and Department of Motor Vehicles (DMV) (CGS

§ 13b-68). The law requires specified tax revenue (e.g., fuel taxes and a portion of sales and use tax revenue) and various transportation-related fees, fines, and charges to be credited to the STF. By law, STF revenue is pledged to secure special tax obligation (STO) bonds issued for transportation projects through DOT's capital program, and its resources must be used first to pay off STO bond debt service (CGS §§ 13b-74 to 13b-77).

Connecticut statutes contain a "lockbox" provision, which makes the STF a perpetual fund, requires its current revenue sources to continue to be placed in the fund as long as the state collects them, and restricts the use of its resources to transportation purposes (CGS § 13b-68(b)). In 2017, the legislature approved a constitutional amendment to provide these "lockbox" protections in the constitution. The amendment will be placed on the November 2018 general election ballot.

Related Bills

Several bills favorably reported by the Transportation Committee contain provisions related to tolling:

1. SB 389 creates the quasi-public Connecticut Transportation Authority and authorizes it to implement tolls on I-84, I-91, I-95, and the Merritt and Wilbur Cross Parkways;
2. HB 5046, also favorably reported by the Finance, Revenue and Bonding Committee, authorizes DOT to implement tolling on state highways; and
3. sHB 5391 requires DOT to conduct federally-required toll studies and develop a tolling proposal to submit to the legislature for approval.

COMMITTEE ACTION

Transportation Committee

Joint Favorable

Yea 19 Nay 17 (03/23/2018)