

Statement of Joseph R. Sculley
President
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Before
The Finance, Revenue, and Bonding Committee
March 9, 2017

Chairman Fonfara, Chairman Rojas, and Chairman Frantz, as well as Ranking Member Davis and members of the Finance, Revenue, and Bonding Committee, thank you for the opportunity to testify today. I am Joe Sculley, President of the Motor Transport Association of Connecticut (MTAC), a not-for-profit trade association representing the trucking industry.

**Re: SB 787, AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT
THE GOVERNOR’S BUDGET**

Section 22 of this bill creates the "transportation excess surplus account," and it requires that the "account shall contain any moneys required by law to be deposited in the account." At a time when public forums and hearings focus on the pending insolvency of the Special Transportation Fund, it seems odd that the state would consider creating an "excess surplus account."

Section 22 further provides that the "Comptroller shall transfer such unappropriated surplus in excess of fifteen per cent of total expenditures for the most recently completed fiscal year to the transportation excess surplus." This bill does not appear to specify how funds in the "excess surplus account" can be expended. With no limitations on the expenditure of these funds, it is very possible they could be spent on items that have nothing to do with transportation.

The creation of this account, and requirements for sweeping money into it from the STF, signal potential diversions of "transportation revenue." This would seem to undermine the goal of the "lockbox" bills pending before the legislature.

If there was ever a situation in which there was so much "excess surplus" revenue in the STF, the state should consider tax/fee decreases if long term projections show stability, rather than sweeping funds into another account.



Re: SB788, AN ACT AUTHORIZING BONDS OF THE STATE FOR CAPITAL IMPROVEMENTS, TRANSPORTATION AND OTHER PURPOSES

MTAC notes that the bill proposes a year over year increase of \$10 million in bond sales (\$226 million to \$236 million) for “Bureau of Public Transportation: Bus and rail facilities and equipment, including rights-of-way, other property acquisition and related projects,” while highway/road/bridge bonding levels generally stay the same. MTAC remains concerned that the debt service for these special tax obligation bonds will be fulfilled by funds in the Special Transportation Fund. The STF is funded almost entirely through revenue generated on taxes and fees paid by truckers and passenger car drivers (highway users). However, expenditures from the STF largely go to transit (non-highway) purposes. As those modes of transportation are not self-sustaining and require subsidies, increasing their capacity will require more and more revenue for subsidies.

MTAC believes the current sources of revenue being brought into, and expended out of the STF render the current format of the STF no longer sustainable. Funding challenges under the current system will be multiplied when federal funding is no longer available for CTfastrak. For reference, I have included with my testimony a letter from Conn DOT, in which they state that the per ride subsidy for CT Fastrak was approximately \$7.35 for FY 2016.

MTAC would like to see a sustained focus on highway congestion relief, because Conn DOT has a very good approach to many challenges in this area. Late last year, MTAC supported Conn DOT in their application for a federal FASTLANE grant, as they sought federal funds for the \$305 million project. The federal government did not award the grant, which is unfortunate, because the project will improve safety, add capacity, and ease congestion. But after reviewing this bill, MTAC cannot help but wonder if the remaining funds for this project could be available through potentially revised bonding proposals.

MTAC respectfully requests that the Committee thoughtfully consider the financial implications of bonding for modes of transportation that will require additional subsidies, versus bonding for highway projects which will improve safety, add capacity, and ease congestion (which creates a drag on the economy).

Thank you for your consideration.