



Senate

General Assembly

File No. 392

February Session, 2018

Substitute Senate Bill No. 389

Senate, April 10, 2018

The Committee on Transportation reported through SEN. LEONE of the 27th Dist. and SEN. BOUCHER of the 26th Dist., Chairpersons of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT ESTABLISHING THE CONNECTICUT TRANSPORTATION AUTHORITY.

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) There is hereby established
12 and created a body politic and corporate, constituting a public

13 instrumentality and political subdivision of the state established and
14 created for the performance of an essential public and governmental
15 function, to be known as the Connecticut Transportation Authority.
16 The authority shall not be construed to be a department, institution or
17 agency of the state.

18 (b) The powers of the authority shall be vested in and exercised by a
19 board of directors, which shall consist of the following fifteen voting
20 members, including: (1) (A) The Commissioner of Transportation, (B)
21 the Commissioner of Motor Vehicles, (C) the Commissioner of
22 Revenue Services or the commissioner's designee, and (D) the
23 Secretary of the Office of Policy and Management or the secretary's
24 designee, each serving *ex officio*; (2) five appointed by the Governor;
25 (3) one appointed by the speaker of the House of Representatives; (4)
26 one appointed by the majority leader of the House of Representatives;
27 (5) one appointed by the minority leader of the House of
28 Representatives; (6) one appointed by the president pro tempore of the
29 Senate; (7) one appointed by the minority leader of the Senate; and (8)
30 one appointed by the majority leader of the Senate. Each member
31 appointed pursuant to subdivisions (2) to (8), inclusive, of this
32 subsection shall serve for a term of four years. The Governor shall
33 appoint the chairperson of the board from among the members of the
34 board, with the advice and consent of both houses of the General
35 Assembly, and the chairperson shall serve at the pleasure of the
36 Governor.

37 (c) Members of the board may not designate a representative to
38 perform in their absence their respective duties under this section. Any
39 vacancy occurring other than by expiration of term shall be filled in the
40 same manner as the original appointment for the balance of the
41 unexpired term. The appointing authority for any member may
42 remove such member for inefficiency, wilful neglect of duty,
43 misfeasance or malfeasance.

44 (d) The chairperson shall, with the approval of the members of the
45 board, appoint an executive director of the authority who shall be an

46 employee of the authority and paid a salary prescribed by the
47 members. The executive director shall supervise the administrative
48 affairs and technical activities of the authority in accordance with the
49 directives of the board.

50 (e) Each member of the board shall be entitled to reimbursement for
51 such member's actual and necessary expenses incurred during the
52 performance of such member's official duties.

53 (f) Members may engage in private employment, or in a profession
54 or business, subject to any applicable laws, rules and regulations of the
55 state regarding official ethics or conflict of interest.

56 (g) Eight members of the board of the authority shall constitute a
57 quorum, and an affirmative vote by a majority of the members present
58 at a meeting of the board shall be sufficient for any action taken by the
59 board. No vacancy in the membership of the board shall impair the
60 right of a quorum to exercise all rights and perform all duties of the
61 board.

62 (h) The authority shall continue as long as it has bonds or other
63 obligations outstanding and until its existence is terminated by law,
64 provided no such termination shall affect any outstanding contractual
65 obligation of the authority and the state shall succeed to the obligations
66 of the authority under any contract. Upon the termination of the
67 existence of the authority, all its rights and properties shall pass to and
68 be vested in the state of Connecticut.

69 (i) It shall not constitute a conflict of interest for a trustee, director,
70 partner or officer of any person, firm or corporation, or any individual
71 having a financial interest in a person, firm or corporation, to serve as a
72 member of the board of directors of the authority, provided such
73 trustee, director, partner, officer or individual shall comply with all
74 applicable provisions of chapter 10 of the general statutes.

75 Sec. 3. (NEW) (*Effective from passage*) The purposes of the
76 Connecticut Transportation Authority shall be to construct, maintain

77 and oversee certain highways and electronic tolling systems on
78 Interstate 95, Interstate 91, Interstate 84, the Wilbur Cross Parkway and
79 the Merritt Parkway of this state, to use toll amounts to pay the cost of
80 owning, maintaining, repairing, reconstructing, improving,
81 rehabilitating, using, administering, controlling, and operating such
82 tolled highways, and to promote the safe and efficient movement of
83 people and goods on such tolled highways. The authority is
84 authorized and empowered to:

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

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

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

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

91 (5) (A) Employ such assistants, agents and other employees as may
92 be necessary or desirable who shall not be employees, as defined in
93 subsection (b) of section 5-270 of the general statutes; (B) establish all
94 necessary or appropriate personnel practices and policies, including
95 those relating to hiring, promotion, compensation, retirement and
96 collective bargaining, which need not be in accordance with chapter 68
97 of the general statutes, and the authority shall not be an employer as
98 defined in subsection (a) of section 5-270 of the general statutes; and
99 (C) engage consultants, attorneys and appraisers as may be necessary
100 or desirable to carry out its purposes in accordance with this section
101 and sections 2 and 4 of this act;

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

105 (7) Receive and accept aid or contributions from any source of
106 money, property, labor or other things of value, to be held, used and
107 applied to carry out the purposes of this section and sections 2 and 4 of

108 this act subject to such conditions upon which such grants and
109 contributions may be made, including, but not limited to, gifts or
110 grants from any department, agency or instrumentality of the United
111 States or this state for any purpose consistent with this section and
112 sections 2 and 4 of this act;

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

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

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

124 (11) Invest in, acquire, lease, purchase, own, manage, hold and
125 dispose of real property and lease, convey or deal in or enter into
126 agreements with respect to such property on any terms necessary or
127 incidental to carrying out the purposes of this section and sections 2
128 and 4 of this act, provided such transactions shall not be subject to
129 approval, review or regulation by any state agency pursuant to title 4b
130 of the general statutes or any other provision of the general statutes;

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

134 (13) Account for and audit funds of the authority and funds of any
135 recipients of funds from the authority;

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

139 (15) Procure, retain and expend funds for toll operators, vendors,
140 suppliers, designers, engineers, software designers, installers,
141 contractors, maintenance personnel, back-office and customer service
142 personnel, collections, enforcement and for other equipment,
143 materials, personnel and services in order to assist in the development
144 and implementation of electronic tolling systems;

145 (16) Enter into reciprocal agreements with other states, jurisdictions
146 and operators of toll facilities in other states to enable the authority to
147 obtain and share with such other states, jurisdictions and operators
148 any toll operator information regarding an out-of-state registered
149 owner of a vehicle that has used a tolled highway, including the make
150 of the vehicle, the vehicle's license plate and the name and address of
151 the registered owner of the vehicle;

152 (17) Enter into, or cause the toll operator on behalf of such authority
153 to enter into, reciprocal agreements with other states, jurisdictions and
154 operators of toll facilities in other states allowing for additional
155 enforcement mechanisms for the efficient collection of tolls incurred by
156 residents of states other than this state;

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

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

163 (20) Charge, collect, retain and fix the amount of tolls for transit
164 over or use of tolled highways, provided such amounts shall be fixed
165 and changed by the authority, so as to ensure, at a minimum, funding
166 that is sufficient to pay (A) costs related to the tolled highways,
167 including, but not limited to, the cost of owning, maintaining,
168 repairing, reconstructing, improving, rehabilitating, using,
169 administering, controlling and operating such tolled highways; and (B)
170 the principal of, redemption premium, if any, and interest on notes or

171 bonds relating to the tolled highways, as such principal, premium or
172 interest become due and payable, and to create and maintain reserves
173 established for the operation and maintenance of the tolled highways;

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

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

182 (23) Prior to commencing construction of an electronic tolling
183 system, hold at least one public information meeting in the general
184 vicinity of the proposed toll location to receive comments on the
185 proposed toll, methodology for setting and changing the tolls and user
186 classifications;

187 (24) Develop and implement a privacy policy relating to any toll
188 customer information and other data collected, received, maintained,
189 archived, accessed and disclosed by the authority to a toll operator;
190 and

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

194 Sec. 4. (NEW) (*Effective from passage*) The members of the board of
195 directors of the Connecticut Transportation Authority shall adopt
196 written procedures, in accordance with the provisions of section 1-121
197 of the general statutes, for:

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

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

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

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

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

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

216 (7) The implementation of electronic tolling systems, including, but
217 not limited to, the (A) establishment of variable or dynamic toll rates
218 that take into consideration the day of the week, level of congestion or
219 anticipated congestions; (B) establishment of different toll rates based
220 on the type of vehicle classification, size, weight, number of axles or
221 vehicle occupancy; (C) establishment of reduced or discounted tolls for
222 toll road users or classes of users registered in the state that are
223 equipped with transponders or similar technology and have valid toll
224 customer accounts with the authority or the toll operator, as the case
225 may be; (D) exemptions for high-occupancy commuter vehicles and
226 motor vehicles leased to an agency of this state, owned by the state,
227 used by a law enforcement unit, as defined in section 7-294a of the
228 general statutes, used by a member of an emergency medical service
229 organization, as defined in section 19a-175 of the general statutes,
230 while responding to emergencies and used to provide public transit
231 services; (E) the imposition of surcharges, premiums or additional fees
232 for designated users or classes of users of a tolled highway who travel

233 on such highway without a valid transponder or similar technology;
234 (F) the imposition of administrative charges and penalties for late
235 payment and toll evasion; and (G) due process procedures that include
236 notice, the right to challenge a toll and associated charges, the
237 opportunity for a hearing and a right to appeal.

238 Sec. 5. Subdivision (12) of section 1-79 of the 2018 supplement to the
239 general statutes is repealed and the following is substituted in lieu
240 thereof (*Effective from passage*):

241 (12) "Quasi-public agency" means Connecticut Innovations,
242 Incorporated, the Connecticut Health and Education Facilities
243 Authority, the Connecticut Higher Education Supplemental Loan
244 Authority, the Connecticut Student Loan Foundation, the Connecticut
245 Housing Finance Authority, the State Housing Authority, the Materials
246 Innovation and Recycling Authority, the Capital Region Development
247 Authority, the Connecticut Lottery Corporation, the Connecticut
248 Airport Authority, the Connecticut Health Insurance Exchange, the
249 Connecticut Green Bank, the Connecticut Retirement Security
250 Authority, the Connecticut Port Authority, [and] the State Education
251 Resource Center and the Connecticut Transportation Authority.

252 Sec. 6. Section 1-120 of the general statutes is repealed and the
253 following is substituted in lieu thereof (*Effective from passage*):

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

255 (1) "Quasi-public agency" means Connecticut Innovations,
256 Incorporated, the Connecticut Health and Educational Facilities
257 Authority, the Connecticut Higher Education Supplemental Loan
258 Authority, the Connecticut Student Loan Foundation, the Connecticut
259 Housing Finance Authority, the Connecticut Housing Authority, the
260 Materials Innovation and Recycling Authority, the Capital Region
261 Development Authority, the Connecticut Lottery Corporation, the
262 Connecticut Airport Authority, the Connecticut Health Insurance
263 Exchange, the Connecticut Green Bank, the Connecticut Retirement
264 Security Authority, the Connecticut Port Authority, [and] the State

265 Education Resource Center and the Connecticut Transportation
266 Authority.

267 (2) "Procedure" means each statement, by a quasi-public agency, of
268 general applicability, without regard to its designation, that
269 implements, interprets or prescribes law or policy, or describes the
270 organization or procedure of any such agency. The term includes the
271 amendment or repeal of a prior regulation, but does not include,
272 unless otherwise provided by any provision of the general statutes, (A)
273 statements concerning only the internal management of any agency
274 and not affecting procedures available to the public, and (B) intra-
275 agency memoranda.

276 (3) "Proposed procedure" means a proposal by a quasi-public
277 agency under the provisions of section 1-121 for a new procedure or
278 for a change in, addition to or repeal of an existing procedure.

279 Sec. 7. Section 1-124 of the general statutes is repealed and the
280 following is substituted in lieu thereof (*Effective from passage*):

281 (a) Connecticut Innovations, Incorporated, the Connecticut Health
282 and Educational Facilities Authority, the Connecticut Higher
283 Education Supplemental Loan Authority, the Connecticut Student
284 Loan Foundation, the Connecticut Housing Finance Authority, the
285 Connecticut Housing Authority, the Materials Innovation and
286 Recycling Authority, the Connecticut Airport Authority, the Capital
287 Region Development Authority, the Connecticut Health Insurance
288 Exchange, the Connecticut Green Bank, the Connecticut Retirement
289 Security Authority, the Connecticut Port Authority, [and] the State
290 Education Resource Center and the Connecticut Transportation
291 Authority shall not borrow any money or issue any bonds or notes
292 which are guaranteed by the state of Connecticut or for which there is
293 a capital reserve fund of any kind which is in any way contributed to
294 or guaranteed by the state of Connecticut until and unless such
295 borrowing or issuance is approved by the State Treasurer or the
296 Deputy State Treasurer appointed pursuant to section 3-12. The
297 approval of the State Treasurer or said deputy shall be based on

298 documentation provided by the authority that it has sufficient
299 revenues to (1) pay the principal of and interest on the bonds and notes
300 issued, (2) establish, increase and maintain any reserves deemed by the
301 authority to be advisable to secure the payment of the principal of and
302 interest on such bonds and notes, (3) pay the cost of maintaining,
303 servicing and properly insuring the purpose for which the proceeds of
304 the bonds and notes have been issued, if applicable, and (4) pay such
305 other costs as may be required.

306 (b) To the extent Connecticut Innovations, Incorporated, the
307 Connecticut Higher Education Supplemental Loan Authority, the
308 Connecticut Student Loan Foundation, the Connecticut Housing
309 Finance Authority, the Connecticut Housing Authority, the Materials
310 Innovation and Recycling Authority, the Connecticut Health and
311 Educational Facilities Authority, the Connecticut Airport Authority,
312 the Capital Region Development Authority, the Connecticut Health
313 Insurance Exchange, the Connecticut Green Bank, the Connecticut
314 Retirement Security Authority, the Connecticut Port Authority, [or] the
315 State Education Resource Center or the Connecticut Transportation
316 Authority is permitted by statute and determines to exercise any
317 power to moderate interest rate fluctuations or enter into any
318 investment or program of investment or contract respecting interest
319 rates, currency, cash flow or other similar agreement, including, but
320 not limited to, interest rate or currency swap agreements, the effect of
321 which is to subject a capital reserve fund which is in any way
322 contributed to or guaranteed by the state of Connecticut, to potential
323 liability, such determination shall not be effective until and unless the
324 State Treasurer or his or her deputy appointed pursuant to section 3-12
325 has approved such agreement or agreements. The approval of the State
326 Treasurer or his or her deputy shall be based on documentation
327 provided by the authority that it has sufficient revenues to meet the
328 financial obligations associated with the agreement or agreements.

329 Sec. 8. Section 1-125 of the general statutes is repealed and the
330 following is substituted in lieu thereof (*Effective from passage*):

331 The directors, officers and employees of Connecticut Innovations,
332 Incorporated, the Connecticut Higher Education Supplemental Loan
333 Authority, the Connecticut Student Loan Foundation, the Connecticut
334 Housing Finance Authority, the Connecticut Housing Authority, the
335 Materials Innovation and Recycling Authority, including ad hoc
336 members of the Materials Innovation and Recycling Authority, the
337 Connecticut Health and Educational Facilities Authority, the Capital
338 Region Development Authority, the Connecticut Airport Authority,
339 the Connecticut Lottery Corporation, the Connecticut Health Insurance
340 Exchange, the Connecticut Green Bank, the Connecticut Retirement
341 Security Authority, the Connecticut Port Authority, [and] the State
342 Education Resource Center and the Connecticut Transportation
343 Authority and any person executing the bonds or notes of the agency
344 shall not be liable personally on such bonds or notes or be subject to
345 any personal liability or accountability by reason of the issuance
346 thereof, nor shall any director or employee of the agency, including ad
347 hoc members of the Materials Innovation and Recycling Authority, be
348 personally liable for damage or injury, not wanton, reckless, wilful or
349 malicious, caused in the performance of his or her duties and within
350 the scope of his or her employment or appointment as such director,
351 officer or employee, including ad hoc members of the Materials
352 Innovation and Recycling Authority. The agency shall protect, save
353 harmless and indemnify its directors, officers or employees, including
354 ad hoc members of the Materials Innovation and Recycling Authority,
355 from financial loss and expense, including legal fees and costs, if any,
356 arising out of any claim, demand, suit or judgment by reason of
357 alleged negligence or alleged deprivation of any person's civil rights or
358 any other act or omission resulting in damage or injury, if the director,
359 officer or employee, including ad hoc members of the Materials
360 Innovation and Recycling Authority, is found to have been acting in
361 the discharge of his or her duties or within the scope of his or her
362 employment and such act or omission is found not to have been
363 wanton, reckless, wilful or malicious.

364 Sec. 9. Subsection (b) of section 13b-61 of the general statutes is
365 repealed and the following is substituted in lieu thereof (*Effective from*

366 *passage*):

367 (b) Notwithstanding any provision of subsection (a) of this section,
368 there shall be paid promptly to the Treasurer and thereupon, unless
369 required to be applied by the terms of any lien, pledge or obligation
370 created by or pursuant to the 1954 declaration, part III (C) of chapter
371 240, credited to the Special Transportation Fund:

372 (1) On and after July 1, 1984, all moneys received or collected by the
373 state or any officer thereof on account of, or derived from, sections 12-
374 458 and 12-479, provided the State Comptroller is authorized to record
375 as revenue to the General Fund for the fiscal year ending June 30, 1984,
376 the amount of tax levied in accordance with said sections 12-458 and
377 12-479, on all fuel sold or used prior to the end of said fiscal year and
378 which tax is received no later than July 31, 1984;

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

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

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

390 (5) On or after July 1, 1989, all moneys received or collected by the
391 state or any officer thereof on account of, or derived from, section 13b-
392 70;

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

395 (7) On and after July 1, 1997, all moneys received or collected by the

396 state or any officer thereof on account of, or derived from, fees for the
397 relocation of a gasoline station under section 14-320;

398 (8) On and after July 1, 1997, all moneys received or collected by the
399 state or any officer thereof on account of, or derived from, section 14-
400 319;

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

405 (10) On and after July 1, 1997, all moneys received or collected by
406 the state or any officer thereof on account of, or derived from, annual
407 registration fees for motor fuel dispensers and weighing or measuring
408 devices pursuant to section 43-3;

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

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

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

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

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

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

432 (17) On and after July 1, 2011, all moneys received or collected by
 433 the state or any officer thereof on account of, or derived from, sections
 434 13b-61a to 13b-61c, inclusive; and

435 (18) On and after July 1, 2011, any other funds, moneys and receipts
 436 of the state required by law to be deposited, transferred or paid into
 437 the Special Transportation Fund other than proceeds of bonds or other
 438 securities of the state or of federal grants under the provisions of
 439 federal law. [; and]

440 [(19) On and after July 1, 2015, all moneys received or collected by
 441 the state or any officer thereof on account of, or derived from, the use
 442 of highways, expressways and ferries, except as necessary for the
 443 direct payment of debt service on obligations of the state incurred for
 444 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>from passage</i>	1-79(12)
Sec. 6	<i>from passage</i>	1-120
Sec. 7	<i>from passage</i>	1-124
Sec. 8	<i>from passage</i>	1-125
Sec. 9	<i>from passage</i>	13b-61(b)

Statement of Legislative Commissioners:

In Section 1, in the introductory language, "3" was changed to "4" for accuracy, and in Section 3(20) subdivision designators (1) and (2) were changed to subparagraph designators (A) and (B) for accuracy and clarity.

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 - See Below	See Below	See Below
Connecticut Transportation Authority	CTA - Cost	See Below	See Below

Note: GF=General Fund;

Municipal Impact: None

Explanation

Explanation

The bill establishes the Connecticut Transportation Authority (CTA) as a quasi-public agency financially autonomous from the state with no state appropriation or bond authorizations. The CTA requirements are to construct, maintain, and operate certain highways and electronic tolling systems on I-84, I-91, I-95, and the Merritt and Wilbur Cross Parkways.

The bill may result in an initial cost to the CTA through bonded debt service for the construction of the electronic tolling system, although the CTA may be eligible to use federal funds if available. The bill specifies the state highways that electronic tolling will be placed on, but does not specify the rate per mile therefore, 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 of the selected highways will be tolled. The bill specifies that the toll revenue will be used according to federal law and be used for any debt service payment. The CTA may deposit all toll revenue into an account controlled by the CTA.

These funds must be spent according to federal law.

The bill also permits CTA 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.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future dependent on the toll revenue.

OLR Bill Analysis**sSB 389*****AN ACT ESTABLISHING THE CONNECTICUT TRANSPORTATION AUTHORITY.*****SUMMARY**

This bill creates the Connecticut Transportation Authority (CTA) as a quasi-public agency and charges it with constructing, maintaining, and operating certain highways and electronic tolling systems on I-84, I-91, I-95, and the Merritt and Wilbur Cross Parkways (see COMMENT).

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

ESTABLISHMENT AND PURPOSE***Quasi-Public Agency***

The bill establishes CTA as a public instrumentality and political subdivision of the state, created to perform an essential public and government function. Under the bill, CTA is a quasi-public agency, not

a state department, institution, or agency, and thus is subject to 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, CTA's purpose is to:

1. construct, maintain, and operate certain highways and "electronic tolling systems" on I-84, I-91, I-95, and the Merritt and Wilbur Cross Parkways;
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.

POWERS

General Powers

The bill gives CTA 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 bond, 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 property and personal property and enter into agreements with respect to such property (the bill specifies that CTA's real property transactions are not subject to any approval, reviews, or regulations that apply 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 recipient of authority funds; and
13. do all things necessary or convenient to carry out its purpose and powers.

The bill also authorizes CTA to employ staff as necessary and specifies that they are not state employees, and CTA is not an employer under the state's collective bargaining law. CTA may

establish and modify personnel policies, including those relating to employee hiring, compensation, promotion, retirement, and collective bargaining. CTA 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 CTA numerous powers in order to implement toll systems and operate and maintain tolled highways.

Resource Procurement and Expenditures. To assist in developing and implementing tolls, the bill authorizes CTA 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 equipment, staff, and services.

Agreements. The bill authorizes CTA 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 CTA to charge, collect, retain, and fix the amount of tolls charged for travelling on tolled highways. It requires CTA 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, CTA 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 CTA to notify drivers, before they enter tolled highways, of the tolls that will be charged and how they can be paid.

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

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

Appointed members serve a four-year term and may not designate representatives to perform their duties. Vacancies must be filled for the unexpired term by the original appointing authority. The appointing authority may remove a board member for inefficiency, 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 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 CTA board to adopt written procedures for:

1. adopting an annual budget and operations plan, 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 CTA's staff and board.

CTA 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, CTA 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.

COMMENT

Overlapping Jurisdiction

The bill creates a jurisdictional overlap between the DOT and CTA regarding tolled highways. Although the bill charges CTA with constructing, maintaining, and operating tolled highways, existing law gives DOT authority over the state highway system and the general responsibility for all aspects of planning, developing, maintaining, and improving transportation in the state (CGS § 13b-3, § 13b-24).

Thus, under the bill, the entities have overlapping authority over tolled roads. The bill does not define the relationship between the two entities, specify how decisions within their overlapping jurisdiction must be made, or provide for the resolution of conflicts between the two entities.

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 additional 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 (CGS §§ 13b-74 to 13b-77), and its resources must be used first to pay off STO bond debt service.

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. sHB 5393 creates a similar quasi-public Connecticut Transportation Finance Authority, which would be established upon the General Assembly authorizing tolls;
2. HB 5046, also favorably reported by the Finance, Revenue and Bonding Committee, allows 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)