



# Connecticut Legislative Update

March 2021



*The following report is from LDAC Lobbyist, Carrie Rand of Nome Associates.*

## Take Action!

Sign up to be an NRLA Advocate by texting the word "NRLA" to 52886.

It's quick and easy, and will let you reach your legislators through email, phone, or social media with just a few simple clicks.

## Did You Know?

The lumber and building materials industry employs more than 36,000 people in Conn.

On March 24, the Finance, Revenue & Bonding Committee held a public hearing on several pending bills, including HB 6443 (An Act Concerning Revenue Items to Implement the Governor's Budget). Representatives from several organizations, including LDAC, appeared on Zoom to testify on the \$90 million highway use tax (HUT) proposal in Governor Lamont's seventy-nine-page, \$46 billion biennial budget.

LDAC's Bob Sanford explained to legislators the Association's strong opposition to the proposal, specifically the ways in which the tax would financially burden the lumber industry—an industry already struggling as it deals with coronavirus-related complications, skyrocketing fuel and building materials costs, and a labor shortage. The proposed HUT, Sanford explained, will drive up the cost of materials and overall construction costs and will reduce job creation opportunities—thus disadvantaging carriers and making it more expensive to do business in an already-expensive state.

Sanford compared Governor Lamont's proposal to New York's HUT, implemented in 1982. In the decades since its adoption, the New York tax has consistently not produced the anticipated revenue—in large part due to a self-reporting requirement for compliance that makes it highly susceptible to evasion. A 2017 study by the American Transportation Research Institute estimates that New York's weight-distance tax has an evasion rate of anywhere from 35% to over 50%, resulting in multi-million-dollar losses for the state.

The proposed Connecticut HUT is being crafted closely to New York's, and it is safe to predict a similar level of compliance. Commissioner McCaw has said that Connecticut's tax would be on the "honor system" and that the state would not hire additional enforcement personnel.

Motor Transportation Association of Connecticut President Joseph Sculley also pointed out shortcomings of Governor Lamont's proposal, arguing that the tax would not generate the estimated \$90 million annually for several reasons. First, he explained, 20 states have repealed weight-distance taxes because they did not generate the predicted revenue and were not enforced. Second, Connecticut won't be able to leverage the federal funds the administration is discussing due to the likely shortfall in collected revenue. Third, the proposed HUT is unnecessarily burdensome because the trucking industry already pays more than its fair share; truckers pay many taxes and fees that passenger cars do not. For instance, the average 5-axle tractor trailer in Connecticut pays more than \$17,000 annually in state and federal road taxes.

Finally, Sculley pointed out that commercial trucking was deemed an "essential workforce" during the COVID-19 pandemic. The Department of Homeland Security's Cybersecurity and Infrastructure Security Agency (CISA) classified truck drivers as essential to the continued viability of our nation's infrastructure for the duration of the pandemic, and our state government agreed.

The industry kept the country going during the pandemic and continued to pay road taxes while doing so. Most passenger car drivers did not travel and thus did not pay many road taxes (fuel taxes). With the proposed HUT, trucking is being targeted to close a funding gap that it did not cause.

"The Special Transportation Fund should not be funded on the backs of our small businesses," Sanford said. "Our members cannot afford to absorb these costs, especially as they continue to work through the financial hardships caused by COVID."

## Questions?

Please contact Kirk Ives, Director of Legislative & Regulatory Affairs at 518-880-6376 or [kives@nrla.org](mailto:kives@nrla.org).