sHB-5256
AN ACT CONCERNING THE REGIONALIZATION OF LOCAL AND REGIONAL TRANSIT DISTRICTS.

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; 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

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4/11/22

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.