

Prioritize Progress

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**A PLAN TO ADDRESS LONG-TERM TRANSPORTATION
NEEDS IN CONNECTICUT**

The State Needs a Reliable Funding Source

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“For 120 years, we at the DOT have planned improvements based on money that we think will be available from revenue streams, and therefore we are always struggling to have barely functioning transportation systems”

- Commissioner Redeker, Jan. 21, 2015

The Governor's Transportation Plan

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- The Governor has put forth a \$100 billion transportation plan
- The plan has no funding source
- Only four other \$100 billion transportation plans have been previously enacted in the world
 - The Country of Mexico
 - The Country of Colombia
 - The Province of Ontario
 - The State of California
- All of these areas far exceed the state in size and population

The Governor's Transportation Plan

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- Many of the Governor's proposed projects that total to \$100 billion are not realistic or are not high priority
 - The construction of another tunnel through West Rock
 - The construction of another bridge to connect Middletown to Portland
- The state's size does not allow you to do too many transportation projects at the same time

Tolling is not a Viable Option

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- According to the CDM Smith “A Conceptual Look at Tolling Highways in Connecticut” dated April 2015 submitted to the CT DOT, tolling our state’s roads are clearly not a viable option
 - The FHWA has stated that the state will not be approved for border tolls
- The only options that can move forward under current federal law generate at most \$12.1 billion in net revenue over 25 years
 - This includes \$11 billion from the addition of a 4th lane on I95 and tolling all four lanes at the high end of \$0.20 per mile and \$1.1 billion from tolling on I84 in Hartford for the replacement of the viaduct

“Potential Revenue Options” Supported by OPM

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- OPM’s presentation to this body included a list of “potential revenue options” worth examining to fund the Governor’s overly ambitious \$100 billion plan
- These include increasing the Sales Tax by a full percentage point, increasing the gas tax, increasing the Petroleum Gross Receipts tax, and increasing bus and rail fares among others
- Tax increases are NOT necessary when the Governor and the legislature can simply prioritize transportation within existing resources

Bonding in the State of Connecticut

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- The state issues general obligation (GO) bonds which are supported with revenue from the General Fund (GF) and special tax obligation (STO) bonds which are supported with revenue from the Special Transportation Fund (STF)
- Transportation projects are typically financed with STO bonds
 - The state typically allocates \$600 million of STO bonds annually
- GO bonds generally finance all other bonding projects that the Governor deems are worthy of financing

Bonding in the State of Connecticut

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- Prior to Governor Malloy, the state allocated approximately \$1.4 billion annually in GO bonds
 - This was maintained even when the local school construction program reached a high of \$715 million in one calendar year
- Governor Malloy has now set a record-breaking goal of \$2.5 billion in GO bonds in this calendar year
 - This is extremely high considering that local school construction has averaged only \$400 million over the past five years
- Nothing prevents the state from using GO bonds for transportation projects
 - The Governor could simply finance critical transportation initiatives within existing resources and without another unnecessary tax increase on our citizens

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- Our plan prioritizes the state's allocation of GO bonds and places a high priority on transportation among other necessary bonding programs including local school construction, clean water grants and housing initiatives
- Our plan also includes funding for the state's automatic allocation programs including UConn, CSUS and Bioscience CT

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- By prioritizing transportation, we can live within existing debt service requirements and therefore not cost taxpayers one cent more in taxes and provide a total of \$15.8 billion in GO bonds for critical transportation initiatives over the next 30 years
- Coupled with the \$600 million in annual STO bonds, this results in a total of \$37.4 billion available for transportation in this state over the next 30 years
- The Prioritization of Transportation can be done tomorrow if the political will allowed it to be

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- What would we not be able to spend money on if we prioritized transportation?
 - Political favors handed out during the 2014 election season like economic assistance grants like the \$10 million granted to Electric Boat, \$21.5 million granted to the City of New Haven for a downtown project, \$9.6 million for playing fields, \$4.8 million for the City of New Haven Bowen Field, \$5.2 million for a Waterbury downtown project, \$3.2 million for Meriden, and \$2.3 million for Hartford streetscape among many others
- We believe that prioritizing critical transportation projects necessary to ensure the safety of all of our CT residents is more important

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- This plan does not shore up the STF which as you know is projected to have a deficit beginning in FY 2018
- However this plan **does not exacerbate that deficit** by funding a \$100 billion initiative from a fund that has clearly shown has expenditures that grow at a pace that exceeds the growth of the revenues that are deposited into that fund
- The **Blueprint for Prosperity Republican Budget** **does shore up the STF** by recommending transferring the revenue generated from the sales of motor vehicles by licensed dealers into the STF beginning in FY 2018
 - This will create a hole in the GF that will need to be addressed, however by placing a hard cap on the state's allocation of GO bonds at a more reasonable level the GF will realize considerable debt service savings

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- You have undoubtedly heard of the additional, new tax increases that are being contemplated by the General Assembly
- Connecticut's citizens and Connecticut's economy have already suffered through the largest tax increase in state history
- Our fragile economy cannot support an additional burden in this legislative session never mind whatever tax increase this body ultimately recommends
- Please, be realistic with what the state can do in terms of total dollars committed and be kind to our taxpayers
- Please prioritize progress and prioritize transportation funding over gubernatorial pet projects

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Republican Proposed Prioritization of Transportation

<u>Proposed Allocations (in millions)</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
School Construction/School Security Grants	\$ 450.0	\$ 450.0	\$ 450.0	\$ 450.0	\$ 450.0	\$ 450.0	\$ 450.0	\$ 450.0	\$ 450.0	\$ 450.0
UCONN*	312.1	266.4	269.5	251.0	269.0	191.5	144.0	112.0	73.5	-
Clean Water Fund Grants	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Housing Trust Fund & Housing Programs	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Gubernatorial Contingency	76.5	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Board of Regents - CSCU 2020*	118.5	95.0	95.0	95.0	-	-	-	-	-	-
Capital Grants to Municipalities/STEAP	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
Capital Improvements to State Owned Buildings	60.0	61.2	62.4	63.7	64.9	66.2	67.6	68.9	70.3	71.7
Local Capital Improvement Program*	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
BioScience Collaborative*	<u>21.4</u>	<u>21.1</u>	<u>15.8</u>	<u>12.5</u>	<u>10.6</u>	<u>10.6</u>	-	-	-	-
Total Annual G.O. Bond Allocations	\$ 1,308.5	\$ 1,263.7	\$ 1,262.7	\$ 1,242.2	\$ 1,164.5	\$ 1,088.3	\$ 1,031.6	\$ 1,000.9	\$ 963.8	\$ 891.7
Annual "Soft" Bond Cap	\$ 1,750.0	\$ 1,750.0	\$ 1,700.0	\$ 1,600.0	\$ 1,600.0	\$ 1,600.0	\$ 1,600.0	\$ 1,600.0	\$ 1,600.0	\$ 1,600.0
Remaining to Fund Transportation Projects	\$ 441.5	\$ 486.3	\$ 437.3	\$ 357.8	\$ 435.5	\$ 511.7	\$ 568.4	\$ 599.1	\$ 636.2	\$ 708.3
10 Year Total										5,182.0
30 Year Total										\$ 15,546.1

*Statutory programs

