



Testimony of

**Sal Luciano, President
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Transportation Committee
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HB 6054 An Act Concerning the Privatization of Nonstrategic Assets to Pay Down Debt in the Special Transportation Fund

Good morning Senator Cassano, Representative Lemar and members of the Transportation Committee. My name is Sal Luciano and I am proud to serve as the President of the Connecticut AFL-CIO, a federation of hundreds of local unions representing more than 220,000 workers in the private sector, public sector, and building trades. Our members live and work in every city and town in our state and reflect the diversity that makes Connecticut great. Thank you for the opportunity to provide testimony in opposition to HB 6054 An Act Concerning the Privatization of Nonstrategic Assets to Pay Down Debt in the Special Transportation Fund.

HB 6054 requires the establishment of a privatization office to identify income-producing assets in the state's transportation portfolio in order to privatize those assets with the proceeds benefitting the Special Transportation Fund. It appears to mirror a similar effort by the 2018 Pension Sustainability Commission which unsuccessfully explored a similar effort to benefit state employee and teacher pension funds.

The proponent of HB 6054 assumes that selling state-owned assets - land, buildings, infrastructure, etc. - would yield great monetary gain without the taxpayers feeling any negative consequences. In case after case, examples around the country, and in Connecticut, demonstrate that private companies make a profit from public services by cutting corners or underinvesting. In a privatized service, profits must be paid to shareholders, not reinvested in better services.

Passing HB 6054 could provide significant obstacles to executing a unified statewide transportation strategy. When multiple companies have a stake in a single enterprise, such as public transportation, it can lead to fragmentation. Private companies are not incentivized to work together and share information, making it impossible to provide integrated service and less likely they will respond to ridership needs. For example, bus companies will only run services in busy areas to make a profit. They will not expand service in underserved areas because it will conflict with their business models.

Taxpayers lose all accountability when state assets and services are privatized. When private companies fail to deliver, the state has no power to intervene and citizens have no ability to improve services through the democratic process. Selling off public assets means the public will have fewer options and resources for delivering services needed in the future and guarantee that taxpayers will be forced to pick up the pieces when things go wrong.

One need look no further than Chicago's 2009 sale of its parking meters to understand that some things are in fact too good to be true. In exchange for \$1.2 billion, the city of Chicago gave a group of Wall Street companies led by Morgan Stanley the right to control parking meter revenues for 75 years. These investors immediately hiked parking rates, frustrating drivers and hurting businesses. The city must also reimburse investors for lost revenue when it wants to close a city block for a festival or make repairs. Chicago has essentially given up control of its streets, hurting taxpaying residents, visitors and the businesses they both support.

We urge the Committee to learn from the countless examples of privatization gone awry and reject this bill. Thank you for the opportunity to provide testimony.