

Finance Revenue and Bonding Committee
Written Testimony for Public Hearing on March 15, 2019
On Behalf of the Capitol Region Council of Governments

SB No. 876 An Act Authorizing and Adjusting Bonds of The State for Capital Improvements, Transportation and Other Purposes

SB No. 877 An Act Concerning Revenue Items to Implement the Governor's Budget

Opposed to:

- Omission of use of General Obligation Bonds for Transportation project funding under SB 876
- Freeze of the scheduled car sales tax diversion from the General Fund at 8% to Special Transportation Fund in SB 877

Senator Fonfara, Representative Rojas, Senator Witkos, Representative Davis and

Members of the Committee:

In summary, the Capitol Region Council of Governments (CRCOG) urges the Committee to reverse the omission of the \$250 million of General Obligation bonds that were dedicated to transportation in SB 876. In addition, CRCOG supports the phased in increase of car tax transfer to the Special Transportation Fund passed last year and opposes the freeze of the scheduled car sales tax diversion from the General Fund to the Special Transportation Fund at eight-percent per year in SB No. 877.

Both measures are used to leverage substantial federal transportation funds and would imperil repairs and improvements in the transportation infrastructure in the Capital Region and of course much larger negative impacts statewide. The leveraging of federal funds means that the reductions experienced will be far larger than the bonding and sales tax transfers would suggest.

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Failing to provide for \$250 million of General Obligation bonding to supplement the Special Tax Obligation bonds puts the current schedule of transportation capital investments at risk of delay or cancellation.

Last year in a bipartisan agreement, the General Assembly included this essential bonding in section 41 of PA 18-178:

- Sec. 41. (NEW) (Effective July 1, 2018) (a) The State Bond Commission shall authorize bond issuances each calendar year for transportation projects up to the amounts specified under subsection (b) of this section.
- (b) For the calendar years commencing January 1, 2018, to January 1, 2019, inclusive, the State Bond Commission shall authorize general obligation bonds for transportation projects, capped at the following amounts: Calendar Year Commencing January 1, 2018 \$250,000,000 and 2019 \$250,000,000.

The omission of this important bonding in SB 876 would negatively impact the scheduled transportation program and further burden the state's economy. CT DOT cash-flow for current programming requires this bonding to maintain the current program. CT DOT has separately prepared and provided an analysis that details the consequences of this omission in bonding.

SB No. 877

As was indicated during the testimony last year on the car sales tax diversion, revenue shortfalls to the Special Transportation led to planned transit fare increases, services reductions and severe project deferments. CRCOG supports the phased in increase of car tax transfer to the Special Transportation Fund passed last year and opposes the freeze of the scheduled car sales tax diversion from the General Fund to the Special Transportation Fund at eight-percent per year in SB No. 877. The best estimate of loss of revenue to the Special Transportation Fund would be at least \$850 million over a five-year period. Last year the General Assembly calculated and passed a measure to accelerate the schedule for diverting car sales tax from the General Fund to the Special Transportation Fund to provide several years of adequate funding to avoid the negative consequences described above.

CRCOG urges members of the Finance Revenue and Bonding Committee to seriously consider these two items and to take steps to avoid transit fare increases, services cuts and project deferments.

For more information, please feel free to contact me at 860 724 4232 or lwray@crcog.org.

Respectfully submitted,

Lyle Wray, CRCOG