

RE: Report of the Commission on Fiscal Stability and Economic Growth

Leaders and Members of Appropriations Committee, Commerce Committee, Finance, Revenue and Bonding Committee, and Planning and Development Committee, thank you for this opportunity to testify. I am Joe Sculley, President of the Motor Transport Association of Connecticut (MTAC). MTAC represents more than 600 businesses in Connecticut.

MTAC has great respect for all of the accomplished and distinguished members of the Commission. The Commission had many issues to consider in a short amount of time. The Commission probably deserved a year or more to properly consider the many issues facing our state, and draft a report for recommendations. Unfortunately, they had a limited amount of time, and as a result, proper consideration of some issues appears to have suffered.

NOT ENOUGH RESEARCH ON TOLLS

MTAC respectfully takes issue with the Commission's statements on tolls. The Commission's report states, *"The Commission regards tolls both as an inevitability (Connecticut is the only state on the Atlantic Coast without them) and as a means of developing a competitive revenue stream for investment purposes."* This statement demonstrates that the Commission did not take the time to consider the fact the federal law generally prohibits tolling existing interstates. The Commission appears to not have considered the fact that surrounding states have tolls because those roads were initially built with tolls, and then "grandfathered in" to the Interstate system when it was created. All of this is unfortunate because MTAC provided written and verbal testimony to Commission members explaining what is and is not allowed as far as tolling under federal law. This also included analysis of what can happen if current exemptions to the federal prohibition on tolling are used. MTAC believes that congestion-pricing all existing interstate capacity will have a devastating impact on the economy in Connecticut. However, the Commission did not consider any of this perspective.

TOLLS: TOO EXPENSIVE TO GET TO WORK

The Commission endorsed using congestion-priced tolls under the Value Pricing Pilot Project allowed in federal law. Draft plans calling for congestion pricing in Connecticut explain it like this: *"The fee is higher during peak traffic periods to encourage drivers to switch or adjust their time of travel, switch to transit, use other routes, or work from home."* The translation of this euphemism is that congestion-pricing deliberately prices drivers out of the highway. It is not hyperbole to say that the current approach to tolls in Connecticut would make it too expensive for the average person to use the highway to get to work. It is hard to see how this would be good for the Connecticut economy. Suggestions that anybody in Connecticut can simply change their work schedule or work from home do not reflect reality.



PENSIONS FUNDED BY STF

It appears that Commission members may not have had time to fully consider expenditures being made from the Special Transportation Fund. For Fiscal Year 2018, **\$201,761,470** was appropriated for DOT pensions and fringe benefits, which includes spending on Unemployment Compensation, Employee Retirement Contribution, Group Life Insurance, Employers Social Security Tax, State Employees Health Services Costs. This figure for 2018 represents an increase of **66.4%** over the FY 2008 levels, which was **\$121,233,394**. During this same period, total Special Transportation Fund budgeted revenues increased by 41.3%, from 1,126,900,000 in FY 2008 to \$1,592,600,000 in FY 2018. (Spending on public transit has increased by 58.0% during this same time. Keep in mind that the STF is funded almost entirely by taxes and fees on cars and trucks). Revenue into the Special Transportation Fund has not dried up. Spending out of the Special Transportation Fund, on many things that have nothing to do with infrastructure, has skyrocketed.

TRANSITIVE PROPERTY OF TOLLS

With those figures in mind, MTAC cannot help but to wonder about the true motivation for implementing tolls in Connecticut. Are tolls in Connecticut really about infrastructure, or are they about pensions and fringe benefits? There have been statements made (with varying degrees of accuracy) that toll revenue can only be spent on infrastructure, per federal law. Some of these statements are true. However, there is clearly nothing restricting Connecticut-imposed transportation revenue from being spent on pensions and fringe benefits, under the guise that those things are “transportation expenses.” That fact brings to mind the Transitive Property of Equality in mathematics. That property says if $a = b$ and $b = c$, then $a = c$. In Connecticut transportation, it would be: adding tolls is for infrastructure spending; infrastructure spending (fuel taxes and registration fees) includes DOT pensions; thus, adding tolls is to boost funding for pensions.

LIMITED OUT OF STATE REVENUE

In the past few days, there have been claims that “more than 40%” of all toll revenue would come from out of state drivers. This figure needs to be backed up with evidence from an in-depth study, otherwise it is not credible. MTAC notes that the Connecticut Transportation Finance Panel, which was Commissioned by Governor Malloy, stated that 30% of toll revenue would come from out of state drivers, under their plan. Additionally, CT DOT consultant CDM Smith said that 25-30% of toll revenue would come from out of state drivers, in their report titled “A Conceptual Look at Tolling Highways in Connecticut.” Even if those numbers are true, focusing on them is an attempt to distract Connecticut residents and businesses from the fact that the state will be reaching into their pockets for the large majority of the reported \$800 million per year that tolls would raise.

CONGESTION PRICING PLANS NOT LIKE OTHER STATES

Toll proponents have stated that congestion pricing on interstates in Connecticut would be like congestion pricing on interstates in other states. Congestion pricing exists on interstates in other states because a new, express lane was built. Only the new lane(s) are tolled. Drivers have an option whether to use the toll lanes or stay on the toll-free lanes when the tolls get too high.

Connecticut wants to congestion price toll all existing lanes, which is very different from what other states have done with interstates within their borders. This point demonstrates that adding tolls is not really about building new infrastructure that would ease congestion on our highways. It is just about taking money from residents and businesses, while providing nothing in return, in order to continue unsustainable spending practices.

\$47 TO TRAVEL 10 MILES

Interstate 66 lanes in Northern Virginia recently implemented a similar (but not identical) scheme to what CT is proposing, and the result was tolls as high as \$47 to travel 10 miles. <http://www.governing.com/daily-digit/4675-toll.html> If the General Assembly allows CT DOT to “implement tolls on Connecticut’s highways,” it is completely possible that the tolls could rise to these rates.

The system used on Interstate 66 is known as dynamic tolling. Authorization for dynamic tolling is in every tolling bill currently pending before the General Assembly.

THERE ARE NO PLANS FOR TOLLS

Toll advocates and senior Executive Branch officials said on Wednesday, March 14 that the state does not currently have a plan for tolls. This was on the same day they asked the legislature to approve tolls. The legislature should not give unilateral authority, without any legislative oversight, to a state agency to impose new taxes, with no cap on rates and few limitations on how the money will be spent. Not when \$800 million in annual Connecticut taxpayer money is on the line.

###

ABOUT CT TRUCKING INDUSTRY:

85.8%: number of Connecticut communities that depend exclusively on trucks to move their goods

\$3.2 billion: total trucking industry wages paid in Connecticut (2016)

59,390: trucking industry jobs in Connecticut (2016)

\$53,430: average annual salary in Connecticut (2016)

\$8,258: average annual CT-imposed highway user fees paid by tractor trailers

\$8,906: average annual fed-imposed highway user fees paid by tractor trailers