

To: Policy Board
Transportation Committee

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cc: Jon Colman, Transportation Committee Chair
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Subject: Transportation Finance Panel Recommendations and Tolling

In 2015 Governor Malloy released Let's Go CT!, Connecticut's Bold Vision for a Transportation Future (<http://www.transformct.info/>). The vision acknowledged transportation as the backbone of the State's economy, identified 5-year ramp-up and 30-year investments in state transportation corridors, and proposed the creation of a transportation "lock box" to ensure monies assigned to transportation are spent on transportation.

To assist in understanding how to sustainably structure resources to advance the 30-year, \$100 billion vision and create a best-in-class system, the Governor assembled a [Transportation Finance Panel](#) consisting of nonpartisan experts in transportation, finance, and economic development. The Panel completed a final report in January 2016 that identified a number of recommendations to consider. The Panel's recommendations, generally summarized below, are what they feel are the most prudent and cost effective way to fund the state's transportation infrastructure. This summary is meant to inform you of the Panel's findings and allow us to begin formulating a policy in the framework of needing funding strategies as we look to reconstruct the Interstate 84 viaduct and address other regionally significant transportation projects.

Policy

- Enact of a constitutional amendment to protect funds in the Special Transportation Fund (STF)
- Support alternative delivery methods and tools that support innovation and flexibility while streamlining project schedules and providing cost savings
- Strengthen tools and develop new frameworks to allow local governments and regional entities to fund and deliver transportation projects. This could include regional option sales taxes or further consolidation of Metropolitan Planning Organizations to assist in planning and advancing major transportation projects.
- Enhance the planning functions in state government and consider pilot programs to account for a growing number of large scale transportation projects and the future of transportation (e.g. autonomous vehicles).
- Consider engaging and partnering with the private sector wherever feasible

Funding / Financing

- Conduct an analysis of motor vehicle receipts, licenses, permits and fees as to what rates should be, reset to current norms, and then increase these routinely to account for inflation
- Increase the gasoline tax by 2 cents a year for 7 years, bringing it back to 39 cents (the level it was at prior to roll-backs that occurred in the late 1990s and early 2000). Further increases to the tax

could also be considered to offset more efficient vehicle fleets of the future and gain additional revenue to support the STF.

- Currently 0.5% of the 6.35% sales tax goes to the STF. Consider increasing the current sales tax by 0.5% (to 6.85%) and transferring this increment to the STF, yielding a full 1% sales tax revenue for transportation. Alternatively, the state could retain the incremental increase in the General Fund and move all motor vehicle-related sales taxes to the STF.
- Implement congestion mitigation all-electronic tolling systems on the major corridors to assist in covering the costs of several large projects and mitigate congestion at various times of day.
- With significant land held in trust for transportation purposes, there is the potential to raise revenues from the Rights of Way and, in addition, the state could seek to capture the increase in value of land near transportation improvements (especially bus-rapid transit and rail stations).
- Consider sponsorships authorized by federal law changes and better utilization of advertising contracts.
- Consider alternative forms of financing including but not limited to Green Bonds, Transportation Infrastructure Finance and Innovation Act (TIFIA), and Railroad Rehabilitation and Improvement Financing (RRIF) program, and Public-Private Partnerships.

The above gives our state a framework for financing state of good repair and critical congested areas, constructing a best-in-class transportation infrastructure, and ensuring our state is attractive for economic growth. Given that tolling has been a recurrent legislative topic we wanted to also share a few proposed bills this session (identified below). Estimates project it could take up to 7 years to pass state legislation, secure federal approvals, organize a tolling office / agency, and install the tolling infrastructure. The panel also points out that Connecticut is the only densely-populated state in the continental U.S. that does not have tolling and is the only one of the 15 states on the Atlantic coast that does not have tolling.

Bill #	Bill Name	Introduced By	General Summary
H.B. No. 5458	AN ACT ESTABLISHING ELECTRONIC TOLLS ON CONNECTICUT'S HIGHWAYS	Rep. Henry J. Genga, 10th Dist.	Proposes that title 13a of the general statutes be amended to require the Commissioner of Transportation to establish electronic tolls on the state's highways and identify any legislation or administrative actions necessary for the implementation of such tolls
H.B. No. 6058	AN ACT CONCERNING ELECTRONIC TOLLS	Rep. Antonio Guerrero, 29th Dist.	Proposes that title 13a of the general statutes be amended to require the Commissioner of Transportation to establish electronic tolls on Connecticut's highways.
S.B. No. 560	AN ACT INSTITUTING ELECTRONIC TOLLS ON CONNECTICUT'S HIGHWAYS	Sen. Steve Cassano, 4th Dist.	Proposes that the general statutes be amended to authorize the Department of Transportation to establish electronic tolls on Connecticut's highways

To reiterate, CRCOG would be interested in introducing the above summary material as background while we begin to develop a framework for funding regionally significant transportation projects.