



Gov. Malloy Outlines Proposal to Stabilize Special Transportation Fund

(HARTFORD, CT) – Governor Dannel P. Malloy today [released the outline](#) of his administration’s revenue package to stabilize the Special Transportation Fund (STF) and allow for critical investments in the state’s transportation system to take place. Implementation of the administration’s plan for the STF would restore canceled state and municipal projects across Connecticut, and would prevent drastic increases in rail and bus fares and major service reductions on Metro-North, Shore Line East, and CT*transit* bus services.

Without the reinstatement of canceled projects, Connecticut’s infrastructure will fall further into a state of disrepair, making our roads and bridges less safe for residents and harming the state’s economy.

The proposal takes four specific actions in order to stabilize the STF and bring critical projects back online:

1. A seven-cent increase in the gas tax, gradually implemented over a four-year period.
2. Implementation of statewide electronic tolling beginning in fiscal year 2023.
3. Acceleration of the transfer of car sales tax by two years.
4. Establishment of a \$3.00 per tire fee on tire purchases.

The STF finances the state’s entire transportation system, including the operating costs of the Connecticut Department of Transportation (CTDOT) and all of the services it provides. In December, Governor Malloy [reiterated and increased](#) his warnings on the solvency of the fund following the release of a report showing that without prompt action, it will be in deficit by fiscal year 2019, which begins July 1, 2018. Earlier this month, the Governor and the CTDOT indefinitely [suspended](#) \$4.3 billion in projects affecting every town across the state, including critical improvements to the I-91/Route 15 interchange on the Charter Oak Bridge, the replacement of the Waterbury Mixmaster, and the widening of I-95 from Bridgeport to Stamford.

“Investment in transportation is investment in Connecticut’s economic future,” Governor Malloy said. “But for decades, our state has chronically underfunded our roads, bridges, tunnels, and rails, and as a result our infrastructure consistently ranks among the worst in the nation. Without new revenues this year, we face a transportation cliff. We will be forced to make draconian cutbacks, affecting even routine maintenance. If we want to revitalize our urban centers and attract the jobs of tomorrow, we absolutely must ensure the solvency of the Special Transportation Fund, and we must do it early in this legislative session. We can no longer afford to wait – it’s time for action.”

“The combination of immediate and long term additional revenue provided by the Governor’s recommendations represents a solution to maintaining our commitment to operate a safe highway, bus and rail transportation network and to avoid serious deterioration of our state and municipal transportation infrastructure,” CTDOT Commissioner James P. Redeker said. “The additional revenue in fiscal year 2019 will relieve bus and rail riders of the potential for massive impacts to fares and service. Overall, the implementation of a growing, predictable income stream to the fund

will enable the effective planning and delivery of the quality transportation system that Connecticut's economy depends on."

In 1997, Connecticut's gas tax was reduced from \$0.39 per gallon to \$0.25 per gallon and it has not been increased since. Over the same period, rail fares have increased by 54 percent and bus fares have increased by 75 percent. And while Connecticut has refused to increase transportation revenue, 26 states – including eight in the past year – have increased their gas taxes. This isn't limited to "blue" states; it includes GOP-dominated states like South Carolina and Tennessee. In 2016, New Jersey's former GOP Governor Chris Christie signed a \$0.23 per gallon increase in the gas tax.

"Despite big promises of a massive infrastructure package, it has become clear that the Trump administration has no plans to make real investments in our transportation system," Governor Malloy added. "Other states have realized that they must take matters into their own hands, and we must do the same to ensure the viability of the Special Transportation Fund."



STATE OF CONNECTICUT
OFFICE OF GOVERNOR DANIEL P. MALLOY

Governor Malloy's Budget Recommendation for Stabilizing the Special Transportation Fund

The Special Transportation Fund (STF) finances the state's transportation system, including the operating costs of the Connecticut Department of Transportation (CTDOT) and all of the services it provides. To sell bonds for transportation projects, the state must continually demonstrate that the STF is operating in balance during the biennium and throughout the coming years. Unfortunately, the current STF balance under the budget adopted in October 2017 was unable to support the level of capital investments and services planned at that time, while also funding normal operations for the CTDOT, including highway maintenance and bus and rail operations.

In December 2017, Governor Malloy reiterated and increased his warnings on the solvency of the fund following the release of a report showing that without prompt action, the STF will be in deficit by fiscal year 2019, which begins July 1, 2018. Then in January 2018, the Governor and the CTDOT indefinitely suspended \$4.3 billion in projects affecting every town across the state, including critical improvements to the I-91/Route 15 interchange on the Charter Oak Bridge, the replacement of the Waterbury Mixmaster, and the widening of I-95 from Bridgeport to Stamford.

The Malloy administration strongly maintains that transportation infrastructure is critical to Connecticut's economic success, and that simply cutting our way to balance in the STF by eliminating important projects and services would be a catastrophic choice. Implementation of proposed revenues for the STF will avoid additional postponement of critical state and municipal projects across Connecticut and will prevent drastic increases in rail and bus fares and major service reductions on Metro-North, Shoreline East, and CTtransit services.

The proposals Governor Malloy released today will restore immediate stability to the STF, allowing the state to reinstate the \$4.3 billion in canceled projects while preventing drastic rail and bus fare increases. The following tables show the effects of the Governor's proposals and the devastating impact of inaction.

Governor Malloy's Proposal for Stabilizing the Special Transportation Fund

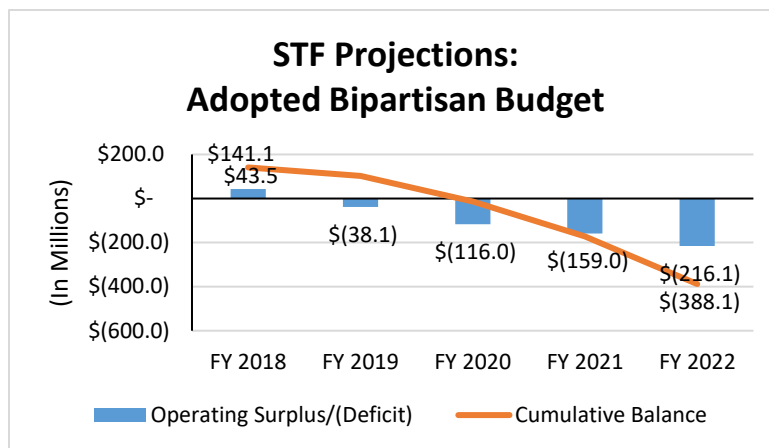
Special Transportation Fund Revenue Proposals (In Millions)

	Eff. Date	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
Increase Gasoline Tax by 7 Cents (2, 1, 2, 2)	7/1/2018	\$ 30.0	\$ 45.0	\$ 75.0	\$ 105.0
Accelerate Transfer of Car Sales Tax by 2 years	7/1/2018	9.1	66.9	78.7	74.9
Impose a Tire Fee (\$3 per tire)	7/1/2018	8.0	8.0	8.0	8.0
Institute Statewide Tolling (Begins in FY 2023)*	7/1/2018	-	-	-	-
		\$ 47.1	\$ 119.9	\$ 161.7	\$ 187.9

*Projected to raise \$600-\$800 million per year upon implementation in FY2023.

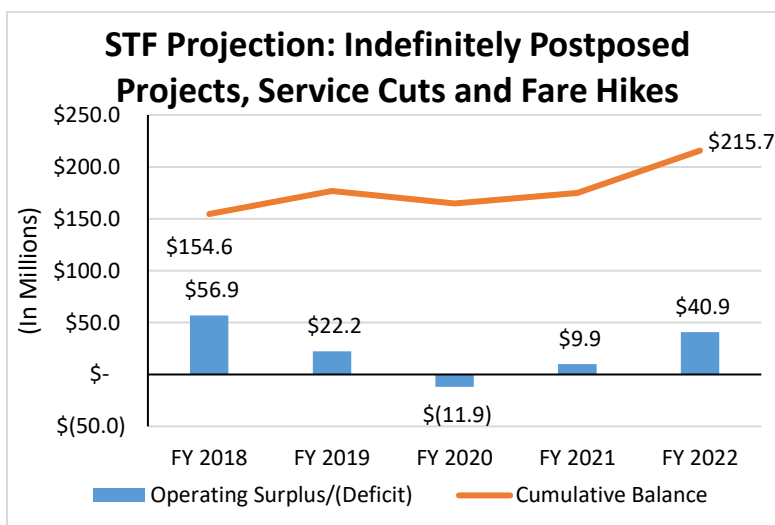
STF Projection: Bipartisan Budget

The graph below illustrates the differential between planned transportation projects, services, and CTDOT operational costs and the forecasted revenues at the time. The November consensus revenue projection identified a drop-off in revenue due to continued low oil prices/slow growing revenue. As a result, the fund would have gone into deficit and run out of money in FY 2020.



STF Projection: Indefinitely Postponed Projects, Service Cuts, and Fare Hikes

To bring the STF into balance, Connecticut needed to make drastic modifications to the state's infrastructure improvement plan. These actions include, among other adjustments: \$4.3 billion in infrastructure projects postponed indefinitely; 20% rail fare increase and a 5% bus fare increase; and major service cuts to Shoreline East and branch lines. All together, these actions produce a balanced STF, as illustrated by the following graph, but include devastating cuts to Connecticut's transportation system.



STF Projection: Governor's Budget Recommendation

Included in his budget recommendations for the 2018 legislative session, Governor Malloy proposes budget adjustments that would restore deep cuts, would likely allow for all the indefinitely postponed projects to restart and move forward, and would reduce fare increases. Specifically, the Governor's budget recommendations include: a gas tax increase of 7 cents over 4 years (2¢, 1¢, 2¢, 2¢) in FY 2019 through FY 2022 (7¢ total); advance diversion of sales tax on motor vehicles into FY 2019; impose a fee on tires (\$3 per tire); and institute statewide tolling (beginning in FY 2023).

