

OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200
Hartford, CT 06106 ◊ (860) 240-0200
<http://www.cga.ct.gov/ofa>

sHB-5393

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

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.