

Testimony in Support of HB-6054 'AN ACT CONCERNING THE PRIVATIZATION OF NONSTRATEGIC ASSETS TO PAY DOWN DEBT IN THE SPECIAL TRANSPORTATION FUND'

February 19, 2021

Dear Representative Lemar, Senator Cassano, Ranking Members Senator Somers, Representative Carney, and distinguished members of the Transportation Committee. My name is Harry Arora, and I am the state representative from the 151st district. I testify today in support of HB-5024, An Act Concerning privatization of non-strategic assets to pay down debt in special transportation fund.

The Department of Transportation has a number of assets which are non-strategic in nature and have more social utility and financial value if they were in private hands. Two good examples are parking assets and display assets. These assets have hidden value and the state has neither the expertise nor the funding to develop them further or monetize them. I will provide more insight into the display assets, but this applies to several other assets the DOT has in its portfolio.

Our transportation display assets consist of numerous displays and electronic signage on train stations, trains, buses and highways. There are several thousands of such display spots around the state. Some are developed and others are not. With the current technology these display assets can be put together in a display network. Building such a network requires investment and expertise the state may not have. But such a display network has significant value. Recently NY built out such a network in partnership with private companies. In such an arrangement private companies like Google, Clear-channel fund the investment and develop the asset. Such a developed display network for Connecticut would be valued at several billions of dollars. If we do not leverage private capital or technology, such a network will never get built and stay a hidden asset. The display assets represent just one example of such assets in the transportation portfolio.

I want to bring attention of the committee to the strategic aspect of this bill. Our transportation department needs funding to be deployed in critical areas of transportation – bridges, roads, rail, transit etc. As we stand today, the transportation fund is in debt of \$ 6.4 BN. and spends over \$ 700 MM. in servicing the debt. If we were to use the non-strategic assets to pay down debt, we would have \$ 700 MM. to invest in our core transportation assets. This idea of using our non-strategic assets to fund reinvestment in our strategic assets makes good policy. If we implement a plan described in this bill, we will be able to invest 50% more in our core transportation program each year.

Finally, I want to emphasize that implementing such a strategy requires time, process and professional talent. We do not want to sell public assets for cheap. We want to sell to private partners who will invest in such assets. The future development of such assets should be to promote public good so the asset sale should not be without constraints. This bill proposes setting up a privatization office in the Department of Transportation with the help of DECD. Fortunately, our DECD houses CT Innovation and has the talent and capacity to analyze, develop and implement such a program. The DOT has the best knowledge of these assets. Hence a partnership between the talent at DECD and the experts at DOT can help us develop and implement such a plan.

I firmly believe that such a program would be of immense benefit to our state, accelerate investment in our critical transportation assets and help create jobs and grow our economy. I urge you to pass this bill. I am available to answer any questions you may have. Thank you.