



# House of Representatives

General Assembly

**File No. 381**

February Session, 2022

Substitute House Bill No. 5256

*House of Representatives, April 11, 2022*

The Committee on Transportation reported through REP. LEMAR of the 96th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT CONCERNING THE REGIONALIZATION OF LOCAL AND REGIONAL TRANSIT DISTRICTS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2022*) (a) Notwithstanding the  
2 provisions of sections 7-273l and 7-273m of the general statutes,  
3 commencing with the fiscal year ending June 30, 2023, and each fiscal  
4 year thereafter until the fiscal year ending June 30, 2033, inclusive, if a  
5 municipality that formed a transit district or the combined member  
6 municipalities included in a transit district pursuant to section 7-273b of  
7 the general statutes do not have a population of one hundred thousand  
8 or more, as determined by the most recent population estimate by the  
9 Department of Public Health, the Commissioner of Transportation shall  
10 reduce such transit district's subsidy as follows: (1) For the fiscal year  
11 ending June 30, 2023, subsidize no more than ninety per cent of such  
12 transit district's operating expenses, and (2) each fiscal year thereafter  
13 until the fiscal year ending June 30, 2033, or until the municipality that  
14 formed such transit district or the combined member municipalities  
15 included in such transit district have a population of one hundred

16 thousand or more, whichever is earlier, further reduce such subsidy by  
17 an additional five percentage points.

18 (b) The commissioner may waive the reduction in subsidies pursuant  
19 to the provisions of subdivisions (1) and (2) of subsection (a) of this  
20 section, provided such transit district (1) applies for a waiver from the  
21 commissioner, in the form and manner prescribed by the commissioner,  
22 (2) demonstrates the intention of such transit district to join one or more  
23 municipalities that have a combined population of one hundred  
24 thousand or more and identifies the intended transit district partner or  
25 partners, and (3) provides the status of the regionalization.

26 (c) Commencing with the fiscal year ending June 30, 2034, and each  
27 fiscal year thereafter, if a municipality that formed a transit district or  
28 the combined member municipalities included in a transit district do not  
29 have a population of one hundred thousand or more, the commissioner  
30 shall subsidize no more than forty per cent of such transit district's  
31 operating expenses.

32 (d) The provisions of this section shall not apply to transit districts  
33 that receive funding under the federal rural transportation assistance  
34 program in accordance with 49 USC 5311(b)(3), as amended from time  
35 to time.

|   |              |             |
|---|--------------|-------------|
| This act shall take effect as follows and shall amend the following sections: |              |             |
| Section 1   | July 1, 2022 | New section |

**Statement of Legislative Commissioners:**

Subsec. (a) was rewritten for clarity and in Subsec. (d), "transit" was changed to "transportation" for accuracy.

**TRA**      *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

**OFA Fiscal Note**

**State Impact:**

| Agency Affected              | Fund-Effect            | FY 23 \$ | FY 24 \$  |
|------------------------------|------------------------|----------|-----------|
| Department of Transportation | TF - Potential Savings | 426,000  | 1,115,000 |

Note: TF=Transportation Fund

**Municipal Impact:**

| Municipalities  | Effect         | FY 23 \$ | FY 24 \$  |
|---|----------------|----------|-----------|
| Ansonia; Derby; Meriden;<br>Norwalk; Seymour; Shelton | Potential Cost | 426,000  | 1,115,000 |

**Explanation**

The bill prohibits the Department of Transportation (DOT) from subsidizing more than a specified percentage of the operating expenses of transit districts with combined populations of under 100,000. The bill's threshold is 90% of expenses in FY 23 and declines by five percentage points each year until plateauing at 40% in FY 33 and beyond. The bill allows DOT to waive the subsidy reduction under certain conditions, including the intention of a transit district to regionalize such that it becomes part of a district with a population of 100,000 or more. The bill exempts transit districts that receive funding under the Federal Transit Administration's Rural Transportation Assistance Program.

The fiscal impact of the bill is dependent on future actions taken by transit districts, such as regionalization and any revisions to budgets and service levels, as well as any DOT waivers. Assuming FY 21 transit district budgets and state subsidy amounts remain constant, the bill is

estimated to result in a potential savings to the state of \$426,000 in FY 23 and \$1,115,000 in FY 24. However, assuming transit districts maintain aggregate budget and service levels (and therefore make up the reduction in state subsidy through municipal funding sources), the bill results in a potential cost to member municipalities of the same amount.

According to DOT, and based on current populations, the bill would apply to the following transit districts: Meriden, Milford, Norwalk, and Valley, though it should be noted that Milford's state subsidy is currently below 85% and therefore not subject to a potential cost in either FY 23 or FY 24.

### ***The Out Years***

Assuming aggregate budgets remain the same and populations remain under 100,000, the potential savings to the state (and potential cost to member municipalities) will grow steadily until FY 33, at which point DOT will be prohibited from subsidizing more than 40% of operating expenses. The anticipated savings to the state and potential cost to impacted transit districts at a 40% subsidization rate is \$8 million annually.

**OLR Bill Analysis****sHB 5256*****AN ACT CONCERNING THE REGIONALIZATION OF LOCAL AND REGIONAL TRANSIT DISTRICTS.*****SUMMARY**

Beginning FY 23, this bill prohibits the Department of Transportation (DOT) Commissioner from subsidizing more than 90% of the FY 23 operating expenses of a transit district (see BACKGROUND) formed by a municipality or member municipalities that does not have a combined population of at least 100,000, as determined by the Department of Public Health's most recent population estimate. It requires the DOT commissioner to further reduce the subsidy of a district not meeting the population threshold by five more percentage points each fiscal year until FY 33, or until the district meets the threshold, whichever is earlier. Beginning FY 34, the bill prohibits the commissioner from annually subsidizing more than 40% of the operating expenses of a transit district not meeting the population threshold.

The commissioner may waive the subsidy reduction, provided the transit district (1) applies for a waiver from the commissioner, in the form and manner he prescribes; (2) demonstrates its intent to join one or more municipalities that have a combined population of at least 100,000 and identifies these partners; and (3) provides the status of the regionalization.

Transit districts that receive federal rural transit assistance program funding are exempt from the bill's requirements.

EFFECTIVE DATE: July 1, 2022

**BACKGROUND*****Transit Districts***

Transit districts are regional transportation organizations formed by one or more municipalities and authorized by law to acquire, operate, and finance land transportation, such as bus lines and transit terminals. The transit districts can operate their own services or contract with a private operator to provide services. A transit district assumes the same regulatory and supervisory functions over transit systems in its district that the state DOT would exercise, as long as the transit system would otherwise be subject to DOT supervision.

**COMMITTEE ACTION**

Transportation Committee

Joint Favorable Substitute

Yea 22    Nay 13    (03/24/2022)