

"The truth is out there." – X-Files

BY THE NUMBERS

85.8%: number of Connecticut communities that depend exclusively on trucks to move their goods

\$3.2 billion: total trucking industry wages paid in Connecticut (2016)

59,390: trucking industry jobs in Connecticut (2016)

\$53,430: average annual salary in Connecticut (2016)

\$8,258: average annual CT-imposed highway user fees paid by tractor trailers

\$8,906: average annual fed-imposed highway user fees paid by tractor trailers

The Connecticut trucking industry appreciates the opportunity to have its voice heard by the Commission on Fiscal Stability and Economic Growth. The trucking industry is referred to as "the backbone of the economy," and the numbers above demonstrate why that is the case.

MTAC agrees that Connecticut's transportation system needs improvements. MTAC is pleased to be a part of that discussion. However, many political leaders and stakeholders seem willing to jump straight to raising revenue, with no questions asked.

Taxpayers are being told that increasing debt service is a reason why the Special Transportation Fund will become insolvent. At the same time, taxpayers are also being told that tax revenue needs to be increased so that the state can go sell bonds (incur more debt!) on Wall Street. If one considers the optics of that, it is not a good look. The message is, "the state needs to raise your taxes, so that the state can go put more money on the credit card." However, when the bill for that comes due, will the message be that taxes need to be raised to pay off the credit card bill? Will this vicious cycle continue?

MTAC disagrees with the notion that the legislature has ignored transportation funding for years. For example, the Petroleum Gross Receipts tax rate has been increased several times, which requires legislative action. Recent rates for the tax include:

- 5% prior to July 1, 2005;
Increased to:
- 5.8% between July 1, 2005, and July 1, 2006;
Increased to:
- 6.3% between July 1, 2006, and July 1, 2007;
Increased to:
- 7% between July 1, 2007, and July 1, 2013;
Increased to:
- 8.1% since July 1, 2013



Additionally, the per gallon excise tax on diesel fuel has been increased during the last several years, which requires legislative action. Recent rates for the tax include:

- 26 cents per gallon: July 1, 2008 through June 30, 2011,
Increased to:
- 29 cents per gallon: July 1, 2011 and after

These are just some of the revenue-raising measures that have been passed into law by the legislature over the last several years, and there are probably others.

Please note that the diesel tax rate that Connecticut truckers pay is comprised of BOTH of these components. The Department of Revenue Services does a complex calculation using the base rate of 29 cents per gallon, as well as the average wholesale price per gallon of diesel fuel from the period of April 1 through March 30, plus the applicable gross receipts tax rate on petroleum products. The result determines what the total excise tax on each gallon of diesel fuel will be, effective every July 1. It is currently 41.7 cents per gallon.

Out-of-state truckers that drive through Connecticut also pay a fuel use tax at the rate of 41.7 cents per gallon based on the fuel that they use while driving in Connecticut.

The attached spreadsheet showing the history of the Special Transportation Fund shows that total revenue to the STF has greatly increased over the years. The only time in recent years when the fund took in less revenue on a year-over-year basis was FY 2009 to FY 2010, and FY 2012 to FY 2013.

In FY 2011, the fund recovered, and revenue surged past the 2009 mark. A few years later, FY 2013 saw a slight decrease in total revenue from the previous year. However, the legislature acted and raised the Petroleum Gross Receipts tax from 7% to 8.1%, effective July 1, 2013 as shown above. The narrative that the legislature has not acted to raise revenue for the Special Transportation Fund is not true.

The legislature has control over raising revenue, and has done so. What the legislature does not necessarily have complete control over is DOT spending. One example of this was demonstrated last summer. As the transportation funding “crisis” was coming to a head, the DOT surprisingly announced a new UConn to Hartford CTFastrak route. This action took place in August 2017 when the state was operating without a budget! The legislature did not approve this, it just happened. This is a microcosm of the situation we are in; spending is the true problem, not an unwillingness by the legislature to raise revenue.

DOT spending on bus operations has grown every year since 2006. DOT spending on “Other” public transportation-related purposes has grown every year since 2010. Transit subsidies eat up money from the Special Transportation Fund. Spending 60% of DOT’s operating budget on transit subsidies is clearly unsustainable, and is unfair to highway users who fund the Special Transportation Fund.

It has been suggested that a forensic audit of the Connecticut Department of Transportation take place. MTAC believes that an audit is completely appropriate, given the circumstances. A recent report from the Reason Foundation found that Connecticut has spent a total of \$477,875 per mile of road in the state. The national average was only \$160,997 per mile. Perhaps even more concerning, Connecticut also ranked worst in terms of administrative costs per mile, with a figure of \$83,282 spent per mile. The report said that is more spent per mile than any other state in the country.

Given this information, an audit should be conducted before any new revenue is raised at the expense of highway users. Why is Connecticut less efficient than any other state? What else might be happening (like the UConn Fastrak route) that the legislature did not specifically approve? Connecticut taxpayers deserve to know.

MTAC members depend on interstate highways to transport goods in an efficient and cost-effective manner. That is why MTAC is opposed to the tolling of existing interstates. Federal law prevents Connecticut from simply erecting fixed-rate tolls every few miles like those that exist on the Massachusetts Turnpike. The Mass. Pike, and other tolled highways in states surrounding us, were built with tolls and “grandfathered in” to the Eisenhower Interstate System when it was created. Those states did not add tolls to the highways decades after they were originally built, which is what Connecticut wants to do.

Connecticut is looking at the Value Pricing Pilot Project, which is one of the few exemptions to the federal prohibition on tolling existing interstates. However, they are looking to use it in a way that has never been done before. Specifically, that is to take a toll-free interstate and turn it into a congestion-priced interstate. This is so controversial that no state has ever done it. And Connecticut is looking at it for not just one highway, but for every highway in the state. Numbers from the Transportation Finance Panel’s final report show that Connecticut would have to spend \$373 million just to set up tolling systems for all of the proposed tolls. That figure does not even include the millions that will be needed for Environmental Impact Studies, and studies on traffic diversion, local road congestion, and economic impacts. This would be even more inefficient actions in Connecticut’s transportation system.

Congestion-pricing purposely sets tolls so high (at a moment’s notice) that it forces drivers off of the highway, so that the state or toll operator can claim that they reduced congestion. Keep in mind that these are highways that have been paid for by residents and businesses through fuel taxes, registration fees, DMV permit fees, etc. Now they would be priced out of this critical public infrastructure by congestion-pricing. In an era when businesses and residents are fleeing the state because of the high cost of operating (or living), this policy is the opposite of what Connecticut needs.

Connecticut can see a preview of what congestion price tolling would look like if implemented in this state. Interstate 66 lanes in Northern Virginia recently implemented a very similar scheme to

what Connecticut is proposing. Last week, the tolls on those lanes charged \$46 in tolls to go 10 miles. That toll applies to express lanes, but there are regular (non-toll) lanes still available. But in Connecticut, it would be ALL existing lanes that are congestion-priced, there would be no toll-free lanes. If the General Assembly allows CT DOT to vaguely “implement tolls on Connecticut’s highways,” it is completely possible that the tolls could rise to these rates. https://www.washingtonpost.com/news/dr-gridlock/wp/2018/01/24/the-toll-on-i-66-inside-the-beltway-hit-46-75-wednesday-morning/?utm_term=.69be58a08277

There have been calls to create a quasi-governmental body called the Transportation Finance Authority. If Connecticut is serious about achieving fiscal stability and economic growth, this proposal needs to be firmly rejected. There are probably only two reasons that the legislature would support creating the Transportation Finance Authority, and neither of them are good. The first is because they want tolls (or mileage taxes, or other revenue) without having to actually vote for them. The second is so that a new “set of books” can be created that can accumulate debt. This would be like an individual getting a new credit card after they have already “maxed out” their other credit cards. It does not address the underlying problem; it just creates more debt with more interest. It would not be a fiscally responsible thing to do.

Two examples of why quasi-government bodies should be avoided are the New York Thruway spending highway toll revenue on upstate canal systems, and the Bayonne Bridge project (administered by Port Authority of New York / New Jersey) running \$350 million over budget <https://www.northjersey.com/story/news/transportation/2017/12/08/bayonne-bridge-project-350-million-over-budget/935641001>.

Recently, the American Transportation Research Institute (ATRI) released a report titled “Framework for Infrastructure Funding,” in which they found that an increase in the federal fuel tax is the most efficient way to raise revenue, and that it would also create hundreds of thousands of new jobs.

The report also found that:

- A newly created federal vehicle registration fee would be the most efficient mechanism to fill funding gaps associated with electric vehicle use. These fees could be seamlessly implemented using the same systems as those successfully used to collect state registration fees.
- A bureaucracy as large as the IRS would be required to collect, manage and enforce a national vehicle miles traveled (VMT) tax on the more than 250 million vehicles registered in the U.S. Additionally, mileage tax evasion would likely skyrocket under a program that can’t “see” non-paying users.
- The practice of road tolling continues to be an expensive proposition for collecting highway funds. While several toll systems slightly improved their administrative efficiency, the majority of toll systems spend more than ten cents of every dollar collected on administrative activities. Many systems are losing money, and almost all privatized toll

roads in the U.S. have filed bankruptcy. Finally, ATRI's analysis found that many toll authorities have modified their public financial statements to increase complexity and decrease transparency of revenue management – which ultimately masks the inefficiency of toll roads.

- According to literature and public polling data, American taxpayers prefer a federal fuel tax over other funding mechanisms when the revenue is dedicated to transportation infrastructure.

In conclusion, MTAC sincerely appreciates the opportunity to meet with the Commission on Fiscal Stability and Economic Growth. MTAC members already pay a lot of taxes and fees for the privilege of operating in this state. The Commission should consider recommending that no additional revenue is raised until an audit of CT DOT is conducted. If it is ultimately necessary to pay more, that should be done through efficient taxes/fees, not through inefficient means that will harm the local economy, like congestion-pricing existing highways.

Thank you for your consideration.

** (The numbers in the Special Transportation Fund history spreadsheet are budgeted appropriations. Since they are budget numbers, actuals may ultimately have varied from the budget because of lapses or FAC actions over the years. However, those amounts are relatively small, and this spreadsheet presents a good overall picture of STF trends.)*

STF Historical Summary																		
FY	STF Estimated Revenue				Total STF Appropriation	DOT STF Appropriations							Non-DOT Appropriations					
	Total Revenue	Motor Fuels/Oil Companies Tax	Motor Vehicle Receipts/ DMV Sales Tax/License s Permits & Fees	All Other Revenue		Programme d Lapses	Total DOT appropriated	Public Transportati on Related	Public Transportation Related Breakout by Major Category			PAYGO	All Other DOT Appropriatio ns and Programmed Lapses	Other Budgeted Non-DOT	Debt Service	DMV Appropriatio ns	Comptroller (Fringes, Accruals and other)	Debt Service Percenta ge
									Rails	Bus	Other							
2018	1,592,600,000	777,100,000	484,200,000	331,300,000	1,510,906,625	(12,000,000)	620,142,556	371,709,836	173,370,701	156,352,699	41,986,436	13,629,769	222,802,951	20,140,625	614,679,938	66,182,036	201,761,470	40.7%
2017	1,696,900,000	862,000,000	471,500,000	263,400,000	1,463,408,052	(12,000,000)	611,706,323	358,709,915	166,249,813	154,842,551	37,617,551	14,589,106	226,407,302	28,655,095	562,993,251	65,877,070	206,176,313	38.5%
2016	1,468,100,000	838,100,000	469,100,000	160,900,000	1,416,073,382	(12,000,000)	641,280,004	367,378,799	181,071,446	150,802,948	35,504,405	29,572,153	232,329,052	22,835,255	501,950,536	66,296,107	195,711,480	35.4%
2015	1,322,700,000	878,200,000	449,900,000	(5,400,000)	1,321,563,162	(11,000,000)	583,762,349	332,763,916	152,279,937	146,972,169	33,511,810	19,700,000	220,298,433	17,922,760	476,884,116	63,297,296	190,696,641	36.1%
2014	1,243,700,000	883,600,000	444,400,000	(84,300,000)	1,243,182,080	(11,000,000)	550,060,719	317,672,582	143,419,140	143,424,847	30,828,595	9,700,000	211,688,137	17,467,524	463,814,137	59,178,346	163,661,354	37.3%
2013	1,233,600,000	696,900,000	460,100,000	76,600,000	1,232,670,120	(11,000,000)	551,596,805	315,880,577	145,588,220	138,989,614	31,302,743	22,687,740	202,028,488	17,121,047	457,974,187	53,912,920	163,065,161	36.6%
2012	1,262,600,000	734,200,000	452,900,000	75,400,000	1,261,932,205	(53,536,383)	602,289,211	307,777,986	144,997,567	135,029,058	27,751,361	27,718,098	213,256,744	16,408,631	478,835,373	56,752,102	161,183,271	36.4%
2011	1,180,000,000	660,000,000	427,800,000	92,200,000	1,176,883,854	(11,000,000)	516,942,809	296,999,563	137,901,327	132,955,915	26,142,321	12,402,843	196,540,403	22,365,413	458,839,454	52,986,798	136,749,380	38.6%
2010	1,115,700,000	636,600,000	415,400,000	63,700,000	1,114,661,442	(21,227,979)	492,560,647	267,356,389	117,635,208	125,318,445	24,402,736	12,402,843	191,563,436	10,318,993	443,958,243	59,357,137	129,694,401	39.1%
2009	1,157,000,000	665,500,000	481,300,000	10,200,000	1,154,226,399	(11,000,000)	507,257,307	259,393,955	116,378,770	116,865,218	26,149,967	12,576,141	224,287,211	15,662,274	449,526,814	62,464,010	130,315,994	38.6%
2008	1,126,900,000	643,800,000	472,600,000	10,500,000	1,098,835,226	(11,000,000)	481,113,788	235,301,648	100,042,527	110,139,826	25,119,295	12,537,504	222,274,636	9,898,046	436,194,065	61,395,933	121,233,394	39.3%
2007	1,105,500,000	629,600,000	475,000,000	900,000	1,056,247,124	(11,000,000)	439,939,756	208,857,467	89,080,198	100,075,221	19,702,048	12,421,593	207,660,696	16,195,874	442,210,790	58,152,404	110,748,300	41.4%
2006	986,200,000	528,500,000	469,000,000	(11,300,000)	982,638,160	(11,000,000)	398,742,319	185,801,169	81,241,201	87,080,164	17,479,804	12,194,055	189,747,095	7,004,938	431,009,118	54,646,785	102,235,000	43.4%
2005	944,600,000	484,000,000	455,300,000	5,300,000	929,340,266	(11,000,000)	372,116,727	172,540,541	75,972,175	82,607,056	13,961,310	12,000,000	176,575,186	6,571,067	422,921,856	51,063,016	87,668,600	45.0%
2004	901,500,000	476,600,000	420,400,000	4,500,000	897,665,193	(22,063,700)	354,952,303	158,979,961	70,031,134	76,503,116	12,445,711	12,000,000	161,908,642	6,513,194	425,943,916	50,988,080	81,231,400	46.3%
2003	877,700,000	464,300,000	391,300,000	22,100,000	903,162,164	(15,000,000)	363,499,316	152,659,653	69,659,185	72,128,068	10,872,400	12,000,000	183,839,663	9,096,137	414,608,531	54,721,880	76,236,300	45.2%
2002	862,400,000	459,900,000	380,300,000	22,200,000	840,747,251	(15,000,000)	320,330,981	143,698,591	65,795,592	67,461,199	10,441,800	12,000,000	149,632,390	6,933,896	406,139,466	52,352,108	69,990,800	47.5%
2001	854,100,000	463,500,000	359,100,000	31,500,000	814,544,781	(20,000,000)	313,506,655	137,065,510	62,739,956	64,291,885	10,033,669	12,000,000	144,441,145	6,019,319	401,927,633	50,257,684	62,833,490	48.2%
2000	873,800,000	536,000,000	306,800,000	31,000,000	820,940,913	(20,000,000)	341,976,500	132,814,286	60,937,821	61,842,796	10,033,669	11,600,000	177,562,214	4,374,748	385,955,080	50,274,715	58,359,870	45.9%
1999	808,700,000	496,000,000	281,000,000	31,700,000	811,568,311	(10,000,000)	309,329,461	124,410,563	55,085,264	59,291,630	10,033,669	10,200,000	164,718,888	18,050,017	387,094,062	44,504,881	62,589,900	47.1%
1998	826,900,000	521,200,000	277,900,000	27,800,000	829,753,369	(20,417,500)	298,065,068	123,201,808	56,190,642	60,077,103	6,934,063	9,700,000	144,745,760	57,662,348	388,899,269	44,680,184	60,864,000	45.7%
1997	862,700,000	563,500,000	252,000,000	37,200,000	820,746,875	(6,000,000)	288,469,061	125,681,543	58,451,259	60,916,177	6,314,107	9,200,000	147,587,518	59,919,037	371,520,000	40,392,377	66,446,400	44.9%
1996	814,200,000	512,000,000	250,500,000	51,700,000	804,493,169	(9,200,000)	296,823,955	126,207,414	63,420,184	56,473,123	6,314,107	9,200,000	152,216,541	51,563,496	357,800,000	43,271,718	64,234,000	44.3%
1995	758,000,000	466,000,000	248,300,000	43,700,000	757,951,286	(6,000,000)	284,766,907	122,302,734	61,700,000	56,474,734	4,128,000	200,000	156,264,173	39,232,520	338,220,000	42,725,559	59,006,300	44.6%
1994	733,800,000	438,000,000	259,000,000	36,800,000	746,443,328	(6,000,000)	290,923,382	116,678,000	58,800,000	56,000,000	1,878,000	9,200,000	159,045,382	39,855,129	326,660,000	41,061,817	53,943,000	43.8%
1993	709,100,000	407,732,500	258,821,500	42,546,000	704,660,377	(6,000,000)	286,293,469	111,918,800	53,601,000	56,434,800	1,883,000	9,200,000	159,174,669	1,106,675	331,510,980	36,683,453	55,065,800	46.9%
1992	661,000,000	375,952,500	234,360,000	40,687,500	658,469,579	(16,311,894)	300,978,092	106,778,400	49,408,500	55,148,000	2,221,900	14,600,000	163,287,798	1,100,000	281,140,000	38,473,081	53,090,300	41.7%
1991	627,000,000	674,779,200	479,870,400	(527,649,600)	618,430,000	(5,323,575)	327,863,575	109,661,640	54,583,800	52,999,840	2,078,000	32,505,000	180,373,360	934,000	253,445,000	General Fund	41,511,000	41.0%
1990	606,000,000	674,085,400	504,942,200	(573,027,600)	603,731,334	(15,526,134)	355,062,788	104,347,000	55,306,000	46,188,000	2,853,000	46,733,000	188,456,654	2,262,680	213,135,000	General Fund	48,797,000	34.4%
1989	554,000,000	753,939,000	517,175,700	(717,114,700)	535,463,705	(3,500,000)	332,708,705	95,533,500	53,045,000	40,394,000	2,094,500	51,719,000	181,956,205	2,300,000	184,910,000	General Fund	19,045,000	34.3%
1988	593,700,000	716,432,800	519,707,400	(642,440,200)	593,651,900	(3,500,000)	440,175,900	135,220,000	50,500,000	38,637,000	46,083,000	133,672,000	167,783,900		156,976,000	General Fund	not reported seperately	26.4%
1987	482,000,000	835,178,700	653,132,100	(1,006,310,800)	465,732,000	(3,200,000)	302,332,000	82,536,000	46,433,000	35,641,000	462,000	60,772,000	155,824,000	400,000	166,200,000	General Fund	not reported seperately	35.4%
1986	425,200,000	237,000,000	166,600,000	21,600,000	425,190,398	(2,500,000)	308,390,398	74,698,122	42,475,955	32,122,167	100,000	77,880,000	153,312,276	400,000	118,900,000	General Fund	not reported seperately	
1985	343,600,000	225,000,000	104,500,000	14,000,000	335,052,750	(2,500,000)	241,114,750	65,215,000	35,375,000	29,740,000	100,000	31,100,000	142,299,750		96,438,000	General Fund	not reported seperately	