

Re: LCO #373 - An Act Concerning the Sustainability of Connecticut's Transportation Infrastructure

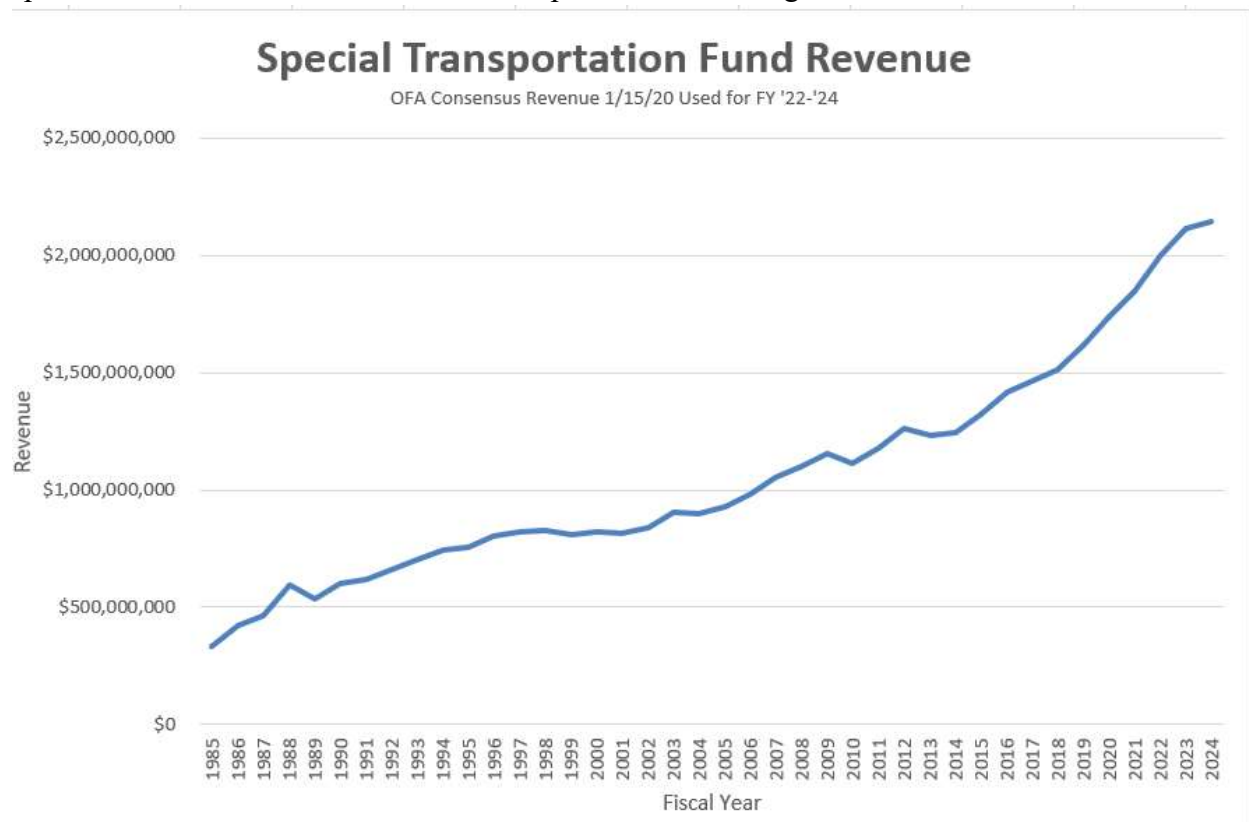
MTAC Opposes

Chairman Leone, Chairman Lemar, Ranking Member Martin, Ranking Member Devlin, and Transportation Committee members, thank you for the opportunity to testify in opposition to this bill. I am Joe Sculley, President of Motor Transport Association of Connecticut (MTAC).

MTAC cannot help but comment on the fact that this plan is built on a number of false statements about the trucking industry. It is targeting the trucking industry for money in order to make up for fiscal irresponsibility. However, given the lack of any kind of reliable revenue estimates based on real traffic and revenue studies, diversion analysis, etc., this will also lead to car tolling because there is no way this will generate the revenue estimates that are being publicized. Section 8 (lines 285-288) holds that when truck toll revenue falls short of estimates (whether 1. accidentally or 2. "accidentally on purpose," cars will ultimately be tolled.

FALSE STATEMENT #1 – The STF is Running Out of Money

Not true. The data for this graph comes from a spreadsheet prepared by ConnDOT. The data in the spreadsheet is from numbers contained in previous state budgets.



FALSE STATEMENT #2 – Toll Revenue Must Be Spent on the Road or Bridge That is Tolled

Not true. From this Federal Highway Administration (FHWA) website: https://www.fhwa.dot.gov/ipd/fact_sheets/tolling_programs.aspx

Use of Toll Revenue

The Federal tolling programs also come with restrictions on the use of toll revenues generated by the facilities that receive tolling authority. Under the mainstream tolling programs (Section 129 and Section 166), toll revenue may be used for debt service, to provide a reasonable return on investment to any private party financing a project, for the operations and maintenance (including capital improvements) of the toll facility, and payments between public and private partners involved in a public-private partnership. **If the public authority with responsibility for the toll facility certifies that the facility is being adequately maintained, then toll revenues may also be used for other purposes eligible under Title 23.** The ISRRPP includes similar restrictions but does not allow toll revenues to be used on other facilities. The VPPP allows toll revenues to be used to mitigate the adverse effects of tolls on low-income drivers, in addition to project-related costs and other Title 23 uses. Toll facilities are required to undergo annual audits to ensure compliance with the limitations on the use of toll revenues. The results of these audits must be transmitted to FHWA.

Connecticut is attempting to use the Section 129 program.

FALSE STATEMENT #3 – Out-Of-State Trucks Travel Through Connecticut for Free

Not true. Out-of-state trucks pay taxes and fees for every mile they drive, and the fuel that they use in Connecticut, regardless of where the truck is registered, where it is domiciled, or where the fuel was purchased. This happens because of the International Registration Plan (IRP) and the International Fuel Tax Agreement (IFTA).

Recent data indicates that revenue from out-of-state trucks is close to \$40 million annually.

International Registration Plan (IRP) - According to the Department of Motor Vehicles, it received nearly \$28 million in registration fees through the IRP in 2018.

International Fuel Tax Agreement (IFTA Tax) - In FY 19, the state collected \$11.8 million and in FY 18 the state collected \$13.2 million.

FALSE STATEMENT #4 – One Tractor Trailers Does As Much Road Damage as Thousands of Cars

Not true. That number or idea was “derived” from a series of tests that took place in the 1950s, in which test pavement sections were deliberately under-designed. Engineers were trying to figure out what standards were required for interstate highways. Trucking opponents played with

numbers based on that to “calculate” the value of 9,600 to 1. The truth is, the National Academy of Science’s Transportation Research Board has stated: “When a highway is properly designed, it presumably will require only routine surface maintenance throughout its service life provided the expected number of axle load repetitions is not exceeded. In other words, it will not be damaged by the traffic it is designed to support. This is an important point because there are prevalent misconceptions that trucks damage pavements more than passenger cars.”

Do legislative leaders really think that Connecticut’s civil engineers and construction companies are not capable of designing and constructing our highways so that they can handle the traffic that they know will drive on it? Maybe Connecticut should get some better civil engineers and construction companies if that is the case.

FEDERAL HIGHWAY ADMINISTRATION GUIDANCE SUGGESTS IT MAY NOT BE LEGAL TO TOLL SOME OF THE PROPOSED LOCATION

The question and answer below from the following website explains
https://www.fhwa.dot.gov/ipd/tolling_and_pricing/tolling_pricing/section_129_faqs.aspx

May a State open a project as toll-free and after opening the project as a toll-free facility, institute tolls? [NEW]

“Only if the State declares its intention to toll the facility prior to construction. Nevertheless, deferred tolling for any extended period after the facility is open to traffic is problematic and subject to challenge as violating 23 U.S.C. 301, as 23 U.S.C. 129 was designed to link the financing of the capital investment with the limited exception to the requirement that Federal-aid highways and bridges be free from tolls of all kinds.

If NEPA has been completed, but construction has not been completed, tolled alternatives may be developed and evaluated through a re-evaluation or supplemental environmental document.”

This proposal would put tolls on the Charter Oak Bridge and the Mixmaster for major repair/reconstruction work that is already underway and will be completed before any tolls are implemented.

MTAC believes this guidance would prevent the State from legally tolling those bridges. If that is the case, the plan would result in a huge loss of revenue and would be even less practical than it already is.

MTAC has inquired with the FHWA about this guidance.

New Research Documents Who Pays and Who Benefits From Toll System Revenue

On Tuesday, January 29, the American Transportation Research Institute (ATRI) released new research that documents the collection and distribution of \$14.7 billion in U.S. toll revenue,

representing 81.7 percent of U.S. toll collections. The research sheds light on many questions about tolling, including how much toll revenue is generated versus reinvested in toll facilities, and contrasts truck-generated toll revenue versus truck utilization of toll roads.

The study found:

- Toll Revenues are Up Significantly. Toll revenues increased 72.54 percent over 10 years, with \$14.7 billion in revenue collected in 2018. For comparison, the percentage increase in the Consumer Price Index (CPI) which measures inflation for the same time period was 16.9 percent.
- Toll Costs for Trucks Exceed Other Industry Cost Metrics. Toll costs for commercial vehicles were \$0.45 per mile, which exceeds every cost per mile metric from ATRI's 2018 operational cost survey with the exception of driver wages, which were \$0.596 per mile. This is in stark contrast to the \$0.146 per mile paid by trucks for federal and state transportation-related taxes and fees.
- Trucking Costs for Toll Roads are Inflationary; Toll Fees are Paid Over and Above Annual Federal and State Fuel Taxes Paid by the Industry to Travel Toll Roads. In addition to paying \$4.2 billion in tolls across the 21 toll systems, trucks paid \$811 million annually in federal and state fuel taxes while traveling across the study sample's toll facilities.
- Toll Facility Costs are High. Of the \$14.7 billion in total toll revenue, \$4.764 billion or 32.4 percent of total revenue was used to cover facility costs. Of this, \$2.32 billion or 15.8 percent of total revenue was spent on toll collection costs
- Nearly 50 Percent of Toll Revenue Collected is Diverted to Uses Other than the Operation of Toll Roads and Bridges. Slightly more than 48 percent (or \$7.1 billion) was positive cash flow (i.e. "profit") beyond the cost of operating the toll systems and paying interest. Of this, trucking paid \$2.03 billion or 28.5 percent. A reasonable question is why these facilities are operating and justifying the current toll structure if the Net Cash Flows exceed a zero or breakeven level. Given that most agencies are government or quasigovernment entities, the coverage of costs should be sufficient in order to justify a user-pays model.
- Toll Payments are Subsidizing Transit and Non-Toll Facility Related Transportation Costs. A total of \$3.013 billion (20.5% of \$14.7 billion) was transferred out by nine of the 21 toll systems to other government agencies that included mass transit and non-toll facility related transportation.
- Toll System Sample Received Over \$1 Billion in Cash from Other Agencies. Cash provided to the 21 toll systems from other government entities totaled \$1.097 billion, 17.5 percent of which came from a federal interest rate subsidy known as Build America Bonds.
- Tolling Impacts Interstate Commerce. ATRI's analysis included a first-of-its-kind data analysis to better understand the relationship between interstate commerce and toll road utilization. It was estimated that 79 percent of truck trips using toll roads in the study

sample were engaged in critical interstate commerce, generating \$3.327 billion in toll revenue.

FEDERAL LOAN STANDARDS NOT MET

Before TIFIA loans can be issued, the state needs to complete all environmental reviews for the bridge projects, and they need investment grade ratings from at least two Credit Rating Agencies. This has not been done.

While not required by law, FHWA strongly advises that states get an MOU from FHWA stating that the bridge projects qualify as replacement or reconstruction projects eligible for tolling. As far as we're aware, this hasn't happened yet.

CONCLUSION

In conclusion, this draft and any revenue estimates that go with it are nothing more than an idea based on back of the napkin calculations. This will definitely lead to tolling cars and all trucks, which is the goal anyway.

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ABOUT CT TRUCKING INDUSTRY:

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

94%: percent of manufactured tonnage transported by truck in Connecticut

\$3.2 billion: total trucking industry wages paid in Connecticut (2017)

58,400: trucking industry jobs in Connecticut (2017)

\$53,3500: average annual salary in Connecticut (2017)

\$8,610: average annual CT-imposed highway user fees paid by tractor trailers (as of 4/1/2018)

\$8,906: average annual fed-imposed highway user fees paid by tractor trailers (as of 4/1/2018)