AN ACT CONCERNING THE FISCAL ACCOUNTABILITY AND SUSTAINABLE TRANSPORTATION REFORM PLAN.

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

Section 1. (NEW) (Effective July 1, 2020) (a) There is established a Transportation Strategy and Advisory Board, which shall be within the Office of Policy and Management for administrative purposes only.

(b) The board shall consist of the following members:

(1) One appointed by the president pro tempore of the Senate, who is a member of the International Union of Operating Engineers;

(2) One appointed by the majority leader of the Senate, who is a representative of large businesses;

(3) One appointed by the minority leader of the Senate, who is a retired employee of the Department of Transportation;

(4) Two appointed by the speaker of the House of Representatives, one of whom is a representative of the Connecticut Conference of Municipalities and one of whom is a representative of the Connecticut
Council of Small Towns;

(5) One appointed by the majority leader of the House of Representatives, who has expertise in transportation for persons with mobility impairments;

(6) One appointed by the minority leader of the House of Representatives, who is a representative of a small business;

(7) One appointed by the Governor, who is a representative of a commuter advocacy organization;

(8) The executive director of the Connecticut Port Authority, established under section 15-31a of the general statutes, or the executive director's designee;

(9) The executive director of the Connecticut Airport Authority, established under section 15-120bb of the general statutes, or the executive director's designee;

(10) The Commissioner of Transportation, or the commissioner's designee;

(11) The Secretary of the Office of Policy and Management, or the secretary's designee; and

(12) The Treasurer, or the Treasurer's designee.

(c) All initial appointments to the board shall be made not later than September 1, 2020, and shall terminate on July 1, 2022, July 1, 2023, or July 1, 2024, as applicable, regardless of when the initial appointment was made. Appointed members of the board shall serve for four-year terms, which shall commence on the date of appointment, except that members first appointed shall have the following terms: (1) Members appointed by the president pro tempore of the Senate, the minority leader of the House of Representatives and the Governor shall initially serve a term of four years; (2) members appointed by the majority leader of the House of Representatives and the majority leader of the Senate
shall initially serve a term of three years; and (3) members appointed by
the speaker of the House of Representatives and the minority leader of
the Senate shall initially serve a term of two years. Members shall
continue to serve until their successors are appointed and any member
may serve more than one term.

(d) The Governor shall select the chairperson of the board from
among the members of the board. Such chairperson shall schedule the
first meeting of the board, which shall be held not later than November
1, 2020.

(e) Any vacancy shall be filled by the appointing authority. Any
vacancy occurring other than by expiration of term shall be filled for the
balance of the unexpired term.

(f) A majority of the board shall constitute a quorum for the
transaction of any business.

(g) The members of the board shall serve without compensation and
shall not be reimbursed for expenses incurred in the performance of
their duties.

(h) The board shall have the following powers and duties:

(1) To conduct at least one public hearing per calendar year to receive
comments on the current state of transportation infrastructure and other
transportation matters;

(2) To review and recommend transportation projects identified in
the project priority report submitted by the Commissioner of
Transportation pursuant to section 2 of this act. Not later than thirty
days after the receipt of such project priority report, the board shall
submit its recommendations concerning such transportation projects, if
any, with the reasons for the recommendations, to the General
Assembly, in accordance with section 11-4a of the general statutes, and
to the Commissioner of Transportation;

(3) To obtain from any executive department, board, commission or
other agency of the state such assistance and data as necessary and available to carry out the purposes of this section;

(4) To establish bylaws to govern its procedures; and

(5) To perform such other acts as may be necessary and appropriate to carry out the duties described in this section.

(i) Not later than December 1, 2021, and annually thereafter, the board shall submit a report, in accordance with section 11-4a of the general statutes, to the Governor and the joint standing committees of the General Assembly having cognizance of matters relating to transportation, finance, revenue and bonding and appropriations and the budgets of state agencies, concerning the fiscal health of the Special Transportation Fund established pursuant to section 13b-68 of the general statutes. Such report shall include, but need not be limited to:

(1) A fiscal analysis of the current sustainability of the Special Transportation Fund based on current revenue and long-term projections of expenses; (2) recommendations regarding possible changes to taxes, fees and other sources of revenue to increase the sustainability of the Special Transportation Fund; (3) recommendations to achieve savings and efficiencies regarding transportation costs; (4) a list of recommended priorities for transportation projects that will require bond authorizations or loan agreements or other credit agreements with the United States Department of Transportation; (5) recommendations for legislation to meet the transportation needs of the state; and (6) recommendations for legislation regarding the Connecticut Port Authority and the Connecticut Airport Authority.

(j) Not later than January 1, 2022, and annually thereafter, the board shall submit a transportation strategy, in accordance with the provisions of section 11-4a of the general statutes, to the General Assembly. In developing such transportation strategy, the board shall take into account: (1) The strategic concerns associated with the movement of people and goods; (2) the technological and multimodal transportation options, including, but not limited to, transportation by road, air or
water, available to address such concerns; (3) the relationship of such concerns and options to sustainable economic growth, environmental quality, urban development, open space, open space preservation, access to employment by residents of the state and public safety; (4) the connectivity of the state to the northeast, continental and international economies and that the mobility of people and goods within the state are critical to vibrant and sustainable economic growth; (5) the integration of brownfields remediation, affordable housing and access to employment that should occur as a result of implementing the strategy; (6) the need to engage local and regional planning agencies and other relevant constituencies in developing the strategy; (7) the need to engage representatives of the state's major transportation assets and of the transportation industry in the strategy to help ensure that the strategy is multimodal and integrated; (8) the benefits of technology to expand capacity, enhance safety, provide information and access funding alternatives; (9) the need to fully explore the sources and methodologies for funding investments in transportation infrastructure and for annual operating and maintenance costs and the regulations applicable to the expenditure of federal and state funds; (10) the development, renovation and expansion of Bradley International Airport; (11) the state plan of conservation and development established pursuant to section 16a-24 of the general statutes; (12) that transportation is a cornerstone of the state's economic vitality and overall quality of life and is therefore inextricably linked to other key policies that deal with the state's future, including, but not limited to, land use planning, environmental quality, urban vitality and access to quality jobs and services for the state's residents; (13) that the benefits of leveraging existing transportation assets and infrastructure, especially in urban centers, and the reduction of automobile-oriented demands, are highly desirable; (14) that the development of appropriate metrics, methodologies and standards is essential for determining customer needs, evaluating the return on transportation investments and the prioritization of specific projects; (15) that the analyses and decision-making related to transportation initiatives in the strategy needs to be done expeditiously within the existing statutory and regulatory
framework and that any amendments to the general statutes or the regulations of Connecticut state agencies that are needed to achieve such objectives should be identified; and (16) that the role, including the role of financial incentives, of private sector companies, public agencies and institutions needs to be clearly defined with respect to: (A) Encouraging and supporting employees to use public transportation, (B) providing employees with appropriate alternatives to the locations at which and during the times they perform their work, including, but not limited to, flexible working hours and telecommuting, (C) developing an effective means for delivering goods within and through the state, and (D) encouraging different sectors to participate with the state in specific initiatives.

Sec. 2. (NEW) (Effective July 1, 2020) (a) Not later than October 1, 2020, and biannually thereafter, the Commissioner of Transportation shall provide to the Transportation Strategy and Advisory Board, established under section 1 of this act, a project priority report that identifies:

(1) All transportation projects that are in the planning, design or construction phases and are a priority for the Department of Transportation, and include for each such project (A) whether the project is scheduled to be substantially completed by the originally expected completion date, (B) whether the project is under budget or on budget and, if not, the amount over the budgeted amount and the reasons for such overage, and (C) whether the project is subject to a change order and the amount of and reason for the change order;

(2) All transportation projects that are at the stage that construction can begin but for which no funding has been provided;

(3) All transportation projects for which the State Bond Commission has authorized bond issuances but construction has not begun, and identify for each such project (A) the date such bond issuances were authorized by the State Bond Commission, (B) the reasons construction has not begun, and (C) the date the department expects construction to begin;
(4) All transportation projects that the department expects to become a priority within the next ten years, based on use, the demands of traffic and the integrity of the mode of transportation; and

(5) All maintenance or rehabilitation projects involving roads and bridges that the department plans to undertake in the next three years.

(b) On or before January 1, 2021, and quarterly thereafter, the Commissioner of Transportation shall provide a report to the Transportation Strategy and Advisory Board on the status of maintenance or rehabilitation projects and short-term and long-term transportation projects, and any problems concerning such projects.

Sec. 3. (NEW) (Effective July 1, 2020) (a) There is established a Connecticut and New York Railroad Strategy Board, which shall be within the Office of Policy and Management for administrative purposes only.

(b) The board shall consist of the following members:

(1) One appointed by the president pro tempore of the Senate, who is a member of the Metropolitan Transportation Authority;

(2) One appointed by the majority leader of the Senate, who is a member of the Metropolitan Transportation Authority;

(3) One appointed by the minority leader of the Senate, who is a member of the Connecticut Commuter Rail Council, established under section 13b-212b of the general statutes;

(4) One appointed by the speaker of the House of Representatives, who is a member of the Connecticut Commuter Rail Council, established under section 13b-212b of the general statutes;

(5) One appointed by the majority leader of the House of Representatives, who is an employee of the office within the Department of Transportation that oversees rail;
(6) One appointed by the minority leader of the House of Representatives, who is a representative of a municipality served by a commuter rail line;

(7) Two appointed by the Governor, both of whom are representatives of a municipality served by a commuter rail line; and

(8) The Commissioner of Transportation, or the commissioner's designee.

(c) All initial appointments to the board shall be made not later than September 1, 2020, and shall terminate on July 1, 2022, July 1, 2023, or July 1, 2024, as applicable, regardless of when the initial appointment was made. Appointed members of the board shall serve for four-year terms, which shall commence on the date of appointment, except that members first appointed shall have the following terms: (1) Members appointed by the president pro tempore of the Senate, the minority leader of the House of Representatives and the Governor shall initially serve a term of four years; (2) members appointed by the majority leader of the House of Representatives and the majority leader of the Senate shall initially serve a term of three years; and (3) members appointed by the speaker of the House of Representatives and the minority leader of the Senate shall initially serve a term of two years. Members shall continue to serve until their successors are appointed and any member may serve more than one term.

(d) The Governor shall select the chairperson of the board from among the members of the board. Such chairperson shall schedule the first meeting of the board, which shall be held not later than November 1, 2020.

(e) Any vacancy shall be filled by the appointing authority. Any vacancy occurring other than by expiration of term shall be filled for the balance of the unexpired term.

(f) A majority of the board shall constitute a quorum for the transaction of any business.
(g) The members of the board shall serve without compensation and shall not be reimbursed for expenses incurred in the performance of their duties.

(h) The board shall have the following powers and duties:

(1) To conduct an annual public hearing to receive comments on the current state of mass transit;

(2) To review and recommend rail projects identified in the rail project priority report submitted by the Commissioner of Transportation pursuant to section 4 of this act. Not later than thirty days after the receipt of such rail project priority report, the board shall submit its recommendations concerning such rail projects, if any, with the reasons for the recommendations, to the General Assembly, in accordance with section 11-4a of the general statutes;

(3) To obtain from any executive department, board, commission or other agency of the state such assistance and data as necessary and available to carry out the purposes of this section;

(4) To establish bylaws to govern its procedures; and

(5) To perform such other acts as may be necessary and appropriate to carry out the duties described in this section.

Sec. 4. (NEW) (Effective July 1, 2020) Not later than October 1, 2020, and biannually thereafter, the Commissioner of Transportation shall provide to the Connecticut and New York Railroad Strategy Board, established under section 3 of this act, a rail project priority report that identifies:

(1) All rail projects that are in the planning, design or construction phases and are a priority for the Department of Transportation, and include for each such project (A) whether the project is scheduled to be substantially completed by the originally expected completion date, (B) whether the project is under budget or on budget and, if not, the amount over the budgeted amount and the reasons for such overage, and (C)
whether the project is subject to a change order and the amount of and reason for the change order;

(2) All rail projects that are at the stage that construction can begin but for which no funding has been provided;

(3) All rail projects for which the State Bond Commission has authorized bond issuances but construction has not begun, and identify for each such project (A) the date such bond issuances were authorized by the State Bond Commission, (B) the reasons construction has not begun, and (C) the date the department expects construction to begin;

(4) All rail projects that the department expects to become a priority within the next ten years, based on use and the integrity of the mode of transportation; and

(5) All maintenance or rehabilitation projects involving rail that the department plans to undertake in the next three years.

Sec. 5. Section 13b-78 of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2020):

(a) As used in this section, unless the context clearly indicates a different meaning or intent:

(1) "Debt service requirements" has the same meaning as provided in section 13b-75;

(2) "Federal transportation bonds" means one or more special tax obligation bonds authorized to be issued pursuant to subsection (c) of this section;

(3) "Pledged revenues" has the same meaning as provided in section 13b-75;

(4) "RRIF" means the Railroad Rehabilitation and Improvement Financing program established by the Transportation Equity Act for the 21st Century, P.L. 105-178, as amended from time to time;
(5) "RRIF loan agreement" means a loan agreement or other credit agreement by and between the state as the borrower and the United States Department of Transportation as the lender, pursuant to which a loan or other form of financial assistance is made by said department to the state in accordance with RRIF;

(6) "Special Transportation Fund" means the Special Transportation Fund established pursuant to section 13b-68;

(7) "State officials" means the Treasurer, the Commissioner of Transportation and the Secretary of the Office of Policy and Management;

(8) "TIFIA" means the Transportation Infrastructure Finance and Innovation Act, P.L. 105-178, as amended from time to time; and

(9) "TIFIA loan agreement" means a loan agreement or other credit agreement by and between the state as the borrower and the United States Department of Transportation as the lender, pursuant to which a loan or other form of financial assistance is made by said department to the state in accordance with TIFIA.

(b) The state, acting through the state officials, [may] shall apply to enter into loan agreements or other credit agreements, including, but not limited to, RRIF loan agreements and TIFIA loan agreements, with the United States Department of Transportation. The state officials (1) may execute and deliver any documents, certificates and instruments related to such agreements and the obligations issued thereunder, (2) shall determine the terms, conditions, covenants and other provisions of such agreements in the best interest of the state, and (3) may take all other actions, including, but not limited to, the preparation, execution and submission of loan applications, necessary to enter into such agreements or receive loans or other financial assistance from said department under any federal program.

(c) Special tax obligation bonds may be issued pursuant to sections 13b-74 to 13b-77, inclusive, to evidence and secure loans or other forms
of financial assistance made by the United States Department of Transportation to the state under one or more federal programs, including, but not limited to, RRIF or programs established under TIFIA. Such bonds may be secured by a trust indenture by and between the state and a corporate trustee in accordance with the provisions of subsection (g) of section 13b-76.

(d) The debt service requirements and any other obligations with respect to any federal transportation bonds shall be secured by a lien on the pledged revenues as they are received by the state and credited to the Special Transportation Fund. Such lien shall be subordinate and junior in all respects to every lien on pledged revenues securing any special tax obligation bonds issued pursuant to sections 13b-74 to 13b-77, inclusive, that are not federal transportation bonds.

(e) Whenever the General Assembly authorizes special tax obligation bonds pursuant to any bond act taking effect before, on or after [the effective date of this section] October 31, 2017, such authorization shall be deemed to authorize the issuance of federal transportation bonds. Such federal transportation bonds shall be subject to the requirements, covenants and conditions applicable to special tax obligation bonds as set forth in sections 13b-74 to 13b-77, inclusive, except as otherwise provided in this section.

(f) Notwithstanding the provisions of subsection (o) of section 13b-76, federal transportation bonds may be issued as taxable bonds, whereby the interest on such bonds may be includable in the gross income of the holders or owners of such bonds under the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time.

(g) (1) For the period commencing on July 1, 2022, and ending on December 31, 2030, the aggregate amount of TIFIA loan agreements authorized by this section for such period shall not exceed one billion five hundred million dollars.

(2) For the period commencing on July 1, 2022, and ending on
December 31, 2030, the aggregate amount of RRIF loan agreements authorized by this section for such period shall not exceed three billion two hundred forty million dollars.

Sec. 6. (NEW) (Effective from passage) (a) For the fiscal year ending June 30, 2021, the sum of one billion five hundred million dollars shall be transferred from the Budget Reserve Fund to the State Employees Retirement Fund for the purpose of paying unfunded past service liability. Such payment shall be in addition to any other contributions or payments required pursuant to section 5-156a of the general statutes. The State Employees Retirement Commission shall require an actuarial valuation to assess the impact of such payment on the payments required pursuant to section 5-156a of the general statutes.

(b) For the fiscal year ending June 30, 2022, and each fiscal year thereafter, the amount by which the portion of the actuarially determined employer contribution representing the unfunded liability for that fiscal year for the State Employees Retirement System that is allocated to the General Fund is reduced as a result of the transfer described in subsection (a) of this section shall be deemed appropriated from the General Fund to the payment of fringe benefits expenses allocated to the Special Transportation Fund.

Sec. 7. (Effective from passage) (a) Not later than January 1, 2021, the Auditors of Public Accounts, or any entity with which the auditors contract for the purpose of conducting an audit, shall conduct the following audits of the Department of Transportation: (1) A financial audit, (2) a performance audit that includes, but is not limited to, the U-Pass CT program and public transportation subsidies broken down by individual rail and bus line, (3) a single audit conducted in accordance with the federal Single Audit Act of 1984, as amended from time to time, and (4) a process audit measuring the processes and engineering practices utilized by the Department of Transportation against best practices and the good practices of private corporations performing similar work.
(b) Not later than March 1, 2021, the Auditors of Public Accounts shall submit a report containing the results of each audit described in subsection (a) of this section, in accordance with section 11-4a of the general statutes, to the joint standing committee of the General Assembly having cognizance of matters relating to appropriations and the budgets of state agencies, finance, revenue and bonding and transportation, and to the Transportation Strategy and Advisory Board established pursuant to section 1 of this act.

This act shall take effect as follows and shall amend the following sections:

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<tbody>
<tr>
<td>1</td>
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Statement of Purpose:
To (1) establish a Transportation Strategy and Advisory Board, and a Connecticut and New York Railroad Strategy Board; (2) require the Commissioner of Transportation to provide certain information to the Transportation Strategy and Advisory Board and the Connecticut and New York Railroad Strategy Board; (3) limit the aggregate maximum amount of TIFIA and RRIF loan agreements the state can enter into for the period commencing on July 1, 2022, and ending on December 31, 2030; (4) transfer the sum of one billion five hundred million dollars from the Budget Reserve Fund to the State Employees Retirement Fund for the purpose of paying unfunded past service liability; and (5) require the Auditors of Public Accounts to conduct certain audits of the Department of Transportation.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]