

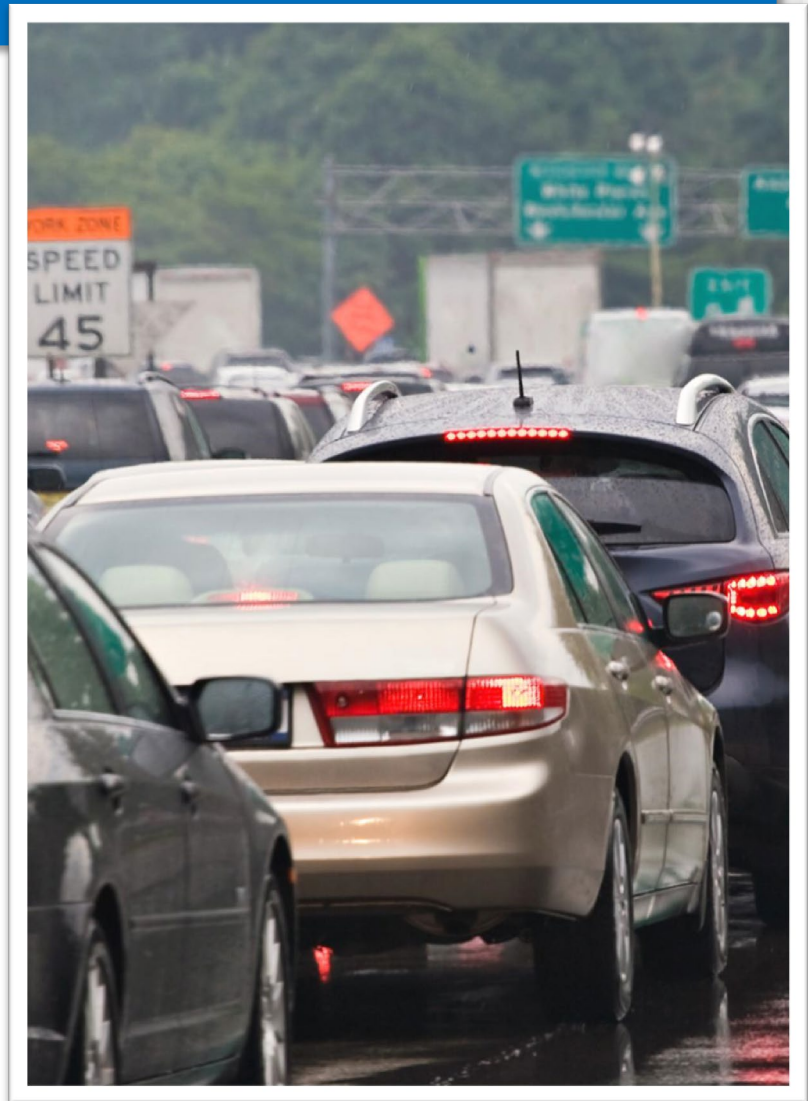
Fixing Our Aging Transportation Infrastructure

CRITICAL TO OUR FUTURE ECONOMY

House Democratic Caucus

Special Transportation Fund (STF)

- A dedicated fund used to finance Connecticut's infrastructure program and operate the DMV and DOT
- The STF is projected to be in a deficit as early as 2024
- Initial revenue streams to support the STF included the motor fuels tax, motor vehicle receipts, licenses, permits, and various other fees



Special Transportation Fund (STF) - *Continued*

- Over the years increased revenue became necessary to keep up with the needs and costs, and new revenue streams have been included:
 - Petroleum products gross earnings (100%)
 - Portion of the sales and use tax (.05%)
 - Percentage of the new car sales tax (currently 8%)
- A transportation funding *“lockbox” provision was overwhelmingly passed on November’s ballot*

The Myth of The STF “Raid”

FACT

- This is false, the STF has only been “raided” once in FY '03

Transfers between the General Fund and the STF

The table below shows the total actual General Fund (GF) to Special Transportation Fund (STF) transfer from FY 00 - FY 15. This transfer consists of four parts:

- CGS 13b-61c, the statutory subsidy between the General Fund and STF
- A non-statutory transfer from the STF to the General Fund
- The transfer from the Petroleum Gross Earning Tax (PGET)
- CGS 12-408, the statutory transfer from the Sales and Use Tax

Fiscal Year	FY 00 - FY 20 GF to STF Transfer (in millions)			Non- Statutory STF to GF Transfer \$	PGET Transfer \$	Sales and Use Tax Transfer \$	Non- Statutory Sales Tax Diversion \$	Total \$
	GF to STF Transfer \$	Prior Law \$	Difference \$					
FY 20 est						468.9		468.9
FY 19 est	-			-	-	367.6		367.6
FY 18	-			-	-	327.5		327.5
FY 17 ¹	-			-	-	238.4	(50.0)	188.4
FY 16 ²	-			-	-	146.5	(37.5)	109.9
FY 15	-	2.1	(2.1)	-	337.9	-		335.8
FY 14	-	172.8	(172.8)	(76.5)	380.7	-		131.4
FY 13	95.2	102.7	(7.5)	-	199.4	-		191.9
FY 12	81.6	41.0	40.6	-	226.9	-		267.5
FY 11	107.6	124.1	(16.5)	-	165.3	-		148.8
FY 10	71.2	81.2	(10.0)	-	141.9	-		131.9
FY 09	-			(6.5)	141.9	-		135.4
FY 08	-			-	127.8	-		127.8
FY 07	-			-	141.0	-		141.0
FY 06	-			-	43.5	-		43.5
FY 05	-			-	13.0	-		13.0
FY 04	-			(8.5)	10.5	-		2.0
FY 03	-			(60.5)	-	-		(60.5)
FY 02	-			(5.0)	48.0	-		43.0
FY 01	-			(3.0)	46.0	-		43.0
FY 00	-			(2.0)	36.0	-		34.0

The Myth of The STF “Raid”

FACT

- In reality, the GF has more often been used to balance the STF as seen in FY ‘10-’13 and FY ‘16-’18

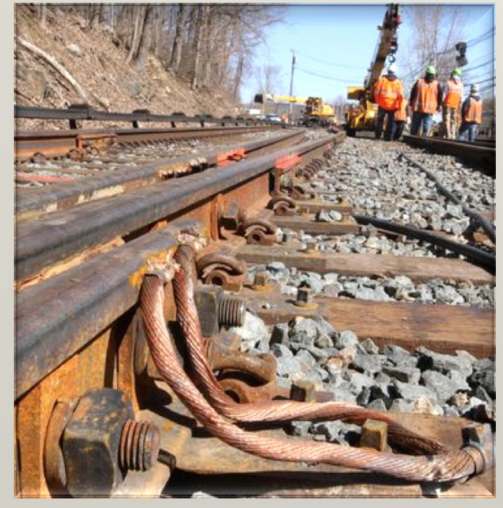
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EXISTING CONDITIONS



D+

C-

B

SYSTEM AGE

50%

Portion of road
network that is over
55 Years Old



SYSTEM AGE

62%

Portion of rated
bridges that are
48+ Years Old



SYSTEM AGE

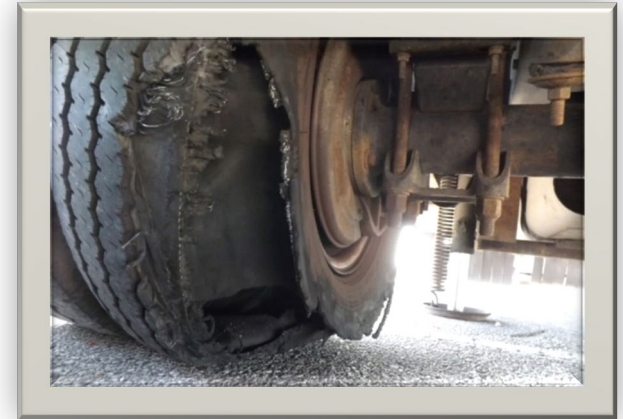
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Metro North Line
Bridges that are
100+ Years Old



What Does This Mean For Taxpayers & Drivers?

- Nearly four out of five miles of Connecticut's major roads are in either *poor or mediocre condition*
- *57%* of Connecticut's major locally and state-maintained roads and highways are in *poor condition and 22 % are in mediocre condition*
- Deficient roads across Connecticut cost drivers a total of *\$6.1 billion annually (\$676 per motorist)*
- Every \$1 of deferred maintenance on roads and bridges has been found to *cost an additional \$4 to \$5 in needed future repairs*



What Does This Mean For Taxpayers & Drivers?

LOCATIONS	Poor	Mediocre	Fair	Good
Bridgeport/Stamford	61%	19%	11%	10%
Hartford	53%	24%	11%	12%
New Haven	58%	18%	12%	13%

Chart 1 avg cost per driver Chart 2 pavement chart

Source TRIP "a Transportation Research Group" May 2017

Report http://www.tripnet.org/docs/CT_Transportation_by_the_Numbers_TRIP_Report_May_2017.pdf

What Does This Mean For Taxpayers & Drivers?

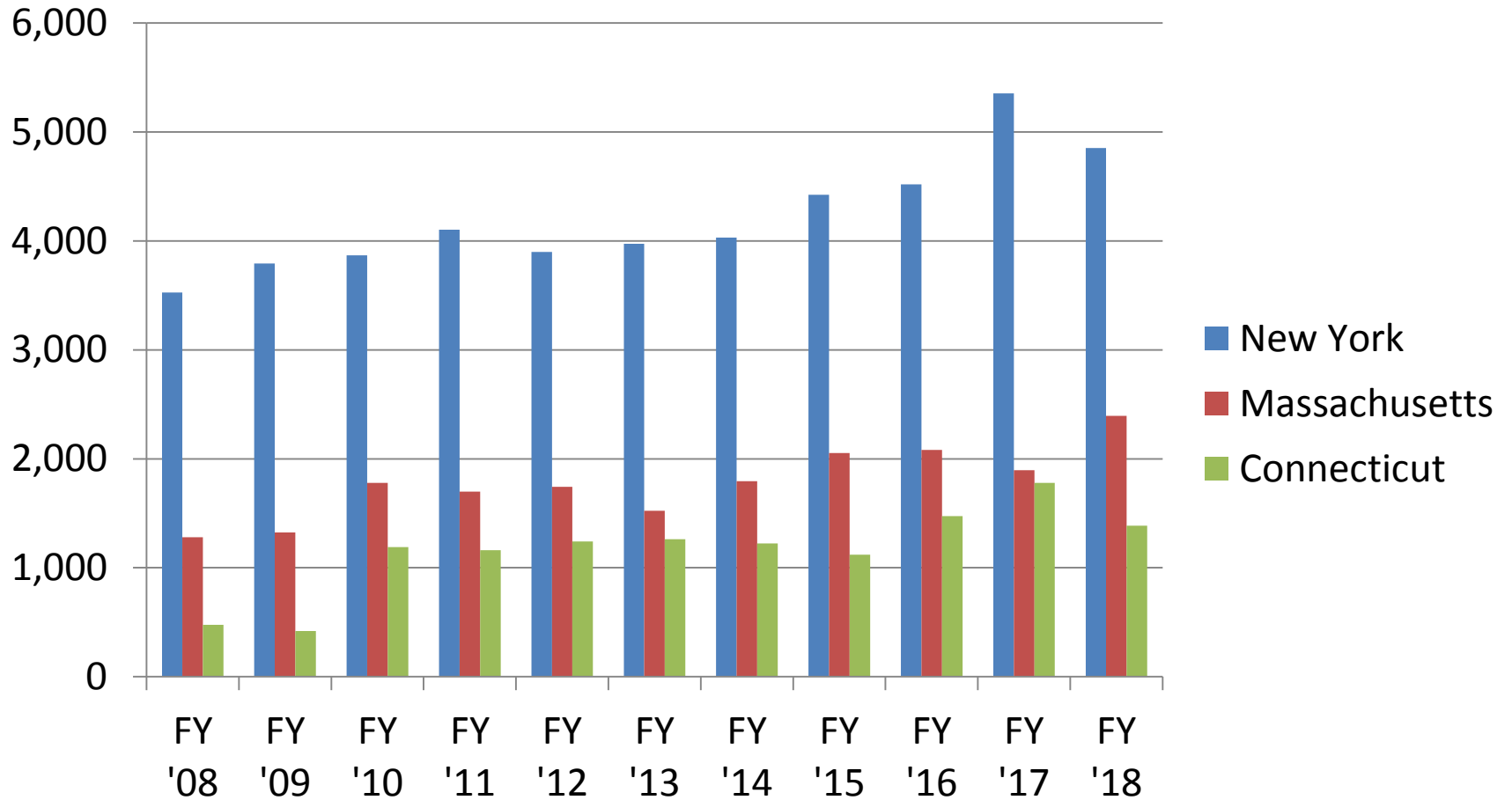
LOCATIONS	VOC	Congestion	Safety	Total
Bridgeport/Stamford	\$882	\$1,174	\$322	\$2,378
Hartford	\$816	\$1,038	\$501	\$2,355
New Haven	\$847	\$932	\$411	\$2,190
Connecticut	\$2.2 Billion	\$2.4 Billion	\$1.5 Billion	\$6.1 Billion

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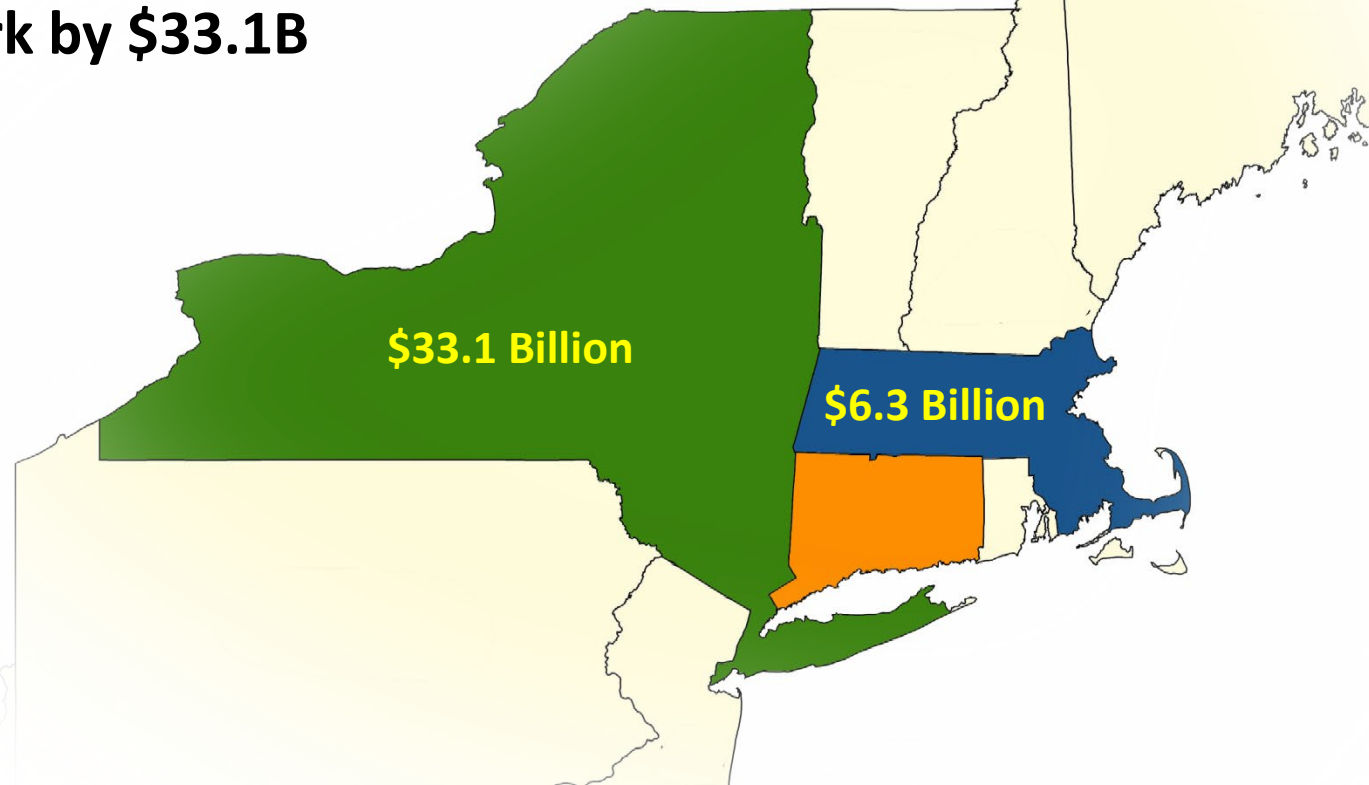
Report http://www.tripnet.org/docs/CT_Transportation_by_the_Numbers_TRIP_Report_May_2017.pdf

How We Compare to Our Neighbors: Transportation Capital Expenditures by State CT vs. NY & MA *(in Millions of Dollars)*



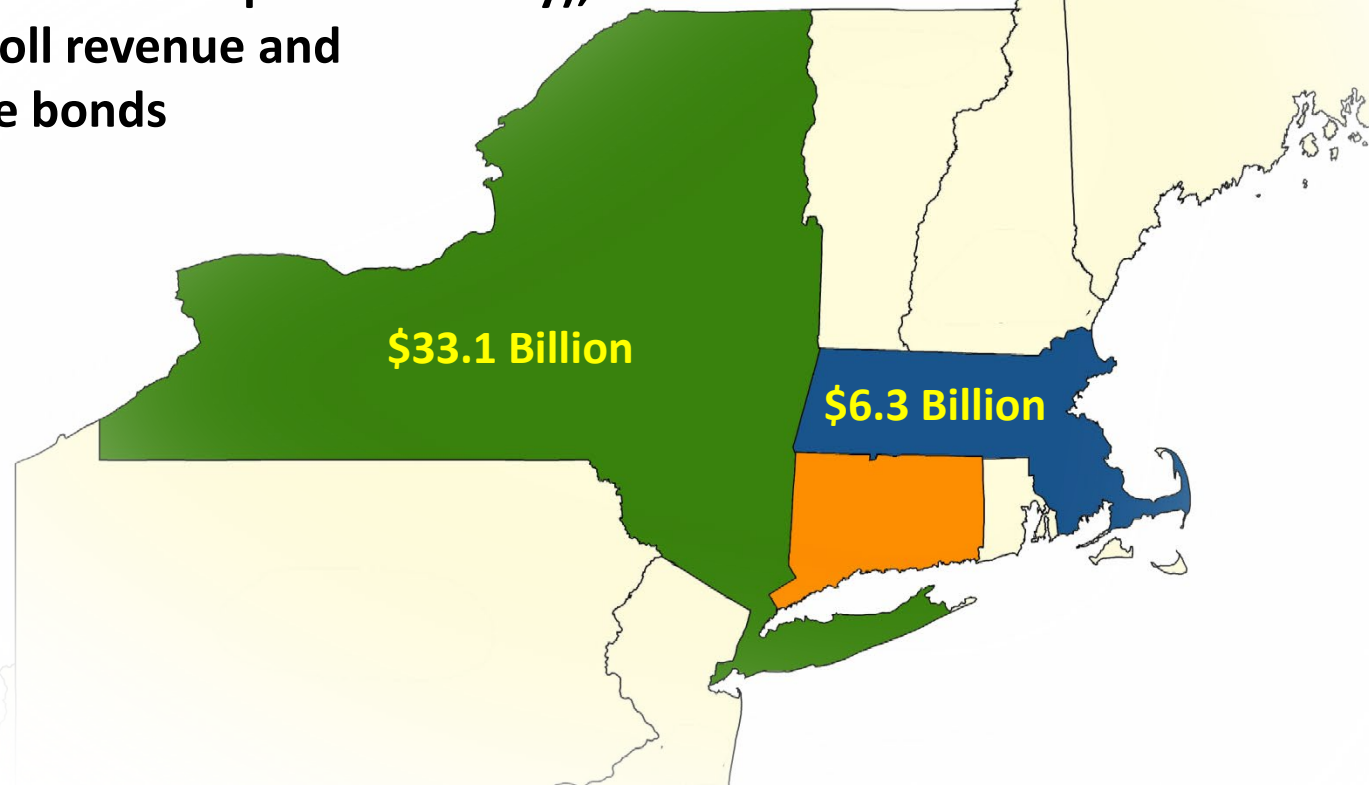
How We Compare to Our Neighbors - *Continued*

Over a 10 year period Connecticut transportation spending has been outpaced by Massachusetts by \$6.3B and by New York by \$33.1B



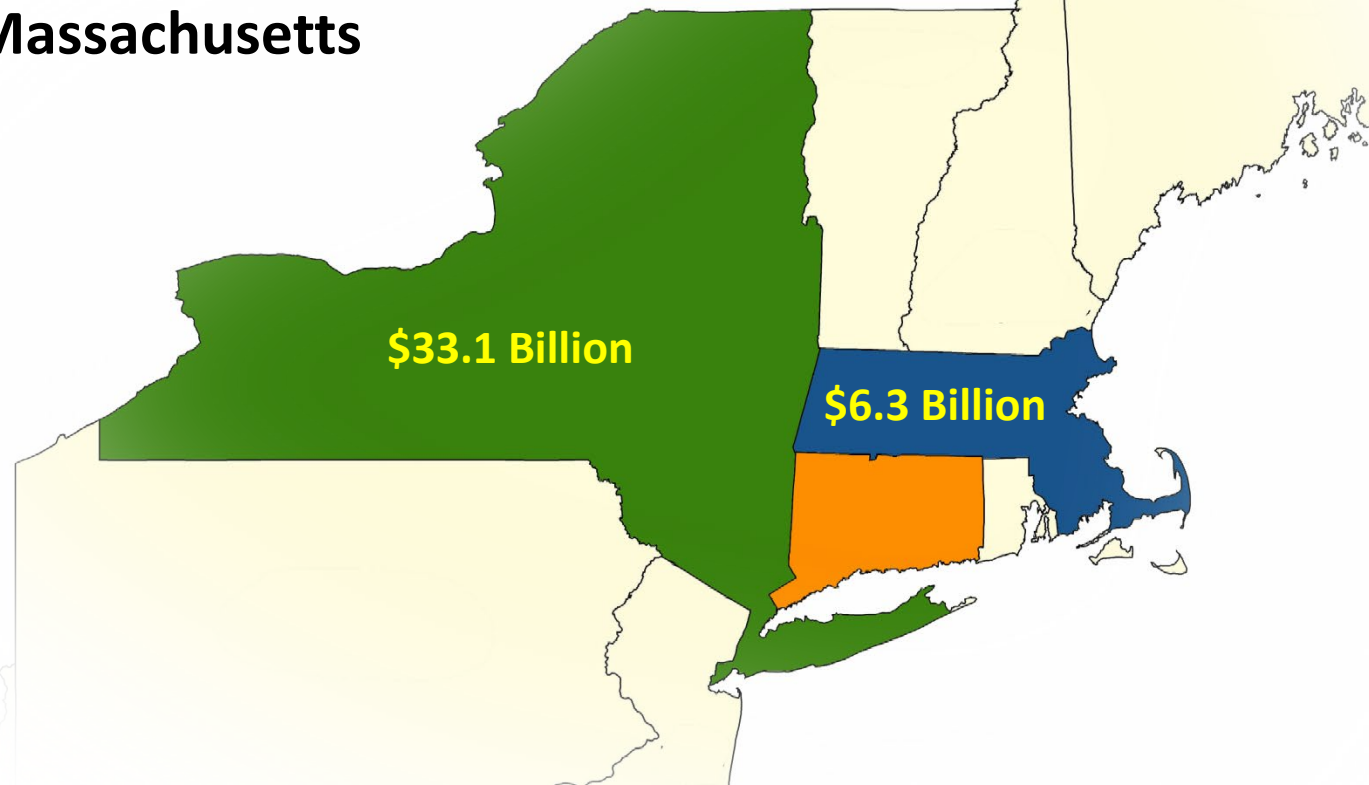
How We Compare to Our Neighbors - *Continued*

Investments are even higher as it does not include what both states can do through other entities such as NY Thruway Authority Mass DOT Highway (formerly, Massachusetts Turnpike Authority), which both spend toll revenue and independently issue bonds



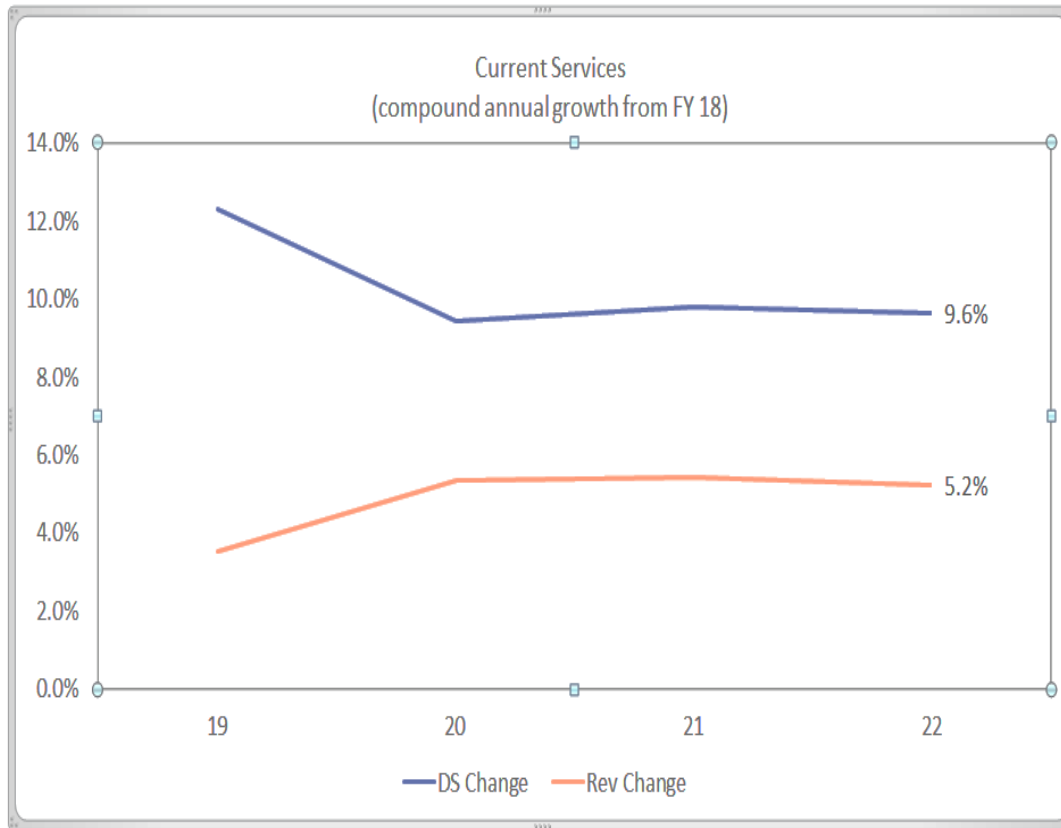
How We Compare to Our Neighbors - *Continued*

This has created a sizeable gap between our infrastructure's overall safety and functionality when compared to both New York and Massachusetts



What Does This Mean Moving Forward?

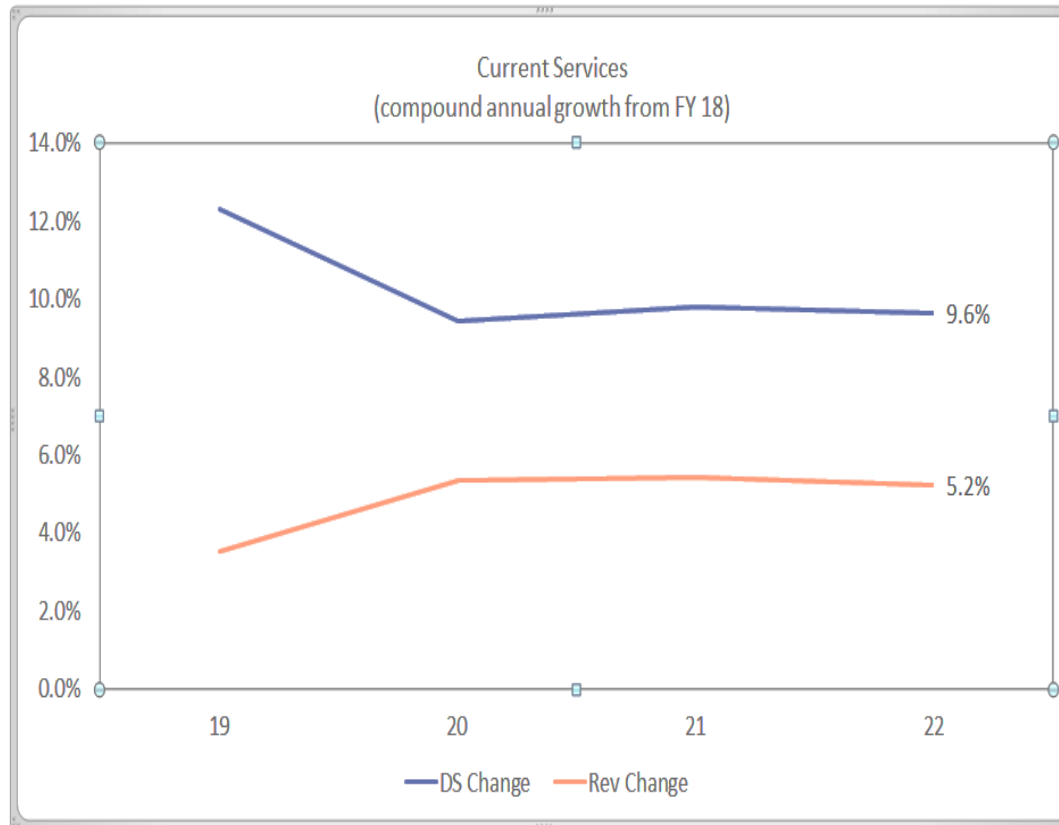
STF Revenue and Debt Service Change



- **Current debt service obligation is growing annually by 9.6%**
- **Revenue is growing 5.2% annually**

What Does This Mean Moving Forward?

STF Revenue and Debt Service Change

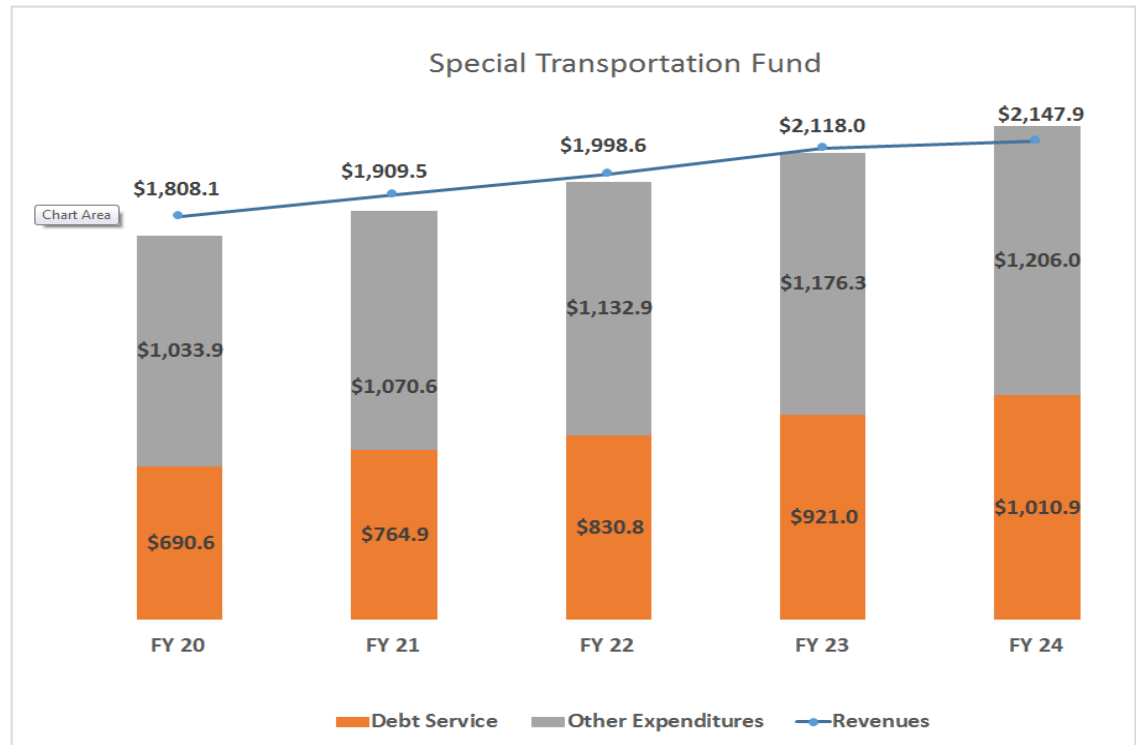


- The growth of debt service is unsustainable without new revenue
- At this rate the STF becomes insolvent by 2024

What Does This Mean Moving Forward?

Continued

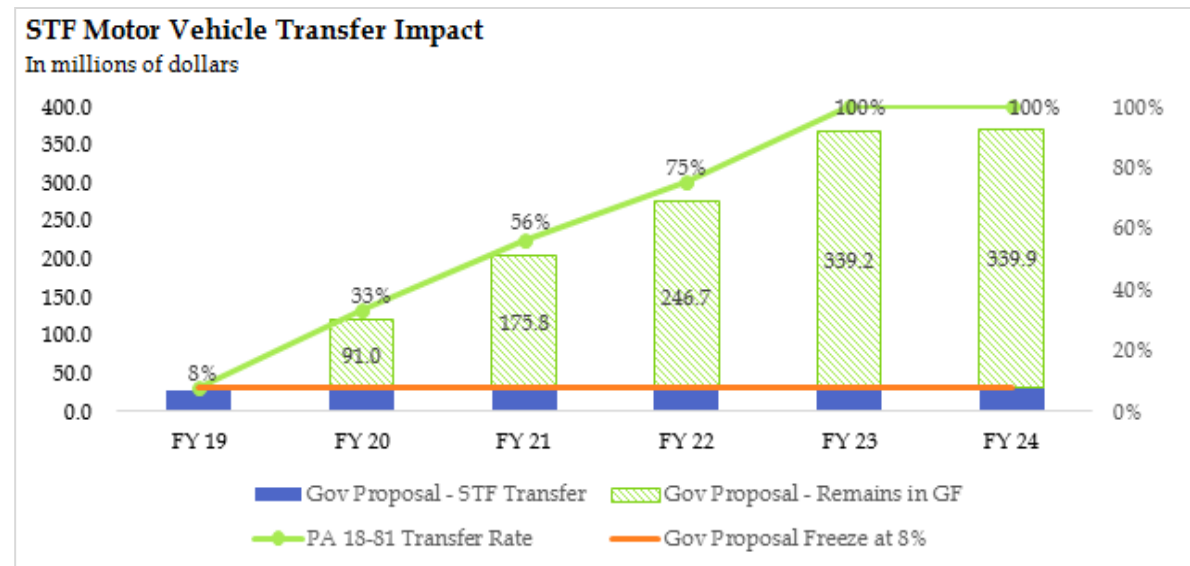
- Even with the complete phase in of the new car sales tax, the fund is insolvent by 2024
- This does not include any new projects or infrastructure improvements, only maintenance and repairs



What Does This Mean Moving Forward?

Continued

- Without additional revenue Connecticut cannot invest in improving our infrastructure
- The Governor's proposal to freeze that phase in at 8%, puts the fund immediately into deficit



Options

Moving Forward

Options Moving Forward

- **Status Quo (*Not really an option*)**
- **Raise the gas tax (*Currently 25 cents per gallon*)**
- **Drastically increase general obligation bonding (*Republicans' "Prioritize Progress" Proposal*)**
- **Congestion Relief Electronic Tolling**

Status Quo

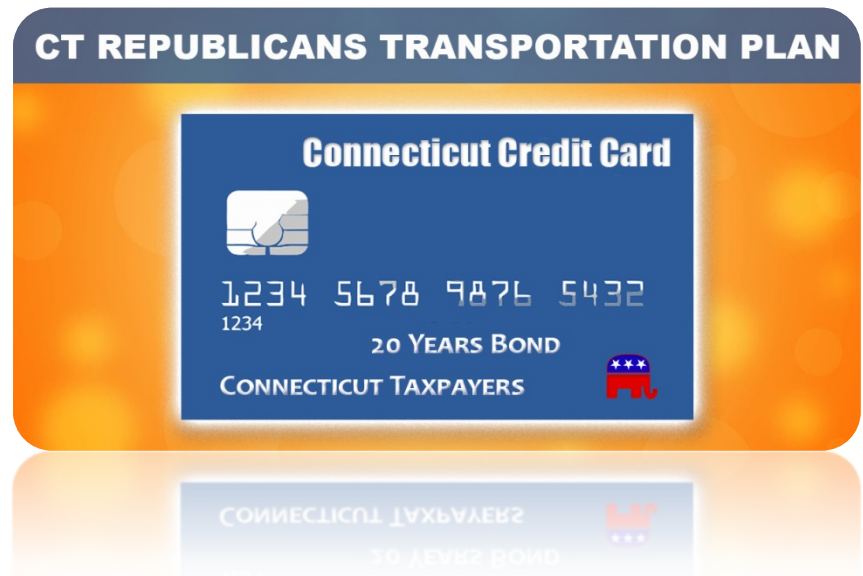
- **Would need transfers from GF as soon as 2024, even with the ramp-up to 100% in Sales Tax on Motor Vehicles**
- **Long term consequences include violating terms of our current bond obligations and the inability to tap into federal match programs**
- **Connecticut's bond rating would plummet making our bonds unsellable on the market**
- **Safety will continue to plummet as the state will be unable to maintain and repair all of our infrastructure that is in need**

Increase Gas Tax

- Falls almost solely on our residents
- Due to its unpopularity, the legislature has not increased the gas tax since 1997 and has actually decreased it more recently from 39 cents to 25 cents ('98, '00). It has been unchanged at 25 cents since 2000
- Gas tax revenue declines as more fuel efficient and electric vehicles hit our roads
- Raising the gas tax by 1 cent represents only \$15 million in revenue
- A 54 cent per gallon hike would be necessary to provide the estimated \$800 million required to maintain our infrastructure

Bonding/Republican “Prioritize Progress”

- Paid for by 100% Connecticut taxpayers
- Relies on GO bonds that future generations will pay for
 - No details on STF appropriation levels, debt service, or revenue to support the plan
- Does not address operating budget needs or public transit subsidies
- Does not account for critical needs like the I-84 viaduct in Hartford, the Mixmaster in Waterbury, movable rail bridges, etc.



Bonding/Republican “Prioritize Progress”

- **With interest, \$800 million in bonding equates to over \$1.2 billion over the term of a 20 year bond**
- **Would equate to OVER HALF of the entire projected available GO bonds**
- **Assumes federal funding is constant over 30 years, when it is declining**
- **There is no capacity to utilize potential new federal matching grants or project funding mechanisms like public-private partnerships**

What We Will Not Be Bonding For Under The Republican Borrowing Plan

Would reduce the ability to bond for.....

- School construction (new projects and renovations)
- Clean water fund grants
- Open space
- Small business express program
- Workforce Training
- Fire Training Schools
- Crumbling Foundations
- Homeless Prevention
- Flood Control
- Farmland Preservation
- ADA improvements
- CT Port Authority Dredging
- Economic Development Grants
- UCONN/CSUs
- Manufacturing Assistance Act
- Municipal Aid (LoCIP and STEAP)

Electronic Tolling System

- **Only realistic option that will cover debt services as well as infrastructure investments**
- **Unlike bonding, CT residents will not foot the entire bill of infrastructure investments and maintenance**
- **Approximately 40% of toll revenue will come from out-of-state drivers**
- **That means less than \$500 million of in-state driver revenue will result in \$800 million of total useable revenue (Republican plan costs Connecticut taxpayers over \$1.2 B for \$800m of infrastructure investment)**

Electronic Tolling System

- **Discounts available to state residents, low income residents, commuters, and Connecticut businesses**
- **Revenue is guaranteed to fund only infrastructure by federal law**
- **Allows for more pay-as-you-go projects, relieving future debt**
- **Less bonding and a higher more stable bond rating**
- **Sustainable source of revenue**

With Tolls We Can Invest In New Projects and Improvements

Projects like...

- Improvements to I-95, I-84, I-91, Rt. 15, etc.
- Improvements to deficient roads and bridges
- Improvements to the Waterbury Mixmaster
- Improvements to the Viaduct in Hartford
- Replacement of movable bridges on the New Haven Line
- Railcar procurements

With Tolls We Can Invest In New Projects and Improvements

Projects like...

- Improvements and extending the Hartford line
- Expanding Hartford, New Haven and Shoreline rail service
- Removal of the traffic signal on Rt.9
- Improvements to the Heroes Tunnel in New Haven
- Rail yard improvements
- Replacement of the Gold Star Memorial Bridge in New London

Conclusion

- **Tolls have been endorsed by CCM, COST, business leaders and building trades**
- **Improving transportation infrastructure is a top priority of our business community**
- **Connecticut drivers will save money and time, and have safer roads**
- **Will improve our credit rating (S&P)**

Conclusion

- **Allows us to better connect to economic hubs and reconnects our suburbs with our cities**
- **Allows rail, bus, highway and infrastructure improvements and maintenance**
- **Will help attract new businesses deciding where to re-locate or expand**
- **Will create thousands of good paying jobs throughout the state**

Thank You

Questions & Answers