

APPENDIX

TRANSPORTATION TRUST FUND

Information prepared for the
November 6, 2014 meeting of the
Assembly Transportation
and Independent Authorities Committee

David J. Rosen
Legislative Budget and Finance Officer

Figure 1

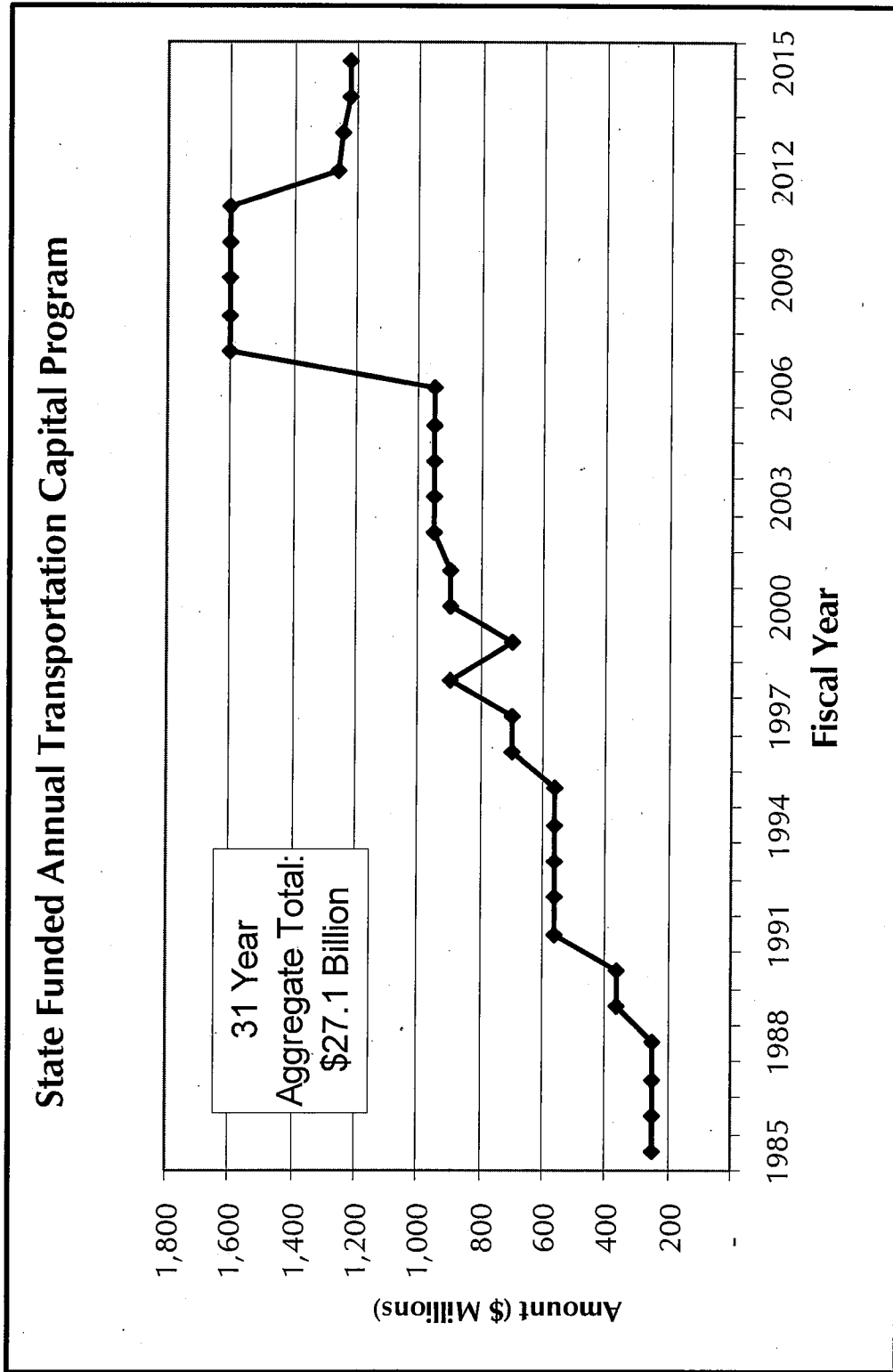


Figure 2

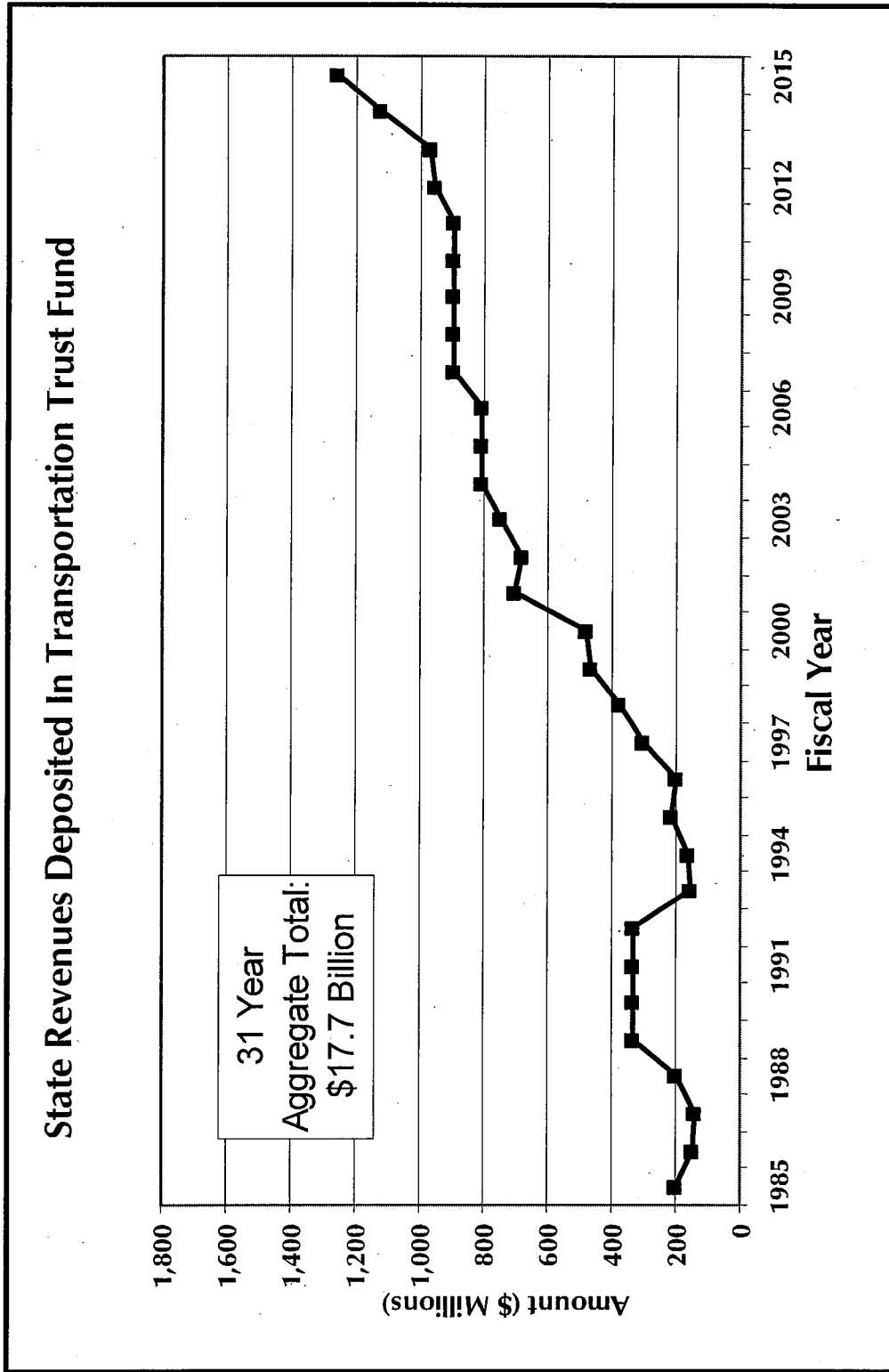


Figure 3

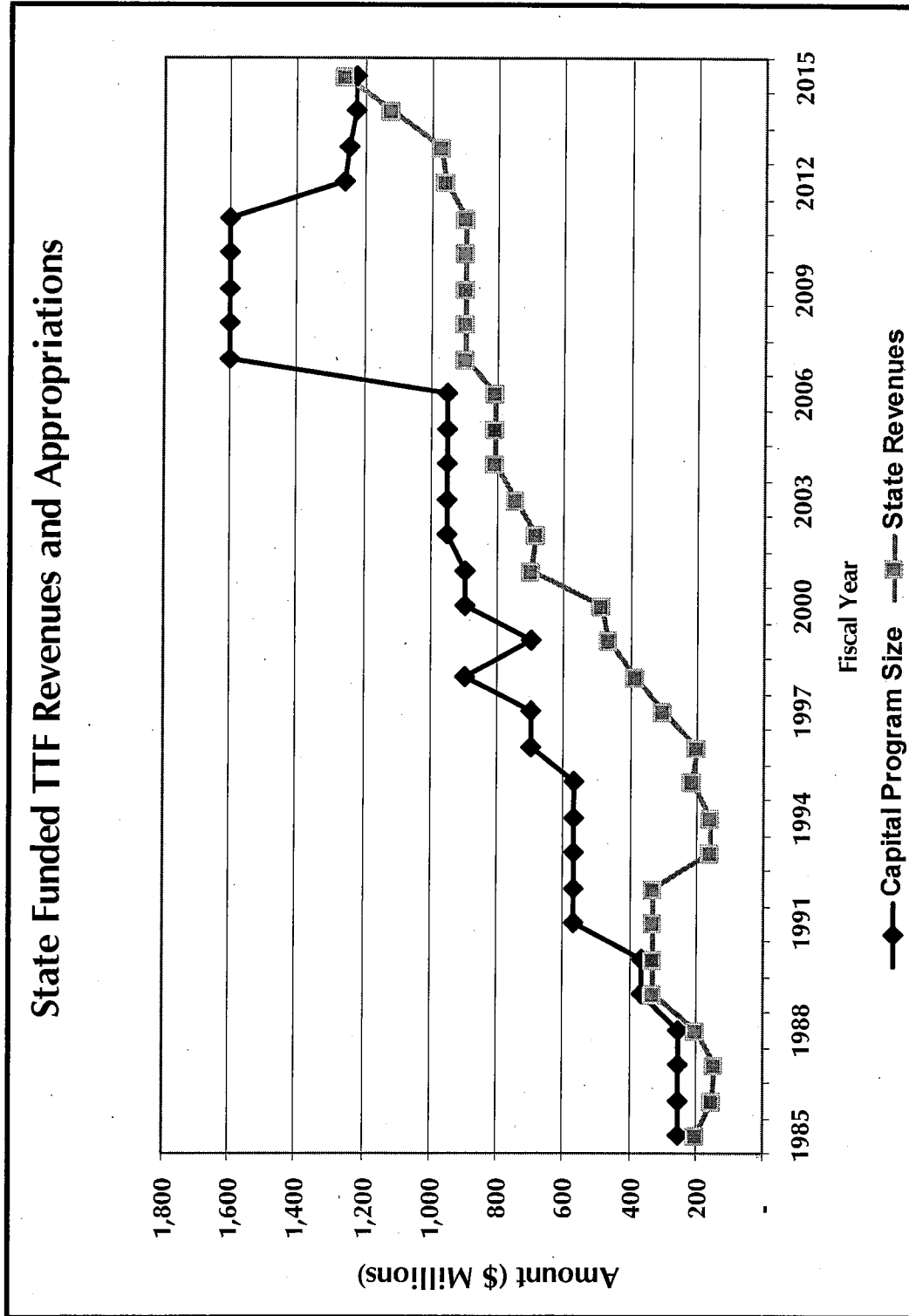


Figure 4

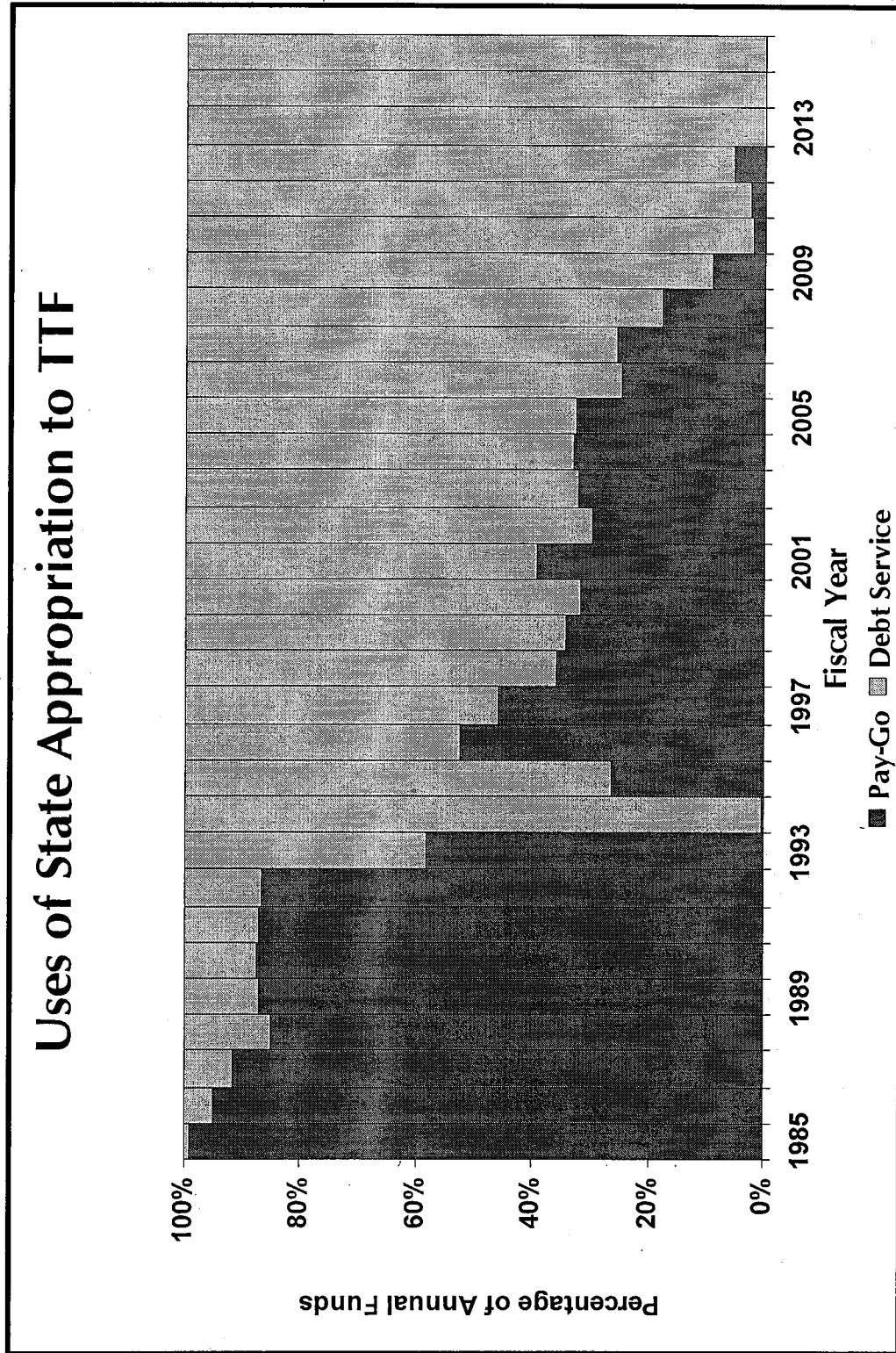
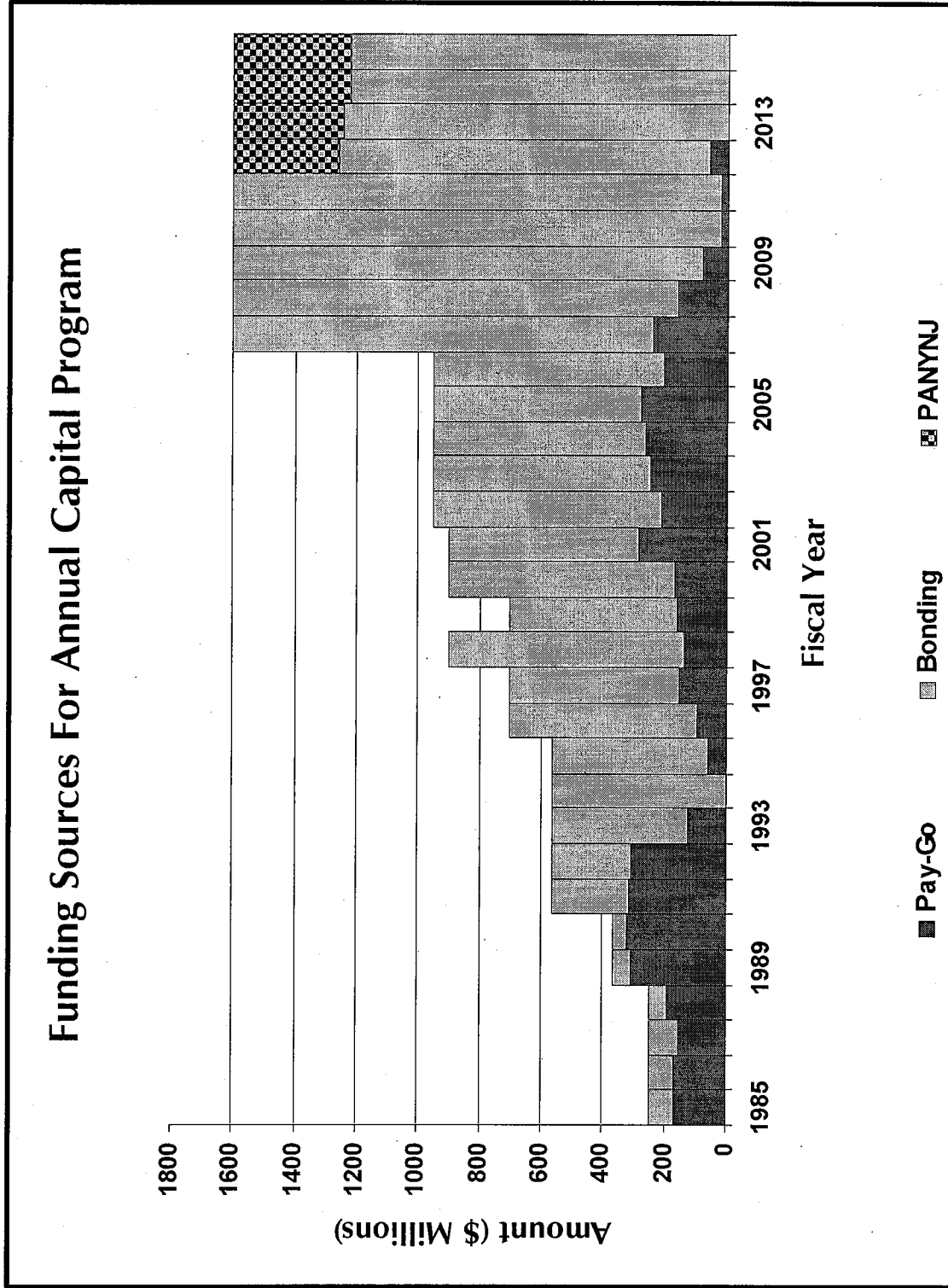


Figure 5



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Figure 6

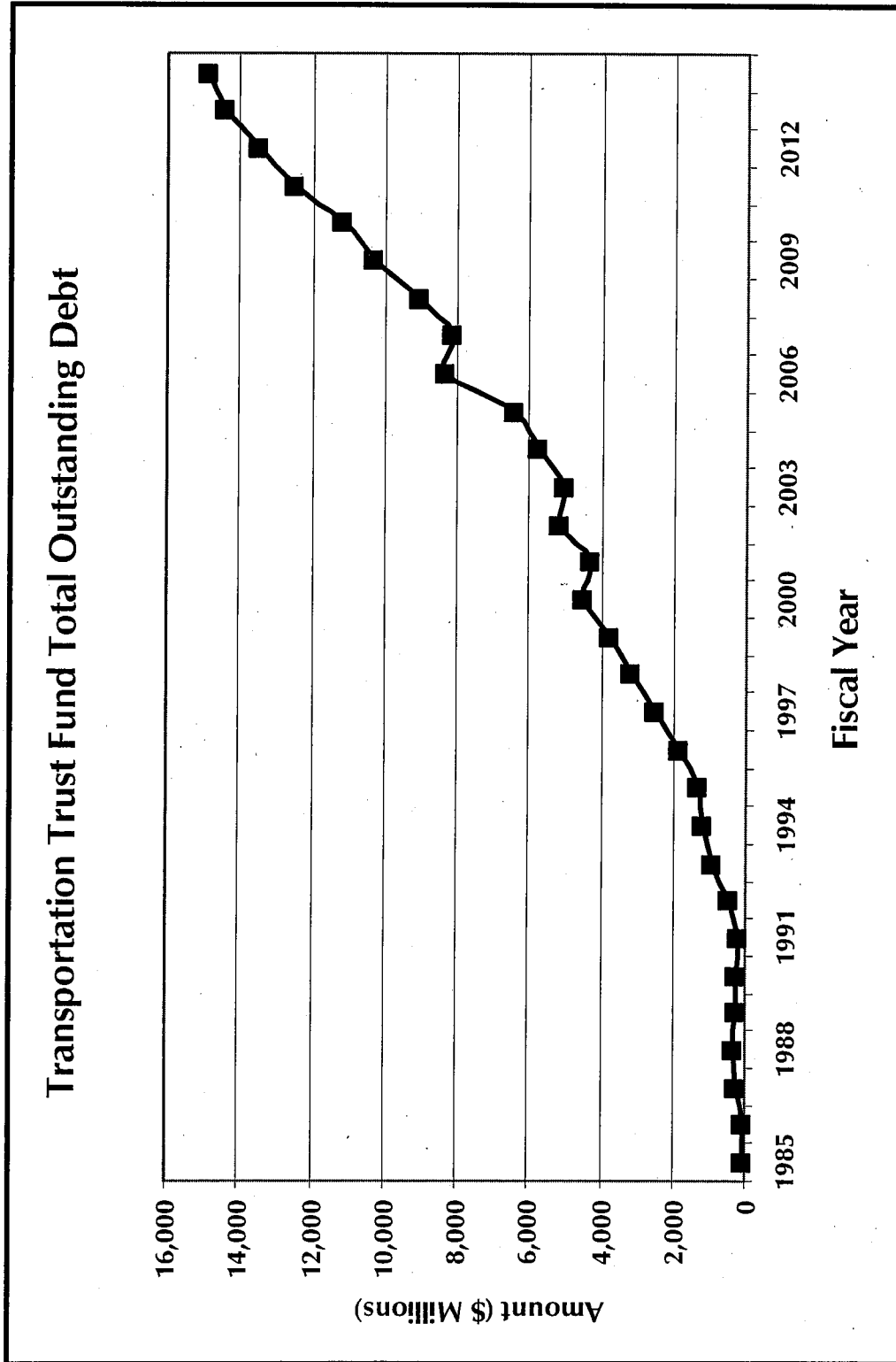


Figure 7

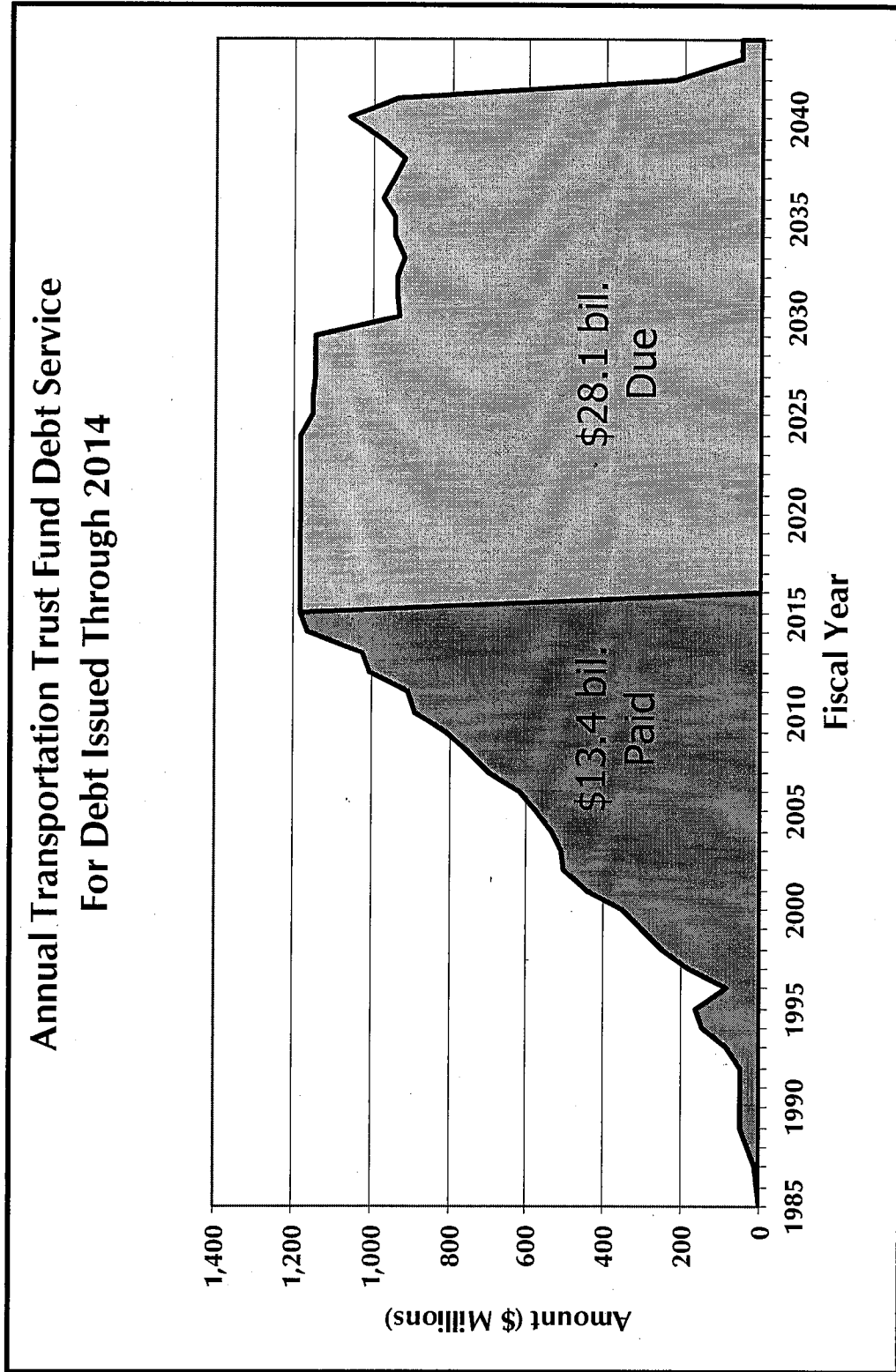


Figure 8

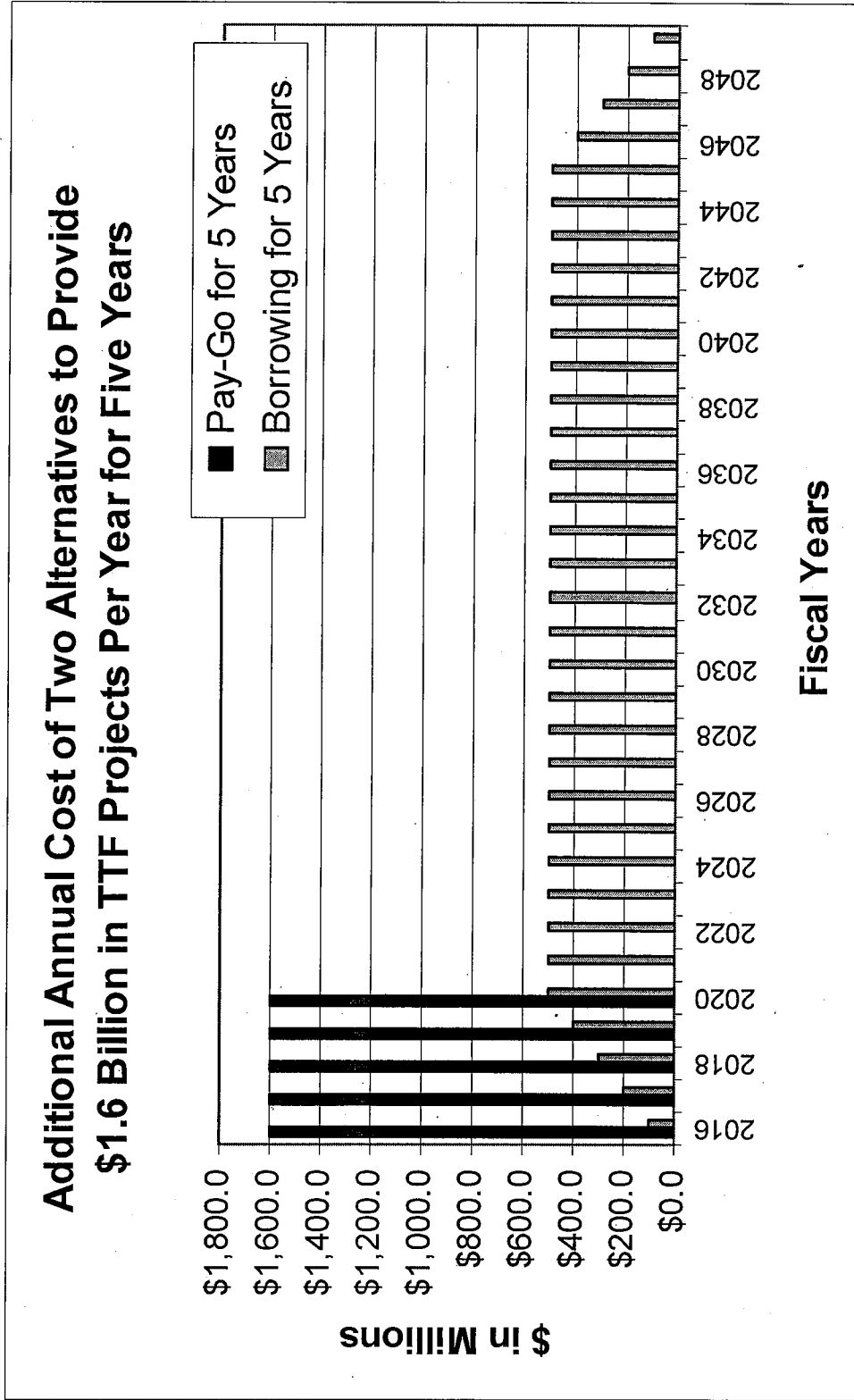
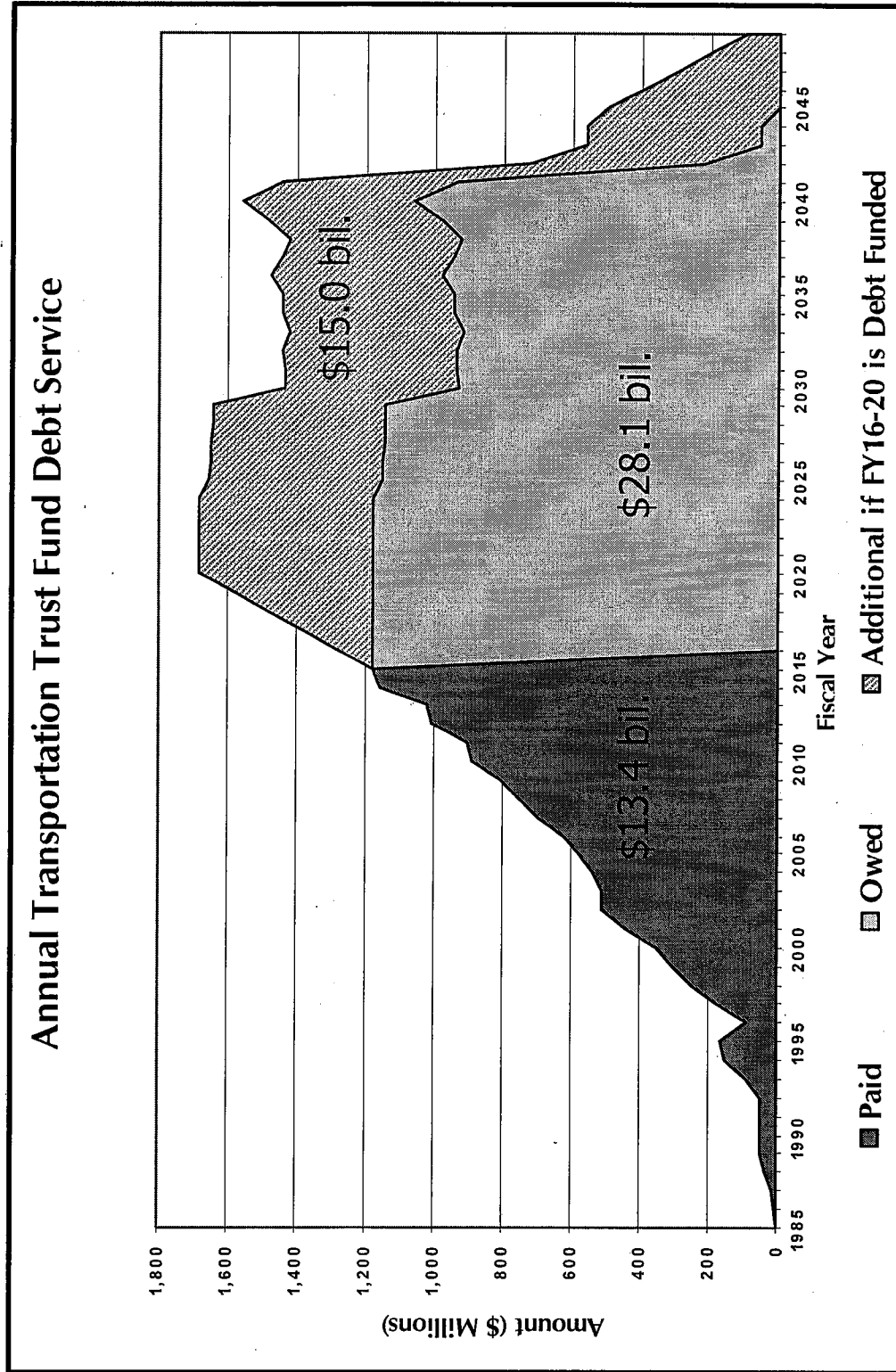


Figure 9



Revenues Constitutionally Dedicated to State Transportation System

Article VIII, Section 2, Paragraph 4

- Motor Fuels Tax: 10.5 Cents per gallon.
- Petroleum Products Gross Receipts Tax: Not less than \$200 million.
- Sales and Use Tax: Not less than \$200 million.

Figure 10

State Revenues Appropriated to Transportation Trust Fund					
Revenue	FY 2007-2011 Appropriation to TTFA (Millions)	FY 2012 Appropriation to TTFA (Millions)	FY 2013 Appropriation to TTFA (Millions)	FY 2014 Appropriation to TTFA (Millions)	FY 2015 Appropriation to TTFA (Millions)
Motor Fuels Tax	\$483	\$522	\$520	\$531	\$516
Petroleum Products Gross Receipts Tax	\$200	\$223	\$228	\$228	\$215
Sales and Use Tax	\$200	\$200	\$211	\$354	\$518
Toll Road Authorities	<u>\$12</u>	<u>\$78</u>	<u>\$12</u>	<u>\$12</u>	<u>\$12</u>
Total	\$895	\$1,023	\$971	\$1,125	\$1,261

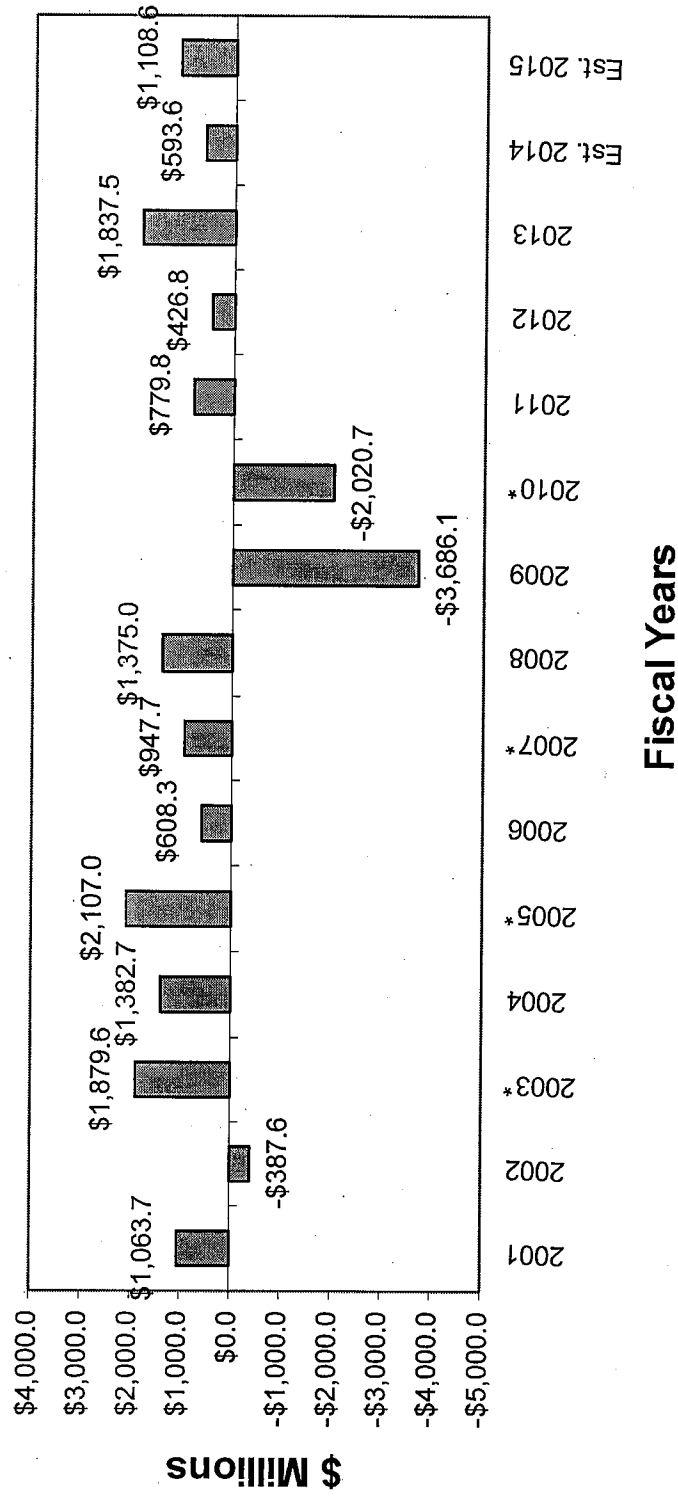
Figure 11

Annual State Revenue Growth Since FY 2001

**Adjusted to Exclude Major Tax Increases*

Average Increase = \$534 Million

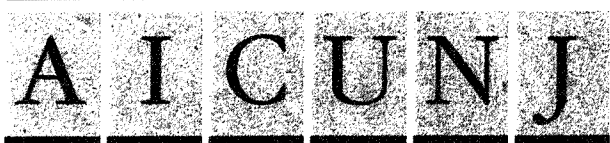
Average Percentage Increase = 2.3%



Structural Deficit:

Increase Above FY15 Appropriation Level to meet Statutory Requirements

- Pension Contribution at 5/7ths in FY16 = \$2.27 billion.
- Homeowner and tenant rebates = \$1.84 billion.
- School Aid Formula = \$1.65 billion.
- Municipal Formula Aid = \$935 million.



*Association of Independent Colleges
and Universities in New Jersey*

Bloomfield College
Caldwell University
Centenary College
College of Saint Elizabeth
Drew University
Fairleigh Dickinson University
Felician College
Georgian Court University
Monmouth University
Princeton University
Rider University
Saint Peter's University
Seton Hall University
Stevens Institute of Technology

**TESTIMONY OF DAVID ROUSSEAU, VICE PRESIDENT,
ASSOCIATION OF INDEPENDENT COLLEGES AND UNIVERSITIES
IN NEW JERSEY**

ASSEMBLY TRANSPORTATION COMMITTEE

NOVEMBER 6, 2014

Good morning Chairman Wisniewski and members of the Assembly Transportation Committee. Thank you for the opportunity to address the committee on the important issue of the future of the Transportation Trust Fund.

I am David Rousseau the Vice President of the Association of Independent Colleges and Universities of New Jersey (AICUNJ).

AICUNJ is comprised of the New Jersey's fourteen public-mission, non-profit, independent colleges and universities. These colleges have eighteen campuses located throughout the state with the majority located in northern New Jersey.

Nearly 65,000 students attend the state's independent colleges and universities - - one out of every six of all college students in New Jersey and one in four of all students in four year colleges.

These colleges and universities employ 17,000 residents and generate a total economic impact of nearly \$10 billion annually.

AICUNJ is also a member of the NJ State Chamber of Commerce, the New Jersey Business and Industry Association and the NJ Alliance for Action.

During your previous hearings you have heard testimony from the state labor and business organizations and many others on the need for the continued funding of the Transportation Trust Fund to insure that the state's roads, bridges and public transportation rail and bus systems are safe, reliable and that funding continues to be available for needed repairs and upgrades.

A modern, efficient and safe transportation infrastructure is important to the economic vitality of the state through the movement of goods and the ability of employees to get their respective places of employment.

The State's colleges and universities also require a modern and safe transportation infrastructure to effectively provide access to the quality education that our students need and deserve. The staff and students at the colleges and universities rely on the roads and public transportation systems every day to get to and from the various campuses throughout the state.

Stress from the concern about delays and actual delays due to traffic congestion likely have an impact on the student's ability to learn. Unexpected delays can result in faculty and students missing valuable class instruction time.

Automobile repairs needed due to deteriorating roads have a financial impact on students – many of whom are paying for their own education.

This year, more than 41,000 full and part time students will commute to the eighteen campuses if the independent colleges and universities. This represents nearly two-thirds of the total students attending these schools. Commuter students represent over 80% of the student population at some of the independent colleges.

In addition, more than 17,000 faculty and other employees commute to work nearly every day at our eighteen campuses.

Combined nearly 60,000 students and faculty and other employees commute the fourteen independent colleges and universities. These students and employees need the state's roads and public transportation system each and every day.

The fourteen independent colleges and universities are only one part of the overall higher education system in the State. When you include the state public colleges and universities, the number of students, faculty and employees commuting to campuses each day increases significantly.

At the State's eleven four year senior public colleges and universities over 57,000 part-time students and a significant portion of the 128,000 full time students commute to the campuses throughout the state. In addition, 45,000 faculty and employees commute to these college campuses throughout the state.

All of the 166,000 students as well as the 18,000 faculty and employees at the nineteen county colleges commute to the more than seventy campuses throughout the state.

Finally, nearly 11,000 students attend the many campuses of the six proprietary schools throughout the state and these schools employ over 1,300 employees.

As you can see a significant number of students need the State's transportation infrastructure each day in order to continue their education. In addition the over 80,000 faculty and employees need to drive or take public transportation each day to earn their living and to provide the classroom instruction and other services not only to those students that are commuting but also to the students that are living on campuses throughout the state.

It is encouraging that the planets seem to be aligning on the need to insure that the Transportation Trust Fund continues to be funded in the future. Positive signs include the work that this committee is doing to gather input from a wide range of interested individuals and groups. The Governor's appointment of Jamie Fox as Commissioner of the DOT as well his direction for Jamie to look at all options and his clear statement that nothing is "off the table" is a positive step toward a long term bi-partisan solution. In addition, the work of Forward NJ, which represents a wide range of business and labor organizations, will hopefully provide a base of support to help the Governor and the Legislative leaders of both parties develop a long term bi-partisan solution to continue the funding required to make sure that the State has a 21st century transportation system.

The \$2 billion question of course is how to fund the continuation of the Trust Fund. Legislators, Forward NJ and other groups have suggested a variety of funding options. AICUNJ is not taking a position on the specific funding source. We do, however, urge that **NEW** revenue be provided to fund the continuation of the Trust Fund rather than the use of current General Fund revenue that is already spoken for in the budget.

Since 1988 no NEW revenue source has been used to continue the Trust Fund. Each year existing General Fund revenues have been shifted to the Trust Fund at the expense of other budgetary needs.

As you are all well away, the State faces significant fiscal issues in addition to the need to fund transportation infrastructure and diverting existing General Fund revenue to solve this problem will only exacerbate other budgetary problems.

From a parochial point of view, the use of existing revenue rather than new revenue will continue to result in minimal increases or possibly even more reductions in the state's to higher education. Of course there are many other fiscal issues facing the state such as the underfunding of the pension systems and retiree health benefits, the continued need for increased K-12 funding, as well as the continuing efforts to provide property tax relief for the middle class.

Thank you for the opportunity to address the committee on this important issue and I am hopeful that the leadership of both houses and the Governor will agree to a plan that continues the funding for the state's transportation infrastructure into the future.

I hope that the perspective from one portion of the higher education community that I have provided is helpful.

NEW JERSEY'S INDEPENDENT COLLEGES & UNIVERSITIES

The 14 independent colleges and universities in New Jersey have a long history of meeting the needs of the State and its residents.

Serving All Students

- Our member institutions enrolled 64,768 students in Fall 2013 providing opportunities for students to find the right academic, cultural and social blend to enhance individual learning.
 - We enroll 24% of all students attending four-year institutions in New Jersey.
 - The overall minority enrollment at our member institutions is 30%, with the undergraduate minority enrollment even greater at 36%.
 - Our colleges and universities provide over \$657 million in institutional grant aid to undergraduate students.
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Meeting the Workforce Demand

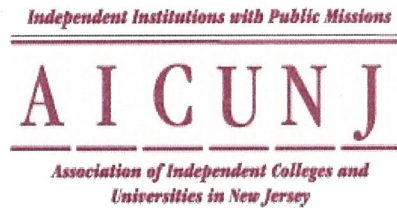
- While enrolling 15% of all higher-education students, New Jersey's independent colleges awarded 20% of all degrees conferred in FY2013.
 - Our students earned 24% of the baccalaureate degrees and 36% of all advanced degrees conferred in FY2013.
 - Our students earned 23% of all the education degrees and 27% of all advanced education degrees conferred by four-year institutions in FY2013.
 - New Jersey's independent colleges excel in degrees awarded by four-year institutions in the fields of Science and Technology:
 - 29% of all math degrees
 - 46% of all engineering degrees
 - 40% of all chemistry degrees
 - 35% of all nursing degrees
 - 59% of all physical science advanced degrees
 - 52% of all computer science advanced degrees
-

New Jersey's Investment in Independent Higher Education

- Thanks to the Building our Future bond act and bond renewals, capital support for the independent institutions was \$73.5 million in FY2013.
 - The Tuition Aid Grant (TAG) and Educational Opportunity Fund (EOF) programs totaled \$92.8 million in financial aid for New Jersey students attending an AICUNJ institution in FY2014.
 - Direct State support in fiscal year 2014 to our fourteen member institutions equaled \$1 million.
-

Contributions to the State of New Jersey

- The economic impact of the sector on the State of New Jersey was more than \$9.7 billion in FY2012.
- New Jersey's independent colleges and universities employ more than 17,000 people.
- Our member institutions saved the State of New Jersey over \$184 million in FY2013 – the price it would cost the State to educate the New Jersey residents our institutions enrolled.
- The fourteen institutions collectively have more than 423,700 living alumni. About 54% of all graduates of these institutions still live in New Jersey.
- Our 14 member institutions will spend over \$460 million in 2014 & 2015 on new construction and renovation of campus facilities. These projects will generate many jobs in construction and related industries over the next several years.
- Governor Christie and six of the governor's Cabinet Members, as well as 36 members of the New Jersey State Legislature, are alumni/ae of AICUNJ institutions.



Association of Independent Colleges and Universities in New Jersey

The Association of Independent Colleges and Universities in New Jersey (AICUNJ) is the public relations, research and government liaison organization for fourteen privately supported institutions of higher education in New Jersey. Members include non-profit four-year undergraduate, graduate, and professional schools accredited by the Middle States Association of Colleges and Schools and licensed by the State of New Jersey. Institutions whose primary function is religious training are not eligible for membership.

AICUNJ was organized in 1966 to represent the interests of its members to New Jersey's lawmakers, regulators and citizens. AICUNJ seeks to strengthen financial aid programs for students and bring about a greater understanding of the impact and contributions of independent colleges and universities in New Jersey. AICUNJ also works with members to develop consortial programs that save time and money and enhance service. At the same time, AICUNJ works to promote the well-being of New Jersey's higher education system as a whole, with special regard for the dual private/public nature of that system and its responsibility to serve the educational, social and cultural needs of the state and the nation.



Independent College Fund of New Jersey

The Independent College Fund of New Jersey (ICFNJ) is a partnership among corporations, foundations and colleges and universities which provides a vehicle for investing in the quality of private higher education in New Jersey and the State's economic future.

ICFNJ conducts an annual fundraising campaign that urges business and foundation communities to invest in New Jersey's private colleges and universities and their students.

We provide our corporate partners with a way to invest in their future employees through support of innovative strategic giving programs and named scholarships.

The funds we distribute support:

- Professional preparation
- Faculty development
- Community service
- Technology initiatives
- Global awareness
- Lifelong learning

Our Board of Trustees is comprised of our 14 college and university presidents and more than 60 senior business executives from a broad range of industries.

Since 1953, we have attracted over \$69 million to support New Jersey's independent colleges and universities.

216TH NEW JERSEY LEGISLATURE
ASSEMBLY TRANSPORTATION COMMITTEE
HON. JOHN WISNIEWSKI--CHAIR

TESTIMONY

SAL RISALVATO

Executive Director

New Jersey Gasoline-Convenience-Automotive Association

November 6, 2014

Testimony of Sal Risalvato

The maintenance of a transportation network is one of the most fundamental responsibilities of a government. Our state's Transportation Trust Fund is rapidly running out of resources as bills for past expenses come due. There has been an increasing level of discussion about raising revenue to replenish the Fund. Much of this discussion has centered on an increase in the state's fuel tax, and more recently there has been talk about extending the state's 7% sales tax to purchases of motor fuel.

As the nonprofit trade association representing the roughly 2,300 motor fuel retailers in this state, mostly small businesses, we cannot support any action by the government that will result in our primary product becoming more expensive to our customers, particularly without any way of offsetting this increased cost.

If the goal is for the State to raise more revenue based on purchases of fuel, then there are many different ways to achieve that goal.

It is our contention that extending the sales tax to motor fuel will be disastrous not only to consumers and businesses, but also to the state government. If there must be a revenue increase, the best way is to increase the state excise tax and/or the petroleum gross receipts tax by a flat and stable amount.

Gas Tax

First, to briefly discuss the general problems with any kind of increase in the taxes paid on motor fuels. Motor fuels are in many ways the lifeblood of the economy, and when this market is disrupted it ripples throughout the broader economy. We have seen over years of price fluctuations that when prices shoot up, consumption goes down. Consumers really do adjust their driving habits during prolonged periods of high prices. When consumption drops, it means that revenue increases have declining returns.

Raising the cost of fuel will effectively raise the cost of almost everything. The increase in the price through higher taxation will be passed on to the public. Trucking and shipping will cost more, which will mean increases in the cost of food, clothes, and virtually every other good sold at retail.

The more money spent on fuel, the less money consumers have to spend in more productive ways that directly stimulate the economy. This is a double hit to fuel retailers since many of them also operate a convenience store. As customers tighten their budget to make up for the higher cost of fuel they will be less likely to purchase a lottery ticket, a candy bar, or a magazine.

The less revenue they earn from these sales, the less income they can provide as tax revenue to the State.

The point is that increasing the tax on fuel is not merely a case of the government collecting “free money” that does not currently have a role in the economy. It must be remembered that as more revenue is collected from the private sector through taxation, the less will remain to grow the economy, which will lead to larger than expected revenue shortfalls in other areas of the state budget.

A further inconvenience for retailers faced with higher fuel prices will be that they will be required to produce an even larger sum of money every time they get a delivery of gasoline. When the fuel tanker shows up at a retailer’s location, they must pay for the cost of all the gas being delivered up front, and then wait to get their money back by selling it to the consumer. These tankers typically hold 8,500 gallons of fuel, which would result in the small business having to come up with an additional \$1,275 per delivery if the tax is increased 15¢, \$1,700 if increased 20¢ \$2,125 if increased by 25¢.

Higher fuel taxes will undermine one of the key competitive advantages our state has with our neighbors. AAA recently pegged the average price of regular gas on November 5, 2014 at \$3.34 in New York, \$3.09 in Pennsylvania, but only \$2.79 in New Jersey¹. This is a huge revenue stream for stations near the state’s borders.

Members of NJGCA with locations near the border have told us that up to 40% of their business consists of customers with out of state license plates who either drive over the border in order to save money or make a point of stopping at these stations when they are in-state. Even if New Jersey’s prices remain lower than these states’, any meaningful cut into that advantage will result in a loss of business as it will become less imperative for out of state residents to make a point of purchasing fuel in New Jersey. Not only will this hurt the retailers, it will hurt the State as less tax revenue will be collected.

Sales Tax

The extension of the state’s 7% sales tax to fuel purchases at the pump will be seriously detrimental to everyone affected. Indeed, any percentage based tax on fuel purchases will cause serious problems for the people, businesses, and government of the State of New Jersey.

Unlike many other consumer goods, gas prices do not necessarily track with inflation. The peaks and valleys are both frequent and substantial.

Year	Average Retail Price	Change	% Change
2007	\$2.67		
2008	\$3.06	\$0.39	15%
2009	\$2.27	-\$0.79	-26%
2010	\$2.68	\$0.41	18%
2011	\$3.42	\$0.74	28%
2012	\$3.50	\$0.08	2%
2013	\$3.37	-\$0.13	-4%
2014	\$3.30	-\$0.07	-2%

The data in this chart was compiled by using the daily average price of regular gas at the refinery as provided by the Oil Price Information Service (OPIS), plus all current taxes and an estimated average of a 15¢ retail margin and 3¢ distributor margin.

From one year to the next prices of gasoline can fall by huge amounts or increase sharply, or even stay effectively flat. It is impossible to predict in advance what the coming year will bring. The average yearly price of gas jumped between 2009 and 2012 by \$1.23, an increase of over 50%.

The volatility is even more extreme when we examine the averages by month. We are living through an example of it at this moment. The average price of gas was \$3.51 for June of this year, in September it was \$3.17 and in October it fell to \$2.84. Three months pass and the price is down 20%, 33¢ just from one month to the next.

When the taxes citizens pay are based on a percentage, it means that the actual rate they pay is determined by the size of the purchase. When the price dramatically increases and decreases it means taxes dramatically increase and decrease. This volatility is a tremendous problem both for the state's budget and for consumers.

For the State the volatility would mean years of possibly titanic shortfalls. The chart below shows hypothetical gas prices, what the sales tax per gallon would be, and how much revenue the State would collect in a fiscal year if this was the average price per gallon.

Average Gas Price	Sales Tax per gallon	Revenue Collected
\$ 2.50	\$ 0.18	\$903,356,051
\$ 2.75	\$ 0.19	\$993,691,656
\$ 3.00	\$ 0.21	\$1,084,027,261
\$ 3.25	\$ 0.23	\$1,174,362,866
\$ 3.50	\$ 0.25	\$1,264,698,471
\$ 3.75	\$ 0.26	\$1,355,034,076
\$ 4.00	\$ 0.28	\$1,445,369,681

Currently, when the drafters of the State Budget want to predict the amount of revenue the State will collect from taxes on motor fuels, they can look at how many gallons of fuel were sold in the previous year and estimate that the coming year will see slightly more or fewer gallons sold.

If a sales or other percentage based tax were to be enacted, then the drafters would have to guess what the average cost of gas will be for the coming year. There are professionals who dedicate their lives to analyzing gas prices who are incapable of doing this. If it were estimated that the price of gas for the coming year were to be \$3.50, and the actual cost was \$2.75, then the State would be scrambling to fill a shortfall of over \$270 million. That is just for the unrealized revenues on fuel taxes, given recent history it is not difficult to imagine shortfalls in other areas of the budget at the same time.

A failed prediction of that degree is eminently plausible. If in Fiscal Year 2009 it was predicted that the average price of gas were to be the same as it was in FY 2008, \$3.05 per gallon, and money was appropriated based on that planned revenue; then the State would have suffered a shortfall of approximately \$300 million when the actual average price of gas turned out to be \$2.41 per gallon.

Had a sales tax on fuel already been put into effect this fiscal year, it would mean that situations like the present, when prices are falling and consumers are celebrating, would be met with panic inside the state Treasurer's office as they start scrambling for which parts of the Budget will need to be cut in June.

These massive shortfalls are the primary reason why several other states with percentage based taxes on fuel have changed their laws in recent years to move away from this policy. In 2010 the state of California gutted their original policy of simply charging the sales tax on gas. They lowered the percentage from 8.25 to 2.25 and then increased the excise tax by about 17¢². Every year they adjust the excise tax in order to maintain the same amount of revenue. While this plan is convoluted, it does result in a much steadier stream of revenue for the state.

An academic paper entitled "Gasoline taxes and revenue volatility: An application to California" published in May 2013 by *Energy Policy* and written by Michael Madowitz (currently an economist at the Center for American Progress) and Kevin Novan argued that this change was a significant and notable success. They pointed out that over the previous decade, the amount of revenue generated by the excise tax varied by about 1.2% year to year, while the revenue generated by the sales tax fluctuated by an average of 13.5%³. They recommend against any percentage based tax on motor fuels and instead for an excise tax that increases with inflation.

In 2009 a special session of the West Virginia Legislature worked with the Governor to make significant adjustments to their law in order to bring stability to their transportation revenues. Part of their tax rate is a typical excise tax but part is also a percentage tax based on the average cost of fuel the previous summer⁴. They were faced with the prospect of that tax being lowered in the coming year by 3 cents a gallon, which would have resulted in a shortfall of about \$70 million. They also added a change which caps any future changes in the tax to 10% of the wholesale gas price as a protection against revenue losses during falls in the gas price (such as what we are currently experiencing).⁵

A December 2010 study from the University of Georgia⁶ determined that long term projections of the revenue generated by fuel taxes in Georgia were difficult due to the fact that a large portion on the tax was percentage based. They too concluded that "converting the system to an excise tax would simplify compliance and likely make revenue forecasting much easier and more accurate."

We all know full well that fuel prices do not only rapidly fall, they can also rapidly increase. In theory this would mean surpluses for the state government, perhaps even ones that would cover for the deficits experienced in other years. The reality is not nearly so simple.

The reason revenues would be increasing is because the amount of taxes motorists and businesses pay will be increasing. An increase from \$2.75 a gallon to \$3.50 a gallon, if a sales tax were added on, would mean a fuel tax increase of 27%. It would be happening at the worst possible time for consumers. Motorists are at their most price-conscious when prices are shooting up fast, a sales tax would cause them to increase even higher and even faster.

The State will be reaping its windfall while its citizens are struggling the most, in effect creating a perverse incentive in which the people's government directly benefits while its citizens face financial struggles. Philosophically it is the opposite of the income tax, in which the State has a clear benefit in increasing the incomes of all its citizens so that the revenue it collects also increases.

Even the benefits of the surpluses may not be fully realized. Just over the last few years, Georgia, Indiana, and West Virginia have all taken action to suspend the increases in fuel taxes during price spikes in order to prevent their citizens from being hit harder economically. The Governor of Georgia has suspended the increased rate in three of the last four years⁷. Just this Tuesday the voters of Massachusetts approved a referendum repealing the provision of their gas tax which tied increases to inflation, the measure received over a million votes.

In the face of intense public pressure, can it truly be guaranteed that future Governors and future Legislatures will not do the same as the governments in these states? If they do not suspend the taxes they would essentially be telling their citizens they are indifferent to the pain they are unexpectedly feeling at the pump. If they did suspend increases they would be robbing the government of the surpluses but still sticking through during the deficits, effectively the worst of both worlds.

In an ideal world, during the years when the State would take in a surplus of revenue it would put that added money aside as a rainy day fund to make up for the years of shortfalls. In practice this strategy cannot be relied upon. It is impossible to know whether the coming year will see high gas prices, low gas prices, or steady gas prices. There could be multiple years of increases and multiple years of decreases.

Rainy day funds may also be too tempting. Faced with the prospect of revenue problems in the future or severe budget cuts in the present, the last few decades of experience indicate that more fiscal problems will be pushed further down the road. If not, we might not be here to discuss problems with the Transportation Trust Fund to begin with.

The gas tax is inherently a regressive tax; it takes up a larger portion of the income of the poorest citizens compared with the wealthiest. A percentage based tax would double down on that reality since when gas prices are increasing and family budgets are getting stretched thinner and thinner anyway, the gas tax would be effectively increasing.

Unlike so many other long term issues the state does and has faced, a percentage based tax is not the long term solution. Over the coming years, demand for fuel will continue its decline as motorists drive more and more fuel efficient vehicles, including vehicles powered partly or wholly by natural gas, electricity, hydrogen, or other alternative fuels.

Burden to Retailers

A sales tax at the pump will, more than any other proposal, be a significant burden to motor fuel retailers. For one, it will be rife with the potential for abuse. It is of course true that most of these retailers already pay sales tax on some products. But adding the sales tax to gas will

indeed be a game-changer, and in a very negative way. With the average station selling around 100,000 gallons a month, the amount of money that would have to be sequestered in a month would range from around \$17,000 when prices are low to \$25,000 or more when they are high.

The fuel retail business is one that can best be described as famine, famine, famine, feast, famine, famine. In order to survive the famine periods, a business needs to build up reserves it can survive off of when times are tight and margins shrink. If those reserves start to dry out, then that bank account full of sales tax revenue may look awful tempting to some business owners. Especially since it is never known how long these periods of famine will last. It may only be another week before the market stabilizes.

These unscrupulous business owners not only hurt the State, they hurt the honest businesses around them by giving themselves an unfair advantage. We do not have to think of this as a purely hypothetical, once again other states offer important examples.

Illinois is a state which collects the sales tax on gasoline purchases. On October 23, 2014 the Attorney General of the state of Illinois announced that her office had recovered more than \$100 million in sales tax revenue that gas station owners had evaded paying⁸. Fifty different business owners have been charged so far. The problem was so bad that a new law was passed earlier this year specifically to crack down on these violations.

Earlier this year Indiana changed its law in response to cheating among some of its fuel retailers. Part of Indiana's fuel tax is a flat amount that changes monthly based on changes in the price of gas. A portion of that tax had to be collected and remitted by retailers, some of whom preferred to cheat the state and undermine their competition. The Indiana Petroleum Marketers and Convenience Store Association estimated that the state had lost as much as \$50 billion in taxes over the last eight years⁹. The change in the law moved the tax collection further upstream.

More temptation for law violations will also mean increased costs to the State in enforcement. It would be nice to believe that such cheating would be minimal and insignificant, but as James Madison said "If men were angels, no government would be necessary".

Many gas pumps in the state are older, and do not have the capability to add on the cost of a sales tax to the final purchase. This will result in a further record-keeping hassle for already stressed small business owners. In practice, effectively all retailers will calculate their price for the day as they currently do, then determine the sales tax for that price, and then add that charge into the price at the pump. When it comes time to remit the sales tax, the manager will have to look up the pump price for that day and figure out how many gallons were sold on that day so that they can properly remit the sales tax.

Most stations will have to do this three to four times since every individual grade of fuel will have a different tax rate since regular, midgrade, premium, and diesel all have different prices. Right now there is a tax for gas and a tax for diesel, and neither is calculated by the retailers. With a sales tax at the pump there will be four different tax rates and each one of them will likely change as often as every day.

Alternatives

It is a significantly better policy to move the payment of any fuel taxes up the supply chain, as has already been done with the excise taxes on gasoline and diesel. It is significantly simpler for the small businesses and far less prone to abuse. The downside to this move would be that retailers would need to produce more money upfront on every purchase of fuel. While this is a burden, it is less of a burden than collecting the sales tax at the pump. It is also a factor retailers are accustomed to dealing with. When the price of fuel skyrockets, the price of deliveries increases as well yet most retailers are able to put the necessary funds together.

Collecting the sales tax at the pump also raises the question of where the sales tax revenue from fuel will go once the State collects it. If it goes to the general fund along with the sales tax revenue from other goods sold by the retailer, then it is not hard to imagine some of the money being diverted in future budgets to non-TTF related expenditures. Doing so will make it even harder for the public to swallow such a tax.

On the other hand, if the sales tax revenue from fuel purchases is statutorily dedicated to the TTF then retailers will presumably have to ensure that it is kept segregated from the sales taxes they collect on other goods. This would be another reason to move the collection point upstream since the refiners are not in any business other than fuel sales.

Another way to better this proposal beyond moving the collection point is to follow the example of states like Indiana as well a bill introduced by Senator Ron Rice, S-2051. Rather than having a different tax rate every time the price of fuel is different, it would have the state use an average of retail fuel costs in the state over a period of a month or a quarter, determine a percentage of that, and then charge it as a flat rate for the next month or quarter. This would create more reliable budgeting for both retailers and the state government.

Best of all would simply be a flat increase in either the excise tax or the petroleum gross receipts tax. Again, NJGCA is not endorsing this proposal, only stating that it would be significantly better public policy than any percentage based tax on fuel, particularly a sales tax collected at the pump by the retailer.

In any democracy, public policy will always be heavily influenced by consideration of how voters will react. An argument has been made that “extending” the sales tax is more tenable than “raising” the excise tax. However, it must be noted that in practice the two things will look the same.

As mentioned, the sales tax will not be added on at the end of a purchase as a separate item on the receipt; it will be added into the price at the pump and on the street sign, just as all the taxes currently are.

If the excise tax were increased twenty cents, then from one day to the next motorists would see the price of gas at the pump increase by twenty cents. If a sales tax were instituted when prices were \$3 a gallon, then from one day to the next motorists would see the price of gas at the pump increase by twenty cents. The effect would be the same and their reaction would be the same. It is better to simply enact the best piece of public policy and stand on its merits.

In conclusion, if the goal of finding a source of revenue for the Transportation Trust Fund is to settle the issue for years to come, a sales tax is not the way, especially if it is collected at the pump. The volatility of the price of fuel is too severe for the State, the business community, and the motorist. Like so many other states, such a policy will create problems and complications, and in a few years we’ll all be back trying to figure out ways to change the policy.

Every year the state government will be faced with either fears of dramatic shortfalls or surpluses poisoned by immense public outcry. Moving forward, NJGCA looks forward to working with members of this committee to find a way to alleviate the burden of a tax increase if it is possible, or to find other alternatives to funding our state’s transportation needs.

Thank you.

¹ <http://fuelgaugereport.aaa.com/todays-gas-prices/>

² <http://blog.sfgate.com/pender/2013/02/28/california-gasoline-tax-to-jump-by-3-5-cents-a-gallon-july-1/>

³ http://www.washingtonpost.com/opinions/why-sales-taxes-and-gasoline-dont-mix/2013/02/23/9a29a176-7c5a-11e2-a044-676856536b40_story.html

⁴ <http://lincolnjournalinc.com/gas-tax-legislation-will-mean-higher-taxes-p4309-87.htm>

⁵ http://www.keepwvmoving.org/WVBT/media/e-Newsletters/2009/WVBT_eNewsletter_Nov202009-1.pdf

⁶ <https://www.cviog.uga.edu/free-downloads/motor-use-fuel-tax.pdf>

⁷ <http://www.cspnet.com/fuels-news-prices-analysis/fuels-news/articles/georgia-governor-stops-gas-tax-increase>

⁸ <http://www.cspnet.com/industry-news-analysis/regulation-legislation/articles/ill-sales-tax-fraud-operation-nets-100>

⁹ <http://www.cspnet.com/fuels-news-prices-analysis/retail-fuels-prices/articles/california-indiana-gas-tax-changes-kick>



Clubs of New Jersey

AAA Testimony for the Assembly Transportation Funding Hearing November, 6 2014

Thank you to the Chairman and members for holding this hearing today, I am Cathleen Lewis and I am here today representing the AAA Clubs of New Jersey and our over 2 million members in the state.

For over 100 years AAA has advocated on the motorists behalf. We have fought for safety regulations and adequate funding for roadways. During the past decade the AAA Clubs of New Jersey bi-annual poll of New Jersey drivers has shown consistent support for an increase in the gas tax if the taxes collected are dedicated to projects that will improve our roadways. In 2013, poll results showed a dramatic decrease in support of an increase in the gas tax. The message from motorists was simple: we don't trust that the money collected from the gas tax will go to where it's needed. I'm sure many committee members have heard the same thing, which is why the first step to any funding solution must be regaining the public's trust.

Let me be clear: we believe that the gas taxes collected are getting to the transportation trust fund. The problem is the funds collected are insufficient to cover much more than debt service. However, there are other statutorily dedicated funds that have been diverted over the years. The following funds should be rededicated immediately:

- The New Jersey Turnpike Authority and South Jersey Transportation Authority dedicated toll revenues of \$24.5 million
- Heavy Truck Fees representing \$30 million.
- Good driver surcharges that range from \$48.5 million to \$80 million a year

Additional steps to achieve savings, such as the restructuring of the transportation authorities, should be explored to ensure that the taxpayer's money is being spent wisely. But the rededication and reductions of costs will not dig us out of this hole. New funding is necessary and it should be a broad based solution that ensures that all road users are paying into the system.

An increase in the gas tax is currently the most logical place for additional funds as it captures out-of-state drivers who inflict significant wear and tear on our roadways. Out-of-state drivers account for roughly one-third of the total income of the gas tax. And for a majority of in-state drivers the gas tax is currently the best way to collect funds based on road usage.

A gas tax increase is not a popular solution, but a necessary one. What will an increase in the gas tax mean to motorists? The highest proposed increase is 30 cents per gallon, which would cost the average motorist \$200 a year. That's \$3.84 a week or a large iced coffee at Dunkin Donuts.

It is important to note that an increase of \$200 a year is significantly easier to absorb than the costs associated with unexpected vehicle repairs thanks to common road hazards.

The cost for repairing damage caused by potholes can range from \$50 for a simple wheel alignment to \$500 or more if replacing a tire and a rim. At times, that's only a fraction of what drivers end up paying. Vehicle suspension and steering components may also be affected, which can increase the total repair costs to \$2,500 or more.

One of the objections that is often raised is that New Jerseyans cannot absorb an increase in gas taxes. But motorists absorb large fluctuations in gas prices due to market conditions on a regular basis. Today's gas prices are at a four-year low with prices as low as \$2.80 a gallon. Last month motorists were paying \$3.16 a gallon – that's a thirty six cent difference in just one month and less than the highest proposed gas tax increase of 30 cents per gallon. To the average motorist, an incremental increase to the gas tax would be absorbed in the usual market fluctuations we all have experienced for years.

Other objectors believe that New Jersey's low gas prices are a point of pride, but even a thirty cent increase would keep New Jersey's prices close to or lower than the rest of the area. The average gas prices earlier this week:

New Jersey: \$2.80

New York: \$3.34

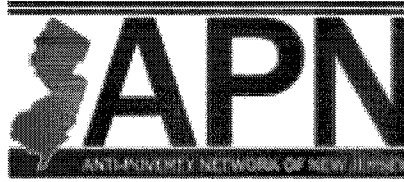
Pennsylvania: \$3.10

Connecticut: \$3.30

Today's answer of raising the gas tax to generate additional revenue may not be tomorrow's solution. A flat gas tax per gallon that isn't adjusted to inflation will leave us in the same situation we are today in just a few years down the road. Funding must keep up with costs, which is why any gas tax increase must be indexed.

But for a long term funding solution we must also look for new revenue sources, as fuel efficiency increases there will be less gas tax revenue. Alternative fuel vehicles will continue to be a larger part of New Jersey's fleet and are not paying into a gas-tax only system. In our bi-annual poll, motorists supported efforts to ensure a more equitable funding system that requires all vehicles on the roadways to pay into the system. Fifty-eight percent of respondents support charging a fee to drivers of alternative fuel vehicles to fund the transportation system. As we talk about today's solution we must also explore solutions for tomorrow and create opportunities to include all vehicles in transportation funding.

The choices I discussed today are not easy, I commend the chairman and this committee for tackling this issue and I ask that as you embark on this difficult task that you seek a long term solution. Our transportation infrastructure is too important to our safety, our economy and our quality of life to rely on quick fixes that don't address the underlying funding issues.



**Assembly Transportation and Independent Authorities Committee,
November 6, 2014
Testimony of
Serena Rice, Executive Director
Anti-Poverty Network of New Jersey**

Good morning Chairman Wisniewski, Vice-chair Stender, and members of the committee. I am Serena Rice, Executive Director of the Anti-Poverty Network of New Jersey (or APN). APN is a broad-based coalition of nearly 100 organizations and many more individuals committed to the prevention, reduction and end of poverty in New Jersey. On behalf of this network, I am here today to urge that the impact of proposed fixes for the Transportation Trust Fund carefully consider our state's already struggling low-wage workers.

With that opening, you might be expecting me to attack the proposed gas tax increase – but I won't. Investment in our state's transportation infrastructure is vital to low-wage workers as well as their more fortunate counterparts, and no one understands the lack of a miracle fund in the state budget like an anti-poverty advocate. We need real money to fix this problem, and the gas tax is the most logical place to look for it.

This necessary step, however, cannot be taken in isolation. It needs to be accompanied by a restoration of the State Earned Income Tax Credit. Without this two-step partnership, the gas tax increase will have a disproportionate and detrimental impact on those least able to afford an added expense in their workday budget.

When you and I look at the dollar amounts involved, it is hard to understand how this impact can really be so serious. How can \$6 to \$12 a month really make a difference? That's just a few Venti lattes at Starbucks. But the thing is, low-wage workers are not going to Starbucks. Low-wage workers and their families, hundreds

of thousands of them, have to depend on SNAP benefits to get enough food each month. SNAP – the program formerly known as food stamps – provides just \$1.40 per meal. On that budget, \$6 a month could mean missing 4 meals. As Assemblyman Mainer and 15 other legislators experienced back in September as part of the Food Stamps Challenge, \$1.40 per meal means no extras. When I heard many of them share about the experience, a lot of them actually talked about coffee. But they weren't talking about Starbucks. They were talking about desperately trying to squeeze their pennies to afford a tub of instant coffee – with no cream or sugar.

So, yes, the relatively small tax increase that the rest of us really can absorb into our family budgets is a significant burden on low-wage workers. But this is a problem that is easy to fix - without derailing or even significantly encumbering the gas tax increase. All it takes is a restoration of the state Earned Income Tax Credit.

This option is the best solution to the disproportionate impact of the gas tax because it is a program that has proven to be effective, and because the structure for the program already exists. The state would not have to expend resources or incur delays for administrative changes. The EITC restoration could be enacted simply, and it could make a tremendous difference.

Of course such a restoration would also benefit some low-wage workers who use public transportation, but this is a good thing. The loss of the EITC in 2010 has meant a net loss of about \$250 million to half a million New Jersey working families. As we look to support the future of our state's economy. We need to recognize that these workers are vital to that economy as well.

Thank you for your time and attention.

Transportation Trust Fund Hearing

Nov 6, 2014

Camden NJ

Assembly Transportation and Independent Activities Committee

I am Cyndi Steiner, Executive Director, NJ Bike & Walk Coalition. Thank you for your time today. The Coalition's mission is to work to improve the infrastructure of our roadways for reasons of safety, economy, health, environment, and general livability of our communities.

We would like to see the discussion on the need for transportation funds recognize the need for capital investment in active transportation infrastructure, that being bicycling and pedestrian infrastructure. Bicycling and walking are becoming increasingly popular as forms of transportation in addition to recreation, due to many reasons: they are a solution to the traffic congestion problems that plague our state, they improve the economies of the communities that make provisions to encourage their use, they provide significant long-term health benefits to individuals, and they have virtually no negative impacts on the environment.

When we provide sufficient transportation infrastructure for bicycling and walking, their usage rates increase substantially enough that communities experience positive economic impacts. Infrastructure includes such amenities as bike lanes, crosswalks, trails, pedestrian and bicycling safety features and traffic calming measures that are included in road projects from the outset, and serve to reduce vehicle speeds, thereby reducing crashes between automobiles and active transportation users.

1. 2013 report by the Rutgers/ Voorhees Transportation Center-funded by NJDOT and the FHWA
 - a. Data from 2011
 - b. Active transportation Infrastructure investment was \$63 million that year, by governmental agencies;
 - i. this funded approximately 250 projects across NJ
 - ii. generated \$150 million in economic activity
 1. 648 jobs
 2. \$44.5 million in wages and salary;
 3. \$16 million in tax revenue
 4. \$75 million contributed to the GDP in 2011
 - c. The combined overall economic impact of capital investments, bicycling events and activities, and the bicycling business in the state, is \$497 million annually.
 - i. Supported 4,018 jobs
 - ii. \$153 million in compensation
 - iii. \$278 million added to the state's GDP
 - iv. Generated \$49 million in tax revenue, accounting for almost three fourths of the \$63 million infrastructure investment
 - d. In 2010, bike and ped transportation projects across the US created 11-14 jobs per every \$1 million dollar spent, whereas road projects create 7 jobs per \$1 million spent. (Political Economy Research Institute, Univ. of Mass.)
 - e. That represents a 57% to 100% increase in jobs created for every dollar spent on active transportation infrastructure.
 - f. In 2012, the US spent \$1.2 billion on bike and ped projects; this generated 8,400 jobs nationally, according to the FHWA.

That being said, NJ has the nation's second worst bike and pedestrian number of fatalities as percentage of all road deaths- 27% as of 2012, based on data from NHTSA. This statistic indicates very strongly that there is significant need for bike and pedestrian projects in NJ, to

reduce our road fatality and injury rates. Communities that have made these investments benefit directly, in that bike riders and pedestrians spend more dollars per month than car drivers. It is much easier to shop when you are not spending time looking for a parking space.

Investments in our road infrastructure so that our roads can accommodate all users will increase safety and will also translate to economic value for communities through job creation, revenue for local businesses, and tax revenues for municipalities.

Thank you for your time today.



**Testimony of Matthew Norris, South Jersey Advocate at Tri-State Transportation Campaign
Transportation Funding/TTF
Assembly Transportation & Independent Authorities Committee
Conference Center, Camden County College, 601 Cooper Street, Camden, New Jersey
November 6, 2014**

Good morning Chairman Wisniewski, Vice Chair Stender and members of the Assembly Transportation Committee. I would like to thank you for holding this series of important hearings regarding the future of transportation in New Jersey.

My name is Matthew Norris and I am the South Jersey Advocate for the Tri-State Transportation Campaign, a non-profit transportation policy advocacy organization working for a more balanced and equitable transportation system in New Jersey, New York and Connecticut.

This Committee is certainly fully aware of the current state of transportation in New Jersey given the insolvency of the Transportation Trust Fund. Roadways, bridges and transit need significant investment, but there is no sustainable plan to raise revenue for transportation. These needs are acutely felt in South Jersey, where improvements need to be made to roads to make them safer for pedestrians and drivers alike. New initiatives, such as plans for the Circuit regional trail network, bus rapid transit and light rail expansion also need funding in order to advance.

My testimony today will focus on the need to adequately fund transportation projects in the City of Camden and South Jersey in order to improve mobility in the region and aid in local economic development initiatives.

Need for Bicycle and Pedestrian Project Funding

A recent study by the U.S. Public Interest Research Group showed that young people across the country are choosing to live and work in places where they don't have to drive. This is true in Camden, where many students who either commute to Rutgers University-Camden or live nearby are choosing to commute by public transit, on foot or by bicycle. Whether by choice or out of necessity, locals rely on travel modes other than driving. US Census statistics for the City of Camden show this clearly:

- 6.5 percent of workers aged sixteen and over commute on foot, a rate more than 2.5 times higher than the nationwide rate of 2.5 percent;
- 16 percent of Camden workers commute by public transit, a rate more than three times higher than the national average of 6.5 percent;
- Nearly 35 percent of occupied housing units in Camden do not own a motor vehicle, a rate nearly four times higher than the national average of 8.9 percent.

Whether locals cannot afford a car or simply choose not to drive, investing in walking, biking and transit infrastructure in Camden is critical. Only through these investments can local leaders improve daily travel conditions for existing residents, while also providing a welcoming environment for visitors and potential new residents alike.

The Circuit

With sustainable TTF funding, projects that would serve the large and growing demand for pedestrian and bicyclist infrastructure in and around Camden could be advanced. This includes the Circuit, a 750 mile network of pedestrian and bicycle trails connecting people to jobs, communities and parks throughout South Jersey and into Pennsylvania. Circuit trails will eventually connect Camden to Trenton and additional communities throughout Camden, Burlington, Mercer and Gloucester counties. Trails will also connect local residents to light rail and bus transit and to Philadelphia via the Ben Franklin Bridge.

According to a Rutgers University study, infrastructure, businesses and events associated with walking and biking contributed \$497.46 million to the New Jersey economy in 2011, and there is an **eight-to-one** return on investment on bicycle and pedestrian infrastructure improvements in the state. Across the Delaware River in Philadelphia, homes within walking distance of trails are valued between 4 to 7 percent higher than similar homes that lack easy trail access, according to a PennFuture study. The Circuit has received private funding from the William Penn Foundation which has helped allow the network to grow. By leveraging state money with private money, everyone's dollars can go further towards the goal of completing the network.

The economic benefits of completing the Circuit are clear. Locals and those from out of state will be able to walk or bike into Camden and then on into Collingswood, Cherry Hill or any number of South Jersey destinations, allowing them to access farmer's markets, restaurants, parks and entertainment venues, helping to boost the local economy and support small businesses. Circuit trails will provide a vital recreational, economic and commuting benefit to the region, but only with funding to connect existing trails.

Dangerous Roadways

Between 2010 and 2012, 442 pedestrians were killed on New Jersey roads, including many of our state highways. Pedestrians use these roads to reach work, shops and bus stops. In order to make these roadways safer, NJDOT needs to make improvements such as installing connected sidewalks, pedestrian median islands, crosswalks and bicycle lanes where appropriate. Many of the state's most dangerous roads are in South Jersey, including Route 130 in Burlington County, Black Horse Pike in Atlantic County and White Horse Pike in Camden County.

A Tri-State analysis of the 2015 NJDOT Capital Program shows that roughly 2.5 percent of state funds are to be spent on bicycle and pedestrian projects, while another 6 percent of funding is planned to go to road and bridge projects that include amenities like sidewalks or bike lanes. These rates should increase to truly transform New Jersey's roadways into safe and convenient places for walking and biking. In order for this to happen, new revenue streams to replenish the state's Transportation Trust Fund must

be identified—new revenue should be sustainable, long-term, dedicated and not a sources of one-shots or increased borrowing.

Bus Rapid Transit and Light Rail

The insolvency of the transportation trust fund is further complicating NJ Transit's already poor financial situation. NJ Transit's operating expenses outpace operating revenues, forcing the agency to transfer dollars from its capital budget to meet its operating needs year after year. Over the past four budgets, \$1.6 billion (\$363M in FY2012, \$397M in FY2013, \$397M in FY2014 and \$463M in FY2015) was taken from the agency's capital fund to meet the agency's operating needs. This money could be better used for much needed capital projects including the Glassboro-Camden line and the planned South Jersey bus rapid transit system.

The Glassboro-Camden line would run 18 miles and connect existing downtowns, providing a great incentive for transit-oriented development around stations. Glassboro and Woodbury, the two largest towns along the selected route have already begun redevelopment efforts to create pedestrian friendly downtowns. Gloucester County's three largest employers, Inspira Health, Rowan University and the Gloucester County government are all within walking distance of planned stations. The full project is expected to cost around \$1.3 billion, with the state sharing costs with the federal government and private investors.

The planned South Jersey bus rapid transit system would run along Routes 55, 42 and I-676, and would travel on dedicated highway shoulder lanes and medians for part of the trip between Winslow Township and Philadelphia. The system would give buses signal priority, allow riders to use ticket machines before boarding and would include train-style shelters and new park-and-ride lots. The project is expected to cost \$46 million. An estimated 6,400 riders would use the system daily.

Both of these projects are wise investments for Camden and South Jersey. A 2011 Monmouth University poll showed that two-thirds of New Jersey residents would like to see the development of more sustainable communities, with easy access to multiple forms of transportation and opportunities for walking to shops and restaurants. This will be essential in Gloucester County, where the population increased by over 13% between the 2000 and 2010, with no signs of stopping. High quality bus and light rail transit would alleviate the extra pressure on roadway infrastructure and open space in this growing region.

New Jersey Transit's RiverLINE has already demonstrated the benefits of light rail transit in the region. With an increase in ridership between 2005 and 2013 of nearly one-third and development projects moving forward adjacent to stations, the line has become an economic engine for the region. Residential and retail projects have been built or are moving forward near stations in Trenton, Camden and Cinnaminson. Historic downtowns in Burlington and Bordentown have seen increases in visitors and economic revitalization. In Florence, industrial projects that rely on the RiverLINE for workers and to move goods have been recently completed, including for a distribution center for Subaru America and expansion of the Haines Industrial Center complex only a few minutes walk from the local RiverLINE station. The Glassboro-Camden line and South Jersey bus rapid transit system would likely also see

associated development; however, without an increase in TTF funding, there won't be an opportunity for these types of projects to be built.

Solutions for restoring the solvency of the TTF must serve the area's non-drivers. The creation of a safer, more equitable and economically viable transit system in South Jersey is possible with an adequately funded Transportation Trust Fund. Building new trails, sidewalks, bike lanes and transit projects will create construction jobs, improve access to centers of employment for area residents and will reduce roadway congestion.

On behalf of Tri-State Transportation Campaign, I appreciate the opportunity to testify before this esteemed committee today.

Good Morning

My name is John Boyle I am a resident of Edgewater Park and today I am speaking on behalf of the Bicycle Coalition of Greater Philadelphia.

We strongly support a healthy Transportation Trust Fund. When motorists hit potholes it may damage their suspension, but if a bicyclist hits a pothole it can result in broken bones, head injury or worse.

I have faith that the legislature will work with Forward NJ to find innovative ways to make the Transportation Trust Fund solvent. The main issue that I want to address today is bicycle and pedestrian safety and how infrastructure improvement can save lives.

The New Jersey State Police have just released the 2013 traffic fatality statistics. 542 people died on New Jersey's roadways. That is one death every 16 hours. 148 of those victims were bicyclists and pedestrians. That means that 27% of all traffic fatalities in the state were bicyclists or pedestrians.

The Alliance for Biking and Walking found that New Jersey ranks 49th out of 50 states in spending on bicycle and pedestrian infrastructure. Less than 1/3 of 1% of the federal highway safety dollars is spent on bicycle and pedestrian projects. Let me compress those statistics into one sentence. Bikes and Pedestrians represent 27% of the fatalities and receive less than 1% of the available highway safety dollars.

We know that there is an economic price for neglecting our transportation system but it is also costing us money in health care. The State estimates that by 2018 the annual health care costs of obesity will be 9 billion dollars. Approximately 27% of NJ adults (18+) and 10% of our children aged 10-17 are obese.

Walking, jogging or biking 30 minutes a day can dramatically improve one's health. But kids and adults need safe sidewalks, intersections and comfortable streets before they make walking or biking to school, work or for errands part of their daily life. Sadly, the percentage of students who bike and walk to school has dropped in the last 50 years from four in 10 to one in 10.

Pennsylvania transportation funding reform included initiating a competitive multi-modal fund program that sets aside money for rail freight, public transportation, aviation, ports, bicycle pedestrian projects. This funding source provides a minimum of \$2 million dollars to be spent on bicycle and pedestrian projects. However in the first year more than \$3 million was awarded to the Philadelphia region alone as these types of projects made up a large percentage of the applications.

In conclusion, New Jersey needs to fund a comprehensive transportation network that not only brings us closer to a state of good repair but gives us the opportunity to give many people across the State the healthier choice of walking and biking by making it safer and more convenient.

John Boyle
Research Director
The Bicycle Coalition of Greater Philadelphia



REFORMING NEW JERSEY'S TRANSPORTATION SYSTEM

Forward NJ is a coalition of NJ-based organizations focused on reforming the state's transportation system. Forward NJ will educate stakeholders and the public as to the crisis we are confronting in relation to our outdated infrastructure.

We must **REFORM** and consolidate management of the system, **REDUCE** the burden on consumers and create Public-Private Partnership capacity and **INVEST** revenue in a reliable, sustainable, constitutionally dedicated fashion to move **NJ FORWARD**.

1

REFORM

Consolidate into a Single Efficient, Strategic Transportation Planning Unit to Recognize Massive Savings

- **Massive savings over 10 years = \$1 billion** by making government more effective, efficient and innovative.
- **Consolidate NJDOT, NJ Transit, NJ Turnpike, NJ Parkway, and SJTA into one efficient, strategic infrastructure unit** that would realize increased buying and bonding capacity, lower interest rates, improve credit rating over current units, and allow us to leverage private capital to increase project development.

2

REDUCE

Burden on Consumers – Public Private Partnerships


- Public Private Partnerships would be utilized to help finance mega-projects, **freeing up hundreds of millions in TTF funds.**
- With the additional resources made available, **the number of capital projects underway at one time could double.**
- **Program would be structured to incorporate global best practices** and also ensure a level playing field for our local NJ contractors.

3

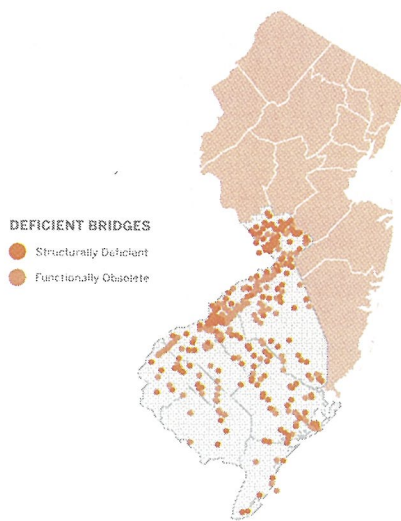
INVEST

Reform Revenue Process, Transportation Money for Transportation

Revenue Options Include:

-  **\$.15 Gas Tax**, Indexed to CPI
-  **\$.20 Gas Tax**, Indexed to CPI
-  **7% Sales Tax** on Total Motor Fuels Sales
-  **3.5% Sales Tax** on Total Motor Fuels Sales
-  Revert to percentage-based **Petroleum Products Gross Receipts Tax at 6%, 7%, or 8% (Wholesale)**
-  Camera Enforcement and School Zone **Safety Program**
-  Dedication of **Online Gaming Revenue**
-  Dedication of funds realized due to change in **Utility Relocation law**
-  Raising Car Rental Fee to **\$15**
-  Raising Car Rental Fee to **\$20**
-  Dedication of **Good Driver Surcharge** Proceeds
-  Dedication of **Undedicated Diesel Charges**
-  Full Dedication of **MVC Surplus Funds**

On June 30th 2015, less than one year from today, New Jersey's Transportation Trust Fund will reach insolvency and have no capacity to pay for any transportation projects. According to New Jersey Policy Perspective, the TTF needs **\$20 billion** over the next 10 years to **maintain** and **improve** the state's roads, bridges and mass transit systems, as well as to **begin critical** projects. The lack of a long-term solution to this dire problem **threatens** the **safety** and **quality of life** of residents and commuters, as well as the state's **business** climate and **economy**.



REFORMING NEW JERSEY'S TRANSPORTATION SYSTEM:

Impacts to South Jersey

On June 30th 2015, less than one year from today, New Jersey's Transportation Trust Fund will reach insolvency and have no capacity to pay for any transportation projects. According to New Jersey Policy Perspective, the TTF needs **\$20 billion** over the next 10 years to **maintain** and **improve** the state's roads, bridges and mass transit systems, as well as to **begin critical** projects. The lack of a long-term solution to this dire problem **threatens** the **safety** and **quality of life** of **residents and commuters**, as well as the state's **business** climate and **economy**.

As New Jersey's neighboring states continue to gain jobs well past pre-recession economic levels, **New Jersey has struggled, regaining only 40% of jobs lost during the recession.** New Jersey's economic incentives has put a new focus on business expansion in South Jersey. **To realize the full benefits of this economic development strategy South Jersey needs a modern and efficient public transportation system.**

JOBS & GROWTH AT RISK

New Jersey's highway, bridge and transit network is crucial to the success of the state economy—facilitating the shipment of nearly **\$500 billion in goods** produced by New Jersey businesses, over **\$59.6 billion in output** related to the state's retail trade, tourism and service industries and **\$70 billion in international trade**. **Nearly, 2.0 million New Jersey jobs fully depend on a modern updated infrastructure system.**

FUTURE TRANSPORTATION PROJECTS

• **Paulsboro Port Transportation Improvements**

• **Glassboro-Camden Light Rail**

• **Replacement of 191 Structurally Deficient and 327 Functionally Obsolete Bridges**

BENEFITS



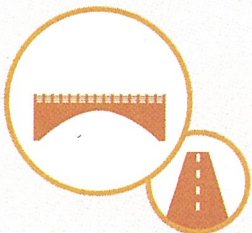
Staying Competitive
as logistics and global transportation networks become increasingly important



Maximizing Port Investment
to ensure the region is ready for the increase in shipping volume when the Port of Paulsboro opens for business.



Increase Market Share & More Customers
with transportation links to larger markets and reduced transaction costs for business.



THE GOAL:

Achieve sufficient revenue that allows for \$2B in annual statewide TTF capital spending, maximize the federal match, and continue to pay annual debt service obligations.



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November 6, 2014

Dear Chairman Wisniewski and members of the Assembly Transportation, Public Works, and Independent Authorities Committee:

My name is Andrew Hendry, and I am President of the New Jersey Utilities Association (NJUA). The NJUA is the statewide trade association for investor-owned utilities that provide essential water, wastewater, electric, natural gas, and telecommunications services 24 hours a day, 7 days a week, 365 days a year.

I am writing to you on behalf of the NJUA to commend the Chair, and each Committee member, for initiating a dialogue with regard to the funding of one of New Jersey's most critical resources – its transportation infrastructure. I am also writing to let you know that the NJUA supports your effort in seeking a solution to the critical matter of financing the Transportation Trust Fund.

As you are well aware, the ability to deliver goods, travel to and from work, and ensure public safety, all depend on the provision of a safe and accessible network of roads, rails, bridges and tunnels. Likewise, the delivery of the essential services NJUA member companies provide depends upon the utilization of a reliable transportation system. From electrical substations and liquefied natural gas facilities, to water and wastewater treatment plants, to highly complex telecommunications networks, NJUA member companies understand how to meet the challenges that come with the operation of large-scale infrastructure.

NJUA member companies also know that to meet big challenges, it is vital to seek input from all stakeholders. In its wisdom, the Legislature also recognized this and, through the Board of Public Utilities, long ago established a process for utility regulation that involves government officials, ratepayers, laborers, and others who depend upon and are invested in utility service. In the same way, this Committee has recognized that when it comes to financing the State's transportation infrastructure, there is not one member of the public who is not an interested party. As such, the Committee made a wise decision in initiating an open forum to consider this vitally important matter.

Thank you for giving me an opportunity to present these brief comments of support of the Committee's efforts. If you have any questions or would like to further discuss anything we've addressed, please do not hesitate to contact either Andrew Hendry or NJUA's Director of Government Affairs, Thomas Churchelow.