

OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200
Hartford, CT 06106 ◊ (860) 240-0200
<http://www.cga.ct.gov/ofa>

sSB-1078

AN ACT CONCERNING RAIL SERVICE.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$	Out Years
Department of Transportation	TF - Cost	See Below	See Below	Significant

Note: TF=Transportation Fund

Municipal Impact: None

Explanation

Section 1 requires the Department of Transportation (DOT) to undertake several actions related to its rail operations. The fiscal impact of these actions are as follows:

- **Restore service on Shore Line East (SLE) to pre-pandemic levels.** The cost for this depends on both the timeline for restoration and the baseline funding level assumed. Compared to current funding levels (FY 23), the cost to restore service would be \$13.5 million in FY 24 and \$13.9 million in FY 25. However, the Governor's proposed FY 24 and FY 25 budget recommends a decrease in service below current levels. Compared to the Governor's proposal, the cost to restore service would be \$25.6 million in FY 24 and \$26.4 million in FY 25.
- **New rail cars on the Waterbury and Danbury branches.** The bill does not specify a date by which cars must be purchased or the number of cars required, both of which would impact

Primary Analyst: PM
Contributing Analyst(s): EMG
Reviewer: MM

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the cost. DOT is currently in the process of procuring new rail cars, some of which are anticipated for placement on the Waterbury and Danbury branch lines. These procurements are included in DOT's capital plan and the department expects to use previously-authorized state bond funding for this purpose. The cost of these rail cars is unknown at this time pending the procurement process.

- **Expand the Danbury branch to include New Milford.** The cost to extend the branch is currently unknown but would be significant. Prior to expansion, DOT would need to undertake a study and related planning efforts. This expansion is not included in DOT's capital plan.
- **Expand the Waterbury branch to include Seymour, Shelton, and Derby.** The provision is not expected to have a fiscal impact because the Waterbury branch currently has stations either in (Seymour and Derby) or near (Shelton) these towns.

Section 2 requires DOT to study "the future of railroads in the state," including, but not limited to, the feasibility of establishing rail service between Hartford and Middletown and operating hybrid trains on the Danbury branch. The bill requires DOT to submit the results of such study to the Transportation Committee by February 1, 2024. This study is expected to cost approximately \$2 million in FY 24, which is comparable to what similar studies have cost the department in recent years (e.g., the Eastern CT Rail Study).

Section 3 authorizes DOT to competitively select the SLE service provider, potentially resulting in lower operating costs depending upon the terms of any future procurement. Currently DOT is required to contract with Amtrak for service on SLE.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, the terms of any new

agreements, and as otherwise described. The cost of expanding the Danbury branch to New Milford is expected to be significant.