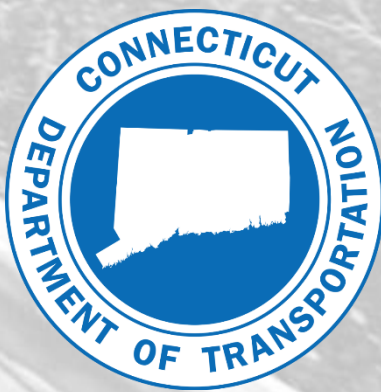


The Current State of Connecticut's Transportation System

June 19, 2019

Commissioner Joseph Giulietti

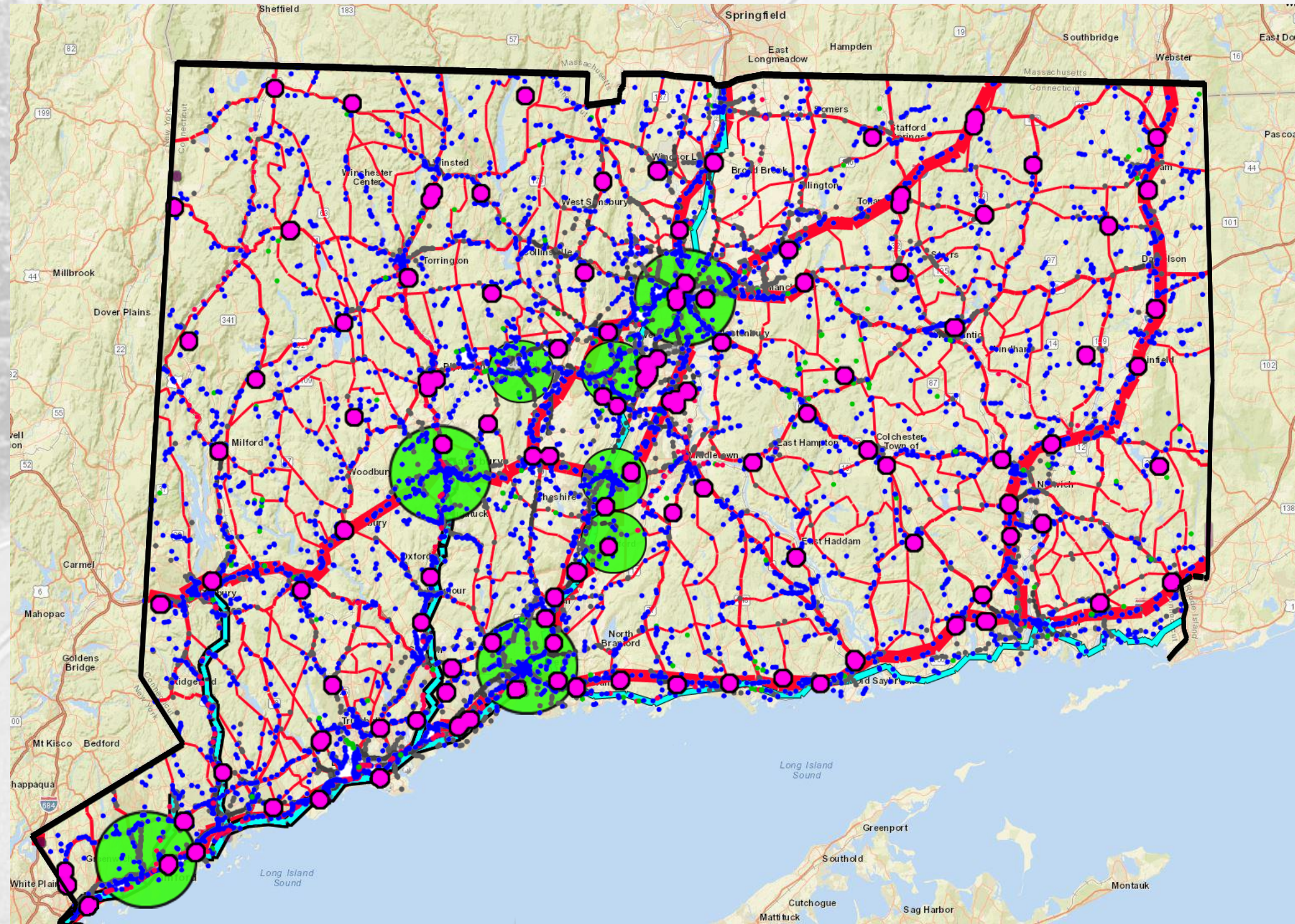


Transportation Network in Connecticut

- **3719** Centerline Miles of State-Maintained Roadways
- **103** Miles of State-Owned Rail Service
- CTtransit Bus in **8** Service Areas
- **488** Highway Buildings – CTDOT Owned
- **2783** Traffic Signals
- **4016** Roadway Bridges

Other State Assets Include:

- 263,000 Signs
- 600 Busses
- Pavement Markings
 - 163 Million LF of Line Striping
 - 2.2 Million SF of Symbol and Legends
- 486 M8s & Rail Cars
- 28 Locomotives
- Service to 51 Rail Stations
- 1625 Overhead Sign Supports



Transportation Network – Current Condition

To be Federally compliant, CTDOT must submit our Transportation Asset Management Plan (TAMP) and have it certified. The TAMP outlines a risk-based and data-driven process using the existing and projected condition of our transportation assets.

TAMP Highway Assets



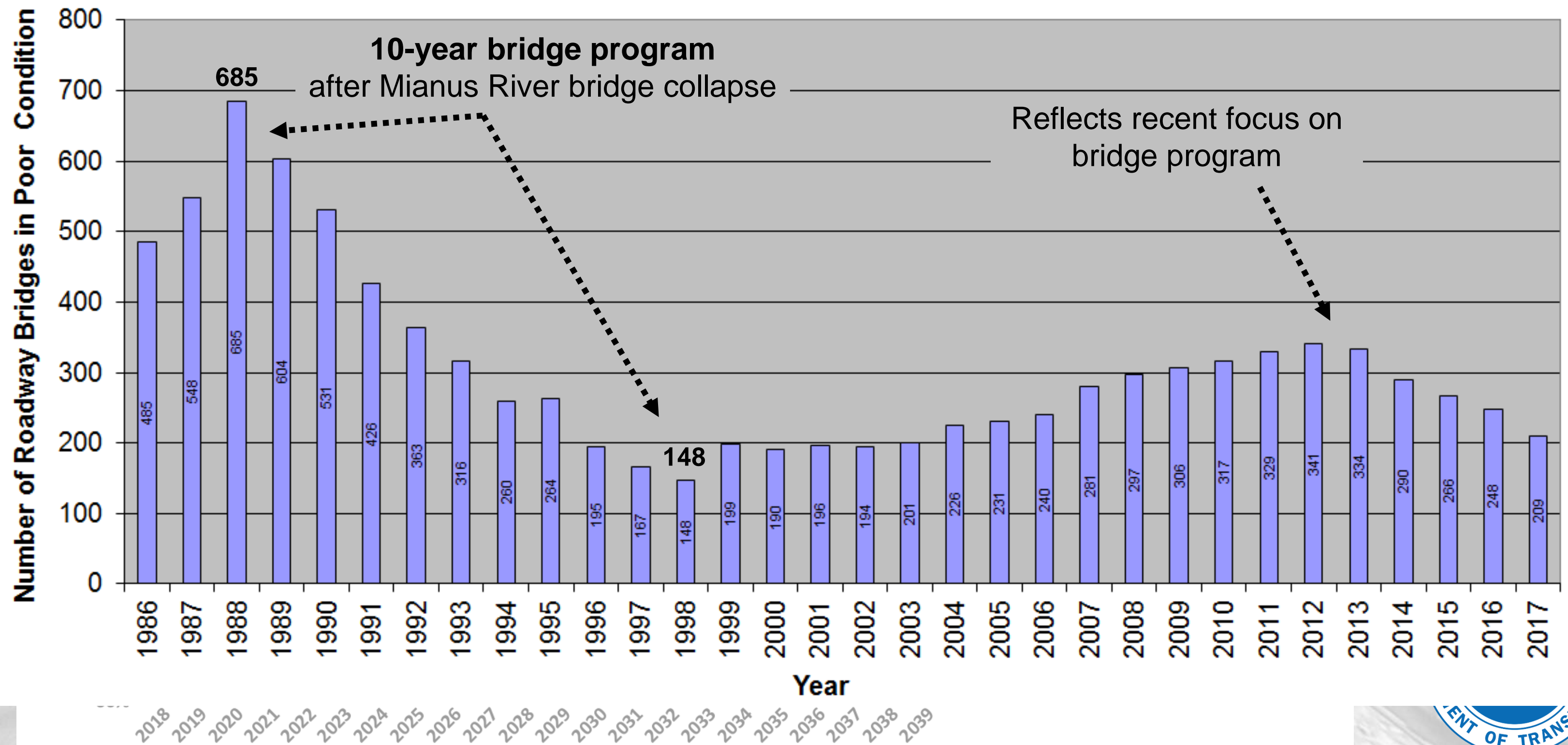
TAMP Transit Assets



Transportation Network – Current Condition

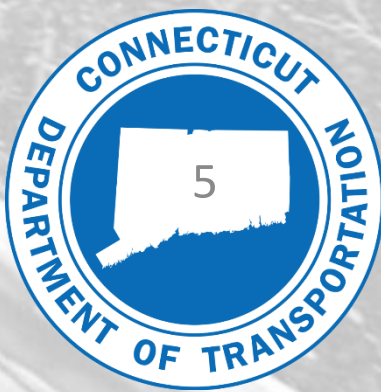
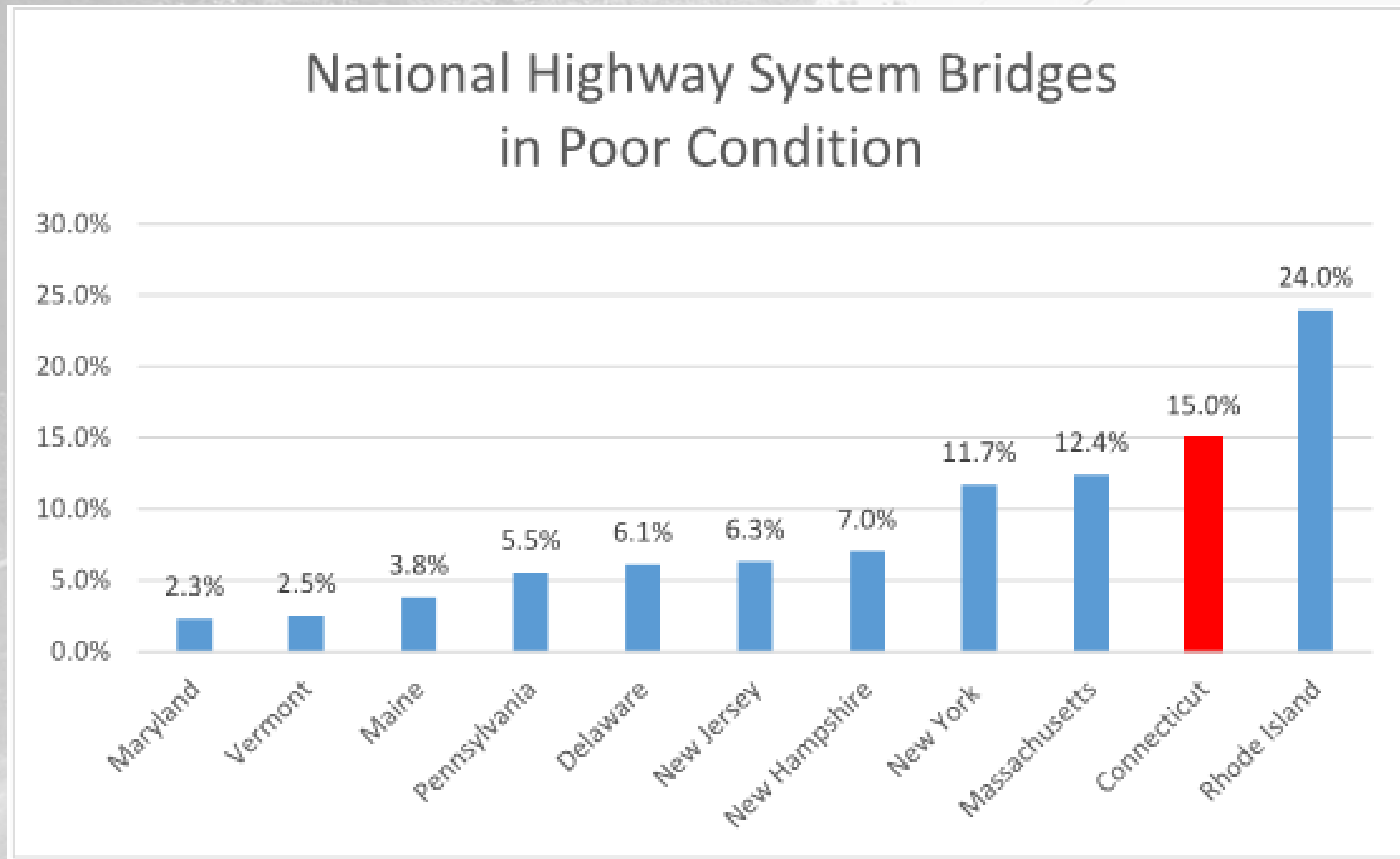
Asset: CTDOT Maintained Bridges

Connecticut's Bridge Progress
(State Maintained Roadway Bridges)



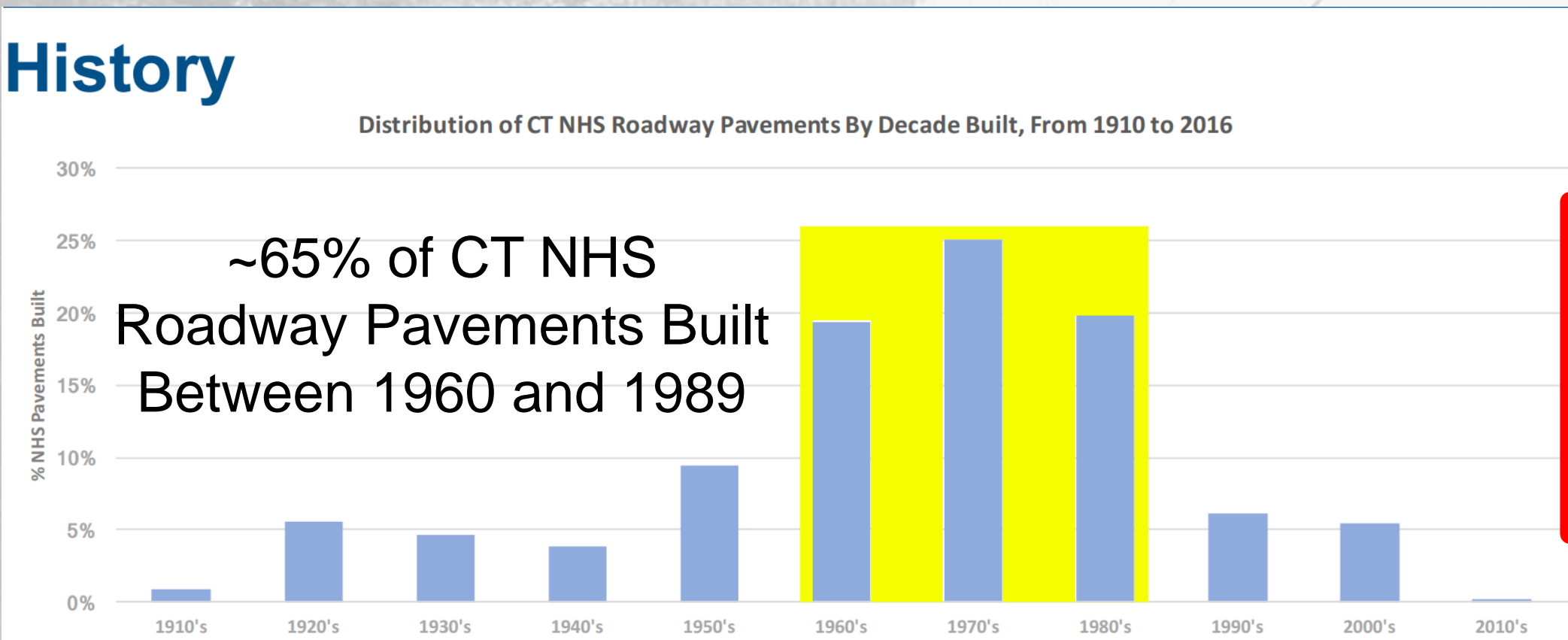
Transportation Network – Current Condition

Asset: CTDOT Maintained Bridges

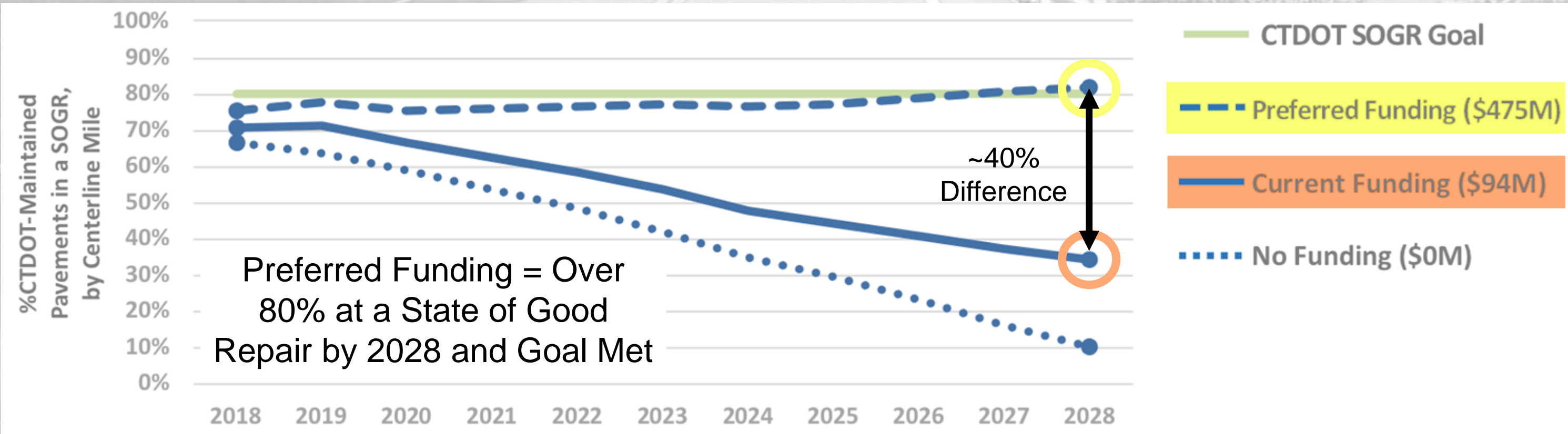


Transportation Network – Current Condition

Asset: CTDOT Maintained Pavement



**\$475 Million
Per Year
Preferred**



Transportation Network – Current Condition

Asset: Other Highway SOGR Annual Funding Needs



Signs

\$53 Million
(TAMP Preferred)

Retaining Walls – \$8 Million

Fleet - \$20 Million



Traffic
Signals

\$45 Million
(TAMP Preferred)

ITS - \$5 Million

Buildings - \$55 Million



Sign
Supports

\$13 Million
(TAMP Preferred)

Lighting and - \$15 Million
Illumination

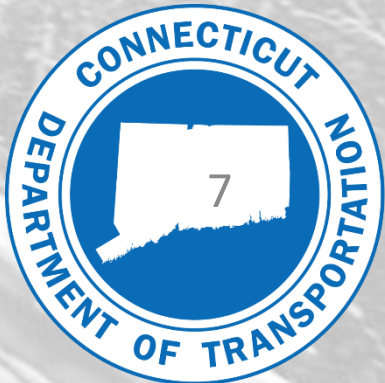


Pavement
Markings

\$25 Million
(TAMP Preferred)

Guiderail – \$50 Million

Other* - \$35 Million



*Other Assets Include: Drainage, Curb Ramps, Sidewalks, Rumble Strips, Noise Walls, Connected Systems

Transportation Network – Annual Funding Need

Pavement	\$475 Million
Bridges	\$650 Million
Signs	\$ 53 Million
Traffic Signals	\$ 45 Million
Sign Supports	\$ 13 Million
Pavement Markings	\$ 25 Million
Retaining Walls	\$ 8 Million
Fleet	\$ 20 Million
ITS	\$ 5 Million
Buildings	\$ 55 Million
Lighting and Illumination	\$ 15 Million
Guiderail	\$ 50 Million
Other	\$ 35 Million

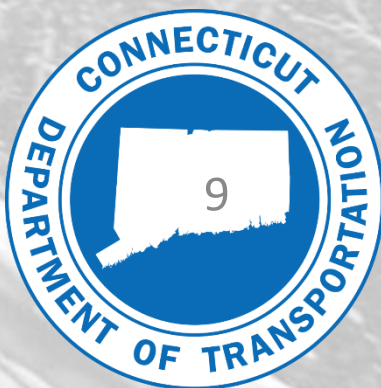
SOGR (Highway) Subtotal: \$1.449 Billion
per year



Transportation Network – Annual Funding Need

FHWA TAMP Penalties

- Bridge: If NHS bridges Structurally Deficient by deck area exceeds 10%, then CTDOT must obligate ~\$80 million on NHS bridges.
- Pavement: If % of Interstate Pavements in poor condition exceeds 5.0%, CTDOT must obligate ~\$60 million on NHS pavements.
- TAMP: If not certified, then **maximum federal share of NHPP reduces to 65%**. For CTDOT, an additional \$100 million of state funding would be needed to utilize all federal dollars.



Transportation Network – Annual Funding Need





FHWA TAMP Penalties

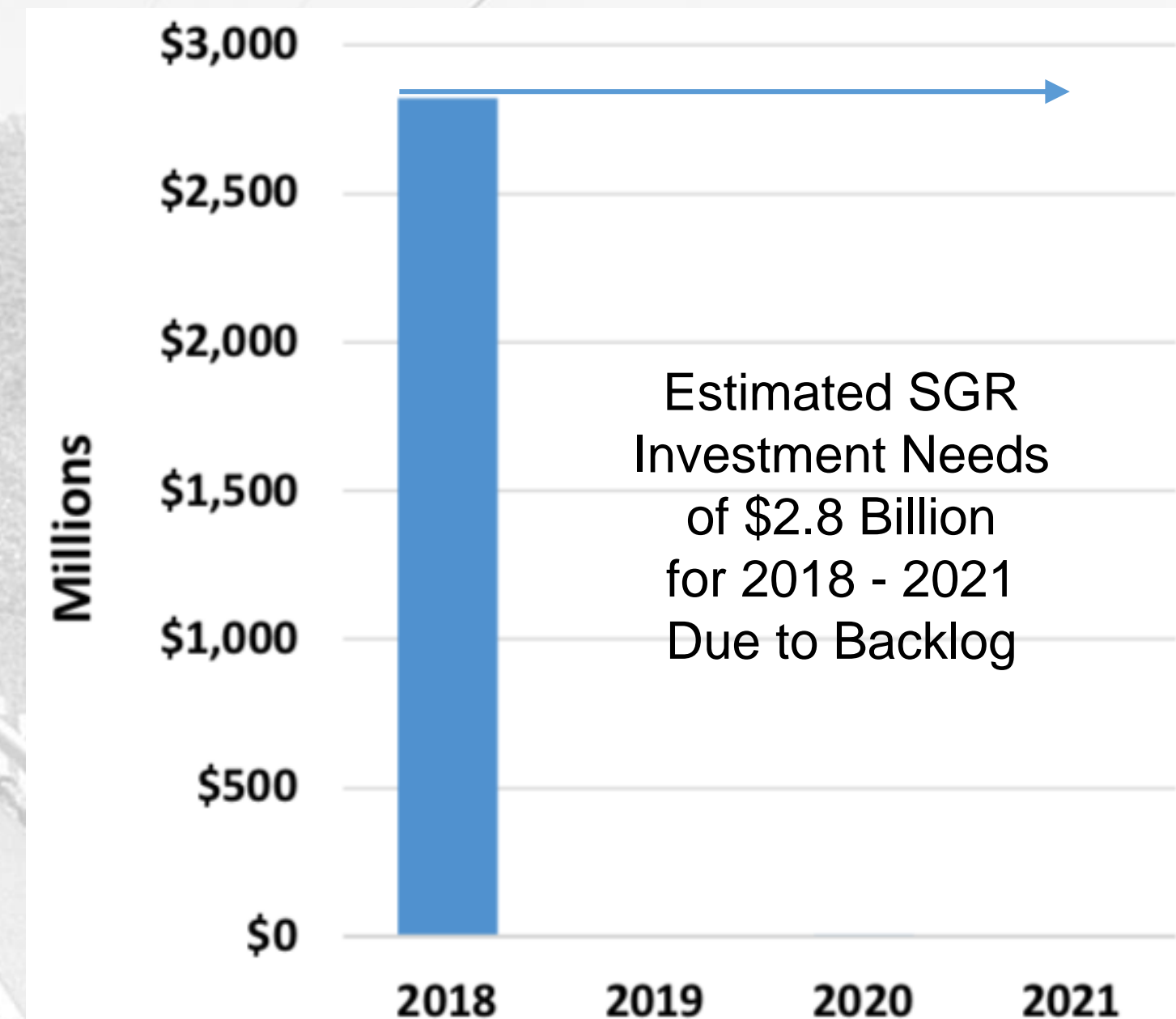
- Bridge: If NHS bridges Structurally Deficient by deck area exceeds 10%, then CTDOT must obligate ~\$80 million on NHS bridges.
Currently in penalty. Anticipate condition getting out in calendar year 2019 = out of penalty 10/1/21 (tied to FFY). At current funding, return to penalty in 2027.
- Pavement: If % of Interstate Pavements in poor condition exceeds 5.0%, CTDOT must obligate ~\$60 million on NHS pavements.
Not currently trending toward penalty as it is tied to interstate condition. However, non-interstate NHS pavement will suffer to avoid penalty (3% poor now, 9% poor in 2027)
- TAMP: If not certified, then **maximum federal share of NHPP reduces to 65%**. For CTDOT, an additional \$100 million of state funding would be needed to utilize all federal dollars.
TAMP due 6/30/19 then every 4 years thereafter for certification. Annual consistency reviews by FHWA as well.



Transportation Network – Current Condition

Asset: CTDOT Rail Infrastructure

	Track Track-related infrastructure; includes running rail, ties, turnouts, and ballast.	243 Track Miles 375 Turnouts
	Power Infrastructure related to the transmission of power for signals and traction via the overhead contact system. Includes AC substations, catenary plant, catenary portals, and transmission equipment.	288 Miles of Catenary 291 Miles of Power Cable 44 Substation assets 870 Catenary Poles
	Communication and Signals Systems related to the monitoring and safety of train movements. Includes switches and signals, grade crossings, vehicle detection equipment, Intelligent Transportation System technology, and Positive Train Control equipment.	243 Track Miles
	Structures Major Infrastructure to supplement safe movement of trains above or below grade. Includes Moveable Bridges, Fixed Bridges, Culverts, Station Pedestrian Bridges/Tunnels, and Retaining Walls.	148 Fixed Structures 36 Culvert Structures 5 Moveable Structures 17 Pedestrian Structures



Transportation Network – Current Condition

Asset: Other Transit SOGR Funding Needs



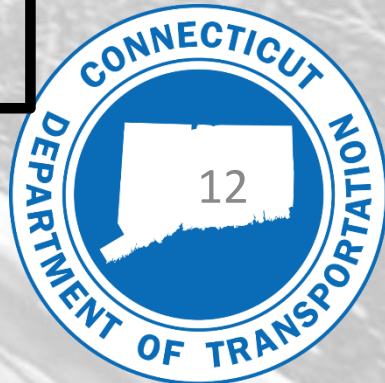
Rail Infrastructure	\$284 Million
Rail Facilities	\$102 Million
Rail Rolling Stock	\$72 Million



Bus Facilities	\$39 Million
Bus Rolling Stock	\$49 Million
Bus Small Capital	\$5 Million

SOGR (Transit) Subtotal:

\$550 Million
per year



Transportation Network – Annual Funding Need

State of Good Repair – Highway	\$1.449 Billion
State of Good Repair – Transit	\$550 Million

Annual SOGR Subtotal:	\$1.999 Billion



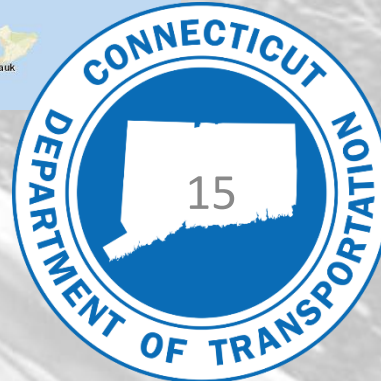
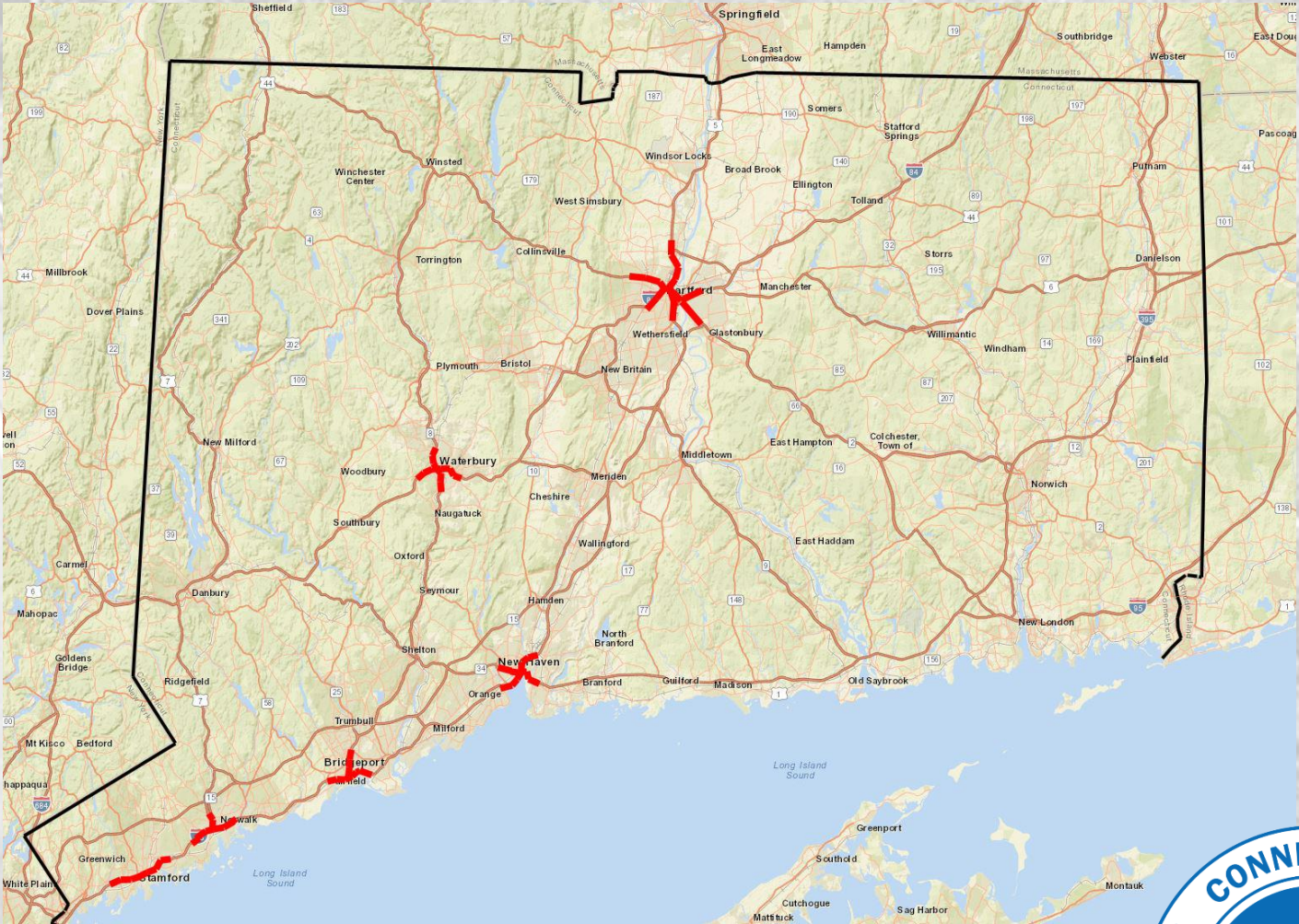
Congested Corridors: Impacts on Economic Vitality and Quality of Life



Transportation Network – Congestion

Connecticut Continues to have
7 of the top 100 Truck Freight
Bottlenecks in the Country

TOP 100 LIST		TOP 100 LIST	
1	Atlanta, GA: I-285 at I-85 (North)	51	Philadelphia, PA: I-76 at I-676
2	Fort Lee, NJ: I-95 at SR 4	52	Washington, DC: I-95/I-495 (East side)
3	Chicago, IL: I-290 at I-90/I-94	53	Seattle, WA: I-5 at I-90
4	Atlanta, GA: I-75 at I-285 (North)	54	Cincinnati, OH: I-75 at I-74
5	Los Angeles, CA: SR 60 at SR 57	55	Minneapolis - St. Paul, MN: I-35W at I-494
6	Boston, MA: I-95 at I-90	56	Minneapolis - St. Paul, MN: I-35W at I-94
7	Baltimore, MD: I-695 at I-70	57	Detroit, MI: I-94 at I-75
8	Queens, NY: I-495	58	Houston, TX: I-610 at US 290
9	Cincinnati, OH: I-71 at I-75	59	Milwaukee, WI: I-94/I-794 at I-43
10	Louisville, KY: I-65 at I-64/I-71	60	Nashville, TN: I-40 at I-65 (East)
11	Chattanooga, TN: I-24 at Hwy 27	61	Minneapolis - St. Paul, MN: I-35E at I-94
12	Port Huron, MI: I-94 at I-69	62	Portland, OR: I-5 at I-84
13	Los Angeles, CA: I-710 at I-105	63	Manville, RI: I-295 at RT 146
14	Denver, CO: I-70 Central Project	64	Los Angeles, CA: I-110 at I-105
15	Nashville, TN: I-24 at I-440 (North)	65	Oakland, CA: I-80 at I-580/I-880
16	Greenville, SC: I-85 at I-385	66	Auburn, WA: SR 18 at SR 167
17	Atlanta, GA: I-20 at I-285 (West)	67	Stamford, CT: I-95
18	Houston, TX: I-10 at I-45	68	Nashville, TN: I-65 at RT 386
19	Houston, TX: I-45 at US 59	69	Dallas, TX: US 75 at I-635
20	Denver, CO: I-70 at I-25	70	Providence, RI: I-95 at I-195
21	Chicago, IL: I-90 at I-94 (North)	71	Cranston, RI: I-95 at RT 37
22	Memphis, TN: I-40 at I-240 (East)	72	Federal Way, WA: SR 18 at I-5
23	Houston, TX: I-10 at US 59	73	Norfolk, VA: I-64
24	Hartford, CT: I-84 at I-91	74	Kansas City, MO: I-70 at I-670 at US 71
25	Baton Rouge, LA: I-10 at I-110	75	Ft. Worth, TX: I-35W at I-30
26	Piscataway, NJ: I-287	76	Centreville, VA: I-66
27	San Bernardino, CA: I-10 at I-15	77	Nashville, TN: I-65 at I-24
28	Phoenix AZ: I-10 at RT 60	78	Milwaukee, WI: I-94 at I-894
29	Dallas, TX: I-45 at I-30	79	Atlanta, GA: I-20 at I-75/I-85
30	Baltimore, MD: I-695 at I-83	80	Birmingham, AL: I-65 at I-20
31	Providence, RI: I-95 at RT 146	81	Waterbury, CT: I-84 at SR 8
32	Nashville, TN: I-65 at I-440	82	Norwalk, CT: I-95
33	Indianapolis, IN: I-65 at I-70 (North)	83	Seattle, WA: I-90 at I-405
34	Austin, TX: I-35	84	Knoxville, TN: I-40/I-75 at I-140
35	Chicago, IL: I-90 at I-94 (South)	85	Knoxville, TN: I-40 at I-640 (West)
36	St. Louis, MO: I-70 at I-64 (West)	86	Washington, DC: I-95 at I-495 (North)
37	Stafford, VA: I-95	87	Tacoma, WA: I-5 at I-705/SR 16
38	Oakland, CA: I-880 at I-238	88	Minneapolis-St. Paul, MN: I-35W at I-694
39	Brooklyn, NY: I-278 at Belt Parkway	89	Bridgeport, CT: I-95 at RT 8
40	Indianapolis, IN: I-65 at I-70 (South)	90	Atlanta, GA: I-75 at I-85
41	Houston, TX: I-45 at I-610 (North)	91	Boston, MA: I-95 at I-93 (North)
42	St. Paul, MN: I-94 at US 52	92	Dayton, OH: I-75 at US 35
43	Phoenix, AZ: I-17 at I-10	93	Houston, TX: I-610 at US 59 (West)
44	New Haven, CT: I-95 at I-91	94	Charlotte, NC: I-77 near Lake Norman
45	Corona, CA: I-15 at SR 91	95	Atlanta, GA: I-75 at I-675
46	Atlanta, GA: I-20 at I-285 (East)	96	Charlotte, NC: I-77 at I-485 (South)
47	Cranston, RI: I-95 at RT 10	97	Philadelphia, PA: I-476 at I-95
48	Houston, TX: I-10 at I-610 (West)	98	Boston, MA: I-93 at SR 3
49	Vancouver, WA: I-5 at Columbia River	99	Washington, DC: I-495 at I-270 (East)
50	Elkridge, MD: I-95 at MD 100	100	Charter Oak Bridge, CT: I-91



(Source: American Transportation Research Institute, 2018)

Transportation Network – Congestion

Strategies to Reduce Congestion

I-95 West of New Haven A Case Study

2017-2019



Transportation Network – Congestion

Problem = Congestion

- Peak morning and evening congestion
- 54 million annual hours of delay
 - Stamford to New Haven
- Cost- \$1.2 billion lost time annually
- Previously full widening in both directions was anticipated to “fix” congestion
- Major property impacts deemed widening infeasible by many



Transportation Network – Congestion

I-95 Widening Feasibility Study West of New Haven

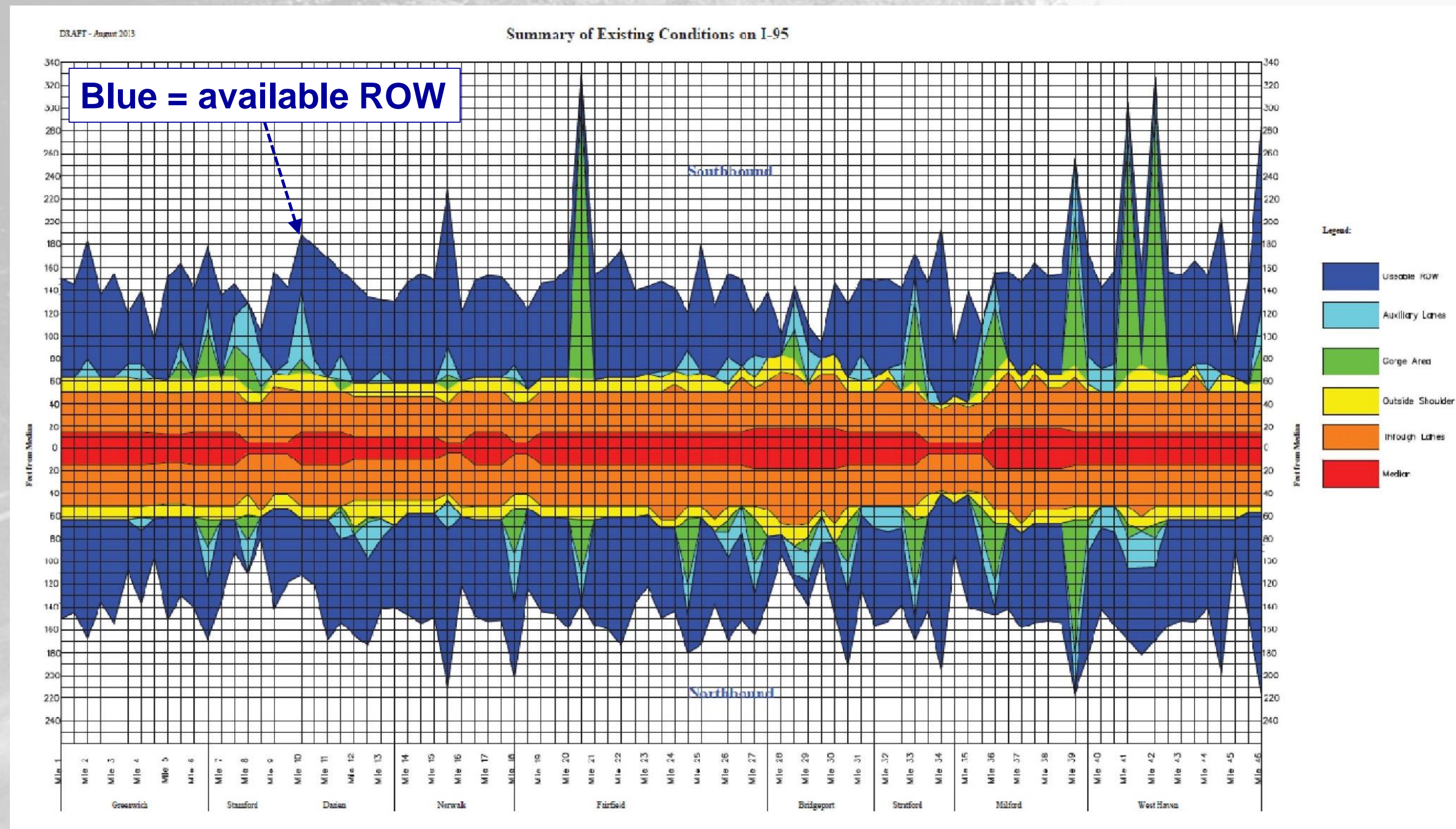
New Findings:

- **Limited, directional & strategic** widening yields major benefits
- Can be constructed within **EXISTING** DOT property



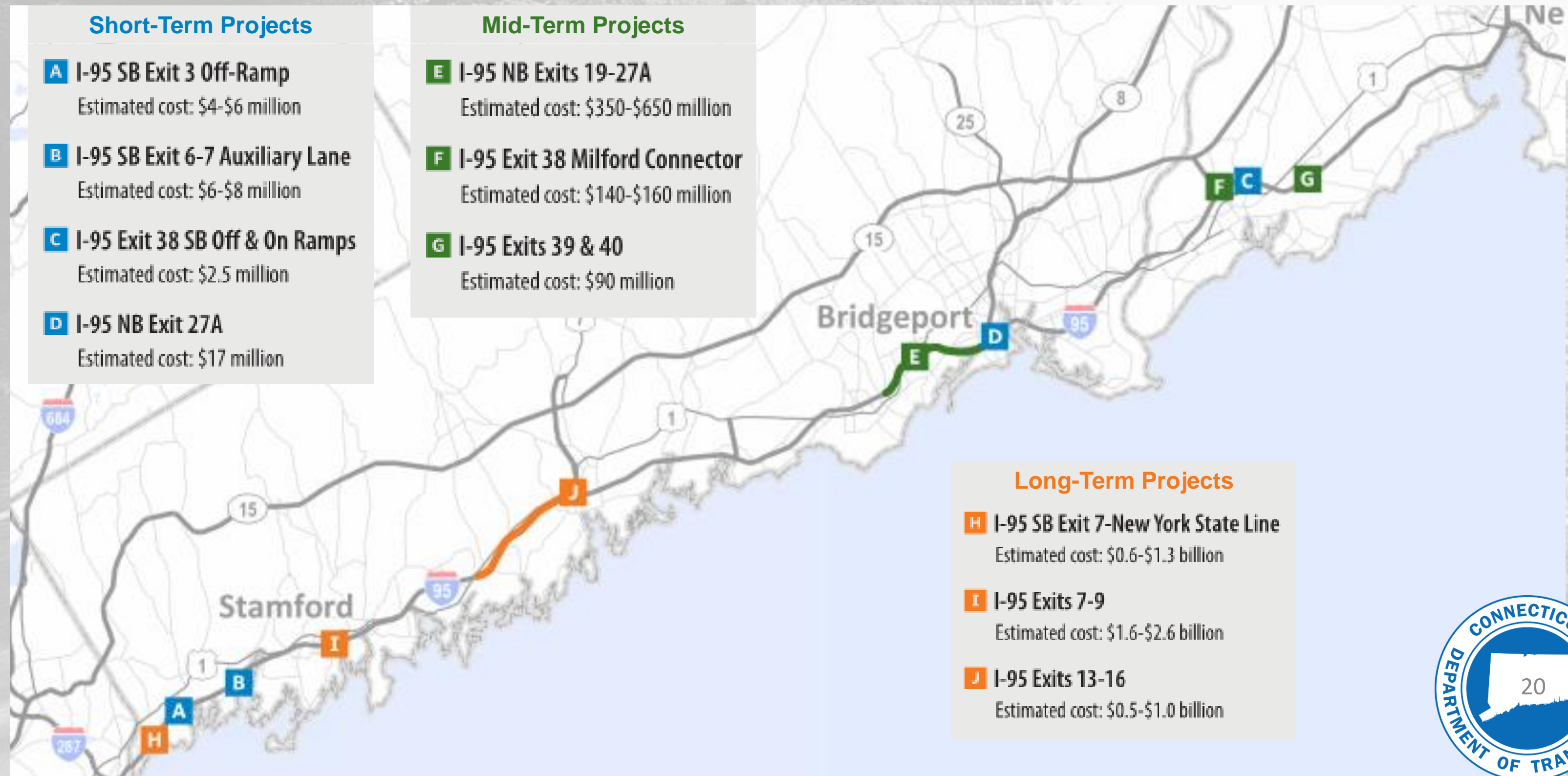
Transportation Network – Congestion

I-95 Existing ROW West of New Haven



Transportation Network – Congestion

I-95 West of New Haven Targeted Improvement Projects



Transportation Network – Congestion

Strategic Improvement: Northbound I-95 Exit 19 - 28 to remove bottleneck

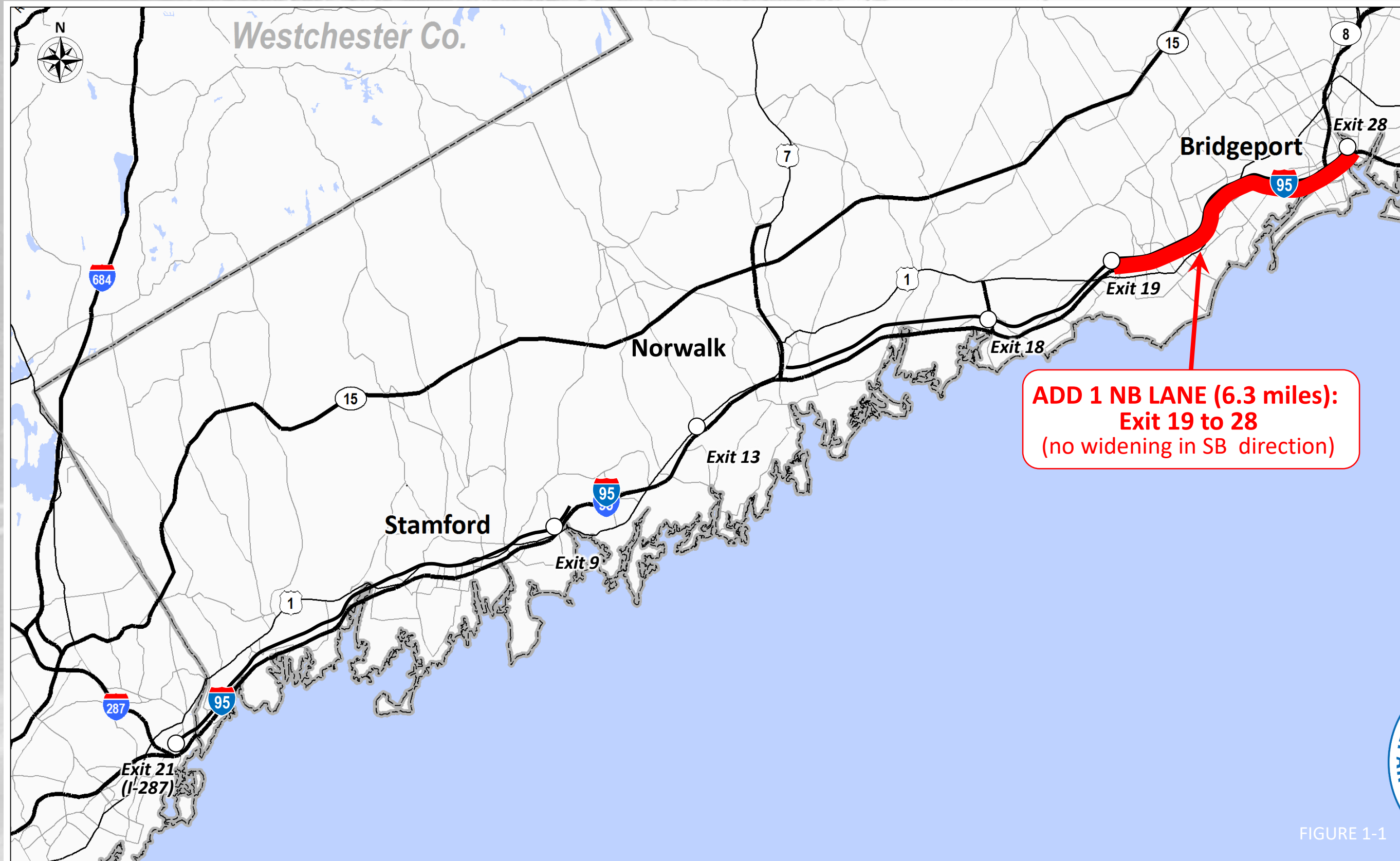
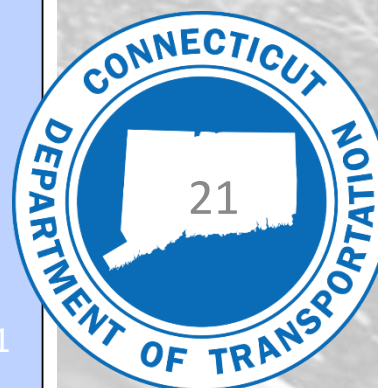
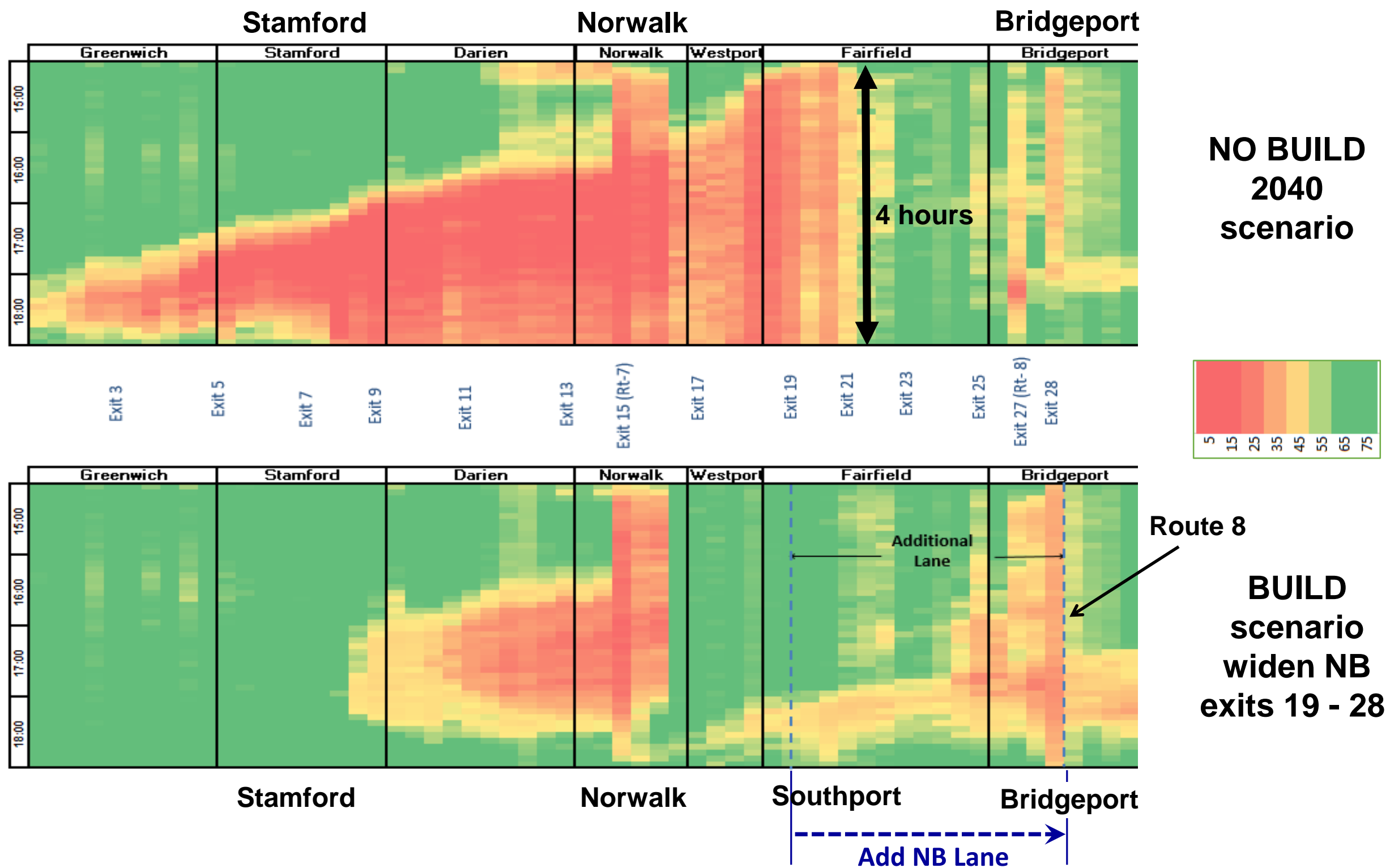


FIGURE 1-1



Transportation Network – Congestion

Example Scenario – 2040 – Widen Exits 19-28 NB



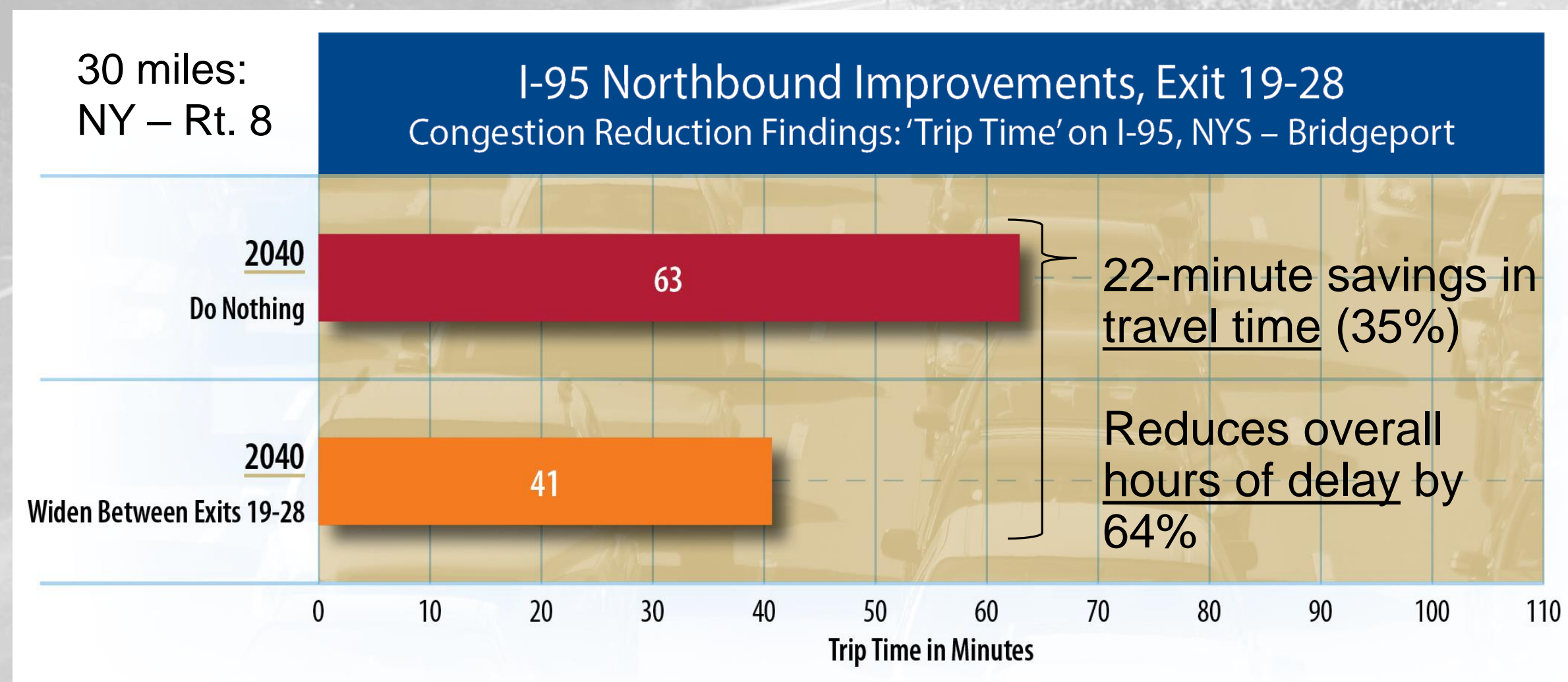
Transportation Network – Congestion

Impact of removing a single bottleneck on I-95

Reduction in Trip Time from NY to Bridgeport

northbound in weekday PM peak (3:00 - 7:00 PM)

- **65% reduction in traffic delay:** (NB in afternoon peak)
- **22-minute time savings:** NY- Bridgeport (NB in afternoon peak)



*** 1 Lane added northbound between Exits 19 and 28**



Transportation Network – Congestion

I-95 Congestion Relief/VPPP Study

(2015-2016)

NOT the Current Congestion Pricing Included in Draft legislation

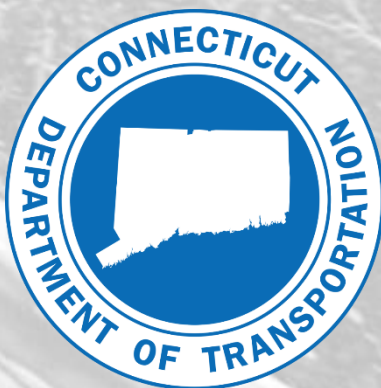
For illustration purposes only

Analyzed the effectiveness of

Widening & Congestion Pricing

(NYS Line to New Haven)

Funded under FHWA's
Value Pricing Pilot Program (VPP)



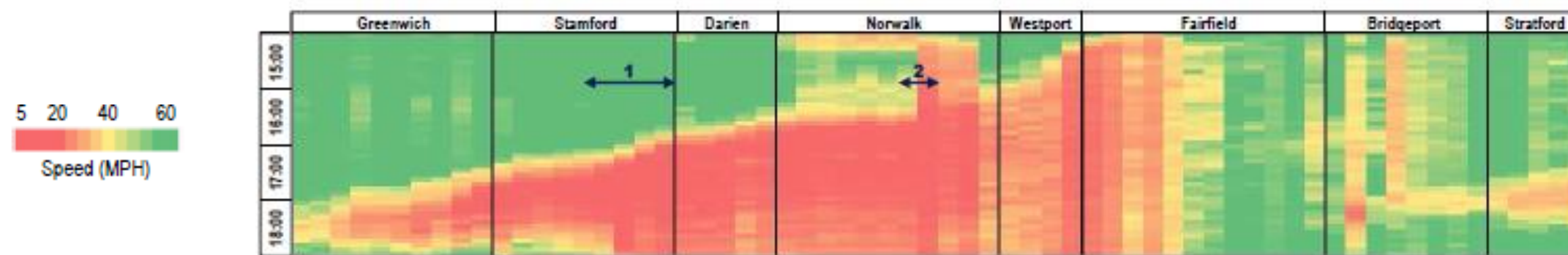
Transportation Network – Congestion

Study Findings: [A Representative Scenario \(VPPP Study\)](#)

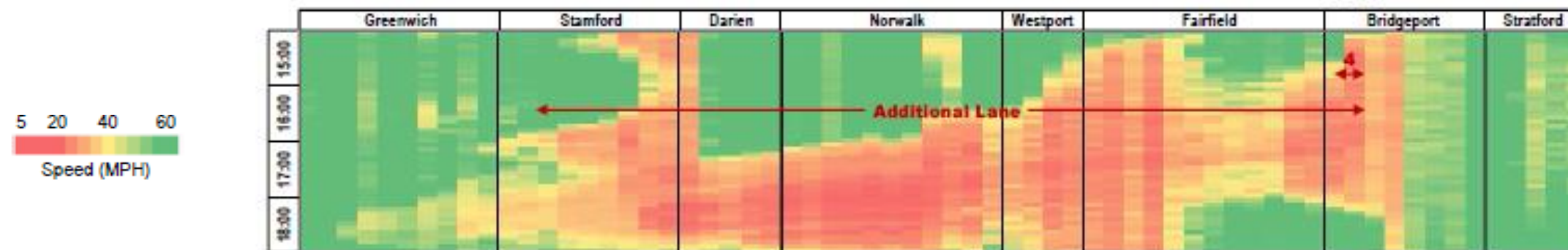
Widening & Congestion Pricing

I-95 Northbound in PM peak period

2040 : **No Build**



2040 : **WIDEN I-95** (Stamford – Bridgeport)



2040 : **Widen I-95 & Congestion Pricing** (tolls on I-95 & Route 15)



Committed No Build Projects: ↔

Mitigation Projects: ↔

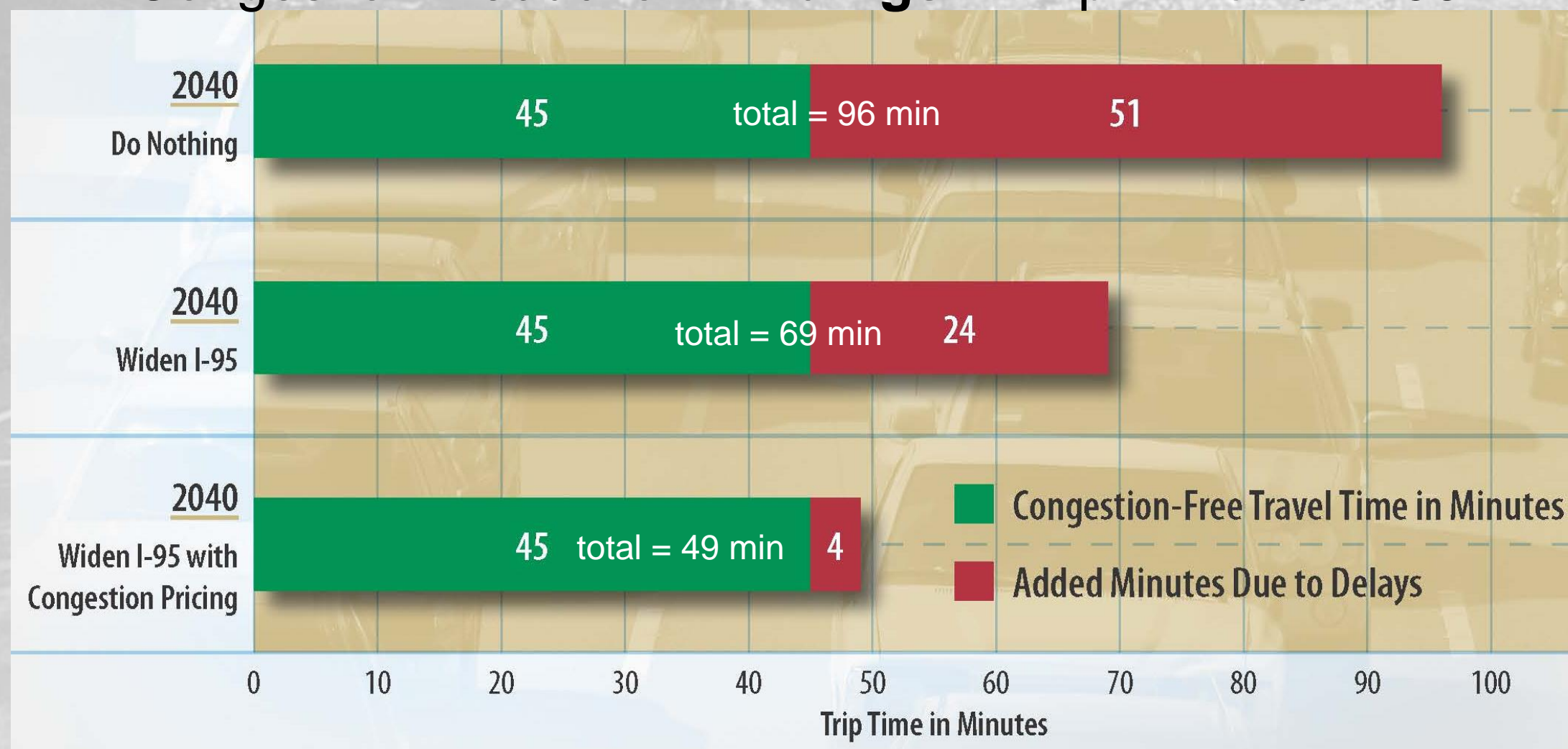
Transportation Network – Congestion

Study findings: [A Representative Scenario \(VPPP Study\)](#)

Widening & Congestion Pricing

I-95 Northbound in PM peak period

Congestion Reduction Findings: “Trip Time” on I-95



Reduction in trip time from NY to New Haven
Northbound in PM peak (3:00 – 7:00 pm)

Average trip on I-95 only



Transportation Network – Congestion

Representative Projects Currently In Design at CTDOT

Travel Time Savings Achieved

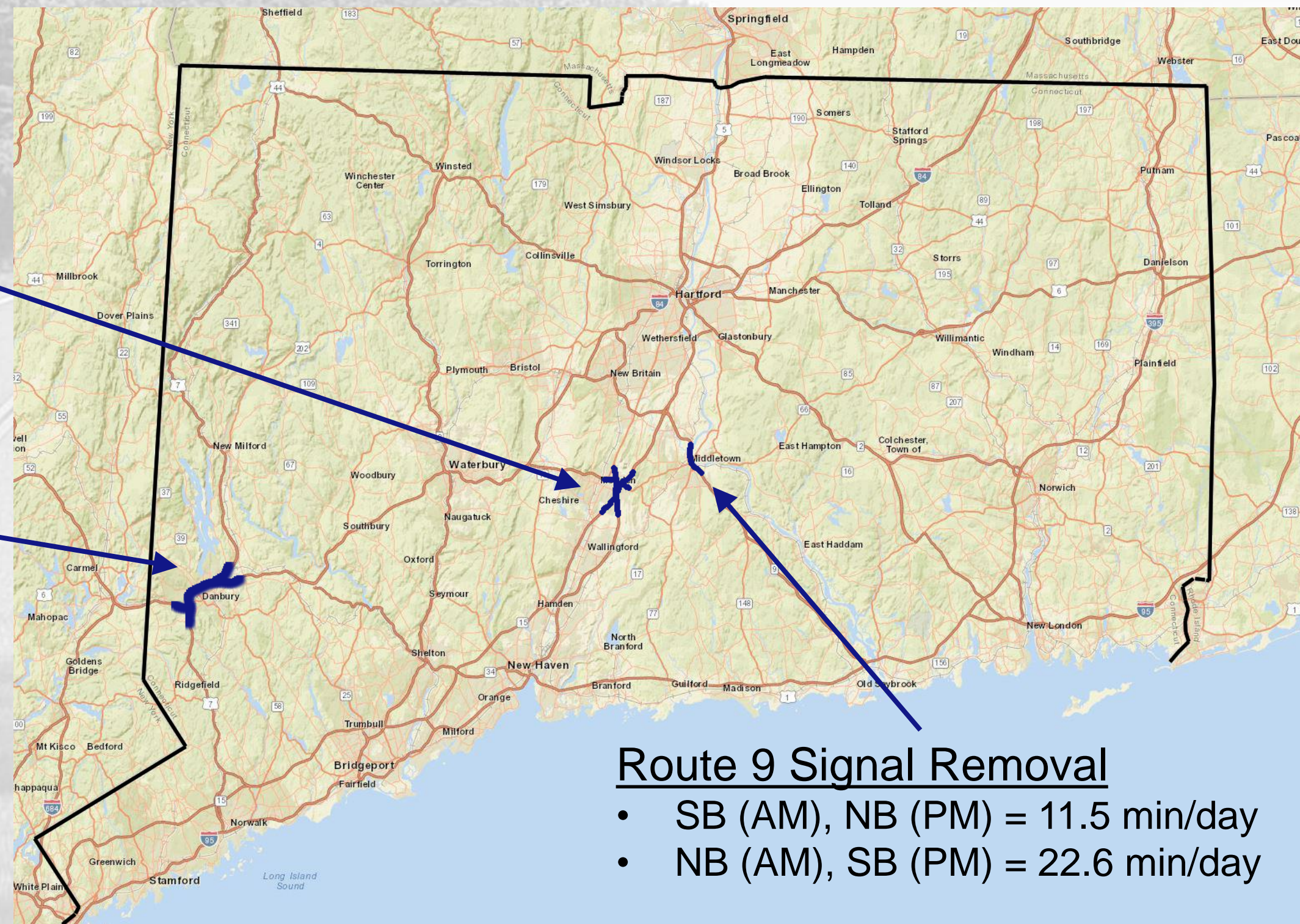
Interchange I-91/I-691/Rt 15

- I-91 SB to Rt 15 (AM) = 5 minutes
- Rt 15 NB to I-91 (PM) = 5 minutes

I-84 Danbury Project**

- I-84 WB (AM), EB (PM) = 8 min/day
- Rte 7 SB (AM), NB (PM) = 18 min/day

** NEPA still in progress – One Alternative Represented



Route 9 Signal Removal

- SB (AM), NB (PM) = 11.5 min/day
- NB (AM), SB (PM) = 22.6 min/day

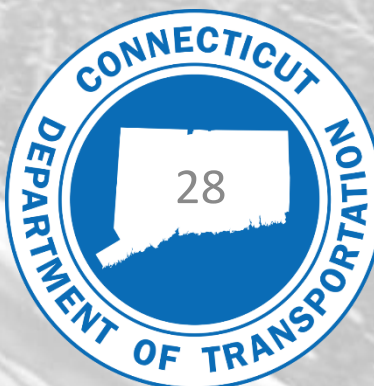
Transportation Network – Funding Summary

State of Good Repair – Highway	\$1.449 Billion
State of Good Repair – Transit	\$550 Million
Subtract Federal \$	(\$750 Million)

Subtotal: \$1.249 Billion

Subtract State \$	- \$850 Million
-------------------	-----------------

State of Good Repair Shortfall **\$399 Million**



Transportation Network – Funding Summary

State of Good Repair – Highway	\$1.449 Billion
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Subtract Federal \$	(\$750 Million)

Subtotal: \$1.249 Billion

Subtract State \$	- \$850 Million
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State of Good Repair Shortfall \$399 Million

Congestion Relief / System Enhancement Projects	\$ 0
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The Current Financial Condition of Connecticut's Transportation System

June 19, 2019

Secretary Melissa McCaw



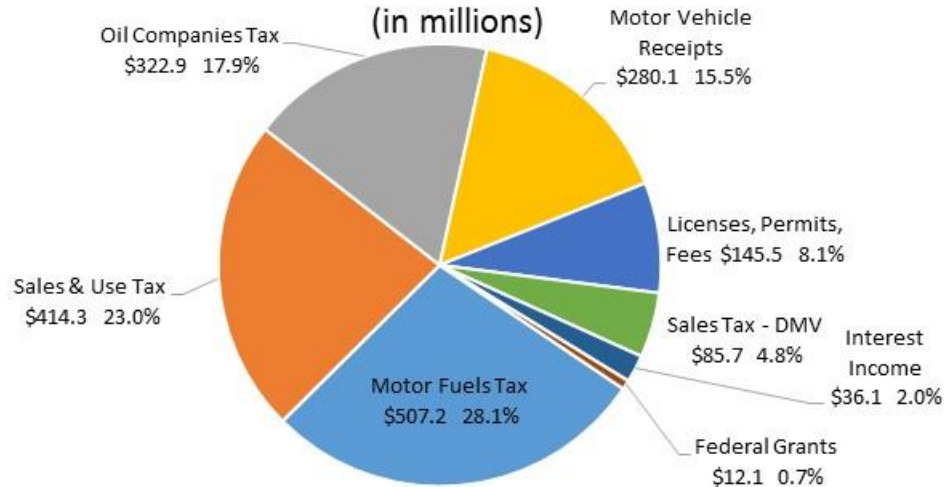
Transportation State of Good Repair Estimated Annual Funding Summary

Investment Need (in millions)

State of Good Repair - Highway	\$ 1,449.0
State of Good Repair - Transit	550.0
Less: Federal Funds	<u>(750.0)</u>
CT Share State of Good Repair	\$ 1,249.0

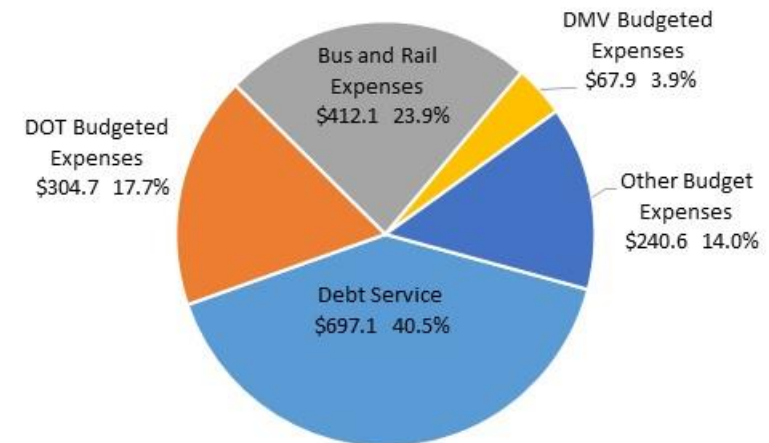
Special Transportation Fund: Components of the Revenue and Expenditure Base

Revenue of the Special Transportation Fund
Adopted FY 2020
\$1,749.1 million*
(in millions)



Note: 7.87% of Sales Tax is deposited into the fund in addition to 17% of sales tax attributable to the purchase of a vehicle.

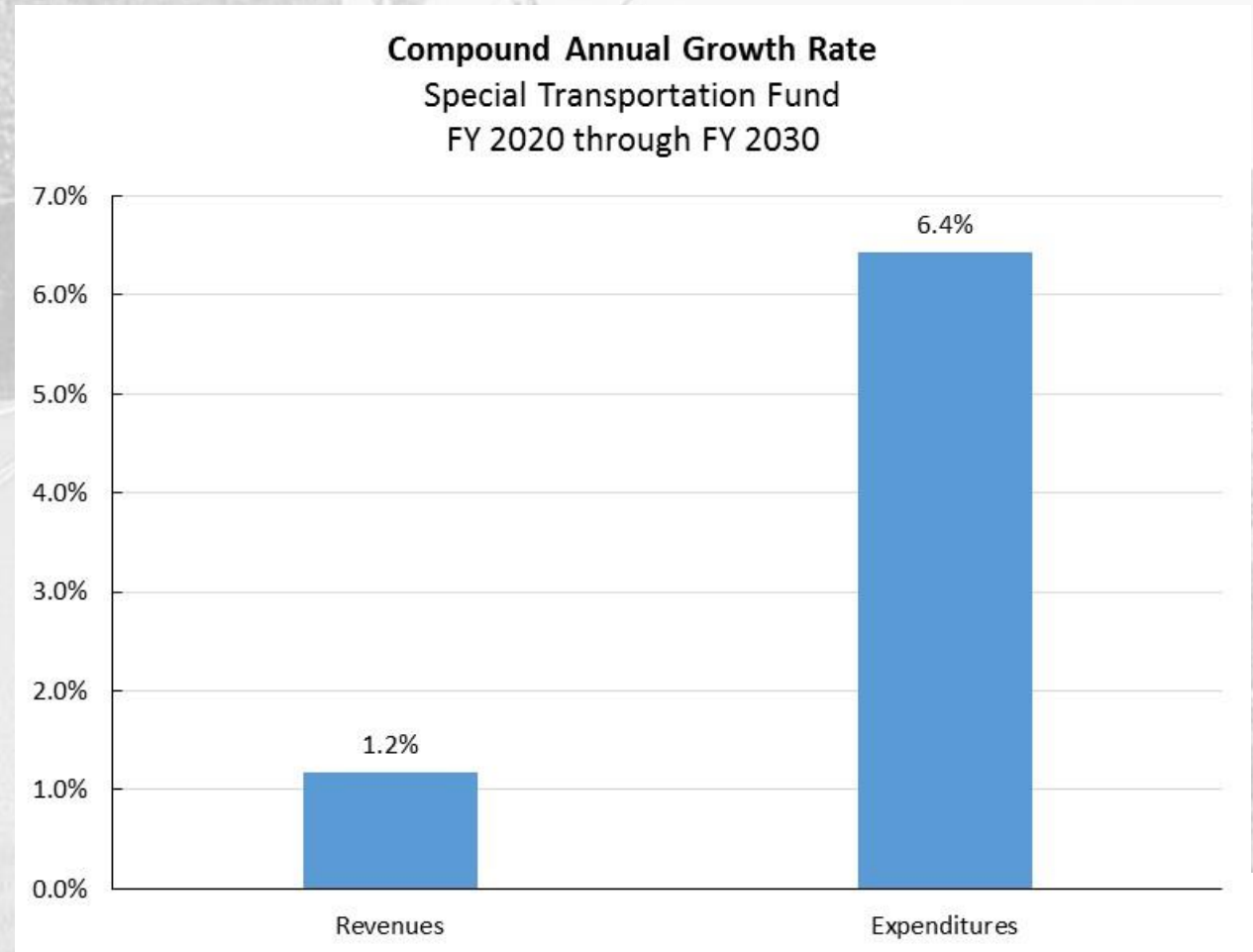
Expenditures of the Special Transportation Fund
Adopted FY 2020
\$1,710.3 million**
(in millions)



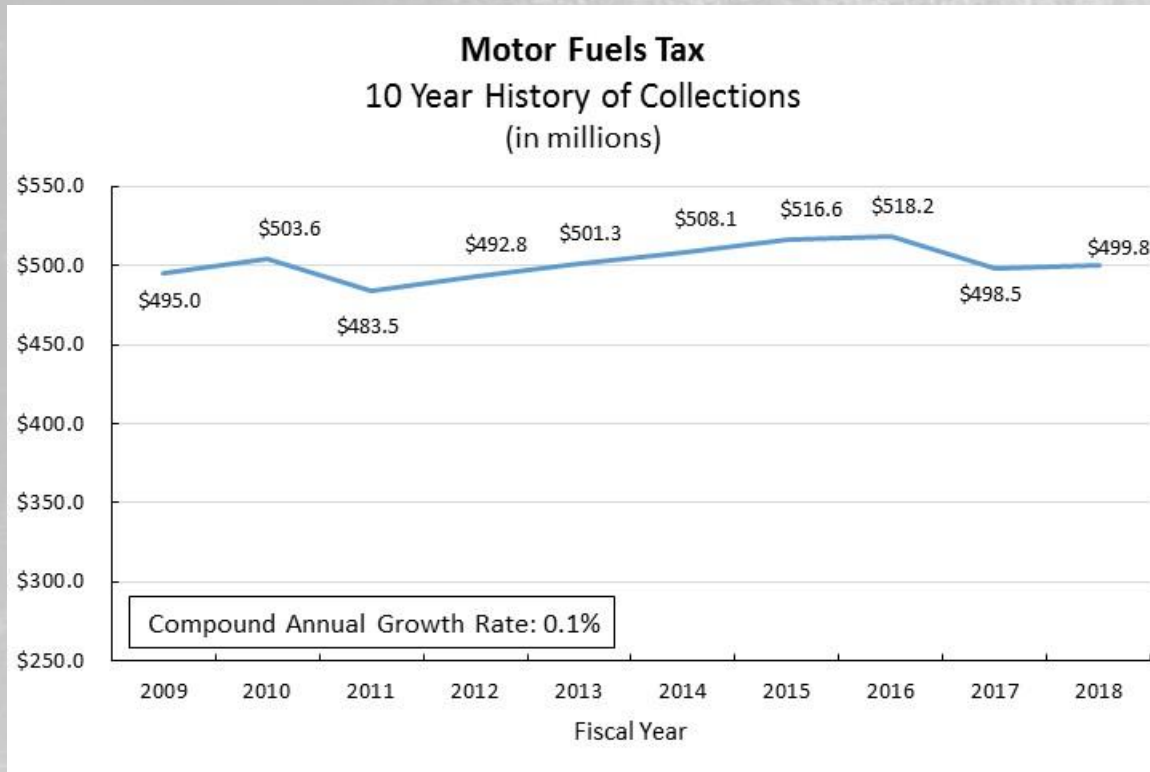
**Includes \$12.0 million for unallocated lapses.

The Special Transportation Fund is in Crisis

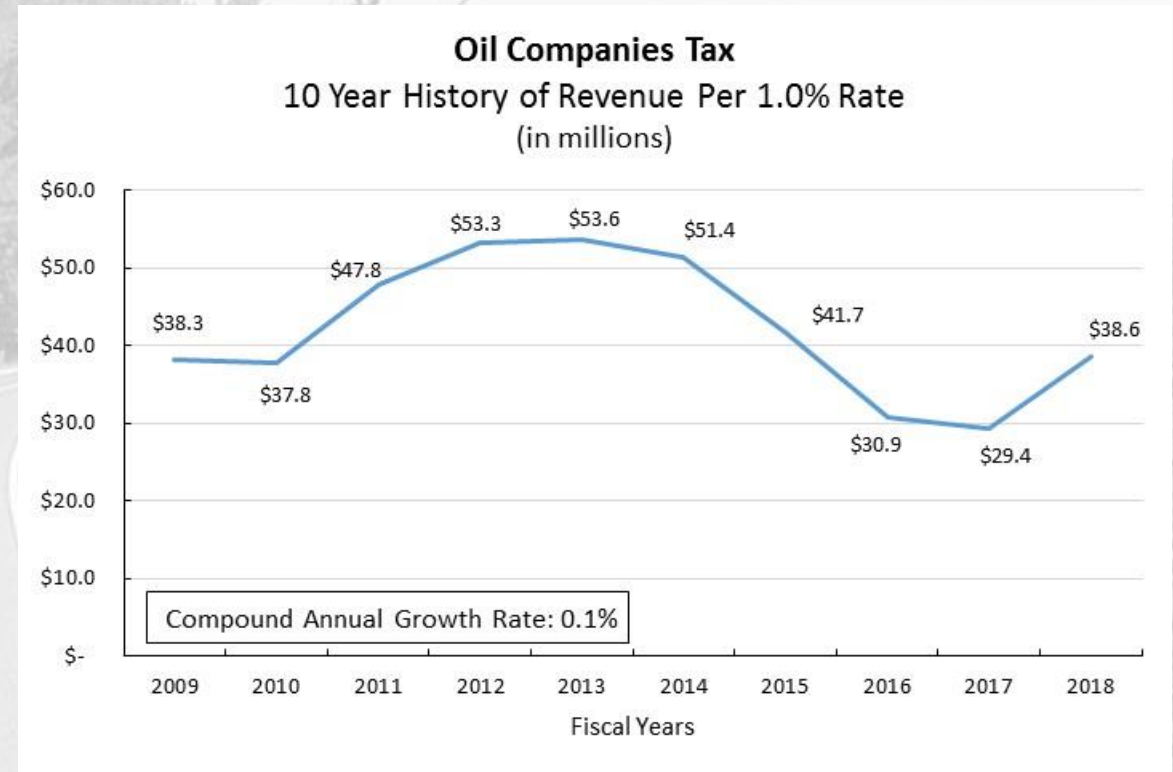
- The projected compound annual growth rate of revenues, excluding increases for the car sales tax, amounts to just 1.2% over a 10 year forecast period
- This is compared to a projected 6.4% compound annual growth rate for expenditures. This assumes an annual debt issuance of \$875 million.



Historical Growth in the Major Revenue Sources is Slow Growing

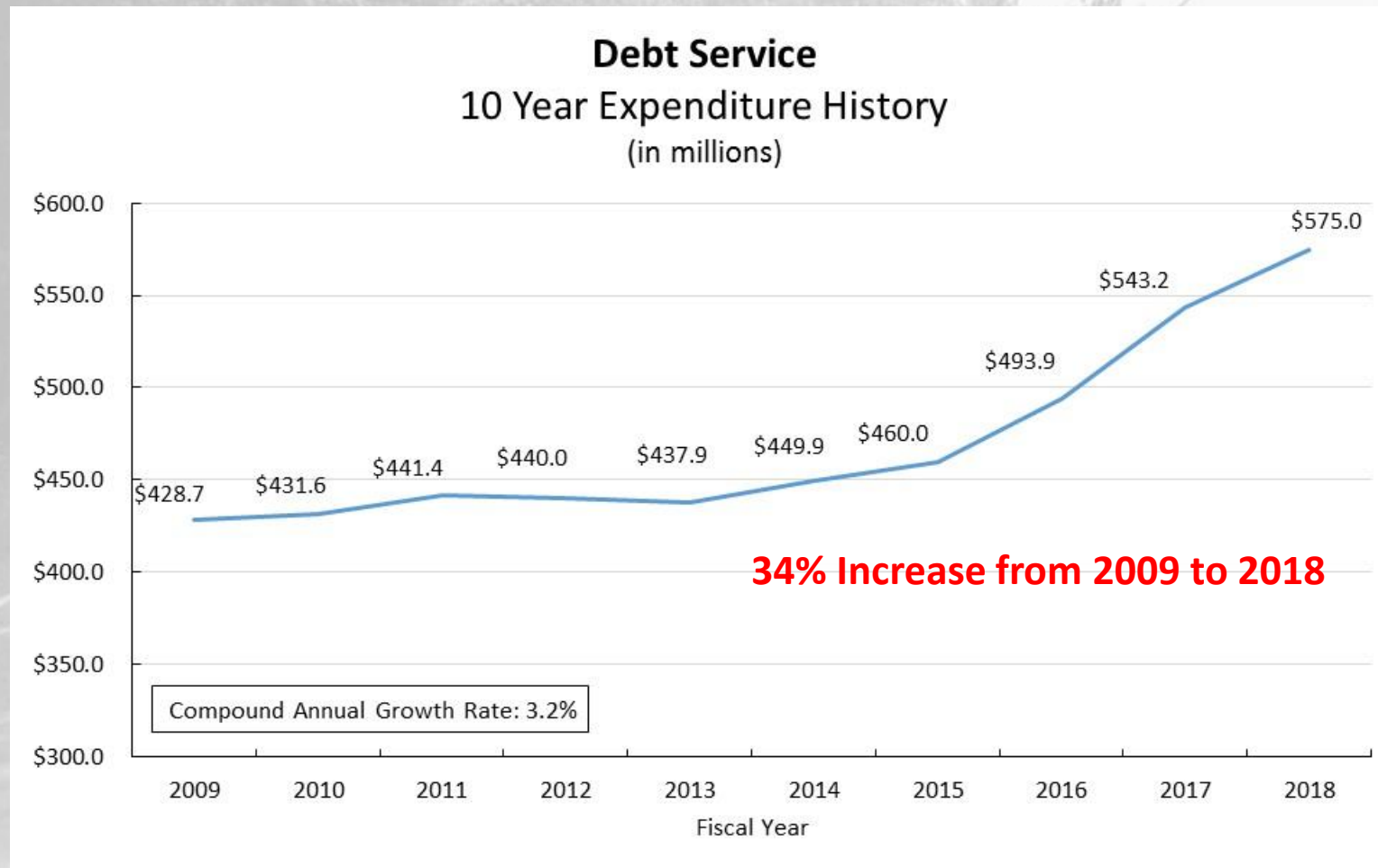


Motor Fuels Tax: All motor fuel sold in Connecticut is subject to a cent per gallon tax: 25 cents for gasoline and 46.5 cents for diesel fuel (as of July 1, 2019). The diesel fuel tax rate is set annually by DRS. Calculation is based on: A base rate of 29 cents per gallon and a calculation of the average wholesale price for the Hartford/Rocky Hill and New Haven areas as reported by the Oil Price Information Service from April 1st to March 31st of the prior year multiplied by the Oil Companies tax rate.

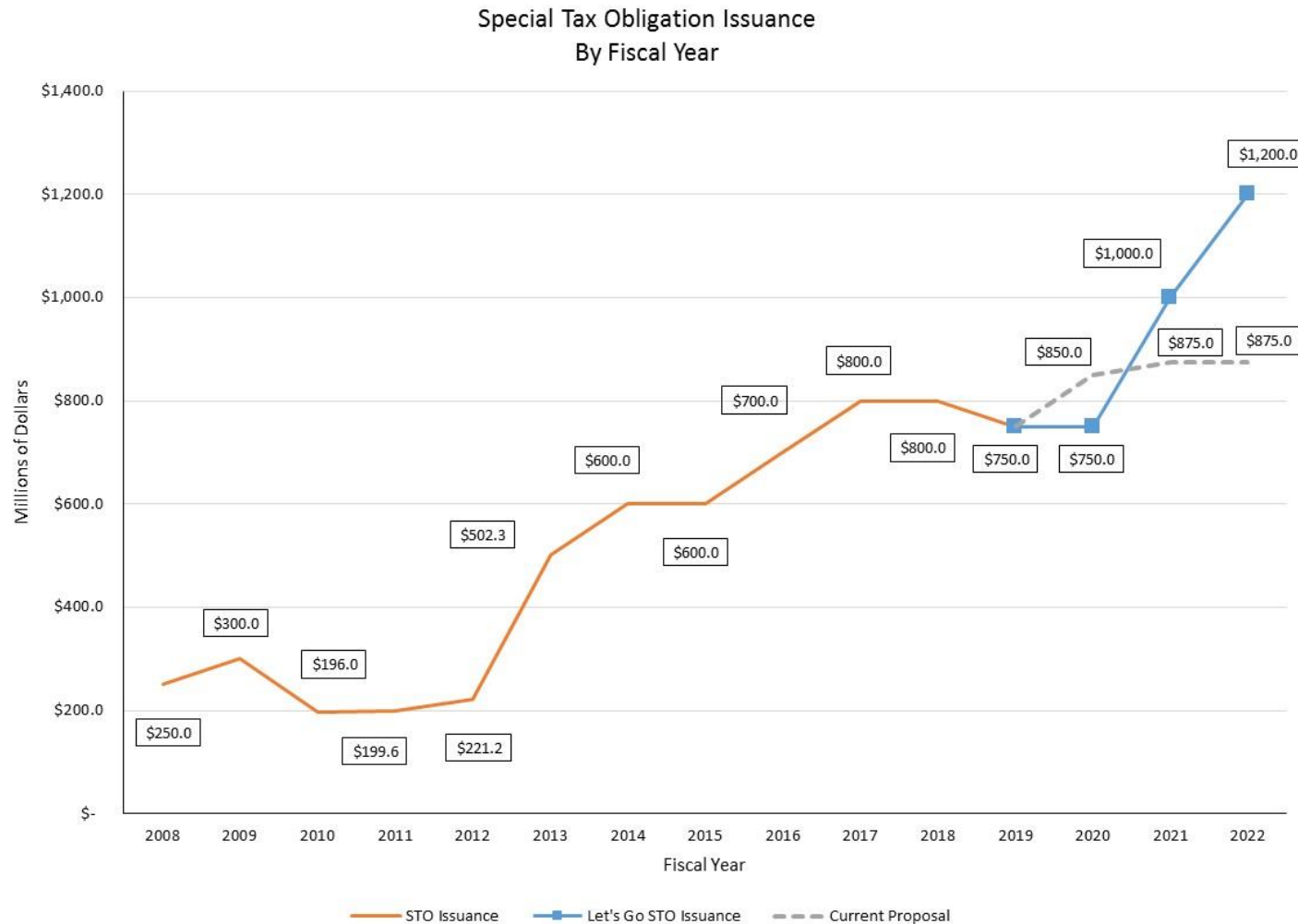


Oil Companies: Levied on the gross earnings from the first sale of petroleum products by distributors in Connecticut. The current rate is 8.1%. The period between 2010 through 2014 saw a significant increase in the per barrel price of oil which increased revenue from this source.

Historical Growth in Debt Service out-paces the Rate of Revenue Growth



Special Tax Obligation Issuance History



- Increased borrowing has been focused on enhancements and less on State of Good Repair (SOGR).
- Results in an backlog of SOGR & deferred maintenance for the transportation infrastructure.

Phase-in of the Car Sales Tax

Special Transportation Fund

Car Sales Tax Diversion to the STF - Phase-in Schedule

(in millions)

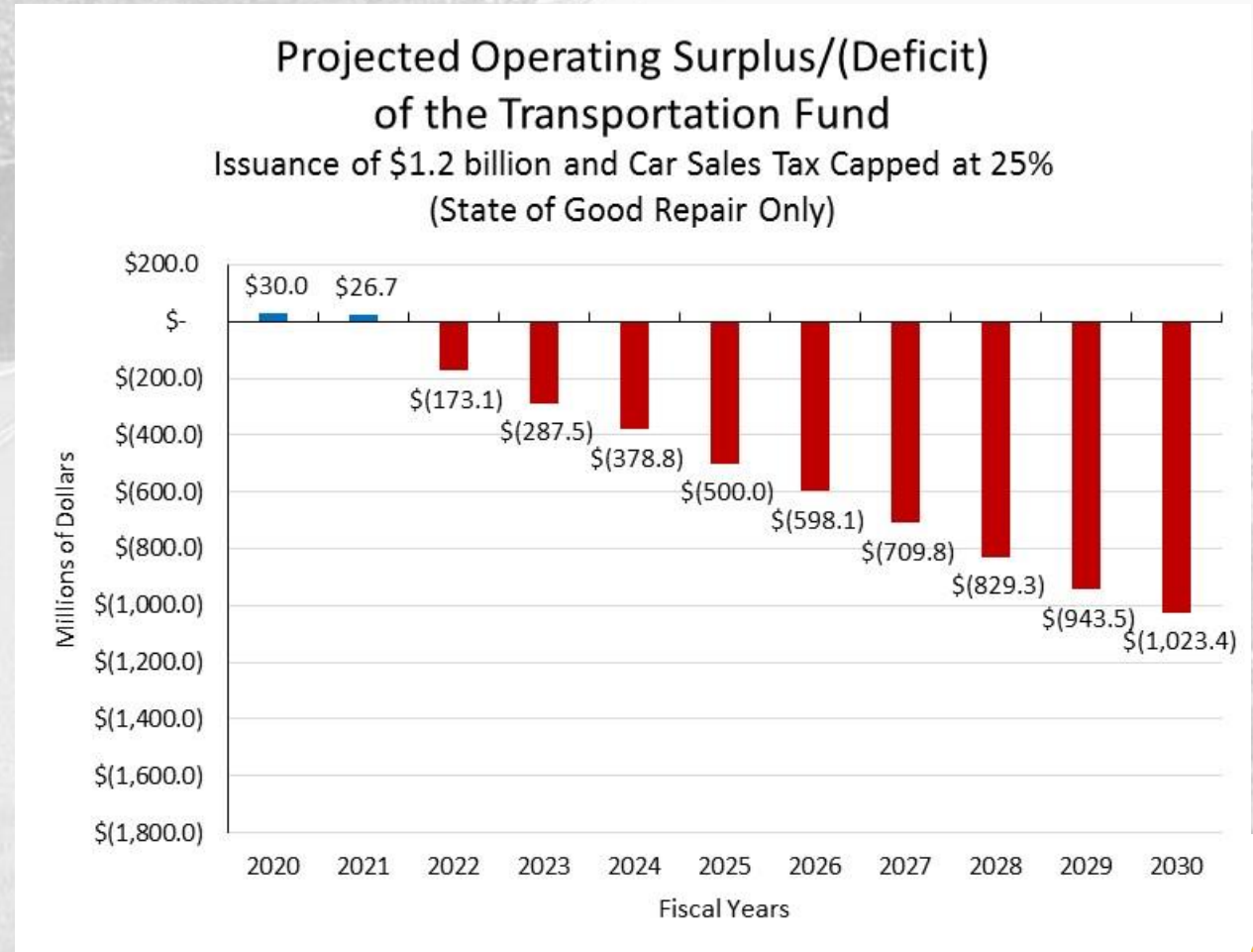
Fiscal Year	Bi-Partisan		HB 7424	
	Original Schedule		Revised Schedule	
	Transfer Level	Estimated Revenue	Transfer Level	Estimated Revenue
2019	8.0%	\$ 29.0	8.0%	\$ 29.0
2020	33.0%	\$ 120.0	17.0%	\$ 61.8
2021	56.0%	\$ 204.8	25.0%	\$ 91.4
2022	75.0%	\$ 275.7	75.0%	\$ 275.7
2023	100.0%	\$ 368.2	100.0%	\$ 368.2
2024	100.0%	\$ 368.9	100.0%	\$ 368.9

Diversion of the Car Sales Tax transfers to the Special Transportation Fund is a part of the projected \$1.1B structural gap in FY2022.

STF Forecast - The Fiscal Challenge

State of Good Repair
\$1.2 billion Annual Investment

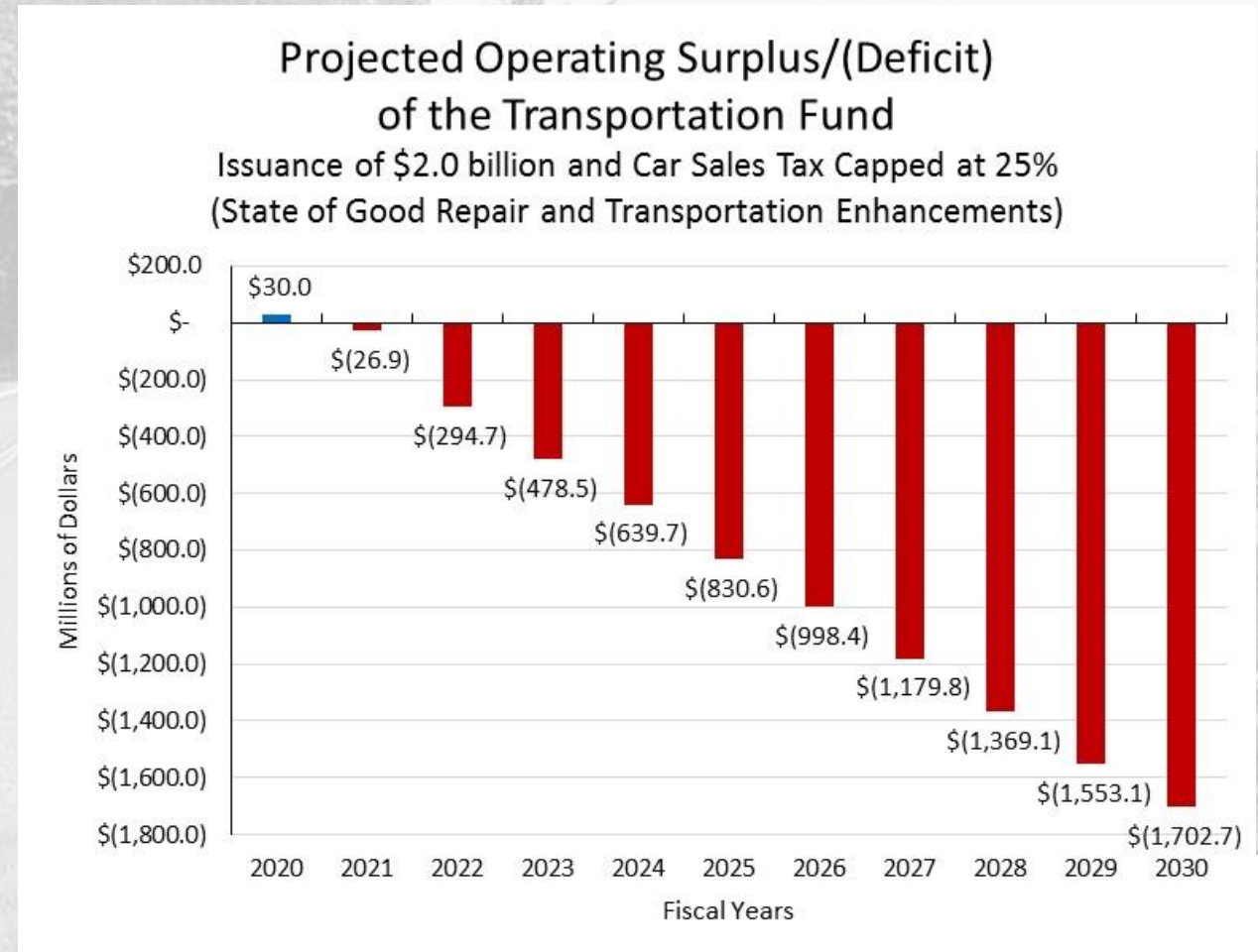
- Assumes Special Tax Obligation bond issuance of \$1.2 billion starting in FY 2021.
- Caps the transfer of the Car Sales Tax to 25% starting in FY 2021 to reduce impact to General Fund resources.



Transportation Forecast - The Fiscal Challenge

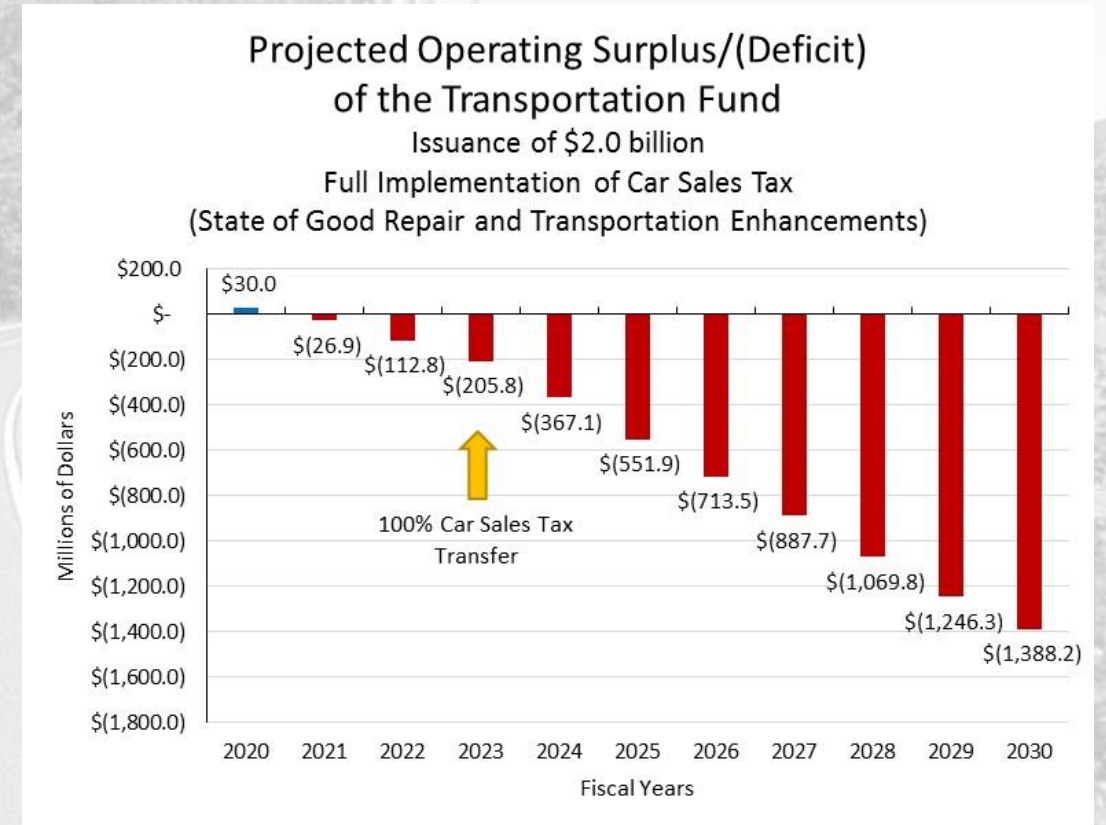
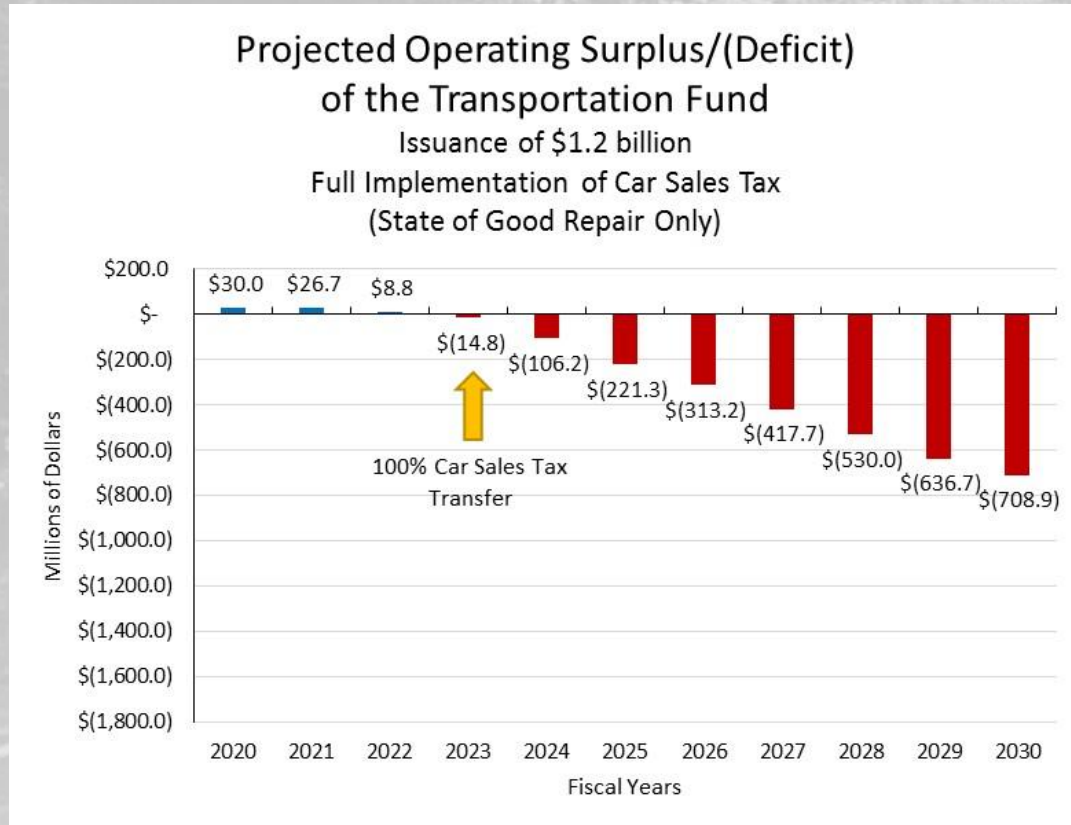
(State of Good Repair with Transportation Enhancements - \$2.0 Billion)

- Assumes Special Tax Obligation bond issuance of \$2.0 billion starting in FY 2021.
- Caps the transfer of the Car Sales Tax to 25% starting in FY 2021 to reduce impact to General Fund resources.



Transportation Forecast

With Bi-Partisan Supported Full Implementation of Car Sales Tax Transfer

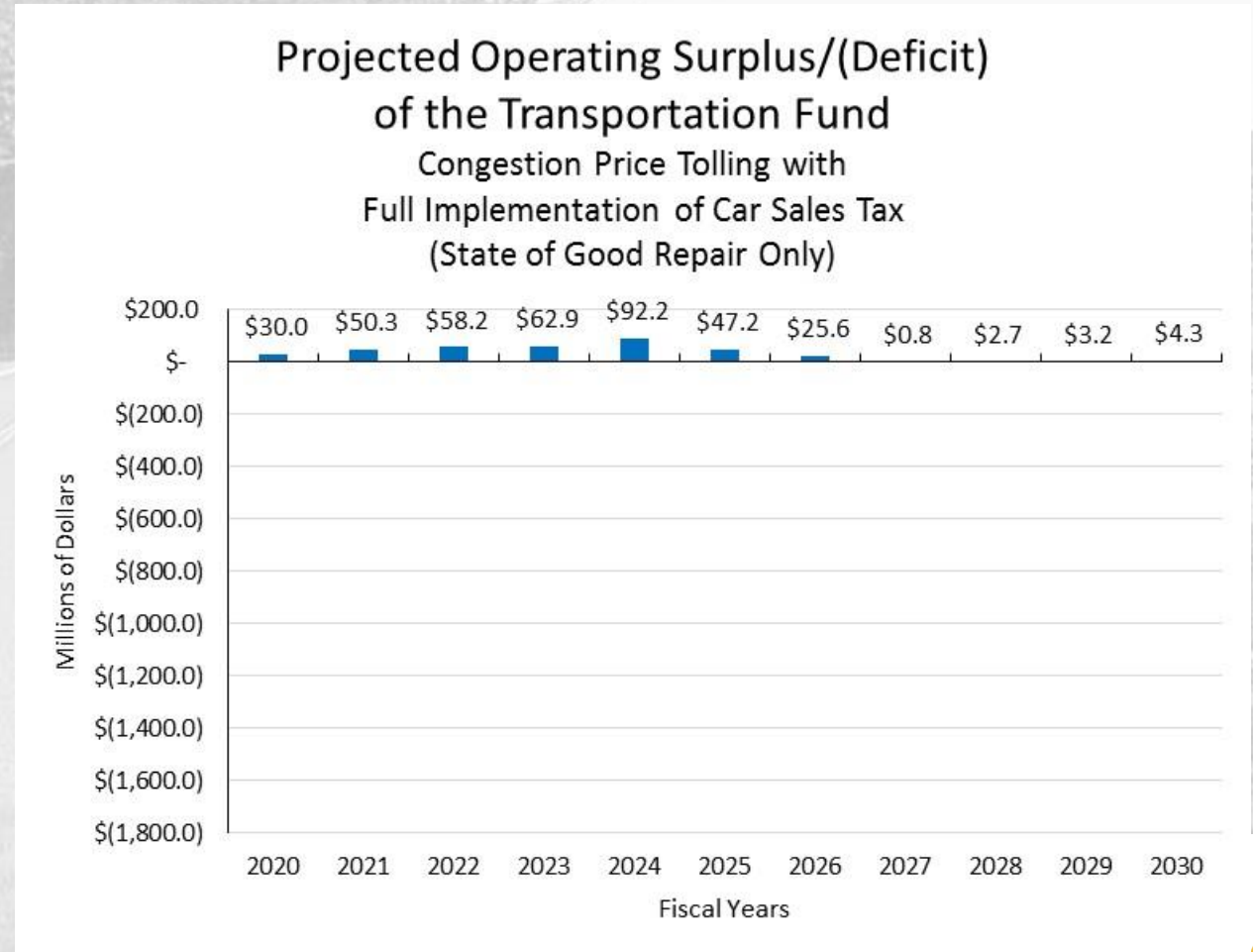


Transportation Potential Solution 1

Congestion Price Tolling and Full Car Sales Tax Transfer

State of Good Repair - \$1.2B Annual

- Incorporates Congestion Price Tolling proposal.
- Assumes a capital plan (tolls, and borrowing) of \$875 million in FY 2021 through FY 2023 and \$1.2 billion per year starting in FY 2024.
- Fully implements the car sales tax transfer. Reaches 100% by FY 2023.
- Incorporates the following:
 - Maximum Connecticut resident tolling discounts
 - Reduces transit bus fares from \$1.75 to \$1.00
 - Includes a low income toll credit

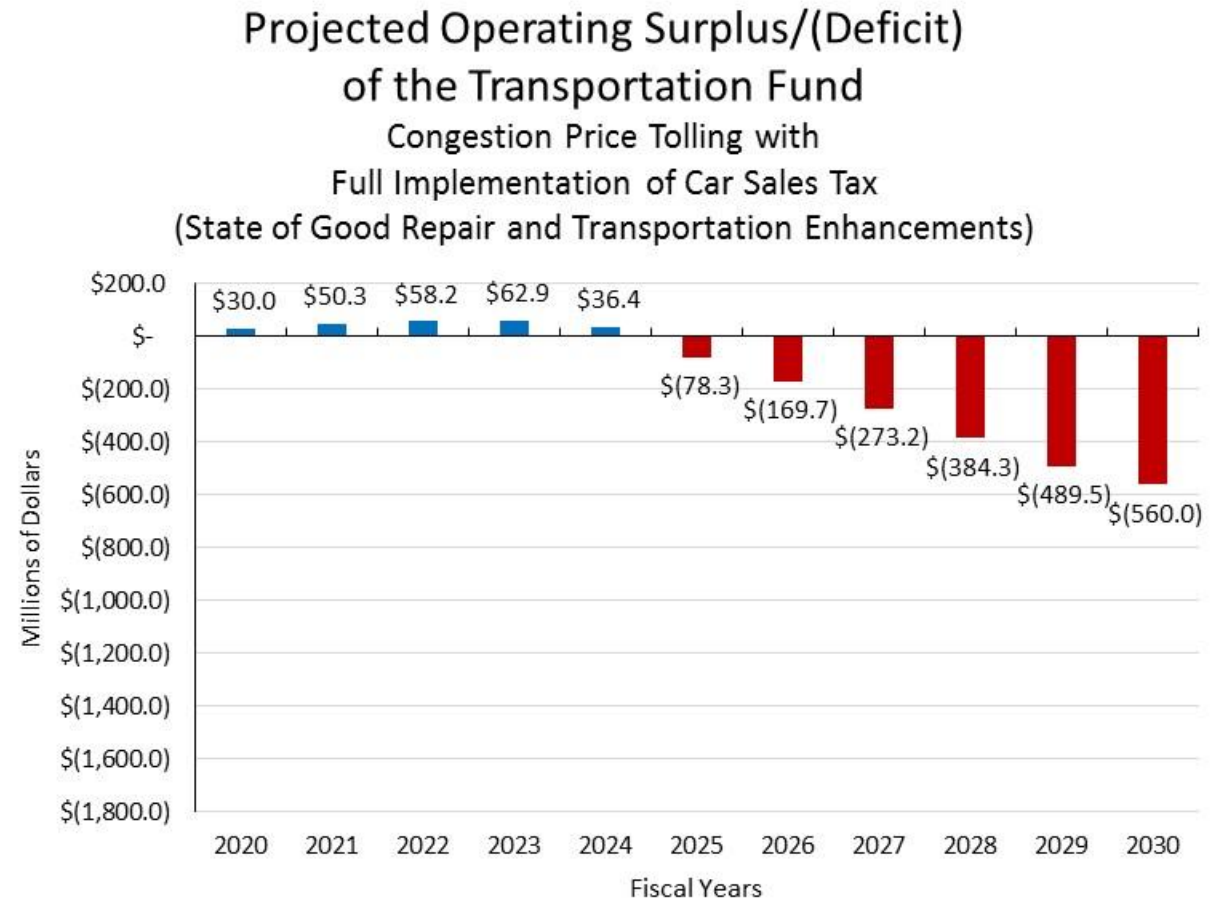


Transportation Forecast – Potential Solution 1A

Congestion Price Tolling and Full Car Sales Tax Transfer

State of Good Repair and Transportation Enhancements - \$2.0B

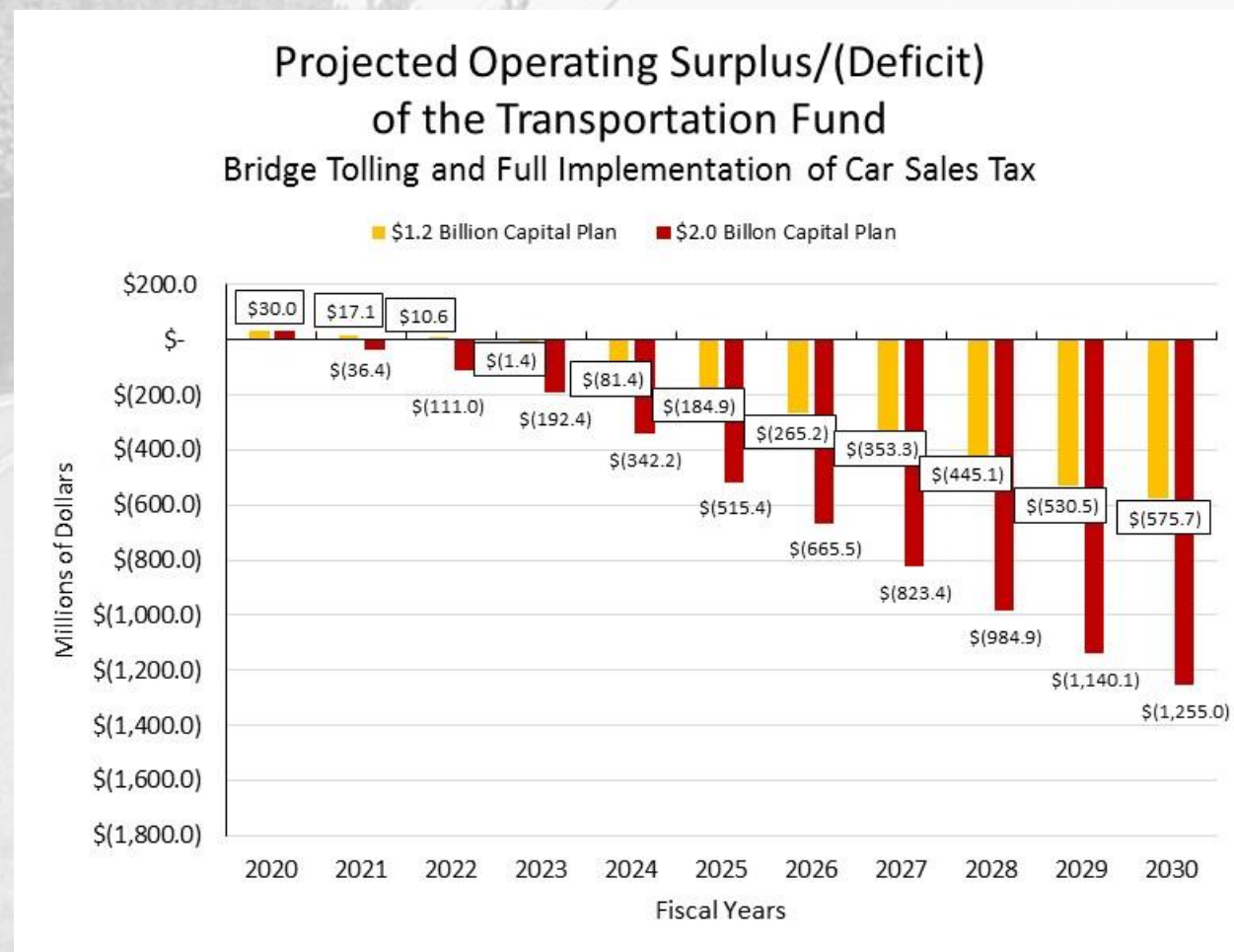
- Incorporates Congestion Price Tolling proposal.
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Transportation Forecast – Not An Adequate Solution

Bridge Tolling

- Incorporates Bridge Only Tolling. Up to 12 bridges are eligible to be tolled over a 30 year period.
- The chart shows two capital plans:
 - \$1.2 billion per year in tolls and borrowing starting in FY 2021
 - \$2.0 billion per year in tolls and borrowing starting in FY 2021
- Fully implements the car sales tax transfer. Reaches 100% by FY 2023.
- Incorporates the following:
 - Maximum Connecticut resident tolling discounts
 - Reduces transit bus fares from \$1.75 to \$1.00
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Rating Agency Comments

- Rating Agencies have concerns over the interdependence of the Special Transportation Fund and the General Fund
 - General Fund needs to show structural improvement before the Special Tax Obligation bond ratings could improve
- Each rating agency has noted the slow growing nature of the Special Transportation Fund's revenue streams. There are concerns that significant increases in investment would not be able to be covered by the current revenues within the fund.

Concerns

- Transportation expenses are outpacing revenue by a ratio of 5:1.
- Most of our infrastructure is near or past its expected life span.
- Past expenditures did not keep up with maintenance needs.
- There is a cost to “kicking the can.”
- Congestion now threatens the state’s economic development.
- Every year we delay action puts us further behind other states, exacerbating the economic development challenges and puts CT at a disadvantage.
- The current economic expansion will come to an end eventually, at which time asking for new revenue from the public will be even more difficult.

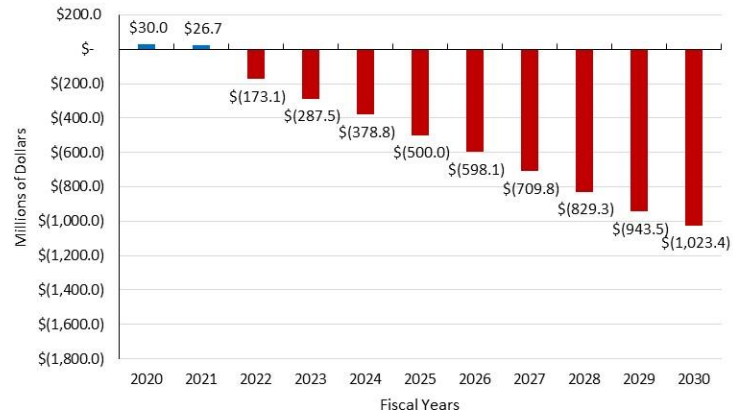
Conclusion

- In order to put Connecticut on a path to growth, our transportation infrastructure must be addressed. We have to get CT moving again!
- This is about growth, quality of life and fiscal responsibility.
- **The financials demonstrate that the Special Transportation Fund is in crisis without any action**
- The infrastructure conditions assessment indicates we are on a declining path.
- In order to achieve the economic growth goals and fiscal sustainability the Special Transportation Fund would require the 100% fulfillment of the car sales tax transfer AND congestion price tolling in order to achieve a state of good repair for the existing transportation network. Additional enhancements will require further financing and/or additional revenues.

A Path Forward

Our Fiscal Challenge

Projected Operating Surplus/(Deficit)
of the Transportation Fund
Issuance of \$1.2 billion and Car Sales Tax Capped at 25%
(State of Good Repair Only)



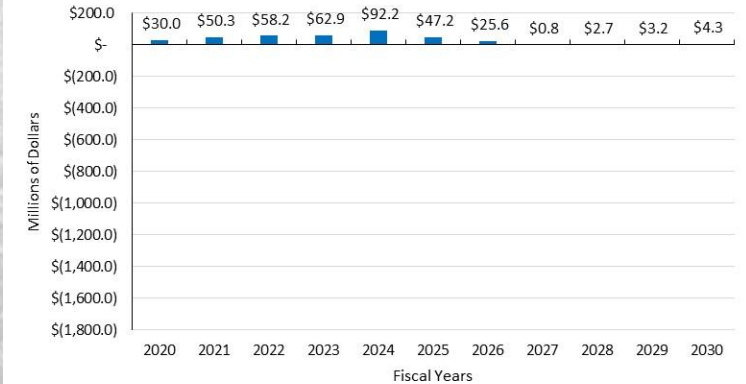
Bi-Partisan Proposal

Projected Operating Surplus/(Deficit)
of the Transportation Fund
Issuance of \$1.2 billion
Full Implementation of Car Sales Tax
(State of Good Repair Only)



Comprehensive Compromise

Projected Operating Surplus/(Deficit)
of the Transportation Fund
Congestion Price Tolling with
Full Implementation of Car Sales Tax
(State of Good Repair Only)



Middle Class Tax Relief

- Reduce the 3.0% tax rate to 2.0%
 - Under the Personal Income Tax, Connecticut has 7 tax brackets ranging from 3.0% to 6.99% (See below)
 - This proposal would lower the 3.0% rate to 2.0% which will result in an approximate maximum benefit of \$90 to single filers and \$180 to joint filers.
 - Under our Personal Income Tax, the first 10,000 of taxable income (AGI net of exemptions) for single filers and \$20,000 for joint filers is taxed at 3%. Lowering the bottom rate give all taxpayers a benefit ranging from \$90-\$180 because the first \$10,000 for single and \$20,000 for joint filers is subject to a 3% rate which we propose reducing to 2%.
 - Tax relief would go to filers with Adjusted Gross Incomes of approximately \$25,000 to \$101,500 for single filers and \$35,000 to \$145,500 for joint filers (*technicality: assuming taxpayer receives property tax credit*).
 - In other words, all filers benefit from this lower bracket up to the specific AGI dollar threshold because we have a recapture provision that eliminates the benefit of the lower rate once single filers AGI reaches \$101,500 and joint filers up to \$145,500.
 - Would result in a General Fund revenue loss of approximately \$100 million per year.

Benefit:

	<u>Approx. AGI Range</u>	<u>Max</u>
Single Filers	\$25,000 - \$101,500	\$ 90.0
Joint Filers	\$35,000 - \$145,500	\$180.0

Tax Brackets					
		Single Filers		Joint Filers	
		Taxable Income		Taxable Income	
		From	To	From	To
1.	3.00%	\$ -	\$ 10,000	\$ -	\$ 20,000
2.	5.00%	10,000	50,000	20,000	100,000
3.	5.50%	50,000	100,000	100,000	200,000
4.	6.00%	100,000	200,000	200,000	400,000
5.	6.50%	200,000	250,000	400,000	500,000
6.	6.90%	250,000	500,000	500,000	1,000,000
7.	6.99%	500,000	& Over	1,000,000	& Over

Structural Holes

One-time Items included in the Budget and Impact in FY 2022 (in millions)

<u>Tax Types</u>	<u>Item</u>	Ongoing Fiscal 2022
1. Personal Income Tax	Cap teachers' pension exemption at 25% for 2 years, rises to 50% in FY 2022	\$ (8.0)
2. Personal Income Tax	Pension and Annuity Phase In by 1/1/2025 (PA 17-2 JSS)	(16.4)
3. Sales and Use Tax	Adjust diversion of the car sales tax to the STF at 17% and 25%, rises to 75% in FY 2022	(184.3)
4. Sales and Use Tax	Municipal Revenue Sharing Account comes online in FY 2022 (PA 17-2 JSS)	(356.3)
5. Corporation Tax	Maintain current 10% surcharge for 2 years, no surcharge in FY 2022	(37.5)
6. Corporation Tax	Phase-Out Capital Stock Tax by 1/1/2024	(9.5)
7. Inheritance and Estate Tax	Phase in Federal Exemption level by 1/1/2023 (PA 18-81)	(13.2)
8. Real Estate Conveyance	Mansion Tax Credit begins in FY 2022	(1.0)
9. Miscellaneous Taxes	Plastic Bag Fee - Ban Plastic Bags July 1, 2021	(26.8)
10. Refunds of Taxes	Maintain Eligibility Limits on Property Tax Credits for IY 2019 & 2020, expire in IY 2021	(53.0)
11. License, Permit and Fees	Banking Fund Transfer ends in FY 2022	(5.2)
12. Transfers - Other Funds	Transfer FY 2020 Revenue for use in FY 2021	(85.0)
13. Transfers - Other Funds	Transfer to Mashantucket/Pequot Fund	(6.6)
14. Transfers - Other Funds	Use of Surplus for potential Hospital Litigation Resolution	(95.0)
15. Transfers - Other Funds	GAAP - Restore Funding for Cumulative GAAP Deficit	(85.1)
16. Expenditure	Debt issuance premium directed toward capital projects delay for 2 years	(120.0)
	Total - All Items	\$ (1,102.9)

Operating Forecasts

Annual Surplus/(Deficits)

(in millions)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
1. Baseline at \$1.2 Billion	\$30.0	\$26.7	(\$173.1)	(\$287.5)	(\$378.8)	(\$500.0)	(\$598.1)	(\$709.8)	(\$829.3)	(\$943.5)	(\$1,023.4)
2. Baseline at \$2.0 Billion	\$30.0	(\$26.9)	(\$294.7)	(\$478.5)	(\$639.7)	(\$830.6)	(\$998.4)	(\$1,179.8)	(\$1,369.1)	(\$1,553.1)	(\$1,702.7)
3. Bi-Partisan Car Sales Tax at \$2.0 Billion	\$30.0	\$26.7	\$8.8	(\$14.8)	(\$106.2)	(\$221.3)	(\$313.2)	(\$417.7)	(\$530.0)	(\$636.7)	(\$708.9)
4. Bi-Partisan Car Sales Tax at \$1.2 Billion	\$30.0	(\$26.9)	(\$112.8)	(\$205.8)	(\$367.1)	(\$551.9)	(\$713.5)	(\$887.7)	(\$1,069.8)	(\$1,246.3)	(\$1,388.2)
5. Congestion Tolling at \$1.2 Billion	\$30.0	\$50.3	\$58.2	\$62.9	\$92.2	\$47.2	\$25.6	(\$8.2)	(\$49.5)	(\$85.0)	(\$85.7)
6. Congestion Tolling at \$2.0 Billion	\$30.0	\$50.3	\$58.2	\$62.9	\$36.4	(\$78.3)	(\$169.7)	(\$273.2)	(\$384.3)	(\$489.5)	(\$560.0)
7. Alt. Congestion Tolling at \$1.5 Billion	\$30.0	\$50.3	\$58.2	\$62.9	\$71.2	\$0.1	(\$47.6)	(\$107.6)	(\$175.0)	(\$236.7)	(\$263.6)

Prioritize Progress

- Prioritize Progress would lead to growing levels of General Obligation debt service which are not currently anticipated nor funded.
- By the end of just the first 10 years, the Office of Policy and Management estimates that the debt service cost would exceed \$600 million per year and result in more than \$7.0 billion additional GO debt issued by 2030.
 - This is nearly equivalent to a 1.0% increase in the Sales and Use tax.
- Would require significant reduction in other bond priorities in order to achieve the debt service levels described in the biennial budget.
- Prioritize Progress would place the bill squarely with the taxpayers of the State of Connecticut by increasing the state's fixed costs and crowding out other essential programs.

Tolling – Making it Easier for CT Residents

- 30% In-State Discount for all Connecticut based E-ZPass
- 20% Frequent Driver Discount (Commuter Discount)
- Lowers Bus Fares from \$1.75 to \$1.00, a 43% discount
- 20% Low Income Toll Credit up to 125% of Federal Poverty Level (AGI of \$15,612 to \$32,187)