

Statement of Joseph R. Sculley
President
Motor Transport Association of Connecticut
Before
The Transportation Committee
February 27, 2017

Re: SJ 5, HJ 7, SJ 8, SJ 30, HJ 38, HJ 40, HJ 41, HJ 52, HJ 55

Chairman Guerrero, Boucher, and Leone, and Ranking Member Carney, as well as members of the Transportation Committee, thank you for allowing me to testify today, I am Joe Sculley, President of the Motor Transport Association of Connecticut. MTAC represents more than 650 trucking companies based in Connecticut. The lockbox needs to be amended before it is adopted.

As I testified last year, MTAC believes the language is too vague and would not accomplish the intended goal of securing transportation revenue for transportation purposes. The proposal does not define “transportation revenue,” nor does it define a “transportation purpose” on which the revenue can be spent.

I have resubmitted for the record written testimony which was provided last year by Bob Pitcher, who is Vice President of State Laws for the American Trucking Associations (ATA), of which MTAC is an affiliate. Mr. Pitcher states that almost all of the revenue sources for the Special Transportation Fund “are identified solely by reference to existing statute. In turn, the constitutional amendment proposed by the Resolution identifies the revenue sources that are to be protected and devoted to transportation purposes solely by reference to the fund. Nothing in the language of the proposal, we believe, would prevent a future legislature from altering statutory language in such a way as effectively to remove one or more of the Fund’s current sources of revenue.”

Indeed, one of the fund’s sources was (partially) removed last year. SB 453 allowed certain municipalities to retain some of the fine revenue issued for “block the box” violations, whereas previously all of the fine revenue was remitted to the STF. The bill passed, and the current version of the “lock box” would not have stopped it.

I believe that the current version of the Special Transportation Fund is flawed, and changes should be made before it is “locked in.” Most of the revenues going into the Special Transportation Fund are generated by cars and trucks, but most of what that revenue is spent on is transit or “general purposes.” Using data from the Federal Highway Administration (FHWA), you can find that



Connecticut routinely ranks low in terms of state-imposed “Highway User Fee” revenue generated by motor vehicles being spent on highway purposes, versus non-highway purposes. These numbers were calculated by using publicly available data from FHWA, who obtains the data when state DOTs report it to FHWA.

Disposition of State Highway User Fee Revenue, for 50 States and DC

Year	National Rank 1 = Highest % Spent on HWs	% CT HW User Fees Spent on HWs	National Avg. (total all states spent on HW) / (total all states avail HW user fees)
2009	T-49	41%	77%
2010	45	51%	76%
2011	49	34%	74%
2012	51	29%	76%
2013	50	19%	71%
2014	49	46%	76%

$\% = (\text{state motor fuel receipts spent on HWs} + \text{motor vehicle receipts spent on HWs} + \text{toll revenue spent on HWs}) / (\text{total state motor fuel receipts} + \text{total motor vehicle receipts} + \text{total toll revenue})$

The trucking industry (and passenger car drivers) is paying more than its fair share of taxes and fees, and these numbers show that little of that revenue is being invested back into the highways and bridges they depend on. A lot of that revenue is spent on transit. When there are no longer federal funds available for the CT Fastrak, even more highway user fee revenue will be required to maintain our transit system.

Connecticut should evaluate its revenue sources and disposition of that revenue. There is legislation this year to encourage the use of electric vehicles. Since an electric vehicle does not require motor fuel, electric vehicle users would probably not be paying their fair share for the maintenance of our transportation system. The legislature should consider an annual electric vehicle fee, which other states have already implemented (Colorado, Georgia, Idaho, Michigan, Missouri, Nebraska, North Carolina, Virginia, Washington, Wyoming).

In the Economic Report of the Governor for the FY 2018-2019 Biennium, a report on gasoline consumption and automotive fuel economy states that Connecticut residents consumed 412.1 gallons of gasoline per capita (in 2015). The American Petroleum Institute (API) reports that as of 1/1/17, the 25 cent per gallon state excise tax, plus the gross receipts tax on gasoline amounting to an effective per gallon rate of 14.85 cents per gallon, totals 39.85 cents per gallon. <http://cdn.api.org/pdf/state-taxes/connecticut.pdf> A calculation of 412.1 gallons times 39.85 cents per gallon amounts to \$164.22 annually.

Since our rail and transit system is expanding both in size and in cost, Connecticut should consider non-motor vehicle revenue sources to help fund it. Since heavy transit users are likely to not be

driving their cars as much and therefore not purchasing fuel and paying fuel taxes, it would make sense for the state to ask Transit-Oriented Development districts, and even existing transit (rail) corridors to share in the cost of the transportation system.

An August 2016 Connecticut Department of Transportation (DOT) Title VI Fare and Service Equity Analysis document analyzes income distribution amongst different rail and bus services. http://www.ct.gov/dot/lib/dot/documents/dcptc/fare_equity_analysis_august_2016_final.pdf The document states on page 20, “Nearly 30% of the rail trips collected by the CSTS [Connecticut Statewide Travel Study] were made by persons in households having an income of \$250,000 or more (Figure 3). This is undoubtedly due to the heavy usage of the corridor in Fairfield County to access jobs in downtown New York City.”

The document then goes on to provide estimated average household incomes by transit service. The results for two specific services are quite noteworthy:

MNR: \$174,048

SLE: \$143,076

These numbers show that higher income individuals are having their train rides into Fairfield County and NYC (or summer vacation spots in Southeast Connecticut) subsidized. The revenue for the subsidies comes from blue collar truckers, as well as citizens from any other part of the state, who pay high fuel taxes and other registration fees to operate their cars.

This situation of subsidized transit service is going to be multiplied when CT has to make up for the loss of \$18 million in federal funding for CT Fastrak, plus pay for the \$50 million that was just bonded for the New Haven – Springfield line.

Considering this expansion of rail and transit operations which require subsidies, MTAC respectfully rejects any argument which blames the slight decline in purchasing power of the fuel tax for the pending insolvency of the Special Transportation Fund. The Special Transportation Fund’s solvency is not in question because of revenue, it is a problem because of spending.

Furthermore, spending on pension obligations from the Special Transportation Fund (STF) would increase dramatically under the current budget proposal. On page A-14 of the Governor’s budget proposal, under Baseline Adjustments for FY 2018, the item “OSC - State Employee Retirement System Contributions” would increase spending on pensions by \$4.9 million more than what was spent in the current fiscal year. This is more than proposed increase for DOT bus operations (\$4.5 million) as well as “Let’s Go CT! staffing” (\$2.5 million).

The Baseline Adjustments for FY 2019 show “OSC - State Employee Retirement System Contributions” increase of \$12.2 million. That is again a bigger increase than DOT bus operations (\$12.1 million).

Illinois and New Jersey just passed Constitutional “lockboxes” which either ensure that certain transportation revenues cannot be spent on pension obligations, or make it very difficult to do so. Connecticut must remove pension obligations as an item that is funded by STF revenue.

With that said, if new revenue sources are going to be sought, it should be from areas other than car and truck drivers. The only other revenue that should be sought from motor vehicle users is an annual electric vehicle fee. Other than that, motor vehicle stakeholders pay more than their fair share, but that revenue is spent on other modes of transportation, from which they likely draw very little benefit.

It is clear that the way Connecticut currently funds its infrastructure network is unsustainable. It should be fixed before a lockbox “locks in” something will not work for the long term.

RE: SB 560, SB 751, HB 5458, HB 6045, HB 6058 REGARDING ELECTRONIC TOLLS

No Free Ride for Out of State Trucks!! There have been several suggestions that CT needs tolls because out of state vehicles use our roads for free, and CT should get revenue from them. Out of state passenger cars might use CT’s roads for free, but the suggestion that out of state trucks “get a free ride” on Connecticut’s highways is simply untrue. Out-of-state trucks pay CT a percentage of their fuel taxes and registration fees based on miles driven in our state, which helps fund the STF. Per CT Department of Revenue Services, CT netted \$14.3 million in fuel use taxes from out of state commercial truck fleets for the last year of available data (4Q2015 – 3Q2016). Per CT DMV, CT netted \$15.6 million in registration fees from out of state fleets for the last year of available data (12/01/15 to 11/30/16).

Tolling existing lanes of existing interstate highways is prohibited by federal law, under an appropriately-named section titled “Freedom from tolls.” (Title 23 USC Section 301) MTAC and the trucking industry in general appreciate the existence of this law, since fuel taxes (among other “highway user fees”) paid for the construction and ongoing maintenance of these roads. In a sense, this is a consumer protection-type law because it protects constituents from double taxation.

The law does allow for a “waiver” of this provision, but FHWA has never granted the waiver in the 20 years that the provision has existed. No state has been able to meet the requirements necessary to have the waiver granted. Virginia, North Carolina, Pennsylvania, Missouri (has been trying for 12 years) have been unable to meet the requirements to have a waiver granted. The requirements a state must satisfy include:

- It is unable to reconstruct or rehabilitate the facility with existing revenue;
- The facility has a sufficient intensity of use, age, or condition to warrant the collection of tolls;
- The state plan for implementing tolls on the facility takes into account the interests of local, regional, and interstate travelers;

- The state plan for reconstruction or rehabilitation of the facility using toll revenues is reasonable;
- The state has given preference to the use of a public toll agency with demonstrated capability to build, operate, and maintain a toll expressway system meeting criteria for the Interstate System.

It should be noted that in response to Missouri's application, in 2007, FHWA issued a Record of Decision recommending the addition of truck-only lanes as the preferred alternative for I-70 improvements.

Other states have added new lanes to existing highways under the Value Pricing Project. This is at least a more equitable approach, because it does not result in double taxation, and capacity is added. However, that does not solve the problem of the inefficiency of the revenue raising mechanism. According to the Transportation Research Board of the National Academy of Sciences, the administrative, collection and enforcement costs of a typical toll facility are 33.5% of the revenue generated. Fuel taxes average an administrative cost of about 1% of the revenue generated.

These bills also appear to be broad, vague, and all-encompassing. Passing one piece of legislation that would allow the state to toll any and all highways in the state removes accountability to taxpaying constituents. The General Assembly should at least identify which highway it wants to use tolling as a means to add capacity, and justify that to its constituents.

Any potential toll revenue would probably have to be deposited into a separate account from the Special Transportation Fund (STF), regardless of whether or not there is a "lockbox" on the STF. Federal law is very clear on how the funds can be spent, whereas revenue coming in to, and going out of the STF changes frequently.

The Federal Highway Administration summarizes allowable (and non-allowable) uses of toll revenue. In part, it states that Travel Alternative (TA) Set-Aside funds cannot be used for the "State or MPO administrative purposes" (among other things) because there is no authorization under the Federal-aid Highway Program. If tolls were adopted, CT could not ensure compliance with this provision of federal law if the toll revenue was deposited into the STF.

https://www.fhwa.dot.gov/environment/transportation_alternatives/guidance/guidance_2016.cfm#EligibleProjects

Tolling Horror Stories

NY's So Pumped for Cash-Free Tolls, It's (Kinda) OK If You Don't Pay:
<https://www.wired.com/2016/10/nys-pumped-cash-free-tolls-kind-ok-dont-pay/>

FOX25 Investigates: Glitch in new electronic tolling hit customer with bogus charges:
<http://www.fox25boston.com/news/fox25-investigates-glitch-in-new-electronic-tolling-hit-customer-with-bogus-charges/495857071>

Ahead of the snow, toll for Express Lanes in Virginia rises over \$30 during evening rush hour: <http://www.fox5dc.com/news/local-news/227343072-story>

Virginia's price-gouging toll collector should return \$30 to snowbound drivers:
https://www.washingtonpost.com/news/tripping/wp/2017/01/12/virginias-price-gouging-toll-collector-should-return-30-to-snowbound-drivers/?utm_term=.be011a977660

Highway robbery: Small tolls spiral into thousand dollar debts and jail time:
<http://money.cnn.com/2015/09/01/news/unpaid-tolls-debt/>

RE: HB 7138 An Act Concerning Legislative Oversight of Major Transportation Projects and Planning

MTAC believes that this proposal would likely preserve accountability in the transportation planning and funding process. We appreciate the statement that the authority would have a duty to “approve, approve with modification or reject transportation projects proposed by the Department of Transportation before funds are appropriated by the General Assembly for such transportation projects and before bonds are authorized by the State Bond Commission for such transportation projects.”

MTAC further appreciates the statement regarding the creation of an advisory committee which would advise the authority in carrying out its duties. If desired, MTAC would be willing to serve on the advisory committee, and/or provide constructive input to the Authority through any means desired by the Authority.

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Links to FHWA data regarding disposition of state highway user fee revenue:

<https://www.fhwa.dot.gov/policyinformation/statistics/2009/sdf.cfm>

<https://www.fhwa.dot.gov/policyinformation/statistics/2010/sdf.cfm>

<https://www.fhwa.dot.gov/policyinformation/statistics/2011/sdf.cfm>

<https://www.fhwa.dot.gov/policyinformation/statistics/2012/sdf.cfm>

<https://www.fhwa.dot.gov/policyinformation/statistics/2013/sdf.cfm>

<https://www.fhwa.dot.gov/policyinformation/statistics/2014/sdf.cfm>