TESTIMONY PRESENTED TO THE TRANSPORTATION COMMITTEE
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Testimony Supporting

AN ACT CONCERNING THE SUSTAINABILITY OF CONNECTICUT'S TRANSPORTATION INFRASTRUCTURE

Senator Leone, Representative Lemar and distinguished members of the Transportation Committee, thank you for the opportunity to offer testimony on AN ACT CONCERNING THE SUSTAINABILITY OF CONNECTICUT'S TRANSPORTATION INFRASTRUCTURE.

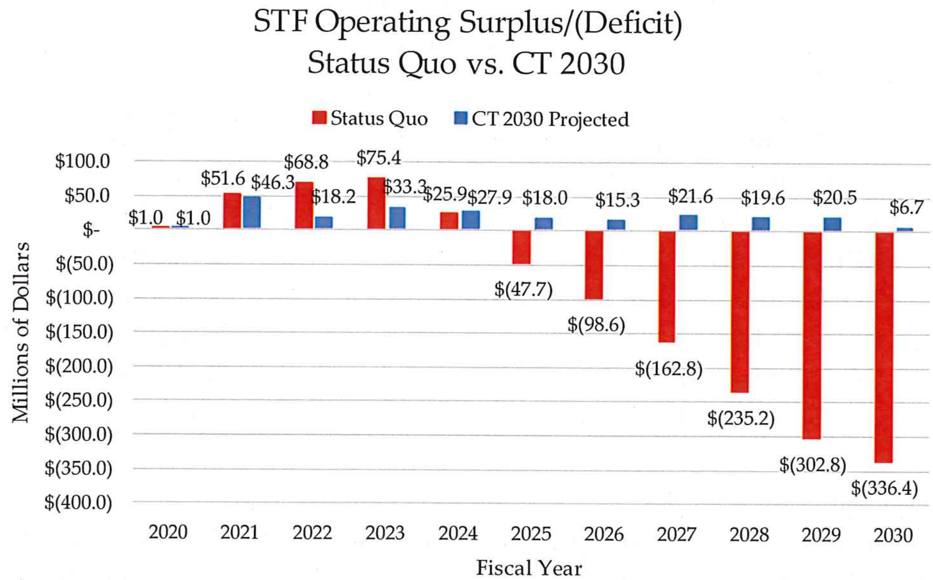
Special Transportation Fund

The Special Transportation Fund supports the operation and infrastructure of the Departments of Transportation and Motor Vehicles. Most importantly, the Special Transportation Fund pays for the debt service requirements of the state's Special Tax Obligation bonds, the state's primary source for funding the transportation infrastructure program.

These expenses are covered by a series of transportation related revenue sources such as the Motor Fuels Tax, Oil Companies Tax, Sales and Use Tax, and transportation fees, licenses, and fines. Each of these revenue sources are growing at a slow rate, certainly as compared to the rate of expenditures from the fund. Motor Fuels tax, currently the largest revenue source in the Special Transportation Fund, has been nearly flat over the last 10 years.

In FY 2010 Motor Fuels Tax ended the year at $503.6 million. By FY 2019 that number had grown to just $509.7 million, that's a growth rate of just 1.2% in 10 years. In comparison, debt service for the Special Tax Obligation bond has grown nearly 50% over the same period, from $428 million in FY 2010 to $642 million in FY 2019. Debt service now takes up approximately 40.0% of total expenditures as the cost of infrastructure projects continue to grow.

Over the short term the state has been able to cover the expenditure growth by consistently adding additional revenues to the Special Transportation Fund. The $300 million Oil Companies tax was fully transferred into the fund from the General Fund starting in FY 2016. In addition, the state has transferred significant



<u>The proposed large commercial trucks bridge tolling program</u>

As the Secretary of the Office of Policy and Management, I am hear today to testify to the financial of the proposed bill and transportation plan that is for your consideration today.

This proposal authorizes the Department of Transportation (DOT) to construct, maintain, and operate electronic tolls at 12 limited access highway bridges requiring construction, reconstruction or replacement. The tolls will only be imposed on large commercial trucks.

The bill authorizes DOT to set toll rates initially at between six and thirteen dollars. There will be no more than one toll per tolled bridge, per day in each direction.

Based on our projections, the toll revenue from this program will result in net annual revenue of $172 million commencing in FY '23.

This program will also utilize the federal Transportation Infrastructure Finance and Innovation Act (TIFIA) and Railroad Rehabilitation and Improvement Financing (RRIF) programs to stretch our transportation infrastructure dollars. The programs allow for lower interest rates and more flexible financing terms for certain projects. At a time of historic low interest rates, this allows for a more efficient use of taxpayer dollars.

in the near future. Without such revenues, Connecticut will be unable to adequately address its ailing infrastructure or increase the travel times that are having significant impacts on our economy and quality of life. Without such funds, we will have to drastically reduce our annual amount of Special Tax Obligation bonds that we can afford to issue for our annual program. Consequently, Connecticut will put at risk the federal funds that we current rely on to subsidize our transportation maintenance.

Our inactivity toward transportation investment is also harming our economy. The economic cost of traffic congestion in Connecticut is at least $4.2 billion annually, with some estimates putting it at more than $5 billion. Business leaders rank highway accessibility as their number one factor in deciding where to locate their businesses. We must take steps to support their growth. In working towards this larger goal, it is essential to fund not just the basic maintenance of our roads and rails but also the enhancement of our transportation network in order to drive economic growth and development. It is time to work towards strengthening the Special Transportation Fund and to ensure adequate investment in our infrastructure while achieving financial sustainability.

This bill will provide a significant targeted boost in transportation infrastructure improvements and new construction for all modes of transportation. The maintenance and enhancements will provide business with greater access to talent and CT residents with greater access to employers within and outside the state. It will allow us to put the financial crisis that is on the horizon behind us and provide stability for our Special Transportation Fund by reducing our out-year fixed costs while maintaining a robust transportation system that will keep our State moving forward toward growth.

Most other states on the eastern coast require out of state drivers to share in the costs. Out-of-state drivers, who currently pay little to nothing towards Connecticut's transportation system, will for the first time, pay a user fee for the damage and wear and tear they contribute on Connecticut's transportation system. It is not fair to ask Connecticut taxpayers to pick up the tab 100%.

Our transportation expenses are outpacing revenue by a ratio of about 2:1. Most of our infrastructure is near or past its expected life span. Past expenditures did not keep up with maintenance needs. Congestion now threatens the state's economic development. Every year we delay action puts us further behind other states, exacerbating the economic development challenges.

The current economic expansion will come to an end eventually, at which time asking for new revenue from the public will be even more difficult. In order to put Connecticut on a path to growth and maintain financial viability, our transportation infrastructure must be addressed. We have to get Connecticut moving again!