

Transportation Committee JOINT FAVORABLE REPORT

Bill No.: HB-5393

AN ACT ESTABLISHING THE CONNECTICUT TRANSPORTATION FINANCE

Title: AUTHORITY TO MAINTAIN MAJOR STATE HIGHWAYS.

Vote Date: 3/23/2018

Vote Action: Joint Favorable

PH Date: 3/14/2018

File No.:

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SPONSORS OF BILL:

Transportation Committee

REASONS FOR BILL:

Establishes a quasi-public Connecticut Transportation Finance Authority, but such establishment is contingent on legislative toll authorization. Authority is overseen by a 15-member board, with powers and responsibilities similar to those of other quasi-public agencies, subjects the authority to provisions that apply to quasi-public agencies under current law. The Authority's purpose is to (1) construct, maintain, and operate tolls on state highways when the legislature authorizes it to do so and (2) pay the cost of owning and maintaining tolled highways Authorizes the authority to, among other things, establish and modify toll rates and discounts, (2) enter into agreements, procure and retain necessary materials and services, and spend funds in order to implement tolling systems, (3) establish data privacy policies, and (4) do all other things necessary to carry out its purpose. Eliminates the requirement that all money received or derived from the use of highways, expressways, and ferries be deposited into the STF; instead toll revenue must be deposited in an authority-controlled account and used in accordance with federal law.

RESPONSE FROM ADMINISTRATION/AGENCY:

None

NATURE AND SOURCES OF SUPPORT:

Senator Martin M. Looney 11th –

Business leaders have been clear that transportation investment is critical for future economic growth. The ability for distributors to get products to market on time, the ability for businesses to be able to predict the travel time of workers, Connecticut workers having access to the economic opportunities of New York and Boston, and affordable and reliable transportation of service workers to our economic hubs are vital for Connecticut to grow and prosper. Our traditional revenue sources are no longer adequate.

In implementing tolls, the creation of an Authority to conduct operations is a natural choice. Most states that have tolls have either one or multiple Authorities that operate and maintain tolls and the roads and bridges they fund. It is time for Connecticut to pave a stable and ambitious transportation future. Our economic growth is dependent upon it.

Don Shubert, Connecticut Construction Industries Association Inc. –

Current revenue streams cannot keep pace with the escalating operating costs and debt service. Second, the costs to meet system demands are significantly increasing with additional new transit service operating costs coming on line and a series of railroad and highway mega projects on the horizon. Third, there are strong indications that federal funding is not going to support the large share of Connecticut's transportation investments as it has in the past. Simply put, Connecticut needs to develop new revenue streams and financing mechanisms, such as a transportation authority, just to maintain its current transportation systems into the future. Establishing a transportation authority could be a valuable part of the combined long-term plan to sustain the transportation systems Connecticut needs.

Rick Dunne, Executive Director, Naugatuck Valley Council Of Governments-

NATURE AND SOURCES OF OPPOSITION:

Senator Michael A. McLachlan 24th –

Our residents are already one of the highest taxed citizens in the United States, and tolls would just be another tax they would have to pay in addition to the income, sales and gas taxes.

The establishment of The Connecticut Transportation Authority would create a quasi-public state agency that would be in charge of construction, maintaining, and operating electronic tolls on our highways. They would also be in charge of the rate for the tolls, which could be dynamic toll rates. This would allow state bureaucrats that are not elected or held accountable to tax payers, the ability to decide tolling operations and price rates in the state. According to the Department of Transportation, in order for the state to even break even or make a profit, toll rates must be between 10 cents and 20 cents per mile. If this was to pass, Connecticut would not only have one of the highest gas taxes in the nation, but they would also have one of the highest toll rates.

It is evident that tolls would just be an additional tax to the residents of Connecticut who are taxed enough and this would add to the financial burden that many of our families are facing.

HOUSE REPUBLICAN OFFICE –

Very vocal in their opposition to tolls. They believe that it would be yet another tax on the already overtaxed citizens of our state. Concerned with how any tolling scheme would be implemented and what it would actually cost our state and its residents. Before they could consider supporting tolls, concerns need to be addressed and they would expect a plan which would contain most –if not all – of the following components:

- Dollar-for-dollar reduction in the gas tax
- A comprehensive plan for tolls
- Taxpayer funding of inefficient mass transit and administrative costs reduced.
- A cap placed on project spending
- A commitment to regain control of DOT
- An airtight lock box adopted.

Clark Barrineau, Director of Membership and Operations – Alliance for Toll-Free Interstates –

A grassroots group formed to educate the public about the negative impacts of tolling and advocate against public policy that would toll existing interstates.

- Any lawmaker concerned with fiscal responsibility and social equity will reject tolls in Connecticut
- Tolls cause major safety issues for adjacent, secondary roadways
- Tolls waste taxpayer funds
- Tolls put power and money in the hands of contractors and corporations, not taxpayers
- Placing tolls on existing interstates will cause traffic diversion, hurt everyday drivers, and waste taxpayers dollars, and
- Any effort to make tolling easier is an effort to hurt Connecticut's future.

Samuel S. Gold, AICP, Executive Director, Lower Connecticut River Valley Council of Governments -

RiverCOG believes it is premature to create an authority for the implementation of tolls or to authorize CTDOT to collect tolls. The General Assembly should first decide to again implement tolls on Connecticut highways before committing to a specific entity to collect tolls.

- Has there been an analysis of why a new authority would be desirable over the empowerment of CTDOT to collect tolls
- Why would legislation require the use of a private operator for the toll system so early in the process
- What would prevent an authority from collecting tolls in an efficient and competitive manner
- The structures of the Connecticut Transportation Authority and Connecticut Governor. Since tolls are akin to a taxes and spending of tolls akin to appropriations, shouldn't the General Assembly have more of a role
- Federal law gives municipal chief elected officials a seat at the table when making decisions on federally funded projects. Why not give municipalities who are affected by the tolled highways a voice over tolls, toll operations, and toll financed projects.
- How will loss of federal aid affect Connecticut's economy as residents and businesses continue to pay federal gas taxes and pay tolls
- How much out of state revenue would tolls bring to Connecticut

- What will the role of the state's Councils of Governments be after tolls are implemented
- Will the CTDOT still own Connecticut's tolled highways, or will ownership be transferred to the transportation authority
- If ownership is transferred, could a toll authority sell or lease the state highway to a private entity
- Why do these bills not give the authorities eminent domain powers
- Will the authority contract with CTDOT for condemnation

River COG looks forward to being a partner with the General Assembly and ConnDOT as we move forward in the study and debate over tolls in Connecticut.

Carol Platt Liebau, President of Yankee Institute –

Opposes tolls in the strongest terms. Toll is a user fee and – in theory – user fees can make more sense than other kinds of taxes, tolls should be an absolute non-starter in Connecticut.

Cost would be borne by those who travel the farthest to work. The Brookings Institution noted, proximity to employment has fallen more for the poor and minorities than for anyone else.

Tolls would not be cheap – could add \$240 to a working person's monthly budget.

How do those who support tolls justify asking for even one cent more of our money when state government has been such a poor steward of what we have already given it.

Even if we were inclined to favor tolls – which we do not – this legislation contemplates a regime under which unelected, unaccountable bureaucrats would have the power to set toll rates – in other words, to tax the people of Connecticut. In fact this bill would have toll rate-setting explicitly protected from oversight by any elected official.

That is nothing more than taxation without representation. Our nation's founders had some very strong views on that subject – and Yankee Institute shares them. Such a regime reeks of contempt for the democratic process. It's an overt attempt to take people's money, tucked out of sight and shrouded from accountability. It cannot be condemned strongly enough.

Senator Heather Sommers 18th –

All we have are unknowns about the installation of tolls and how this would impact our daily commutes. We don't know which roads they will be on or how much they will ultimately cost per mile. What we do know is that because we can't have border tolls here in Connecticut estimates show that toll rates must be between 10 cents and 20 cents per mile in order to break even or make a profit. This is significantly more than the highest rates in the entire country and will represent a significant cost for commuters. What we also know is that according to a Department of Transportation study 75 percent of the people paying for the tolls would be Connecticut residents. I cannot support tolls, another tax on Connecticut residents, when other proposals could obtain similar objectives without another tax, within current resources.

Senator John A. Kissel 7th- Strongly opposed to the proposal of tolls. There are many unknowns about the installation of tolls and how this would impact our daily commute.

Some would argue that we need to toll the out of state residents, according to a Department of Transportation study 75% of the people paying for the tolls would be Connecticut residents like you and me.

We must examine ways to fund transportation without asking more from state taxpayers who are already taxed too much.

Representative Gary Byron 27th-

This "Authority" is yet another layer of state government that we don't need. I'm largely opposed to top-down approaches to development by which a remote state entity may usurp local discretion, rather than a competitive tax structure along with fiscal stability driven private sector growth. Rather, our focus should be on fostering a more organic approach to development with a more tax / business friendly environment that naturally encourages development. The authority this legislation grants is very broad and may in the future, usurp local control.

JOSEPH R. SCULLEY PRESIDENT Motor Transport Association of Connecticut-

MTAC opposes this bill because it is not necessary to establish a quasi-government body to maintain major state highways. The Connecticut Department of Transportation exists to maintain major state highways, though it increasingly appears they would prefer to focus solely on mass transit services. This is proven by the fact that more than 60% of its operating budget is spent on transit subsidies. Section 2 calls for an executive director for the authority who "shall be an employee of the authority and paid a salary prescribed by the members." This person will not be accountable to any constituents. They will accrue a large salary, fringe benefits, and pensions that will be paid for by Connecticut residents and businesses. Will the same practices that are crippling the state under the SEBAC agreement be implemented in this quasi-government body? "The authority shall continue as long as it has bonds or other obligations outstanding...." This quasi-government body will ensure that it lives in perpetuity while reaching into the pockets of Connecticut residents and businesses.

Further, the Authority is empowered to audit itself. One needs to look no further than New York and New Jersey to realize that a quasi-government body cannot be trusted to audit itself.

According to that statute, "if the public authority certifies annually that the tolled facility is being adequately maintained, any other purpose for which Federal funds may be obligated by a State under this title." Some of those projects include "construction of a transit project eligible for assistance....," "Bicycle transportation and pedestrian walkways," and "Control of noxious weeds and aquatic noxious weed." Claims that toll revenue cannot be diverted from the highway are not true.

Section 3, paragraph (b) 23 calls for "one public information meeting in the general vicinity of the proposed toll location." There have been estimates for 70-80 toll gantries across all highways in the state. Where would this ONE public information meeting be?

Creating a quasi-government body with the ability to tax, spend, hire, compensate, and more, will send Connecticut backwards in terms of transparent government.

Peter Prunty, President, Greater Danbury Chamber of Commerce – The chamber doesn't believe that increasing taxes and implementing tolls are the best ways to jump-start Connecticut's economy. For decades, increasing state revenue alone has not solved Connecticut's fiscal problems.

Imposing tolls and another big tax increase undoubtedly will pump more money into the Special Transportation Fund, but will it solve the problem or be one more roadblock to recovery by increasing the costs of living and doing business? Sound fiscal policy for both government and businesses demands examining both spending and revenues.

How we spend our transportation infrastructure money is questionable. Why according to some studies are our administrative costs about \$83,000 per mile when the national average is \$10,000. Why do we spend about \$480,000 per road mile versus a national average of \$160,000/ Does Connecticut drive up the cost of projects through various laws and regulations that don't necessarily increase quality?

Until a serious examination is made of how our Department of Transportation spends STF dollars, the chamber has little confidence that more money alone will reduce inefficiency and waste.

It is highly misleading to pretend that tolls will make someone else pay for our projects. The greatest burden will fall on Connecticut residents who will pay up to 70 percent of the tolls. Residents throughout the greater Danbury area will feel the pain the most. Many businesses and employees feel this would end up being a "regional tax" that would negatively impact commerce. Furthermore, the cost of living will increase since trucks deliver many of our goods and services.

The Greater Danbury Chamber of Commerce believes that our legislators and the Governor cannot do business as usual.

Our state has an opportunity to think outside the box to develop new and innovative revenue streams that do not simply rely on passing the burden onto the residents of Connecticut. This is where our time, energy and conversations should be spent on, instead of settling on, implementing policies that negatively impact the overall business climate of our state.

David McGuire, Executive Director, American Civil Liberties Union of Connecticut

(ACLU) - The implication of all tolling bills have serious privacy issues. All these bills must include privacy provisions to be followed should an electronic tolling system be established and implemented.

- Require DOT to develop and implement a privacy policy and protocol relating to toll customer information and other data that is collected, received, maintained, archived, accessed and disclosed by the department to a toll operator.
- Prohibit, with some exceptions, the sharing or sale of toll customer information and exempt toll customer information from the Freedom of Information Act except under specific circumstances. It would prohibit using or sharing captured plate data for purposes other than the DOT's operation of the electronic tolling system and prohibit preserving the data for more than forty-eight hours, unless there is a request by law enforcement to preserve the data for longer
- Allow law enforcement to have access to toll customer information in certain situations, including when there is a missing person report. It would require the DOT to preserve data when a law enforcement officer swears under oath to a statement demonstrating a reasonable and articulable suspicion that a crime has been or is being committed or that a person is believed to be missing, and that such captured plate data is relevant and material to the criminal or missing persons investigation described in the sworn statement
- Allow a law enforcement agency to obtain toll customer data by warrant
- Require the DOT notify a customer ten days prior to the release of their data in response to compulsory process.

Suggest that the committee amend Section 3 (24) of SB 389 to require that the privacy policy of the Connecticut Transportation Authority develops and implements include these components.

Francis R Pickering, Western Connecticut Council of Governments-

Until the following questions are able to be answered by the legislation WESTCOG cannot support this proposal.

- What will the impact of tolls be on the states economy?
- Who will be affected by tolls?
- How will the impacts of tolls on low and moderate income households be mitigated?
- How much will it cost to build, operate, and maintain a toll system?
- Have alternatives to tolls been evaluated?
- Will tolls have any effect on the federal transportation funding Connecticut receives?
- Will this tolling system be federally compliant?
- How would CT tolls interact with those of other states?

Over 300 Citizens- submitted email testimony on the record noting their vehement objection to this bill, to tolling in general, and to the creation of an authority that is not elected and responsible to the voters of the state.

Reported by: Philip N Maineiro

Date: 4/2/18