P U B L I C   H E A R I N G

before

SENATE TRANSPORTATION AND COMMUNICATIONS COMMITTEE

on

SENATE BILL 1446

(New Jersey Transportation Trust Fund Authority Act of 1984)

Held:
April 27, 1984
Assembly Chamber
State House
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Senator Walter Rand (Chairman)
Senator Thomas F. Cowan
Senator Francis J. McManimon
Senator S. Thomas Gagliano
Senator James R. Hurley

ALSO PRESENT:

Peter R. Manoogian, Research Associate
Office of Legislative Services
Aide, Senate Transportation and Communications Committee

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SENATOR WALTER RAND (Chairman): Good morning, ladies and gentlemen. My name is Senator Walter Rand, and I am Chairman of the Senate Transportation and Communications Committee. I would like to welcome you here this morning.

At this time I would like to introduce the other members of our Committee who are present. On my left is Senator Gagliano. In a moment we will be joined by Senator Hurley. On my right is Peter Manoogian, who is the staff aide to this Committee.

If you have written testimony, or if you wish to be added to our witness list, please contact Peter Manoogian, our staff aide, after the opening remarks are concluded. He has a short form available for those who wish to testify, and who have not contacted him previously.

I hereby call this public hearing to order. The purpose of this hearing is to discuss S-1446, the New Jersey Transportation Trust Fund Authority Act of 1984. This hearing is the second in a series on the bill, and it will focus on the revenues to be received by the Trust Fund Authority, with particular reference to the proposed increases in registration fees and penalties for commercial motor vehicles, including motor trucks.

Consideration will be given to Sections 31 and 32 of the bill. Future hearings will focus on such matters as the Toll Road Authorities and the bonding funds and expenditure provisions.

We are assembled today to hear testimony from the Administration, from the trucking industry, and from other interested parties concerning these proposed truck fees. Our concern is with the wisdom or the lack of wisdom, and the appropriateness or inappropriateness of these levies. We have an open mind on the subject, and we look forward to hearing the diverse views that will be presented here today.

Do any of the other Senators wish to make some remarks before we start to hear testimony on the bill?

Senator Gagliano?

SENATOR GAGLIANO: Yes. First of all, I want to add my words of welcome to those of you who are present today. I had an opportunity to go out onto State Street and see the trucks. I am impressed with the number of people who are here, and the sincerity of the reason for your presence.

We are talking about truck fees, and they are a controversial issue. This hearing will give us an opportunity to hear all sides of the issue, from all interested parties.

From our point of view, we are interested in testimony which will establish, or question the validity of, this method of raising revenue for the Transportation Trust Fund.

I don't think there is any question about the fact that the members of this Committee -- all of us -- are totally committed to the idea of the Trust Fund. We all recognize the decay that has happened to our roads, bridges, highways, and our infrastructure in general. We, on this Committee -- as we have been trying to do for the past several years -- are continuing to try and do something about this problem.

I am going to listen to the testimony. Mr. Chairman, I am not going to be able to stay with you all day, because I have a prior commitment. But, I will stay as long as I can, and I will review the transcript prior to our vote on this issue.

So, it is good to be here. I again welcome all of you to our meeting.

SENATOR RAND: Thank you very much, Senator Gagliano.

Ladies and gentlemen, I can assure you that I will be here until every person has spoken, if it takes us until seven o'clock this evening. We will listen to every person who wishes to speak, and everyone who wants to make a remark. We are going to start the proceeding with the Commissioner of Transportation. It is my pleasure to have John Sheridan with us today. John?

We have now been joined by Senator Hurley, from Cumberland County. Senator Hurley, is there anything you would like to say before we start?

SENATOR HURLEY: No. I will just listen.

SENATOR RAND: Senator Hurley just wants to listen -- words of wisdom. Commissioner?

COMMISSIONER JOHN P. SHERIDAN: Mr. Chairman, members of the Senate Transportation Committee, ladies and gentlemen: Thank you for the opportunity to meet with you once again, and to continue the discussion of the proposed Transportation Trust Fund.

At our last meeting, I told you of the tremendous economic benefit that will be generated for all of New Jersey as a result of this program. Not only will it produce thousands of jobs and millions of dollars for the economy of this State, it will save the traveling public -- including the thousands of trucks that use our highways daily -- millions of dollars in time and repair costs. And, perhaps even more importantly, it will greatly enhance the safety of our transportation network.

This program will enable us to make the needed safety and capacity improvements on Route 17 in Bergen County. It will enable us to complete Route 18 in Monmouth County. It will open up an entire region of South Jersey through the continued construction and completion of Route 55, and the "bridges to nowhere" that now characterize Routes 169/185 in Hudson County.

Those kinds of projects and needs exist in every single region of our State. This program is designed to meet those needs so New Jersey is prepared for the future.

It is a program that will benefit every resident of this State. But, make no mistake about it: No segment of our society will benefit more from this program than the trucking industry. A sound transportation system means a sound economy. A sound economy means more jobs. More jobs means more consumer spending. Consumer spending means more goods, and that means more freight to be moved, which means more work for truckers.

Having made that statement, I would like to lay out for you the facts upon which the decision to propose a $30 million increase in heavy truck registration fees, as part of the Transportation Trust Fund, was based.

That $30 million would be generated by increasing the registration fees on trucks, weighing over 5,000 pounds, by an average of 50 percent. The actual increase would range from a low of 4.3 percent for light trucks weighing 5,001 pounds, to a high of 87 percent for the heaviest tractor trailer weighing 80,000 pounds.

The explantion for that is simple. The heavier the truck, the greater the damage it does to our highways and bridges.

That realization, based on extensive studies and research, was the basis for the Federal Surface Transportation Assistance Act of 1982, enacted by the Congress of the United States.

And, the American Association of State Highway and Transportation Officials has released its own report which I believe each member of this Committee has received. That report states that one 80,000 pound heavy truck does the same amount of damage to bridges and highways as 9,600 cars. But, that only tells part of the story.

The fact is, New Jersey has been and, under this proposal, will continue to be, a very favorable State for the trucking industry. We are not trying to undermine that position, and this proposal does not do so.

Our State currently ranks 46th lowest in the nation in combined taxes and fees imposed on trucks. Under the Transportation Trust Fund proposal, New Jersey would rank 37. In comparison, New York ranks 5, Pennsylvania ranks 15, and Delaware -- which is slightly higher than us now -- will be slightly lower if this increase is implemented. New York and Pennsylvania have taxes that New Jersey hasn't even dreamed of: axle taxes; ton-mile taxes; gross receipts tax on oil companies that show up at the pump; and franchise taxes on oil companies that show up at the pump.

The reasons why our ranking is, and would continue to be, competitive and favorable to the trucking industry are apparent:

The fuel tax in New Jersey, one of the lowest in the nation, has been stable since 1972.

Truck registration fees have not been increased since 1976, despite an average 18 percent increase in auto registration fees, approved in 1979.

New trucks and truck parts have been exempt from the State sales tax since 1978, and, based on the New Jersey Motor Truck Association's own figures, contained the report submitted to this Legislature a couple of weeks ago, that alone will be worth more than $40 million to the industry this year.

In addition to all of this, the trucking industry has benefited from several productivity increases in recent years:

The maximum allowable weight of trucks on our highways was increased from 73,000 pounds to 80,000 pounds.

The fuel efficiency of heavy trucks has increased 33 percent since 1974. That reflects itself, among other places, in the State's fuel tax revenue from the trucking industry. Lower gas taxes mean fewer cents per mile.

Double-bottom and 102-inch wide heavy trucks are now permitted on a network of highways in the State.

Taking all of this into account, as we did before proposing this fee increase, led us to the conclusion that the increase is both fair and justified.

The most graphic illustration of this is seen in the graph which is attached to the copy of my statement you have all received, and which is shown in consolidated form on the chart before you.

You will notice that on the chart we have a truck share index. What that shows is-- On the right hand side, the consumer price index is shown. You will note that it is rising. On the left hand side, you will see the amount that was paid in fuel taxes and truck fees in 1972. What that demonstrates in real dollars is, the fuel tax has been declining, and so has the truck registration fees that the truck industry has been paying.

Using 1972 as the base year, because that is when the fuel tax was last increased, and taking into consideration the 137 percent increase in the Consumer Price Index that has taken place since then, you can see that:

The 8 cent per gallon fuel tax is worth only 3.3 cents today, when expressed in 1972 dollars. In effect the fuel tax has declined by five cents over that period of time, so the taxes imposed on the trucking industry have declined five cents per gallon since 1972, in real dollar terms.

The $602 registration fee for the heaviest truck, back in 1972, is worth only $298 today, when expressed in 1972 dollars, even when the increase which was implemented in 1976 is factored in.

The bottom line in all of this clearly indicates that the contribution by the trucking industry to New Jersey's transportation needs has declined dramatically over the last decade. We are asking that the trucking industry pay something closer to its fair share than it does at present, and nothing more.

In its rebuttal to the Transportation Trust Fund Proposal, the trucking industry goes to great lengths to explain the recent increases in Federal charges imposed on trucks, and indicates that we should return to those days before the Federal Surface Transportation Assistance Act of 1982 was passed, when the trucking industry was paying 50 percent of the highway user fees into the Highway Trust Fund.

In New Jersey, the trucking industry isn't even coming close to paying that share of the highway user fees and taxes they contend is "fair" at the national level. What I am saying is, if you assume, as the trucking industry did in the American Trucking Association Manual they put out, that 50 percent is fair, the trucking industry in New Jersey is not paying anything like that. What they are paying at the present time is approximately 23.5 percent of the total user charges for transportation purposes -- user charges being gasoline, motor fuel tax, and registration fees. Even under this proposal, we would be talking about 25.9 percent. So, trucks, compared to what the trucking industry said was fair, are paying one-half that amount in New Jersey.

In New Jersey, the trucking industry isn't even coming close to paying its share of the highway user fees and taxes they contend are fair at the national level. In fiscal year 1984, trucks will contribute a total of $134 million of the $571 million collected by the State in transportation revenues. This represents 23.5 percent of the total.

Under the Transportation Trust Fund, the share trucks would pay would increase to 25.9 percent, or $164 million of the $636 million expected to be collected through those same revenues. That means, quite simply, that the trucking industry is objecting to paying $1 out of every $4 collected in highway user taxes and fees in New Jersey, even though they say that twice that percentage is fair at the national level.

In conclusion, I would like to point out to you what I have told representatives of the trucking industry on a number of occasions. We are willing to consider any reasonable alternative from them, which will place some of the $30 million increase we are asking for on out-of-state trucks. That offer was first made last February, and it has been repeated numerous times since. To this day, we have received nothing. Instead, they have proposed an alternative which increases the cost to the general public. In effect, that places the burden where it unfairly lies, to some extent, right now -- on the family car.

In effect, the industry has said, loud and clear: "We like your program; we need its projects because they will benefit our industry; but, don't ask us to pay for it." The Transportation Trust Fund Proposal is fair and it is equitable. That is why the Public Affairs Council of the AAA, Automobile Clubs of New Jersey, an organization representing some 600,000 motorists throughout this State, is supporting this program, and has called on the trucking industry to pay its fair share.

That is why Bell Telephone of New Jersey, which has 6,000 vehicles affected by this proposed fee increase, has endorsed this program. Bell's own analysis has told them that even though they will be paying higher registration fees, they will realize a net savings of $600,000 in vehicle maintenance and operating expenses, once the hundreds of projects this program will enable us to do are completed.

This is not a program designed or intended to undermine the trucking industry in New Jersey. Rather, it is a program designed to prepare New Jersey for the future, a future in which all of New Jersey can flourish, including the trucking industry.

Thank you, Mr. Chairman, and members of the Committee. I would be pleased to answer any questions.

SENATOR RAND: Thank you very much, Commissioner. Before we start the questioning, let me introduce, on my extreme left, Senator Cowan, who is the Vice-Chairman of this Committee. Senator Cowan, have you any statement you wish to make?

SENATOR COWAN: No.

SENATOR RAND: Are you sure? We have allowed everybody else to say something. If you would like to say something also, you are welcome to. (negative response)

On my right, is Senator McManimon. Senator, would you like to say something?

SENATOR McMANIMON: No.

SENATOR RAND: Thank you. Gentlemen, we are now open for questions.

Senator Cowan, do you want to start, or do you want us to start with Senator Hurley?

SENATOR COWAN: You can start with Senator Hurley.

SENATOR RAND: Senator Hurley, do you have any questions?

SENATOR HURLEY: No.

SENATOR RAND: Senator McManimon, do you have any questions?

SENATOR McMANIMON: Yes. I am concerned about one serious question. The larger companies can register fleets in other states, and small businesses would have a difficult problem trying to do that.

There have been statements made indicating that there have been many bankruptcies in the trucking industry over the past year and one-half, or two years.

Is there a possibility that many of these trucking industries will move out of the State because of what you are trying to accomplish? It seems you want to throw the entire burden on that one particular industry, and not on other industries.

COMMISSIONER SHERIDAN: Well, Senator, first of all, I disagree with the premise of the question. We are not trying to place any unfair burden on the trucking industry. We are trying to place a burden on them, in the sense that we are trying to get them to pay something closer to their fair share.

In effect, my analysis is, even after this increase they will not be paying their fair share, but they will be paying something closer to their fair share, in terms of equitable charges on the system.

The truckers complain about the Federal tax, but a recent report of the U. S. Department of Transportation Federal Highway Administration says that even after the Surface Transportation Assistance Act of 1982 was passed, the heaviest trucks-- And, I should tell you that at the national level, trucks are paying more than 50 percent of the total charges. Even at that level, the heaviest trucks are paying only 60 percent of what they should pay under the allocation formula used under the Federal cost allocation studies.

We don't think there is going to be any dislocation to other states. Pennsylvania, which has doubled the truck taxes we have in New Jersey, was faced with the same kinds of statements last year and the year before that regarding the axle tax which was imposed in that State, and they have seen no defection to other states.

So, it is our view that there will not be any. The economy of New Jersey, the fact that intrastate truckers must register in New Jersey, the sales tax exemption, and the low motor fuels tax, are all reasons why trucking will not divert to other states.

There have been some bankruptcies, but when one looks at the vehicles registered in this State, registrations for trucks are up in the recent year or two. So, we don't think there will be any decline or real harm to the trucking industry.

SENATOR McMANIMON: Commissioner, is it not a fact that the registration fees in the State of New Jersey, if this program is put forward, will be the highest in the Northeast?

COMMISSIONER SHERIDAN: If you want to look at registration fees alone, the answer is, I can't tell you if they will be the highest in the Northeast or not, but they will be among the highest in the Northeast. But, that is not the way to look at it. (laughter) The fair way to look at it is to look at all the taxes and fees. In Pennsylvania they have axle taxes; they have gross receipts' taxes on oil companies; and, they have a gas tax that is more than double New Jersey's gas tax.

New York has ton-mile taxes; it has a gas tax that is double that of New Jersey. New York City has an additional gas tax. What I am saying is, you have to look at all the user fees the industry pays and then see who is the lowest. The answer is, we are the lowest; we are the lowest by far.

SENATOR McMANIMON: I would like to ask one other question, that is of real serious concern to me. We don't know specifically just what the total amount of surplus dollars is going to be in this State. Some of the questions I have had asked of me are: "How in just conscience can we justify proposing an added tax burden on any industry in this State, when there is a potential $300 to $400 million surplus? Why can't we just take it out of the surplus?"

COMMISSIONER SHERIDAN: Senator, I don't know what the surplus is. I think what we are trying to do in transportation is to do what the trucking industry has been arguing about for ten years, and that is to bring the expenditures on transportation in line with the revenues collected from transportation user fees.

I will tell you that if this program is enacted, and you take our operating budget of approximately $400 million and you add $230 million if capital to it, you will see that the total expenditure next year in transportation is going to be $630 million.

The total transportation user fees being collected after this program is enacted, with the $30 million from the trucking industry; with the $25 million from the toll roads; with the total amount of registration fees paid by motorists and truckers; and with the total motor fuels tax collection, is $625 million. So, for the first time in probably two decades New Jersey will have done what the trucking industry, and what everybody in transportation thinks ought to be done, and that is have user charges that are equivalent to user expenditures.

SENATOR RAND: Thank you, Senator McManimon. Commissioner, I just want to ask you two quick questions, because I want to give everyone else an opportunity to question you.

Number one, did I hear you say -- it is on page three -- that the sales tax we repealed in 1978 would have produced $40 million?

COMMISSIONER SHERIDAN: In savings for the trucking industry.

SENATOR RAND: Is that annually?

COMMISSIONER SHERIDAN: Annually. What we did was, we took-- You had a report from the trucking industry that was in response to the Governor's proposal. They gave some figures in that report, but I can't tell you what page they are on. If you can recall it; it was published on March 16. In there is a list of expenditures. It is entitled: Truckers Purchases Boost the Economy. In 1982, New Jersey truck owners spent $556 million for trucks and trailers; $54 million for parts and accessories; $1 million for fuel; $36 million for lubricating oil; and $79 million for tires and tubes.

We took the items that related to the sales tax exemption, added them up, multiplied them by six cents, and the number, assuming that the expenditures were the same in 1983 and 1984 -- that they had not increased -- would come to $41.4 million.

SENATOR RAND: One more question--

COMMISSIONER SHERIDAN: (interrupting) By the way, Senator, may I just make a point on that? You will recall that when the 1978 sales tax exemption was passed, it was estimated that increased registrations would make up for the sales tax exemption. In point of fact, nothing like that has happened. The total registration increases -- on information from the Division of Motor Vehicles over that period of time -- are $10 million, annually. So, in effect, the deal that was struck, to get registration increases equivalent to the sales tax exemption, has caused a loss of revenue to the General Treasury of the State of New Jersey in the amount of $30 million, annually.

SENATOR RAND: Let me just ask you one more question. According to my charts, the percentage of increase ranges from 36.9 to 83.9 on various construction vehicles -- dump trucks and commercial vans. Commissioner, was there any thought given to phasing in this increase over a longer period of time? Was there any consideration given to that?

COMMISSIONER SHERIDAN: We looked at it. The problem we had with that was, we knew we needed $230 million annually to do those things we wanted to do on the Trust Fund Program: match every Federal highway dollar; match every transit dollar; resurface for $25 million; supplement the Federal program where it was weak, which is basically in the category of primary roads, non-interstate, major highways; and do the Federal aid, urban system swap. Those five things cost $230 million. We need this $30 million, or else that number is going to be reduced, and some of the things we said we want to do under this program cannot be done.

SENATOR RAND: Senator Gagliano?

SENATOR GAGLIANO: Yes. Commissioner, I am kind of unaware of what the situation is with respect to out-of-state truckers. I can understand that truckers who have their terminals here, whether the terminal is their backyard, their driveway, of whether it is a truck terminal in an industrial area, are local truckers. What I am wondering is, how much of the trucking done in this State is done by the out-of-state truckers -- I am talking about the larger trucks -- and how much is done by the in-state truckers?

I was intrigued by your statement, that you had offered to discuss the possibility of having out-of-state truckers pay a part of this $30 million. I don't really have the statistics on this, but I would be interested in knowing just how much business is done out-of-state.

COMMISSIONER SHERIDAN: I am not sure that I can give you a precise enough number to work with. But, what I have said to the trucking industry-- The one point made to me in our discussions, and that I have some sympathy with is, if there is a reasonable and legitimate way to place part of this burden on out-of-state truckers, I would be only too pleased to do so. But, we have to have something that is legally supportable in the courts, so we won't have a situation where we think we have revenue that doesn't materialize.

What I have said to the industry is: "You understand the dynamics of your industry better than I do. Give me a way to do it." One way I think is the way to do it, in order to apportion it on an equitable basis, is the weight distance tax, which is the tax that the American Association of State Highway Transportation officials think is the fairest and most equitable way to apportion costs among users of the transportation system.

I will tell you that one reason we did not propose that tax was because the trucking industry is totally opposed to it.

SENATOR GAGLIANO: Are they concerned that if New Jersey imposes a tax on the out-of-state truckers, then Pennsylvania or Connecticut will do the same thing, and it would have a pyramid effect?

COMMISSIONER SHERIDAN: I don't think that is the concern, because there are many states that have weight distance taxes already. But, the national trucking lobbies are opposed to it and so is the State trucking lobby.

SENATOR GAGLIANO: The other thing I have in my notes is a letter from the New Jersey Motor Truck Association. I presume it was sent to every legislator. I would say I received it within the past week. In that letter they make a statement -- it is on page five and it is a "conclusionary" statement -- and I will quote from it:

"To put the issues in proper perspective, we note the trucking industry is making a profit of fewer than three cents on each dollar of revenue -- 1983 'stats'.

"For truck operators to stay even, and to pay the Federal taxes and the proposed State registration fee increase, $73,260 in additional revenue must be generated for each truck. If, therefore, one operates ten trucks, $730,260 in additional revenue must be generated to break even."

They then go to and say this is incredible, but it is a fact. Have any of your studies shown that? This is their statement, and it refutes your statement.

COMMISSIONER SHERIDAN: I don't know why you have to make $73,000 to pay a $600 increase. I don't understand that.

SENATOR GAGLIANO: Well, they are talking about Federal taxes also. They said, "...Federal taxes and proposed State registration fee increase, $73,260 in additional revenue must be generated for each truck." Does that sound right to you?

COMMISSIONER SHERIDAN: Senator, I am sorry. I haven't read the letter. I just got a copy of it when I walked in here this morning. I have it here, but I don't know where the number comes from. As you indicated, it is a "conclusionary" statement. I don't know what the basis for the number is.

SENATOR GAGLIANO: I will defer on that question, and I will ask the trucking industry. Thank you.

SENATOR RAND: Senator Hurley?

SENATOR HURLEY: Commissioner, first of all, I would like to commend you on this proposal -- probably the one that has gotten the most attention in my career here -- for stable funding in transportation, particularly as it is aimed at long-stalled, what we call economic development, projects, such as Route 55.

I guess my concern is, and my question to you is, can there be such a thing as having the right proposal in the wrong climate? Before you answer that, let me tell you something about the area in which I live. While State unemployment may be close to six percent, in the county I live in it is 14.5 percent.

Products from our industrial plants are moved by trucks. There is no other way out, frankly, these days. Obviously, the truckers want the highway improvements, but in the southern part of this State they are also under competition with Delaware. You have already addressed the issue of other states and their user fees, comparing them with ours. But, Delaware's, as I understand it, will be lower if we were to enact this proposal.

That is a concern of mine. A concern of mine is the climate in which this is being done, and the competition -- particularly in the southern part of the State -- from the truckers in the State of Delaware. It is only an hour away, and the truckers can either operate there, or they can be under the threat of competition from them. Would you address that, please?

COMMISSIONER SHERIDAN: The climate is, we are in a booming economy. We are also talking about a construction program that is going to produce -- using the United States Department of Transportation figures -- 6,000 jobs for every $100 million worth of construction. Now, not every last penny of the $3.3 billion will go towards construction, but something like $2.7 or $2.8 billion will wind up in construction; and, if you multiply 28 for each of those $100 millions, times 6,000 jobs, you are talking about between 150,000 and 200,000 new jobs in this State that will be created by this program.

All of the money that the program will generate for the economy, and all of the additional need to move goods that it will generate, leads us to think that the program is a positive -- a major positive -- plus for New Jersey -- all sectors of New Jersey.

For instance, we have had higher registration fees than Delaware for some years, and there has been no dislocation to Delaware. We don't think there will be. We think those travel times are not the kinds of things that are going to move numbers of truckers out of this State. Registration of trucks, as I indicated, is on the increase; it is not declining, notwithstanding references to bankruptcies. A lot of the bankruptcies happened to companies that jumped in after deregulation and immediately went out of business, because they were new and they probably didn't know what they were doing.

SENATOR HURLEY: I would like to make one more comment, and perhaps put a question to you. That is certainly not true in southern New Jersey. The companies that operate there, and the ones who have gotten into financial difficulty, have gotten into financial difficulty, as I understand it, through loss of business in that part of the State, and through deregulation. So, as they were up against competitive forces, similar to the airlines, for example, they saw their revenues decline.

What I hate to do is -- and I guess I will make this as a statement -- I would hate to see your program jeopardized in any way by truck user fees that may be imposed in the wrong climate, and under the wrong circumstances. I will just leave that there, and you can respond or not respond at all, as you will.

COMMISSIONER SHERIDAN: I think I have answered that as best I can.

SENATOR RAND: Senator Cowan?

SENATOR COWAN: I don't know if this has been addressed. I was a little late, and you will have to excuse me for that -- not that I hit any potholes coming down. However, in this bill there are substantial increases concerning the overweight vehicles. I would like to hear some of your comments on that, Commissioner -- as to the purpose for that as it stands now -- because we feel that the user fees would create the $30 million. I would like to hear if you anticipate something in that regard, and if there is going to be stricter enforcement of out-of-state vehicles.

COMMISSIONER SHERIDAN: Senator, the reason for the increases on the heaviest trucks, graduating lower, is -- based on national cost allocation studies -- the conclusion that the heaviest trucks are not paying appropriate amounts for the damage they are causing to our highways and bridges. So, we have structured the tax in a way that is an attempt to be fair, and which places the burden on those users of the system for which the system must be maintained.

SENATOR COWAN: Perhaps I didn't make myself clear enough. I was referring to the overweight penalty.

SENATOR RAND: Here are the penalties if you want to talk about them, Senator Cowan. They are a little punative and they are a little high. Here is a schedule of them. I was going to address that, but you can address it now.

COMMISSIONER SHERIDAN: Roger, you answer the question, please.

ROGER NUTT: Senator, one of the reasons for the increased penalty was, the existing rate schedule is equivalent throughout, and it is 850 all the way through. So, there was no incentive for someone to intentionally go under, and there was not much of a penalty.

Under this rate schedule, there are various breaks, so that if someone were to intentionally go under, and register under, they would get a big benefit. The breaks happen to be between 18,000 and 18,001 pounds. There is a big percentage increase there.

The other break is between 50,000 pounds and 50,001 pounds. So, in this rate schedule, there are incentives to be underweight at specific rate schedules.

COMMISSIONER SHERIDAN: When you register?

MR. NUTT: Not throughout -- it doesn't make any difference if it is 80,000 or 70,000, because they are basically not much different. But, if you were going from 50,000 to under 50,000, it would make a big difference -- or from 18,000 under. That is why they were imposed.

COMMISSIONER SHERIDAN: I think, if I understand what Mr. Nutt is saying, the penalties were set up in a way to make it clear that it was going to be a disincentive if you were going to purposely register a truck at a weight below what you would be carrying.

SENATOR COWAN: I am not asking for hard-line figures, but what are the amounts of penalties that accrue to the State now? Do you have any idea?

MR. NUTT: Senator, I do not know the totals.

COMMISSIONER SHERIDAN: We can get you that number. I don't know what it is either.

SENATOR RAND: Senator, would you hand that paper back to me, please. I would like to pursue that for a moment, if I may, before we go into the second round of questions.

I was only concerned -- following Senator Cowan's line of questioning -- that the penalty was quite high. The increase in the amount of the penalty we have today to the proposed penalty -- from the $100 to the $1,000 -- is high. I just thought maybe that was a little punative in nature, even though I understand the intent.

COMMISSIONER SHERIDAN: I think the general philosophy of the penalty provision is that we do not want overweight trucks on our roads. What you have to discourage through the use of the penalty is carrying overweight, where the penalty is so low that it is worth it for truckers to carry the extra weight and pay the penalty. We don't want that. We want to make sure these vehicles are not overweight, and the way to discourage that is by imposing appropriate penalties which will discourage that practice.

SENATOR RAND: Do I understand the penalty is to be increased according to the increase in registration? Is that what you are telling me? You have raised it from the current penalty of $50, plus $8.50 for each 1,000 pounds, to $500, plus $100 for each 1,000 in overweight. You are raising that substantially. It is approximately ten times the present penalty. Is that correct?

COMMISSIONER SHERIDAN: That's true.

SENATOR RAND: Is that based in proportion to the increase in the registration fees?

MR. NUTT: No. It does not change, Senator, on the registration fee.

COMMISSIONER SHERIDAN: It does not change.

SENATOR RAND: Let me conclude my questioning by making one statement to you, Commissioner. I sponsored this bill, and the majority of this Committee sponsored the bill. It is very easy to reduce the sales tax for certain constituencies. It is very easy to give benefits to certain constituencies. That is the easy part of legislating, when you are here as a legislator. But, it is difficult, under the best of circumstances, to ask for money from any constituency -- and we have done that.

Before we release this bill, as far as I am concerned -- and I am only one -- I will have to be completely convinced that the passage of this increase doesn't go down to the level of the consumer in the State of New Jersey, number one; and that the $30 million we gain is not offset by a loss in our income tax, a loss in our sales tax, and a loss in our corporate tax.

Because, if we are going to put $30 million into one pot, and sustain a reduction in the three major revenue measures we have in this

State as a result, I think that would be a bad tradeoff. If I can be convinced -- and that is why we are here today -- after a review of this matter, that we are not trading dollars for dollars, or we are not taking a loss in those three taxes I just mentioned, then I feel very confident about how my vote will go. But, I have to be thoroughly convinced before that happens.

COMMISSIONER SHERIDAN: Senator, I think that analysis and that approach is sound. I will be absolutely shocked if this program does not have a positive impact on every one of our major sources of revenue, because we are talking about 6,000 new jobs, times 28; that is over 150,000 new jobs in this State. So, it is going to have a very positive impact on our economy.

SENATOR RAND: Gentlemen, are there any further questions? (negative response). Commissioner, thank you very much.

COMMISSIONER SHERIDAN: Thank you very much, Senator.

SENATOR RAND: Our next witness will be Mr. Kiely, the President of the New Jersey Motor Truck Association.

MR. KIELY: Excuse me, Senator, I understand someone else would like to speak because he has to leave. We don't mind if he goes ahead of us.

SENATOR RAND: Okay. Mr. Wetland, President of the New Jersey Milk Industry Association. Would you come forward, sir? Please repeat your name again for the reporter, sir.

DAN WETLAND, JR. My name is Dan Wetland, Jr. I am President of the New Jersey Milk Industry Association. Mr. Chairman, Senators, we appreciate the opportunity to appear before you this morning. We represent the State's major dairy industry.

As you can imagine, this industry is almost entirely dependent on trucking for distributing milk from the dairy plants to the consumer. As you may know, the milk industry is extremely competitive. New Jersey dairies not only compete with each other in the regional marketplace, but with numerous other suppliers from our bordering states, particularly those in New York and Pennsylvania.

Consequently, our concerns about the higher truck registration fees in Senate 1446 cross state lines. Certainly, we are unhappy with a bill which would greatly increase operating expenses for

New Jersey dairies. But, this concern becomes even larger in the context of the advantage this bill will give our out-of-state competitors.

We asked our member companies to analyze the impact of the new registration fees on their fleets, and we find that the result would be most damaging. Some 80 percent of the trucks used in our industry are in the highest category -- over 40,000 pounds. As you know, under Senate 1446 the registration fee for this class would jump from $687 to $1,287. The remaining 20 percent of the trucks used by milk processors are in the 24,000 to 40,000 pound weight class. The registration fee for this sized truck would jump from $347 to $505.

One of our larger firms calculates that Senate 1446, if passed, would increase its $72,000 annual registration costs to $127,000, an increase of 77 percent.

Another of our member firms calculated an increase of well over $50,000.

Operating costs of this magnitude could well upset the equilibrium under which New Jersey dairies currently operate in interstate commerce. While New York and Pennsylvania dairies pay higher truck registration fees today, in many cases their other costs are lower.

Under Senate Bill 1446, New Jersey dairies would be paying higher fees, in each weight class than both their Pennsylvania and New York competitors. Ironically, New Jersey dairies would thus be paying to improve highways for the benefit of their out-of-state competitors.

New Jersey's milk industry already suffers a number of disadvantages in interstate competition. These range from higher property taxes, labor rates, and energy costs, to higher costs for raw milk. The increased truck registration fees contemplated by Senate Bill 1446 would be an enormous new burden, and we ask that this Committee consider reducing, if not rejecting, this means of funding highway improvement. Thank you.

SENATOR RAND: Gentlemen, do you have any questions? Senator Cowan?

SENATOR COWAN: You mentioned that New York's registration fees are higher, but they have other benefits that, shall we say decrease their costs. That was the impression I got from your statement.

MR. WETLAND: That is correct.

SENATOR COWAN: What are these other costs?

MR. WETLAND: Under our system, many of the dairies that compete here in New Jersey have a lower cost for raw milk than do our New Jersey companies. So, they start out with a built-in advantage.

SENATOR COWAN: That has nothing to do with registration.

MR. WETLAND: I beg your pardon?

SENATOR COWAN: That has nothing to do with registration fees or user costs.

MR. WETLAND: No, I am not talking about that.

SENATOR HURLEY: Mr. Chairman?

SENATOR RAND: Senator Hurley?

SENATOR HURLEY: Would you address, just for a moment, the position that New Jersey holds in the marketplace, where you sell, buy, or transport milk? Where are we now, with relation to New York and Pennsylvania?

MR. WETLAND: I am not sure I understand your question, Senator. Are you asking me what percentage of the milk sold in New Jersey comes from out-of-state sources?

SENATOR HURLEY: That's part of it, yes. What I want to know is, at one time we were more of a dairy State than we are now, is that correct?

MR. WETLAND: That is correct.

SENATOR HURLEY: I want to know from you, just in a few words, where are we now?

MR. WETLAND: Today, approximately 30 percent of the milk consumed by New Jersey's consumers originates from out-of-state processing sources, and it is trucked into the State. So, we start with a built-in disadvantage there. At one time, New Jersey companies provided most of the milk -- an overwhelming majority of the milk. Only a very insignificant amount of processed milk, consumed by our consumers, originated from out-of-state sources.

Out-of-state processors have been growing in the percentage of milk sold in New Jersey over the past few years, because of their other advantages. So, any cost increase sustained by New Jersey dairies further impedes their ability to compete effectively with these out-of-state companies.

SENATOR HURLEY: That's all, Mr. Chairman.

SENATOR RAND: Thank you, Senator. I have a question to ask you. Mr. Wetland, you said the registration fees for the classification of 40,000 pounds had jumped from $687 to $1287. I am only quoting what our Legislative Services has given us, and for a 40,000 pound tandem in New York, the fee would be $545. It is $377 in the State of New Jersey, and the proposed increase would raise it to $516. This still doesn't match New York's, according to our records. Now, these records may be wrong, but this is what our Legislative Services handed me.

On an 80,000 pounder, New York is $1520, as against our $716 today, and it would be raised to $1298. I just want to know if they are true figures? If there is a discrepancy there, I would like to know about it, because I am going by what we have been given.

MR. WETLAND: Senator, obviously I am not an expert on the registration fees.

SENATOR RAND: Neither am I, sir.

MR. WETLAND: I have in front of me truck registration fees that are currently imposed by Pennsylvania, Connecticut, and the adjoining states to New Jersey, as obtained from the Department of Transportation. My records indicate, using the statistics obtained from the DOT, that currently, for an 80,000 pound truck, New York's fee is $839. Currently, New Jersey is $687. Under the new bill, it would be $1287 in New Jersey.

SENATOR RAND: Well, we will have to explore this differential, because according to legislative figures -- and I will hand you this if you would like to see it -- there is certainly a wide discrepancy between the two sets of figures that were given to us, and the ones you have just proposed. They are far, far different. What we will have to do for the record, in order to get it straight, is to affirm what the actual figures are.

MR. WETLAND: Absolutely, Senator, and if these figures are in error, I certainly would--

SENATOR RAND: (interrupting) We certainly do not want to put you in a noncompetitive status with New York, Pennsylvania, or Delaware. That is not our intention, sir.

MR. WETLAND: That is our concern.

SENATOR RAND: I am going to ask you to return that paper to me.

MR. WETLAND: Oh, I' sorry.

SENATOR RAND: I can't give that to you. That is my Bible. Thank you very much, Mr. Wetland.

Senator Gagliano.

SENATOR GAGLIANO: You indicated that you felt it would fairer for New Jersey to address the problem by exacting less than has been requested in the program. Do you have any idea of what percentage might be acceptable? I don't know whether there will be any negotiations or discussions, nor do I know whether there will be phase-in program or anything like that as a result of all this, but what is the reaction of the dairy industry? Obviously, I don't think we are going to stay at zero, but what is your recommendation on this?

MR. WETLAND: Senator, the position of the New Jersey milk processors and distributors has traditionally been that we ask only for equity of cost on all cost items among competitors. I am not certain how that can be achieved in truck registration fees, because if the figures which have been supplied to me are accurate, there are discrepancies between the competing states and New Jersey today. New Jersey seems to be at the low end.

If we must live by our commitment to achieve equity, we certainly could not complain if truck registration fees were equalized between competing states. But, to put our handlers in a position where they must pay -- as we see it from the proposed bill -- an amount that is substantially greater than our competitors', we feel is not achieving equity, nor it is putting us in a position where we can compete for the benefit of all.

SENATOR RAND: I don't want to interrupt, Senator Gagliano, but did I hear you say that you would not be adverse to an equal competitive stance?

MR. WETLAND: We would not.

SENATOR RAND: Okay. Thank you. Senator Gagliano?

SENATOR GAGLIANO: The second thing I would like to ask is, what percentage of milk, either processed or raw, is carried in your trucks in New Jersey today? I know at one time there was a certain amount of rail transport. I don't know if there is still any rail transportation left. What percentage would you say is carried by truck?

MR. WETLAND: One hundred percent.

SENATOR GAGLIANO: One hundred percent?

MR. WETLAND: That's correct.

SENATOR GAGLIANO: Thank you very much.

SENATOR RAND: We just found out that your figures are based on one thing, and what we have done is, we have lumped some other figures together. What we will do, Mr. Wetland, is, we will get a breakdown, see if we can make some comparisons, and come to some conclusions, so that we don't put you in a noncompetitive position.

MR. WETLAND: Thank you, Senator.

SENATOR RAND: Are there any further questions? Senator McManimon?

SENATOR McMANIMON: Mr. Wetland, you made the statement that New Jersey is paying higher fees than competitors from other states are -- registration fees. Those states have a lower cost for raw milk, and you stressed the philosophy that they already have a built-in advantage. I fully understand where you are coming from in that area. Have you ever concerned yourself with the fact that maybe DOT ought to look into what Connecticut just did? Connecticut is now forcing carriers to register a certain proportion of their trucks as interstate, based on the overall amount of mileage traveled through that State over the year.

New York has the per ton, per mile charge. Pennsylvania has the axle fee. This has been my major concern with our Commissioner. These other states are subjecting us to an added cost factor when we travel through those states, and it seems as though we want to place the entire burden on just our own trucking in this State. I think that is something we are really going to have to concern ourselves with.

Maybe we are going to have to place a fee on those trucks from out-of-state.

MR. WETLAND: Senator, I'm not an expert--

SENATOR McMANIMON: (interrupting) To pick up that part of the burden.

MR. WETLAND: (continuing) --and I would not presume to give a scholarly response to your question. Certainly, we would approve and support any measure which would achieve equity of cost among competitors.

SENATOR RAND: Senator McManimon, if you remember, we tried to move legislatively when Pennsylvania imposed a tax on our trucks. We moved to do the same thing. So, we have tried to keep pace when our surrounding states impose something on our trucks. We then reciprocate. What happens then is, we get into a situation where one tries to offset the other.

SENATOR McMANIMON: Well, the only reason I said that was because Connecticut has already initiated a program which has had an effect on some of the carriers here in our State, because they now have to register a certain percentage of their trucks in that State. They are compelled by law to do so.

SENATOR RAND: Does anyone have anything else to add? (negative response)

Thank you very much, Mr. Wetland.

MR. WETLAND: Thank you, gentlemen.

SENATOR RAND: We are very appreciative of your appearing here today.

Our next witness will be Mr. Kiely, President of the New Jersey Motor Truck Association.

PAUL KIELY: Good morning. Bear with us for just a moment, please.

SENATOR RAND: Whenever you are ready, just say the word.

MR. KIELY: Mr. Chairman, members of the Senate Transportation Committee, ladies and gentlemen: My name is Pual Kiely. I am President of the New Jersey Motor Truck Association, headquartered in East Brunswick, New Jersey.

When I looked, most recently, at our computer printout, we had a little more than 1300 trucking and trucking-related companies as members, and we form the bulk of the 250,000 men and women working in the trucking industry in our State.

I thank you, gentlemen, for permitting us to speak here. We recently sent you considerable documentation regarding the truck registration issue. In recent weeks, we sent you a detailed white paper, a factual booklet on highway pavement damage, and a reply to the letter sent by John Sheridan, the Commissioner of Transportation.

I hope we have answered most of the questions you might have had concerning our side of the issue on higher truck taxes. I will not take up your valuable time by repeating the arguments we have already presented. I will try to emphasize some points in my testimony, and I will be using several charts, with the help of our Managing Director, Paul Stalkneckt, whom you all know.

One other word in preface. We in the trucking industry in New Jersey are most definitely not here to ask for a tax cut, or a fee reduction. We are not asking for one dime in State revenue. We are here to object to the higher truck registration fees, proposed by Governor Kean in his Highway Improvement Plan.

We are not here to argue about the finer parts of the entire Kean package -- for example, the bonding mechanism. That is not our purpose. We are here to oppose higher truck taxes. We want to get that into the record early so there is no confusion.

Gentlemen, may I refer you first to the chart held by Paul Stalkneckt? This chart shows you the Federal and State taxes on a typical 18-wheeler, known as the workhorse of our industry. Remember, this doesn't include other taxes that motor carriers must pay to other businessmen. Paul?

PAUL STALKNECKT: What we show here, for example, is the amount we pay at the Federal and State level, on a per truck basis. What we are facing right now is, we pay, on each truck, a heavy-vehicle use tax of $1600. I might add, that was just recently raised. It goes into effect July 1 of this year. It was raised from the current $240 per year to $1600 per year, per vehicle. On July 1 of this year, we are facing a 700 percent increase in our Federal Highway Use Tax, per vehicle.

We were also subject, last year, through the Surface Transportation Systems Act, to certain changes. When you equate our annual vehicle mileage of around 100,000 miles a year, and you add in all of the applicable Federal taxes, the current truck registration fees, and the current eight cent-per-gallon fuel tax, a typical 18-wheel truck is paying almost $5900 per year in road use taxes.

In comparison, the typical automobile travels around 10,000 miles per year, and their Federal and State taxes are around $60 per year.

So, we just want to show you the difference between an 18-wheeler and automobiles; and, more importantly, the massive taxes we are looking at most recently on the Federal level.

MR. KIELY: Thank you, Paul. I want to point out that one of the big operating costs in our industry in New Jersey is the toll roads. I refer you to the chart that Paul now has. He will explain it to you, and he will also take you on a trip through New Jersey on the New Jersey Turnpike.

MR. STALKNECKT: One argument we have had with this proposal is the fact -- and the Commissioner alluded to it this morning -- that we rank 46th in highway user taxes. I could not help but note a comment the Commissioner made. Our argument is, if you are going to compare our taxes with other states when you take into account all road use taxes, then you must remember that in New Jersey it is impossible for our trucks to travel without using the toll roads. And, a toll road is certainly a road use tax.

The Commissioner made a statement before. He said if one was going to compare taxes, then one had to, "look at all taxes and fees." That is exactly what we have been saying, "look at all taxes and fees, and when you do that, look at the tolls."

For example, the last available figures I was able to get were for 1981 use. In 1981, our industry paid $59.1 million in truck registration, about $62.5 million in motor fuel taxes, and, ironically, our tolls last year were $67 million. I might add, these figures reflect all the toll roads in New Jersey, including the Bi-State Agency, and the Port Authority of New York and New Jersey.

However, when we took in the New York and the Delaware Memorial Bridges, we only took a one-way toll. So, essentially, for example, it was $33 million at the Port Authority for tolls; but, we only added $16 million for a one-way trip, because it is a five-state agency.

What we are saying is, we pay more in tolls in this State than we do in either motor fuels tax or registration. And, if you are going to combine our taxes, or compare our taxes, we ask you to combine all taxes, exactly as the Commissioner said today.

John overlooked the fact that our trucking industry operates in the densest area of toll facilities anywhere in the United States.

Next, as an illustration to show you what our road use taxes are, we are going to take you on a 150-mile trip by truck through New Jersey, starting at the Delaware Memorial Bridge, and proceeding into New York.

At the Delaware Memorial Bridge, we pay a $2.50 toll. On the New Jersey Turnpike, we pay a $9.10 toll. On the George Washington Bridge -- again, these are one-way tolls -- we pay $3.75. Also, if we use this under New Jersey's Motor Fuel Tax Report Law, we must pay, to the State of New Jersey, eight cents per gallon for every mile traveled in the State, predicated on the fuel consumption of the vehicle. So, based upon a five-mile-per-gallon average, we have to pay the State Treasury $2.40 for the privilege of using toll roads in this State. That comes to $17.75 for a one-way trip of approximately 150 miles.

It was interesting to note that the Commissioner kept alluding to a Federal study which indicated what the cost responsibilities should be placed on the trucking industry. That same study, which is most controversial, suggested that the industry should operate at a seven-cent-per-mile tax rate. In fact, in New Jersey, we are operating at almost double that, or 12 cents per mile. We are operating at almost double the exact study the Commissioner cited.

MR. KIELY: I would like to add one other point. The money in the surplus on the toll roads includes money that was contributed by the trucking industry and the motorists. So, if the toll road surplus goes into the Highway Improvement Plan, it should be understood that the truckers helped to create that surplus.

We will proceed now to the question of truck registration fees themselves. Should the fee structure, as presented by Commissioner Sheridan, be approved, the registration fees will the 9th highest in the United States. Again, we have another chart to explain what could happen if New Jersey's fees are the highest in the area.

MR. STALKNECKT: Contrary to what the Commissioner said, we will have the highest registration in the Northeast. As a matter fact, we will have the highest in the eastern part of the United States.

Currently, we are at $708 when we add the 80,000 pound truck in combination with the trailer. When you compare that to all the surrounding states -- for example, in Delaware it is $410 for the same registration; in Rhode Island it is $440; in Massachusetts it is $590; and it goes all the way up to $708. With the proposed 87 percent increase, that will bring us up to $1,305 per vehicle, which will make us the 9th highest truck registration State in the United States, and the highest truck registration State in the eastern part of the United States.

So, needless to say, if you are a truck operator -- as Senator Hurley alluded to, especially in South Jersey -- you are looking at this: If you stay in New Jersey you can register for $1,305 per vehicle, or you can go to Delaware and register for $410, and you will save approximately $800 per truck in annual truck registration fees. That is a significant difference between neighboring states.

One interesting thing with reference to diversion -- I can almost guarantee there will be a diversion, based upon what happened last year in Florida. Last year, Florida raised their registration from about $450 per year to $900 per year. Obviously, that is still $400 less than New Jersey is proposing. They projected somewhere around a ten percent diversion of Florida registrations out of the State because of the $900 increase. In fact, we understand they are now looking at something like a 25 percent diversion of Florida-based plates out of that State into more favorable states. When I inquired about one of the more favorable states they were moving to, I was told that, in fact, some of them were coming to New Jersey.

It struck me as being rather ironic when the Commissioner indicated there has been a 12-percent increase in truck registration since 1970. I can tell you this, gentlemen: The trucking industry has not put any more trucks on our highways. In fact, we have taken trucks off our highways because the freight tonnage wasn't there.

We have been arguing all along that New Jersey is a friendly state in which to register. In fact, many out-of-state carriers are coming to New Jersey to register their vehicles.

So, we ask: How, if our State's industry is declining, hurting, and not registering all of their trucks, can there be a 12 percent increase in truck registration, at a time when we are facing a massive recession in the business climate in New Jersey? What that is, gentlemen, is all of the out-of-state carriers moving their registrations into New Jersey, and they can very easily move out if there is a massive truck registration increase.

MR. KIELY: At this point, we would like to show the Committee the comparative tax rate of the major industries. This comparison is as of 1981. It shows that the trucking industry pays more than its fair share of taxes to Uncle Sam.

MR. STALKNECKT: What we have here are figures produced by the Joint Fact Committee in Congress, which compared various industries, and what their tax rate was on pre-tax income. As you can see, the crude oil industry had the highest tax rate, and the trucking industry and all business taxes had the second highest tax rate. Now, you compare that to our other transportation competitor -- airlines and air freight -- which is 17.6. So, obviously, we have almost a three times higher tax rate than the airline industry. And, ironically, our chief competitor, the railroads, have a tax credit. In other words, they paid no taxes, and they got money back.

What we are saying is, if you compare our tax rate -- all taxes -- and even, further, if you compare us to other industries, our industry has one of the highest tax rates of any industry in the United States.

MR. KIELY: Thank you, Paul. You will get a complete picture of the financial status of our industry following my remarks. But, the next chart, I believe, is the essence of our argument. Paul is displaying a list of some of the New Jersey based carriers which have gone out of business, mostly through bankruptcy, over the last two years. There are others we couldn't fit on the chart, plus, as I pointed out, there have been failures by big interstate trucking companies who had offices and terminals within our State.

Thousands of New Jersey workers have suffered when companies like Mazlin Brothers, Jones, Wilson Trucking, Hemingway, Motor Freight Express, Spector Red Ball, Eazor, Davidson Transfer, and others closed their doors.

Gentlemen, we are not here crying to government. We are asking you to take a good long look at our counterproposal to the Governor's plan. We suggest that $30 million a year for two years be drawn from the General Treasury -- from the surplus funds we read about. This surplus was paid, in part, by the 250,000 men and women in our industry. We are asking for a two-year relief from further taxation by the State. After the two-year period, we think the economy -- or we hope the economy of the trucking industry should be such that we can consider an increase in motor fuel taxes.

I want to emphasize one point. We are not shifting the burden to anyone else. We are not asking anyone to pick up our taxes. As I have shown, we are already paying our fair share. I remind you that former Transportation Commissioner, Lou Gambaccini, said that nearly $3 billion in highway use revenue was diverted for non-highway purposes. Of that $3 billion, our industry paid nearly $1 billion.

Is it unreasonable then to ask for a $30 million-a-year, two year return of those diverted funds?

Gentlemen, we of the trucking industry believe in a stable source of highway funding. We support programs to that end. But, we cannot support an additional tax bite when we are bearly recovering from the worst economic recession since the 1930's in our industry.

We are moving the trucks again, thank the Lord, but we need a little time before we can stand another tax. Thank you.

MR. STALKNECKT: Mr. Chairman, I would like to just show you on this chart that contrary to the Commissioner's statements, again, many of these trucking companies are, in fact, not newcomers; they are old-time trucking companies to our State. I just refer you to the top two names on our list. Cooper-Jarrett, in Morristown, New Jersey, was our State's largest motor carrier, employing a few thousand people in the State. It was one of the largest motor carriers on the East Coast. They are no longer with us.

The next trucking firm, Mohand Express, closed their doors this year. They were the oldest trucking company in New Jersey. They have been in existence since about 1890, and after some 90 years in the industry, they called it quits this year.

So, by no means are we talking about "Johnny-come-lately" trucking companies, who jumped in and jumped out. We are talking about some old firms.

SENATOR RAND: Senator Cowan?

SENATOR COWAN: No questions.

MR. KIELY: Gentlemen, with your indulgence, please, our presentation is not complete, in that we do have some more words from the Secretary of our Association, Mr. Ed Hmieleski, President of Hmieleski Trucking in Plainfield, New Jersey.

EDMUND HMIELESKI: Good morning. My name is Edmund Hmieleski, Jr. I am the owner and President of Hmieleski Trucking Corporation in South Plainfield, New Jersey. This morning I am wearing two hats. I am also an officer in the New Jersey Motor Truck Association.

My company started back in 1920, gentlemen, and I am not going to bore you with our profit and loss statement. I have 125 employees, and in order to survive since 1981, my employees -- everyone, from top management on down -- took a 12-percent decrease in pay. This was done in order to survive in the, let's call it "depression." That is what it has been for my company.

Now, I am going to put my other hat on, and I am going to give you the financial status of trucking in the State of New Jersey. Permit me to begin with several facts about truck transport in New Jersey. I emphasize these facts as they are presented. These are all documented.

In 1983, as the national and state economies began to turn around, the Interstate Commerce Commission reported that 22 of the 100 biggest motor carriers showed losses. The net profit margin of the 100 fleets rose from an almost fatal .49 percent to a still sickly 2.18 percent. We are making less than three cents income on each revenue dollar -- and you can't run a business on three percent. I repeat 2.18 percent.

Even during the sometimes difficult operating conditions of the 1970's, the combined net profit was more than three percent.

In addition to the 22 of the 100 companies that showed losses in 1983, the American Trucking Association reports 20 other fleets showed extremely marginal profitability, with operating ratios at near 99 percent.

Frightfully, on the national scale there has been no increase in the so-called "hard industrial foundation." Steel production, mining, and manufacture of durable products has not grown with the overall change in industrial production. Statewide, this national trend of dislocation and decrease in basic industry is reflected in an absolute and temporary decrease in manufacturing production. Absolute manufacturing loss has continued for nearly 20 years. And, the temporary setbacks relevant to the recent recession have not been reversed fully.

Even in 1984, manufacturing is the slowest of all business sectors in the State. Obviously, any decrease in manufacturing production impacts negatively on our truck transport. The trucking industry gains more from new manufacturing plants and old manufacturing plants, operating at capacity, than it does from the hi-tech industry, or the opening of a few more casinos in Atlantic City.

One other point: The trucking industry pays high corporate tax rates. Recently, the American Movers Conference revealed in a study that trucking companies paid corporate tax rates that were 24 percent higher than the Fortune One Hundred companies. A study by the American Business Conference says the Fortune One Hundred companies paid 16 percent, on an average, in corporate taxes.

Recently, the Joint Committee on Taxation of the U.S. Congress made data public that shows the trucking industry paid effective corporate tax rates averaging 40.3 percent, during 1980 and 1982. By contrast, the chemical industry paid 43 percent -- 4.3 percent. The computer industry paid 25.6 percent. And, strangely, the paper industry enjoyed negative taxes.

It should be noted that even during a severe national recession, the worst recession for the trucking industry in New Jersey, the trucking industry paid a giant 46.1 percent tax on its income in 1981. During the same year, the biggest banks in the nation paid 2.7 percent tax on domestic income.

Now, the railroads -- mind you, our competitors -- received Federal tax credits and refunds of $129 million, on an income of $1.7 billion. This is documented.

The trucking industry in New Jersey is desperately trying to survive. Small, medium, and even some big motor carriers are perilously close to closing their doors. I refer you to the chart that Paul is holding right here, demonstrating some of the hard-based companies -- New Jersey based companies -- that have shut down during the past two years. Unfortunately, we lead the nation in this category. According to statistics made public by the American Trucking Association in Washington, D.C.-- And, let it be emphasized that these bankruptcies and closings, because of financial difficulty, do not reflect the problems of one or two truck operators; we are talking about big carriers.

It is well to make clear the increases in Federal taxes that have impacted on the trucking industry in this State. On January 3, 1983, President Ronald Reagan signed into law the most expensive piece of highway legislation since 1956. Federal revenues from these highway use taxes will increase to $8.6 billion in 1983, $11.7 billion in 1984, and up to $13.4 billion in 1988.

To finance these increases to the states, the Federal Motor Fuel Tax was increased from five cents to nine cents per gallon, effective April 1, 1983.

In addition, truck operators were hit with a 12-percent Federal Highway Sales Tax, replacing a ten percent Manufacturers Excise Tax -- they were just switching and they added on two percent more. That was on new trucks and trailers of more than 33,000 pound gross vehicle weight.

A similar tax on truck parts and accessories was also imposed. Also a prorated, but higher, tax was imposed on big tires, used on a typical 18-wheeler. I refer you to the chart.

The most difficult tax to bear, however, is the 700 percent increase that will go into effect on July 1st of this year. Now, that is the bottom line, a sixteen hundred dollar-a-year highway use tax on each truck. The Federal tax cannot be readily passed along, as some observers seem to say. The highly-competitive atmosphere in the trucking industry, partly a reflection of recent Congressional legislation and partly a reflection of the recent recession, precludes the trucking industry from asking shippers, and therefore consumers, to pick up the tab.

In the days of runaway inflation, this was perhaps a general practice. But, it "ain't" the way we do things anymore. Passing along tax hikes to consumers has been negated by major changes in the industry. We must point this out, because some legislators have suggested we raise our prices, and our freight charges. As I said, that "ain't" the way we do it anymore.

Another financial worry of the trucking industry is the interest rate. Since the Carter Administration, a prime interest rate of 21 percent has been reduced substantially. It has been assumed, therefore, that truckers can readily borrow much needed capital for new equipment. This is not so. Interest rates for truck operators are still high -- far above the 11 percent as of this writing, and now it is 12 percent.

Truck operators, battered by the recession of the past three to four years, just don't have the upfront investment, or cash flow, to take advantage of technological improvements and longer lengths permitted in the provisions of the Surface Transportation Assistance Act of 1982.

If the combination of increased Federal taxes, higher interest rates, and a deregulatory economy has hurt the trucking industry, then increased State taxes, on the order of 25 to 87 percent, are adding salt to the wound.

The constant refrain that trucks damage the highways, and therefore they should pay for the damage, has been disproved time and time again. But, the refrain is restructured whenever a state administration decides it needs additional revenue. Ignorance of our industry and its problems has been a thorn in our side for years. That is why, in our alternative proposal to the increased truck registration fee, we have urged that regular communication be implemented, perhaps in the form of a permanent committee, between State government -- primarily the Department of Transportation -- and the State Trucking Industry.

It is our hope that through understanding, government officials discontinue the attitude that trucks are an easy mark for a new tax source, or that the trucking industry should be willing to compromise, year in and year out, every time Federal or State authorities propose a new tax.

When the economic condition of the trucking industry is as desperate as it is now, even a little tax can strangle some fleets. That is why we are asking for a two-year pause, so to speak, in new or increased State taxation on trucks. All we are asking for is fairness. Thank you.

MR. STALKNECKT: Mr. Chairman, if I may have your permission, I would like to explain one last chart. As Mr. Hmieleski said last year our total industry profits were 2.1 cents on each one dollar of revenue. In other words, for every one dollar we brought in, we had to pay out 97.82 cents in expenses.

Let' just take a theoretical situation concerning one truck. That truck grosses $100,000. Based upon a 2.1 cent industry average -- that means some made more and some made less -- we paid $97,820 in expenses on the $100,000 revenue. We had a profit of $2,180 on $100,000 gross revenue.

Now, if you add in the new tax increase -- and we indicated that was $1600-- When you add in the old tax, and then put the new one in, our increased burden is $1350 per vehicle. If you take that out of profit, because it is not included in our expenses here, that means we made $820 on that $100,000 gross revenue. If you add in the $600 increase at the State level, we made a grand profit of $220 on $100,000 gross revenue. What that means is we are making .0022 cents on each $1 dollar in revenue, if you add in the new Federal tax -- which is a certainty -- plus this one, which is a proposal. That is our fear, and that is our concern. Because, included in this money is our long-term capital investment. When you talk about a new truck costing $100,000 a year -- and maybe we can get five years out of it -- that means we have five years to build to this level up here (indicating on chart) in order to finance a new truck. So, in five years, if we can generate revenue of $1,000 in a reserve fund, and hopefully nothing else happens inbetween, then we can go out with that $1,000 and purchase a new truck, and that is pretty tough.

SENATOR GAGLIANO: Paul, are you saying that, based on those figures, you could never buy a new truck?

MR. STALKNECKT: Just about.

SENATOR GAGLIANO: Is that what you are saying is happening in the industry, on average, today?

MR. STALKNECKT: What has happened, Senator, is that since the late 1970's, the industry has been in a deep recession, and motor carriers have withheld making purchases, or repurchases, of fleets. We have an aged fleet out there, primarily because the carriers do not have the cash flow to go out and repurchase new equipment.

Correspondingly, at a time when our industry is now starting to see a turnaround, and it is starting to see the light at the end of the tunnel, we are now faced with massive taxes, which further erodes the financial reserve we have.

SENATOR RAND: Senator Hurley.

SENATOR HURLEY: Would you tell us if the comparisons you made between New Jersey and out-of-state carriers, include the tolls?

MR. STALKNECKT: Yes.

SENATOR HURLEY: Okay.

MR. STALKNECKT: Excuse me. We just referred to the registration fees.

SENATOR HURLEY: Oh, just the registration fees. Well, you made quite an argument regarding the impact of tolls on your industry.

MR. STALKNECKT: That's correct.

SENATOR HURLEY: How did you factor the tolls in, or did you factor them in?

MR. STALKNECKT: No, we did not factor them in, to give us a rank as compared to other states.

SENATOR HURLEY: Well, that leads to my next question, did you factor in the possibility that those tolls -- for example, the New Jersey Turnpike -- may actually save you? When you listed the enormous tolls you pay as you run the trucks through the State, did you take into consideration the operating savings that may also impact on your industry?

MR. STALKNECKT: We did the same thing as the DOT did, and that is, we compared taxes; and, a toll is a road use tax. That is what we did.

SENATOR HURLEY: I am not criticizing you. I just want to know what you did. We have a very difficult problem with comparisons.

Mr. Chairman?

SENATOR RAND: Yes?

SENATOR HURLEY: If I might make a suggestion, can we have our staff, independent of DOT and independent of the Truckers Association, give us some comparisons, not in gross figures but a breakdown of fees, taxes, and registration fees, so that we might know exactly where we stand?

SENATOR RAND: Yes. We have some information, but we will get additional information.

SENATOR HURLEY: Thank you.

SENATOR RAND: Are there any further questions? Senator McManimon?

SENATOR McMANIMON: Yes. There are a couple of things I am very much concerned with. I understand that other states give their trucks credit for their tolls. Do you know the specific states that do that?

MR. STALKNECKT: I believe New York and Ohio do that on the ton-mile tax. Those are the two that come right to my mind. Not all states do that, Senator; some do it.

SENATOR McMANIMON: All right. Realizing our truckers do not benefit in that area, I went through your white paper -- and I guess I can direct this question specifically to you, Mr. Kiely -- and your recommendations were that you would appreciate it if the Administration would consider taking the $30 million from the General Fund for the years 1985 and 1986. I get the impression that you are indicating that the trucking industry would then, after those two years, be willing to pick up the additional fees from then on, by discussing the overall tax structure. Am I right in assuming that is the projection of the industry?

MR. KIELY: I believe our recommendation -- I know our recommendation is for the Administration to take the $30 million, for the next two years, out of the General Fund. Then, possibly -- as I said in my statement -- as the industry comes out of the doldrums and starts to show improvement, perhaps a tax in another form -- a gasoline tax, for instance -- may be more acceptable to us at that time.

SENATOR McMANIMON: The reason why I am asking is, I am trying to put together, in my own mind, the fact that we are taking in surplus money, which the trucking industry has already paid into --

thus helping to build up that surplus -- and now we are trying to throw an added fee onto the trucking industry, through increased registration fees. In correspondence with the Commissioner, he said that even with the combined fees -- prior to that -- we were ranked 46th, and this would now bring us down to 37th.

You indicated in your presentation that you felt we would be 9th. Now, am I to assume you are concerned with combined fees, or just with registration fees?

MR. KIELY: Our registration fees would make us 9th, when comparing registration fees. I think we pointed out our combined fees on the chart, and by including the toll roads, it would put us right up there too.

SENATOR McMANIMON: I just want the Committee to be cognizant of the fact that you are not opposed to the program that is being presented. Your major concern is with the fact that you are the only industry that is being hit with a tax burden.

MR. KIELY: Exactly. We don't oppose the new jobs, and we don't oppose the new program; we only oppose the tax.

SENATOR McMANIMON: Thank you.

SENATOR RAND: Paul, let me just say one thing: I think you understand that this Committee -- and I think I can speak for all of us -- is sympathetic to your problems. We are here to determine what, if anything, we can do in order to alleviate the pressures that are on you.

We ought to remember just a few things. First of all, the $1600 which you factored in, is considered as a attempt by the Federal government to increase your diesel gasoline tax.

Let me just say one thing: This Legislature, as long as I have been here, has been very receptive to easing the burdens that are on your backs. If I recall, some two and one-half years ago we repealed a full-time registration for construction trucks because they couldn't operate in the wintertime. We reduced the sales tax by five percent, which cost the State, according to my figures, about $45 million, annually. I can see the reason why, under those circumstances, we thought we could get an increase in registration fees, etc.

We understand your problems, and we understand what the burden is. We are going to try and address this with a sense of balance as to, "what will it do for the State," and whether or not it will penalize you and the State.

So, I think your comments did not fall on deaf ears. We certainly appreciate your being here today to offer your testimony.

MR. KIELY: Thank you, Mr. Chairman.

MR. STALKNECKT: Thank you.

SENATOR RAND: We are going to take a five-minute break, and then Mr. Salmon is going to be called after the break.

Mr. McManimon?

SENATOR McMANIMON: Mr. Chairman, for the record, I sincerely feel -- knowing you are a member of the Appropriations Committee -- that you have a pretty general idea of what our projected surplus is in this State. I think before any action is taken on this type of legislation, or before we ever put the burden of taxation on any industry in this State, when government's primary purpose is to provide a service and not to build surpluses, we should try every avenue of approach, with the Governor and with the Administration, in order to try and utilize those surplus funds to accommodate this program.

SENATOR RAND: We will reconvene in exactly five minutes.

(recess)

AFTER RECESS

SENATOR RAND: Will the Senators please take their seats? If you will take your seats, we will appreciate it. We have 20 more people to speak today, and we are going to hear everyone. We hope that you will not be repetitive. We hope that you will confine your remarks to the issues at hand. In that way, we trust we will get finished by five o'clock.

The next speaker will be Freeholder Director Edward Salmon from Cumberland County.

FREEHOLDER DIRECTOR EDWARD H. SALMON: Thank you very much, Mr. Chairman. My name is Edward H. Salmon. I represent the Cumberland County Board of Chosen Freeholders as the Director of the Board. It is nice to see you this morning, Senator, and also to see my home Senator sitting here -- Senator Jim Hurley. We appreciate the opportunity to come before you and your Committee on this very important issue.

I represent today not only the Cumberland County Board of Chosen Freeholders, but also the residents of Cumberland County and the trucking industry that exists in Cumberland County.

Over the past several weeks, I have been following the proposed Assembly Bill 1574 and Senate Bill 1446 regarding the New Jersey Transportation Trust Fund. It is my understanding that this Trust Fund will provide moneys for New Jersey Transit and Department of Transportation annual capital programs, and further, that this proposal comes by way of recommendation by Governor Kean in an attempt to address the major transportation issues that face all residents of the State of New Jersey. I would like to preface my remarks by first stating that Governor Kean, Commissioner Sheridan, Senator Rand and his Committee, and the legislators who are proposing this plan should be commended for recognizing the need to improve our roads and highways throughout the entire State, the impact it would have on Cumberland County, and, more specifically, the completion of Route 55 and the upgrading of other highways in our area.

My concern, however, is with the sources of revenue to fund this plan. While the Board of Chosen Freeholders does not oppose the entire proposal offered by Governor Kean, it does fear one area of funding in particular. That is the increase in truck registration fees which amounts to thirty million dollars of the proposed two-hundred and thirty million dollar trust fund. As you know, this increase represents a raise in registration fees that range as high as 87%.

The trucking industry in Cumberland County has been facing difficult economic times, due in part to numerous local glass plant closings, fierce competition, and increases in Federal fees. This has already resulted in the closing of two companies in our County -- Gartons and RDS Trucking -- and the loss of more than 100 jobs. Presently, Cumberland County has 19 trucking firms, which represent approximately 1,500 jobs. All of these companies would be severely hampered and harmed by any further increases in cost which could result in further shutdowns and job losses.

As you may know, Cumberland County continues to have the highest unemployment rate in the State -- 14.2% -- and the situation is continuing to worsen. To impose yet another tax on our already struggling truckers would create such a hardship that we may see our New Jersey truckers moving out of this State, across the bridge, to set up a facade of a firm to escape an already burdensome overly-regulated industry. I might point out that I was just talking, during the past week, to one trucker who claimed that if this was passed, he would move to Delaware, and it would save him approximately $36,000 in fees. His business is a small business, and this would be a major factor in whether he stayed in this State or not.

The impact on unemployment in this State would drastically escalate. Cumberland County, an already economically deprived County, would suffer perhaps more than any of the other counties.

No responsible government official disputes the need for wholesale repair of our highways and bridge infrastructure, but to ask a belabored trucking industry which is already taxed and charged to the limits of its ability to pay and still remain solvent, is going beyond the realm of reason.

The Cumberland County Board of Chosen Freeholders, in recognizing the vulnerability of our local economy, and the part the trucking industry plays in that economy, has unanimously passed a resolution -- a bipartisan resolution -- supporting the concept of stable funding for the transportation project, but opposing increases in truck registration fees. I have given you a copy of that resolution. It states that we are unalterably opposed to any type of truck registration fee increase. Further, I respectfully request that you find an alternative to the $30 million truck registration fee increase. In doing so, remember that those employed directly by the trucking industry in Cumberland County form a significant percentage of our labor force and, also, an awful lot of spin-off to other industries and businesses. Their well-being has an important bearing on the prosperity of a still larger percentage of people.

Our Board of Chosen Freeholders stands ready to work with you in formulating an alternative to this portion of the proposed funding source, as do all the members within our County government. We realize the importance of having a trust fund and a dedicated tax so that we can repair our roads and bridges, but we also have to realize that we need to have a strong trucking industry within not only Cumberland County, but within the State of New Jersey.

I appreciate the opportunity to testify today. I also appreciate the fact, since I have a meeting with the prosecutor at 2:30, that you were able to get me on ahead of time, Senator.

SENATOR RAND: Senator Hurley?

SENATOR HURLEY: Not everyone would admit to having a meeting with a prosecutor. (laughter)

FREEHOLDER SALMON: You're right.

SENATOR HURLEY: Freeholder Salmon, in your testimony you mentioned there were 19 trucking firms and 1,500 jobs. Do you have any idea how that compares to five years ago, or three years ago? Where are we going, or which way are we going?

FREEHOLDER SALMON: I think we are going backwards, Senator, because, as you and I well know, the glass industry has suffered a lot of hardships in the last several years in our County. Glass, of course, has always been the major industry there. As I did state, two trucking firms have gone out of business; they are not presently in business, which caused a loss of over 100 jobs. I cannot give you specific data, but we can get that and furnish it to your office. I think you would see that the trucking industry has been going in the opposite direction. Instead of an increase in employees and making a strong trucking industry in Cumberland County, we have been going backwards.

SENATOR HURLEY: Thank you.

SENATOR RAND: Freeholder Salmon, I suppose that outside of the people who are in your County, no one knows more about the economic situation in Cumberland County than myself. One of the reasons we pushed Route 55 so vigorously was the fact that we think Route 55 is going to help Cumberland County in its economic situation. We certainly understand. I want to tell you this though, I certainly would serve warning before anyone moves out of New Jersey to go to Delaware, to tell them to look up the gross receipts tax and a few other hidden taxes they would have, which would certainly offset the advantage of getting a lower registration fee in Delaware. All things are not as they appear to be.

Our job is a very difficult one. We know we need the roads, especially in South Jersey. That is our main avenue of transit. We do not have electrified trains; we have nothing of that nature. Ours is a county situation of roads, and most of our people get to work by automobile. That might not be the best idea in the world, but that is the way it is done in South Jersey. What we have to do is balance our outlook of what is good for the State and what is good for the people. Hopefully, we are going to understand that process a little bit better by the time we get all this testimony. We thank you for coming here today, and we'll now send you back to the prosecutor in Cumberland County.

FREEHOLDER SALMON: All right. Let me just say this, Senator, if I may, in closing. We certainly recognize the responsibility this Committee has, and I think the first thing I would like to do is laud you -- and Senator Hurley in particular -- for the efforts you have made in getting Route 55 moving again. It is great to be able to drive over the 42 Expressway onto the Walt Whitman Bridge and see construction going toward the south again. This Committee certainly deserves a lot of credit in that regard.

One of the things the Board of Chosen Freeholders feels is, we realize you have a difficult situation. However, we feel there are alternatives to funding that we would like to have you look at, besides increasing the truck registration fees. I think that is the bottom line we are asking today. Would you please take a very hard, serious look at alternatives for funding sources, other than increasing the truck registration fees?

SENATOR RAND: Freeholder Salmon, we are going to look at everything. I have thrown out some things, not because I believe that is the way we should go, but because I said from day one, when I took this bill, that we would look at every alternative, and would come up with what we think is the right thing to do for the State of New Jersey. I would say this to you -- and I have to put this on the record -- our middle northern neighbor, Senator McManimon, and Senator Gagliano and Senator Cowan from the north, have been deeply sympathetic to our problems in the south. They have been with us on Route 55 100%.

FREEHOLDER SALMON: Super.

SENATOR RAND: Thank you very much for appearing today.

FREEHOLDER SALMON: Thank you very much, Senator.

SENATOR RAND: Richard Brandys, Director of the New Jersey Retail Merchants Association. Good afternoon.

RICHARD BRANDYS: Good afternoon, Senator. Chairman Rand, members of the Committee: My name is Richard Brandys, and I am here on behalf of the members of the New Jersey Retail Merchants Association.

The Retail Merchants Association is a statewide Association representing over 1,000 retailers, including all major retailers within New Jersey.

Our Association is in strong support of Governor Kean's highway financing proposal; after all, our State cannot continue to prosper economically, nor be able to attract new businesses, if we go on with our present methods of transportation funding.

However, on behalf of my membership, we cannot lend support to the Governor's proposed increase in truck registration fees. I do not want to repeat the many claims made here today against this proposal. However, I do want to remind this Committee that the proposed one-time increase in the truck registration fees will not be able to be absorbed by either the trucking industry nor the retailers they serve.

New Jersey is a State that is heavily dependent upon the trucking industry; furthermore, my membership is a major user of this transportation mode. Thus, with neither the trucking industry nor retailers absorbing the proposed increases, it is obvious to me that these increases will be directly responsible for further increases in almost all products sold in the State of New Jersey.

In this time of struggling fiscal recovery, we think it is quite foolish to propose yet another method of fueling the inflation rate. I cannot stress strongly enough that truckers and retailers will not be able to absorb these proposed increases. The result of this bill will increase the costs of all products, thus all consumers will have to dig deeper into their pockets. Is this the price that we must pay for better roads?

I urge the Committee to weigh heavily the implications of any increase in truck registration fees before looking to alternative methods of funding.

SENATOR RAND: Senator Cowan?

SENATOR COWAN: No, thank you.

SENATOR RAND: Senator Hurley?

SENATOR HURLEY: No questions.

SENATOR RAND: Senator McManimon?

SENATOR McMANIMON: No questions.

SENATOR RAND: We appreciate very much your coming down here to make it very clear that the bill will be passed on to the consumer. On behalf of the Retail Merchants Association -- which I am sure employs a lot of people -- do you have any suggestions about how we can raise the money? If you don't, it is perfectly all right. That is not your job; I understand that.

MR. BRANDYS: At this time, our Board of Directors has not made a decision paper on that statement.

SENATOR RAND: Thank you very much.

MR. BRANDYS: Have a good day.

SENATOR RAND: Gary Bonacci of the AAA Trucking Corporation.

GARY BONACCI: Mr. Chairman, members of the Committee, ladies and gentlemen: My name is Gary Bonacci; I am Assistant to the President of AAA Trucking Corporation, headquartered at 3630 Quakerbridge Road, Trenton, New Jersey. AAA Trucking Corporation is a privately-held, interstate motor common carrier which operates throughout the Northeast. We presently employ approximately 800 personnel, 250 of whom are New Jersey employees. We have approximately 900 vehicles in our fleet; currently, 610 of them are registered in this State.

I am making this statement on behalf of our president and owner, and the corporation's employees, some of whom, out of real concern, are here today around you. They have taken time from their busy schedules because they are deeply concerned. Some of the rest of our employees, who had to stay home to keep the wheels turning, are represented here through letters, which you should be receiving in your mail shortly.

I would like to state at this time that there were some comments about alternative tax methods. The comments I am about to make should address why that is not even a feasible consideration. Our company has been in business since 1931, and has seen our industry go from complete nonregulation to complete regulation, and back to what appears to be negligible regulation. However, prior to 1980, our industry was regulated, and costs inflicted upon our company, such as those which Commissioner Sheridan is trying to impose, were able to be passed on to the consumer. Since the Motor Carrier Act of 1980, and, more importantly, the total negligence of the Interstate Commerce Commission to enforce the laws of that Act, our industry is in a price war which is resulting in the total financial disaster of the industry.

Closer to home -- as you've heard -- the greatest impact of this disaster has been within our own State of New Jersey. We have one of the greatest numbers of trucking company failures in the country. On the Federal level, the ICC, through total neglect of its enforcement of the present laws, has allowed conglomerate-owned trucking companies with huge bankrolls to price those services clearly and obviously below cost, in an effort to drive family-owned companies, such as ourselves, out of business. This, coupled with the political power of these conglomerates which is used to create such laws as the ERISA Act, has made it not only impossible to compete, but also impossible to die in peace.

Now, what I mean by that, is that unfunded liability, which is the result of the ERISA Act, makes it impossible for us to either sell or merge with other companies. It is a fact that the top ten carriers in the country now own over 53% of the market, which is up from 39% in 1979. In addition to the disaster created by the rulings on the Federal level, President Reagan's decentralization of the government has forced the individual states, such as New Jersey, to scramble and fight for their fair share of what used to be Federal funds.

Seeing a divide-and-conquer situation in the trucking industry, these states have repeatedly bombarded our companies with such things as fuel tax increases, axle taxes, gross receipts tax increases, ton-mile tax increases, property tax increases, and, now, registration fee increases.

What does this mean to a company like AAA Trucking Corporation? Before I answer that question, let me make some factual statements about our company. In 1983, our company's gross revenues were approximately $37 million. We had the second-best operating year in our company's history at 93.49%. This is five percentage points better than the industry average, and we are very proud of that. However, profit, after State and local taxes, loan payments, interest payments, and what have you -- we walked away with six hundred thousand dollars. The return on equity was somewhere around 6%. It does not take a financial genius to realize that our money would be better invested elsewhere.

The proposal before this Committee is one of serious consideration. Should this proposal be allowed to pass, our company will be faced with an annual increase of one hundred and five thousand, two hundred and twenty-two dollars. Using our 1983 operating statistics -- which I have already mentioned were the second-best in our company's history -- this means we will have to generate an additional one million, six hundred and eighteen thousand, seven hundred and sixty-nine dollars just to pay for this increase.

Obviously, our company simply cannot afford this, or any other increase, at this time. As I stated earlier, in 1983 we generated a profit of only six hundred thousand dollars. The skyrocketing costs inflicted by all the states in which we do business, together with the rising costs of operating equipment, do not even leave enough to consider expansion. Expansion, in our industry, is the key to survival. I say this, because in order to compete with the discounts being offered by our competitors, and being allowed by the ICC, which are now in the 50% to 60% range, we must be able to secure more freight transportation from our customers. Discounts are predicated on volume; therefore, in order to be in a position to obtain this volume, we must be able to serve more points. Obviously, without expansion, our future is dim, at best.

The State of New Jersey is one of the highest-cost states in which we do business. We have the highest property taxes, and it should be noted that the nature of our business is one which requires a lot of property.

In my opinion, we have the most ridiculous and Christmas-like spirit toward matters such as Workmen's Compensation, civil rights, and other such giveaway programs in the country. Our sales taxes are among the highest in the country, and our concentration of toll roads, as you heard, is among the highest in the country. Our legislators continue to chase industry from our State by the introduction of ridiculous bills, such as the plant closing bill, which is up now for consideration. Is it any wonder why we ask ourselves just what in the hell we're doing in the State of New Jersey?

I recently learned that our Governor is funding a committee to study hunger in our State. I suggest we focus on the cause of the problem, not the resolution of the results. I believe we should be enticing industry to remain in the Garden State, thereby supplying jobs to those who are now hungry so they can afford to feed themselves. Instead, we continue to find ways to chase industry from the State.

In conclusion, I would like to say that all this political bombardment has done is bring our employees closer together with our companies, and our companies closer together within our industry. We agree that the State needs roads, but we believe we have always paid for them. We are tired of being kicked around the political arena. As we at AAA Trucking Corporation see it, we have two options to follow should this proposal proceed. The first option is that we will move the bulk of our 610 vehicles now registered in the State to a friendlier state. Incidentally, I should add that we currently pay the State of New Jersey one hundred and twenty-eight thousand, sixteen dollars per year for registration fees, just in the categories covered by this proposal. That still leaves a balance of 360 other vehicles that are outside this proposal.

Our second option is to reduce the number of employees we now have in order to compensate for the proposed increase. We do not wish to take either of these measures, but would rather work with this Administration toward the betterment of our State through setting and achieving common goals, such as transportation systems that would be surpassed by none. However, if this and other cost-increase proposals continue to be forced upon us, we are in a position, and we will, in fact, not only institute both of the above options, but will also take appropriate measures to leave this State and do business in a state with a friendlier business atmosphere.

I thank you for your attention and for this opportunity to address the Committee. I hope you will support our side of this issue, because without companies such as ours hunger will be the norm instead of the exception in this State, because our industry will not survive to even see the roads being proposed by Commissioner Sheridan. This State will not survive, and you, the legislators, will probably be out of work. Thank you.

SENATOR RAND: I am sure there will be some questions from my colleagues here, but before I call on them, let me repeat my concern for the trucking industry, as well as all the ramifications thereof. However, I must clear the record. Yes, we are concerned with civil rights and affirmative action, and you bet your sweet life we are concerned with hunger. There are people who are hungry in this State, and we are concerned. We are also concerned with the industry climate in this State, and we have addressed our concerns to your very industry, sir.

MR. BONACCI: Then let's put them to work.

SENATOR RAND: Please let me finish. I let you finish; now, you let me finish. We reduced the sales tax; we are the only ones in the country who reduced the sales tax. We put a six-month registration fee on those trucks which couldn't work during certain times of the year. We are having this hearing today because we are concerned. As far as unemployment compensation goes, that has been restructured now. Yes, it is equally important for us to make labor happy, to make industry happy, and to make our people happy. I thoroughly agree with some of your comments; but, let me make it very clear that there were some of your comments with which I thoroughly disagreed. Senator Cowan?

SENATOR COWAN: I think you have put it very well, Walter. When you mentioned compensation, I assume you probably meant something regarding disability compensation too. Actually, what we have done in this State with disability compensation in the last two years -- and these would be the years I actually have figures in my head on-- Going back to the reformation in 1980 -- the first two years that that was implemented -- industry in this State saved over $100 million in premiums. It is the only field today where there is actually cost containment, and we are one of the few states that have it.

SENATOR RAND: Senator Hurley?

SENATOR HURLEY: Thank you, Mr. Chairman. I would like to indicate to you, sir, that we appreciate the first part of your presentation in which you recited facts about your company. These are indisputable by us. However, I want to tell you that the efforts of this Legislature, and this Administration, to not only keep industry here but to encourage industry, have been very much in our minds. Not only has this not gone unnoticed, but we have taken what I think are some dramatic steps. So, when you come here and exercise your right because you have the microphone, you have to expect a rebuttal from us. We are aware of the different situations; we are aware of the climate that was -- and maybe in your mind continues to build in New Jersey -- that is anti-business. We do not like that, and we have taken a number of steps -- I could enumerate them for you -- to alleviate that, and to cause people to want to do business here.

I think your testimony would have been a lot stronger if you had left part of it out.

SENATOR RAND: Senator McManimon?

SENATOR McMANIMON: I happen to know Mr. Bonacci personally. Without a doubt, he has one of the most reputable firms in the entire area. I think I can fully sympathize with the fact that he is provoked within because he knows his industry is being jeopardized. He is well aware of the amount of bankruptcies that have taken place in the respective industry. Any business that does $37 million and comes out with a six hundred thousand dollar profit sure as hell better concern itself about reinvesting its money elsewhere, particularly with the way the economy is in other parts of the country.

Because of my personal association with him, I believe that some of the remarks he made were just because of his inner self. He has been subjected to a multiplicity of things. I am not about to go into them on this floor today, but this is the only way he has the opportunity to present his overall view. I think his presentation was right on target with respect to the industry.

I have made my statement to you with respect to the Appropriations Committee, and I am waiting to find out when we will know, in truth, just how much surplus this State has, and whether we should be providing a service to our constituencies in our industries, rather than constantly putting an added tax burden on them.

SENATOR RAND: Senator McManimon, I certainly understand your position, and I understand Mr. Bonacci's position. I have no problem here; I understand his frustrations. But, I would like to make a clear, positive statement that some of his frustrations should be addressed to the Federal side, not to the State side. We have not put a $1,600 tax on them. If we had the five-cent gasoline tax that the Federal government preempted this Legislature from having, we would not be here today under these circumstances. They are the ones who took the five-cent gasoline tax, when we should have exercised the five-cent gasoline tax in this State. We would have had $175 million to $200 million right now, in advance.

I admit, sir, that your frustrations are true and valid frustrations, but I would submit to you, and I would submit to this audience, that most of them are caused by the Federal government, not by this Legislature. Mr. Bonacci, thank you very much.

MR. BONACCI: May I make a summation comment?

SENATOR RAND: Yes indeed, you certainly may.

MR. BONACCI: I am quite surprised. With all due respect, I certainly did not intend to direct my statement toward issues other than this registration bill, which apparently I have done. I am familiar with the records of each one of you, and I am familiar with what you do. My company and I appreciate the efforts you are making in all areas, and I want that understood. I know you are making strides in all areas; however, we have a long way to go. I'm sure you will agree.

My statement, sir, is based upon the whole industry, and the whole picture, not just the little nut of New Jersey. It is the whole picture that is important here, not just what New Jersey does. Yes, there are a lot of Federal comments in my statement, but what the Federal government is doing to us, in conjunction with New Jersey, Connecticut, New York, and Massachusetts, is what will put us under. I am here on behalf of my employees who live this day in and day out, sitting behind the desk of a trucking company. Thank you, sir.

SENATOR RAND: Thank you very much. May we have Mr. Annussek? (Mr. Annussek not present.) Mr. William Halsey.

WILLIAM E. HALSEY: Good afternoon, Mr. Chairman, and members of the Committee. My name is William E. Halsey. I am Director of Government Relations for the New Jersey State Chamber of Commerce.

Organized in 1911, the State Chamber has always been concerned with issues affecting the strength and health of New Jersey's economy and the quality of the environment in which businesses must operate in our State. The State Chamber serves as a liaison between business and government on issues affecting the general advancement of New Jersey. For a number of years, our organization has been quite aware of the mounting statewide problem of public works infrastructure maintenance, particularly as it relates to transportation facilities. The free flow of people and goods throughout our State is a basic element of New Jersey's economic health. Potholes and poor pavements are the most obvious manifestations of the need for systematic transportation infrastructure maintenance and improvement programs, but bridges, retaining walls, and other less obvious elements of our transportation network are also subject to wear, aging, and obsolescence on a continuing basis.

In the past, our Chamber has supported proposals to fund increased expenditures for transportation facilities, maintenance, and improvement. For example, we strongly supported the $475 million transportation bond issue plan in 1979. We also supported the New Jersey Bridge Rehabilitation and Improvement Act in 1983. Our Transportation Advisory Committee, which is comprised of specialists employed by various member companies and organizations, has made it a practice over the years to meet from time to time with New Jersey Commissioners of Transportation. The members of this group are thus well aware of the need for a source of funding transportation facility maintenance and upgrading that is more stable and less costly than the bond issues, which have been the principal funding source in recent years.

In the course of our deliberations, there has never been any question of the need for a greater State focus upon transportation infrastructure improvements. The proposal before you today, Senate Bill 1446, is being reviewed not only by the Chamber's Transportation Committee, but also by members of our Cost of Government Committee, which addresses taxation issues, and our Economic Development Committee. As a preliminary to that review process, members of all three groups met with Commissioner Sheridan last February. Because printed copies of the measure were not available until some time after our meeting with the Commissioner, our committees' members are still in the process of reviewing this proposal.

Based upon responses to date, we can report that support for this proposal is strong. Only one significant difference of opinion has emerged, and that concerns the $30 million a year to be raised through increased motor truck registration fees. Our committees have listened carefully to arguments against this portion of the proposal which have been put forth by the New Jersey Motor Truck Association, including the point that increased registration fees will serve to drive some motor carriers to register their vehicles in other states.

We recognize that the use of State surplus revenues in place of increased truck registration fees, as the Motor Truck Association suggests, does not constitute a very stable source for funding part of the four-year improvement program. On the other hand, we are very well aware of the economic difficulties which have confronted motor carriers in our State in recent years. I might add that since they are also being hit at the Federal level, they would be twice as hard hit with this kind of a proposal.

One possible alternative that has been suggested to this fee hike is the imposition of a tax upon diesel fuels at the pump. Advocates of this approach point out that such a tax would be levied also upon out-of-state motor carriers who purchase fuel in New Jersey. In contrast, the costs of increased motor vehicle registration would be borne entirely by carriers based in New Jersey. Unlike the registration fee hike, which to carriers is a fixed annual cost, the motor fuel tax would be borne only by carriers whose vehicles are on the road and, presumably, earning some money.

Another possible answer might lie in a diesel fuel tax coupled with a more moderate 10% to 15% increase in heavy truck registration fees, with the level of fee assessment tied to the wholesale price index so that registrations would be increased gradually from year to year.

Let me emphasize, however, that these suggestions do not represent State Chamber of Commerce policy on S-1446 at this time. The final policy determination will involve a review by our Board of Directors. For the purposes of this hearing, however, it can be said that the State Chamber: (1) Clearly recognizes the need for increased funding to meet mounting requirements of transportation infrastructure upgrading; (2) recognizes also that special bond issues, while they can finance immediately-needed restoration and replacement expenses, may be a costing mechanism for continuing to meet such expenses; and, (3) supports all aspects of the financing package proposed by S-1446, except that opinion is divided with respect to the use of increased motor truck registration fees to cover the $30 million per year element of the overall funding package. At such time as the Chamber adopts a definitive policy on this issue, we will convey that policy to the members of the Committee and to the Legislature.

SENATOR RAND: Thank you very much, Mr. Halsey. Even though what you said in part of your presentation was not Chamber policy, I, as a legislator, am appreciative that you recognize there are other alternatives, and that there are other methods and other roads whereby we might be able to come to some conclusion to carry on this very worthwhile project.

MR. HALSEY: Senator, that is why we based this on our three different committees, because the experts we have on these various committees take a different kind of view. They have different kinds of expertise on those kinds of alternatives. So, at such time as we accumulate all of these responses, we may come up with some--

SENATOR RAND: (interrupting) Would you make us privy to some of their conclusions when you achieve that? I certainly hope that they zero in on some of the comments you have made, because I thought they were very well taken.

MR. HALSEY: Thank you; I appreciate that very much.

SENATOR RAND: Senator Cowan?

SENATOR COWAN: No questions, thank you.

SENATOR RAND: Senator Hurley?

SENATOR HURLEY: There is one comment I would like to make, Mr. Halsey. While your committees are studying these alternatives, and since your organization obviously has the expertise, could you zero in on the issue of how to get more revenue from out-of-state truckers without jeopardizing the balance that exists out there -- obviously, between states?

MR. HALSEY: Well, if you were taxing diesel fuel, as I suggested -- and this was one fellow's suggestion, by the way, in an early response -- coupled with a gradual phase-in of increased trucker fees, the diesel fuel tax would be collected at the pump, as opposed to a registration fee which is assessed only on New Jersey carriers. I think that Mr. Stalkneckt pointed out that an awful lot of-- We do not want to see trucking companies leave the State to register their vehicles elsewhere.

SENATOR HURLEY: We caught the comment about the diesel fuel, but are there others? For example, a very open comment has been made during the discussion of this bill for the last several months. The comment has been made that we should get more from out-of-state truckers who use New Jersey's roads. The question is, what other alternatives are there besides the--

MR. HALSEY: (interrupting) Besides the diesel fuel tax?

SENATOR HURLEY: Yes. You do not have to address it now. I am just saying, when you study it, will you let us know?

MR. HALSEY: We will certainly take that into consideration. I appreciate your comments.

SENATOR RAND: Senator McManimon?

SENATOR McMANIMON: In conjunction with Senator Hurley's remarks, I would also like to have them look into the area of those states that are giving trucks credit -- the in-state trucks. Some states are giving the trucking industry credits on their tolls. I would really like to see a clear picture on that; I would like to see how that works. You are going to study the possibility of assessing out-of-state trucks, yet there are other states which take care of their own trucking industries within the states by giving them credits on the tolls they pay. I would like to get a clear picture on that, to find out how it is working in other states, and to what degree.

MR. HALSEY: One other thing; we would certainly like to try to get some estimates. I don't know, maybe the Motor Truck Association could help us a little bit with this on projections of what a diesel fuel tax of, say, one cent, would raise, and whether that would be--

SENATOR RAND: (interrupting) In your discussions, and in your deliberations, let me throw out another thing which really confused the issue. You know, New Jersey has an eight-cent gasoline tax, which is the lowest in the entire eastern part of the country. I do not have the figures; they are in my attache case. I would submit to you that from the percentages that Legislative Services gives us, 45% to 48% of that is paid by out-of-state motorists and truckers. It is a pretty good amount of money, if I recall, because at five cents, which I referred to that the Federal government preempted us by, we would raise anywhere from $175 million to $200 million, and 45% to 48% of that $200 million would be paid by out-of-state people. I do not throw that in as a recommendation because it was turned down once and we were preempted by the Federal government, but I just want to put it in with the mix of the soup. Thank you very much.

MR. HALSEY: Very good. Thank you very much.

SENATOR HURLEY: May I make one other comment?

SENATOR RAND: Surely.

SENATOR HURLEY: I am not sure I quite understood Senator McManimon's suggestion to you, so maybe I am going to be redundant, but--

MR. HALSEY: (interrupting) I think, if I am right, it was to look at other states and the credits they assess, in fact, to truckers who pay tolls.

SENATOR McMANIMON: In-state. In other words, those truckers who are registered in a state receive a credit on the amount of tolls they pay within the state.

MR. HALSEY: Frankly, I was unaware of that.

SENATOR McMANIMON: We are asking how it is picked up, more or less from the out-of-state truckers. I would just like to see--

SENATOR RAND: (interrupting) I suppose that is credited to their corporate tax, to their income tax, to their registration fees, or something. I mean, there must be some way of evaluating that.

SENATOR McMANIMON: Right; I do not fully understand the whole structure. I just thought we ought to have a clear picture of it, because with Connecticut charging our truckers in their state now to register a certain percentage of their trucks -- and that came about just recently -- you know, these other states are throwing burdens on our truckers, but at the same time they are protecting their own. I think it is high time for us to protect our truckers in this State as well.

MR. HALSEY: I would be curious to see how that credit is assessed to in-state truckers -- how they break it down between in-state truckers and the truckers coming from out-of-state. We can look into that too.

SENATOR HURLEY: The whole toll issue raises a lot of questions.

SENATOR RAND: Okay; thank you very much again.

MR. HALSEY: Thank you.

SENATOR RAND: Mr. Fred Sacco, Executive Vice President of the Fuel Merchants Association. Good afternoon, sir.

FRED J. SACCO: Good afternoon, gentlemen. My name is Fred Sacco; I am the Executive Vice President of the Fuel Merchants Association of New Jersey. We represent approximately 500 members who are home heating oil distributors in the State. They are responsible for delivering 90% of the fuel oil demand in New Jersey.

I also have 75 members who comprise our Gasoline Jobbers Division. They are responsible for the distribution of about 17% of all the gasoline that is dispensed through New Jersey.

Senator Cowan, Senator Hurley, Senator McManimon, and Senator Rand: I address each of you individually because you are deserving of an accolade. Gentlemen, there is a special thanks due this Committee, because the last time that motor truck fee increases were considered, this industry was given very little opportunity to address the issue. I will deal with that a little bit down the road.

Naturally, we are very concerned, because, in essence, we had our fees doubled. We had the truck registration fees of the home heating oil industry doubled in very recent history. There was a piece of legislation being considered in the Assembly at the close of the 1981 session. There was an amendment offered on the floor. It was given emergency treatment, adopted in the Assembly, sent over to the Senate, given emergency procedures, adopted, sent to the Governor, and signed. Gentlemen, in essence, what that piece of legislation did was double -- double -- the motor truck registration fees of the home heating oil industry, and many other seasonal industries in New Jersey.

I would like to advise you that the home heating oil industry is substantially a four-month industry, from November through March. We dispense to about a million customers throughout the State 80% of the fuel they demand. Historically, we were able to take these vehicles off the road for six months, and only pay a half year's registration fee because we only use them for four months. Now, we are obligated to pay a full-year's registration fee for that truck, even though it parks for eight months. In the initial phase of this kind of a hidden tax put on our industry, we were also forced to carry insurance rates for a year, until we began to understand the nuances and began negotiating with the insurance companies. So, that was an added business tax.

Now, here we are, back before this Committee, again concerned with the doubling of the truck registration fees of the home heating oil industry just two years and three months later. I bring that to your attention because I have read press accounts, I have read statements attributed to members of the Administration, and I have read memos that are circulating to the Legislature -- I'm sure the members of this Committee have received these as well -- that we have not increased our fees since 1975. I'm telling you, gentlemen, it is only two years and three months, and you are coming back for a second bang at least at my segment of the industry, and a good part of those who are in a similar status as seasonal businesses.

That is why I commend that accolade to you, because this issue is getting a full hearing. I am concluding my thirtieth year in dealing with the Legislature and the Administration in New Jersey, and I have watched the way a lot of issues are handled. This Committee has done an admirable job. I welcome the opportunity to come before you to express this concern, which was not afforded to me in a recent effort to deal with this issue.

We understand that there are other alternatives which have been presented to you. I do not want to belabor the time of this Committee. There is one other little frustration I have had about the impact of the motor truck industry on the highways of New Jersey. If I could just use a little analogy, it might put the thing into a better perspective. I built my house 16 years ago, and I put in a brand-new sidewalk and a brand-new concrete driveway. I wasn't smart at that time, and I began treating my winter problems with salt. I did that for four consecutive winters -- four consecutive winters. Within 18 months after that, my entire sidewalk and driveway disintegrated. I bring that to your attention, because there are no trucks driving across my sidewalk or my driveway--

SENATOR HURLEY: (interrupting) Maybe it was the fuel oil. (laughter)

MR. SACCO: (continuing) Yet, I had to replace my entire sidewalk and driveway. I am trying to put into perspective that it is not necessarily the motor truck industry that is responsible for the deterioration of highways. It is a problem that has other ingredients.

SENATOR RAND: We do not accept Commissioner Sheridan's remarks about that, nor do we accept the truck associations' remarks. There is a combination of both. Being rational men, we understand a little bit about rationality. Certainly, we know that the heavier the object, the more impact it has, but it doesn't do all the damage. We know about the weather, and so forth. So, there is a combination of all factors, and we recognize that. However, we listened to Commissioner Sheridan, and we will certainly listen to the motor truck people. Then we will judge accordingly. We will not take anyone's word, 100% pure say, on either side.

MR. SACCO: My opportunity to address you, gentlemen, is based on the fact that you are rational people. Thank you for giving me this opportunity to tell our side of this very complicated issue.

It is very necessary that we deal with the infrastructure; we are cognizant of that.

SENATOR RAND: You bring up a very interesting point about your particular fees, which were raised just a little over two years ago.

MR. SACCO: Two years and three months, sir.

SENATOR RAND: That is exactly right.

MR. SACCO: January 12, 1982.

SENATOR RAND: That is a very interesting point, because the statement was made that truck registration fees have not been increased since 1976.

MR. SACCO: Excuse me, sir?

SENATOR RAND: The comment was made here this morning that--

MR. SACCO: (interrupting) I am cognizant of that, sir; I have seen the memo that has been circulated to members of the Legislature.

SENATOR RAND: We are very happy that you brought that up.

SENATOR McMANIMON: May I ask a question?

SENATOR RAND: Senator McManimon?

SENATOR McMANIMON: How many units would that affect in the State of New Jersey?

MR. SACCO: When you talk about my industry, sir?

SENATOR McMANIMON: Yes.

MR. SACCO: That affected about-- Between 3,500 and 4,000 retail home heating oil trucks had their fees doubled. What we would do, historically -- if you had a five-vehicle fleet, you would put two of them in mothballs for eight months, and you would use the other two if you had to make any deliveries during the course of the year. You do have to make summer deliveries, but you use one truck instead of five trucks.

SENATOR RAND: Do you pass that on to the consumer?

SENATOR McMANIMON: He would have to.

MR. SACCO: Sir, all business costs, if you intend to have longevity--

SENATOR RAND: (interrupting) I know; I just wanted to get it on the record from you.

MR. SACCO: (continuing) If you intend to have longevity, you pass all business costs on to the consumer, sir. (applause)

SENATOR RAND: Let me just ask you another question, and I am not trying to be facetious. Is that why fuel oil went up twenty-five to thirty cents last fall? I mean, I ask you that in return.

MR. SACCO: Okay. May I address that?

SENATOR RAND: Yes, but as quickly as possible. I do not want to get off on a long tangent.

MR. SACCO: But, sir, we have moved from trucks to the price of home heating oil. However, I would like to address it. If you were to track the increase in home heating oil this last year, you would see that it is almost entirely attributed to the wholesale cost increases put on my members by the major oil companies. If you check margins, you will find out that not all of the wholesale costs were passed on to the consumers. They were eaten by the businesses, but they cannot eat them for too long. We went from 700 members to 500 members because of business costs and the inability to stay viable in the new economy.

SENATOR RAND: That is a very valid reply, Mr. Sacco.

SENATOR McMANIMON: Another added burden to the consumer.

MR. SACCO: It is another little hidden tax, gentlemen. I would like to see you make them all up front. Thank you very much, gentlemen, for giving me an opportunity to visit with you.

SENATOR RAND: Thank you very much for appearing before us. The next speaker will be Mr. Gennaro Trotti.

GENNARO TROTTI: Good afternoon, Mr. Chairman and members of the Committee. My name is Gennaro Trotti; I am Vice President of Branch Motor Express Company. Branch Motor Express Company operates three terminals in the State of New Jersey. We employ approximately 200 people in those three terminals. You have heard the comment here today that the trucking industry, since 1980, has been facing some difficult times. Paul Stalkneckt, Managing Director of the New Jersey Motor Truck Association, displayed a sign of the number of trucking companies which have fallen by the wayside, not only those that are domiciled in the State of New Jersey, but many large interstate motor carriers.

We at Branch Motor Express Company, since 1980, have faced deregulation, high interest rates, and discounted freight rates, and we are fighting to survive. My comments will be brief this afternoon. Our employees, through their loyalty and dedication, effective January 1 of this year, entered into an employee stock-ownership program with our company. Consequently, we are all owners of Branch Motor Express Company who are fighting to survive.

The increased registration rates that will be placed on our vehicles will, at the present time, be burdensome to us. Comments were made here today about the registration fees that would be taken to other states. I would just like to point out that, within our company, the responsibility for vehicle registration and tax lies within a particular department. The Director of Tax and Finance has the responsibility to comply with all local, State, and Federal laws at a minimum cost to our company. We have, in the State of New Jersey, a combined number of vehicles -- and by combined I refer to tractor, semi-trailer, straight truck, city pick-up and delivery, etc. -- of 376 units. The number required by the State of New Jersey on their base registration law would be 209. Consequently, I would assume that our Director of Tax and Finance would review the costs that would be placed on our company upon renewal of registration. There is the possibility that some of the registration in the State of New Jersey will be transferred to another state.

As I mentioned, our company is now employee-owned. Our 200 employees have signed affidavits requesting that this Committee review, and postpone, and not consider any increased rates in vehicle registration. The employees and owners of Branch Motor Express Company thank you for this opportunity to speak here today, and respectfully request that the increase not be taken on.

Thank you very much.

SENATOR RAND: Thank you very much, sir. Senator Cowan?

SENATOR COWAN: No questions.

SENATOR RAND: Senator McManimon?

SENATOR McMANIMON: No questions.

SENATOR RAND: Thank you, again, Mr. Trotti. Our next speaker will be Mr. John Morella. Will you please identify yourself, and tell us where you are from for the record?

JOHN MORELLA: Thank you, Senator. My name is John Morella. I am wearing two hats. First of all, I am the President of J. Morella & Sons Trucking Company of Warren, New Jersey; secondly, I am the Chairman of the Construction Carriers' Conference, which is a group of 140 dump truck owner/operators in this State.

I come here, as I say, wearing two hats, the first hat as an owner of a small company. We operate six tractors and trailers. Four of my brothers drive in the business with me; we have two hired employees. In my other hat, as Chairman of the Construction Carriers' Conference, I represent the dump trucks that are parked out on the street today. We do not have carriers with 200 or 300 trucks. These men stopped their businesses for the day to come down here to express their point of view to you. Each one of those trucks out there was driven down by its owner today, and it sits parked out there so they can make a point.

While we have talked about, and the point has been made that registrations will be going up approximately $600.00 per truck for a commercially-registered vehicle, a constructor-registered vehicle faces a raise of $979.00 per year. In an industry which works primarily eight months a year, from the middle of April until the end of December, we are looking at $125.00 a month for each truck just for the increase in registrations. Traditionally, construction vehicles do not travel very far. It is very rare to find them more than 25 or 30 miles from their home base. They operate mostly off the road. Their miles on the highway are few in most cases. A lot of the time, the fuel that they pay taxes on is used dumping those vehicles off the road, unloading mixers, or unloading blocks. Also, a lot of time is spent on site work.

It must be remembered that we just do not spend a lot of time on the road, but we are looking at basically a $1,000 increase on our base plate, that on top of the fact that the construction industry over the past three years has been devastated. Over the past ten years, constructor registrations have been cut in half. This time ten years ago, there were approximately 3,500 constructor vehicles on the road; right now, we are down to about 1,650. The construction industry has faced very, very hard times over the past couple of years.

A lot of people have said to us, "Well, this highway program is going to generate a lot of work for you." But, in reality, highway construction generates few benefits for the independent dump truck operator. Most of the contractors who come in to build these roads, many of whom are out-of-state contractors, come in and use their own fleet of trucks. In many cases, on these big highway projects, the local carriers are not used. In this way, another hardship is created.

I am not going to be long-winded about this, Senator. We simply cannot afford to pay $1,000 a year more for our plates. While the other companies talk about having to generate millions of dollars in order to pay for this, the small construction carrier, the one-truck operator, simply cannot face it. Many carriers have come in and said, "Well, we are going to move; we are going to reorganize; we are going to change things around." In essence, dump truck carriers have but one alternative if they can't make it, and that is to sell their trucks and go out of business. Thank you very much.

SENATOR RAND: Mr. Morella, we are deeply appreciative of your coming before us. I want to tell you this -- and I think I speak for every member, although they might want to speak for themselves -- we are impressed when an individual takes time from his work to come down here to voice his opinion. We recognize that -- we recognize that emphatically, and I want you to know that. We appreciate all these people coming down themselves, and with their families, to be heard. We are absolutely cognizant of that particular fact. Senator Cowan?

SENATOR COWAN: No questions.

SENATOR RAND: Senator McManimon?

SENATOR McMANIMON: No questions; he got his point across very well.

SENATOR RAND: Thank you very much.

MR. MORILLI: Thank you very much.

SENATOR RAND: Mr. Frank Lentine. Good afternoon, sir. Would you please identify yourself for the record?

FRANK LENTINE: Good afternoon, Senators. My name is Frank Lentine; I am President of Lentine Management, Inc., which is a holding company for Flemington Block and Supply, Hunterdon Concrete, and Lentine Aggregates, all of which are involved in the construction industry in the State of New Jersey.

John Morella has stated the facts quite clearly. Our records indicate that for every gallon of fuel burned on the roadways, two gallons are burned in the unloading of our material, and off the road. Hence, of the revenue which is being generated, only one-third of it is actually being used on the road. Our industry was hit with a 300% increase in Federal excise tax on tires. We used to pay a tax of $11.00 on a tire; we now pay about $45.00 to $48.00 on every tire. Again, the tires are not worn out on the roadway; they are usually ruined or cut on the job site.

The Committee has, in its wisdom, seen fit to exempt the garbage and trash industry from the increase. I think that the construction industry should also be exempt from the increase. We find, particularly in the concrete industry, that we are losing business to out-of-staters. In our own area -- and I employ 200 people, and have approximately 150 trucks on the road -- we have lost approximately 20% of our business to Pennsylvania already, without the increase in registration which this board has proposed. The reason is that all Portland cement used in our product is produced in Pennsylvania. It has to be trucked into us, and then we can convert it into a product to be sold. We are losing revenue, but the State, in fact, is losing revenue, because the Pennsylvania dealers are delivering the material into the State and they are not charging the 6% sales tax that the State has a right to.

I have addressed this sales tax issue to the Sales Tax Division. They have said it is not cost effective for them to investigate to see what can be done. But, I am losing 20% of my business, partly because of transportation costs, and partly because of the sales tax question.

We are faced with the largest increase in dollars. The constructor tag is going up, as John has said, nearly $1,000. Our trucks are on the road the least. In 1956, when the constructor plate came into fruition, the local bodies at that time felt that constructor vehicles should pay more, and rightly so. But now, with the percentages of increases we're getting, the cost of a plate is astronomical. In my case, it will cost me on this one issue alone, over $100,000 to reregister the trucks. Again, we are in a seasonal business, and are basically off the road four months out of the year.

I would appeal to you to find an alternative method by which you might repair roads. We desperately need the repair, but our industry, in particular, cannot survive an increase like this. Thank you.

SENATOR RAND: Senator Cowan?

SENATOR COWAN: No questions.

SENATOR RAND: Senator McManimon?

SENATOR McMANIMON: I have no comments.

SENATOR RAND: Mr. Lentine, thank you very much. Our next speaker will be Mr. George LoBiondo. If I do not pronounce a name just right, please correct me.

GEORGE LoBIONDO: Mr. Chairman, members of the Committee, ladies and gentlemen: My name is George LoBiondo. I am President of LoBiondo Brothers Motor Express in a little town called Rosenhayn, New Jersey. It is in Deerfield Township, Cumberland County. My father and grandfather started this business in 1927. We presently operate 65 company-owned tractors and 300 trailers. We employ 140 people from our county. We operate today at just half the size we were in 1979 -- half in revenue, half in trucks, and half in employees. Our area has been devastated with the closing of major plants, in particular, Owens-Illinois, which was our major shipper.

We are struggling to survive. We have not replaced a single truck, or any kind of equipment, since before 1979. We simply cannot afford to. The proposed legislation would cost our company an additional -- a little over $35,000 a year. We just can't afford this kind of an increase, and it will be the straw that breaks the camel's back. We are asking you to please reconsider the portion of the bill which relates to the increased registrations. Thank you.

SENATOR RAND: Senator Cowan?

SENATOR COWAN: Nothing, thank you, Walter.

SENATOR RAND: Senator McManimon?

SENATOR McMANIMON: No questions.

SENATOR RAND: Thank you very much, sir, for taking your time to come down to talk to us today. May we have Mr. Gene Meny? Good afternoon, sir. Will you please identify yourself?

GENE MENY: My name is Gene Meny; I represent Crown Tire in Hazlet, New Jersey. I guess I am like John Morella. I come here also wearing two hats. I am representing Crown Tire and, also, a good portion of the New Jersey tire dealers, which consists of about 250 members -- 250 tire dealers spread out around the State of New Jersey.

With what has been happening with the taxes on the truckers in the State of New Jersey -- firsthand to you, sir -- I don't know where the trucking business is buying tires, but they are not buying them from me. Business is so bad in the State of New Jersey for our industry right now. We have been in business since 1948, when three people started this company. It now employs 65 people. In 37 years, today is the first time we have laid anyone off. There are six people who are hitting the streets today. As I say, this is the first time we have been forced to lay anyone off. It is getting worse, and worse, and worse.

SENATOR RAND: Where is the prosperity?

MR. MENY: People are just not buying products. The trucking industry cannot afford to buy tires. I think they are running on tubes. I can't believe they are running on tires; they must be running on air. I don't understand how they are staying in businss. Again, I do not want to accuse you of the Federal problems we're having, but as Mr. Lentine stated, the Federal excise tax on those dump trucks you see out on the street has jumped as of January 1 from $18.00 a tire to $52.00 a tire. That is a large increase. Again, as tire dealers, we only pass it on to the users. It is a Federal excise tax; we have no control over that. I just see it getting worse, and worse, and worse every day. I don't know where the answers are. I can tell you that if this tax goes on to the truckers, I can't foresee companies like Crown Tire, which has been in business for 37 years, hanging in much longer. I think it is a losing battle; I don't see how it can go on.

SENATOR RAND: Senator Cowan?

SENATOR COWAN: No questions.

SENATOR RAND: Senator McManimon?

SENATOR McMANIMON: I have no comments.

SENATOR RAND: Thank you very much.

MR. MENY: Thank you for your time.

SENATOR RAND: May we have Mr. James P. O'Donnell? Good afternoon, sir.

JAMES P. O'DONNELL: Good afternoon. My name is James P. O'Donnell. Thank you for this opportunity, Mr. Chairman and Senators. I am the President of Bass Transportation, Flemington, New Jersey, Hunterdon County. Our company has been in the trucking business since 1928. We have 102 employees, and 105 independent contractors. I have been asked, specifically by our independent contractors, to speak to you today against the proposed registration increase.

Over 50% of our independent contractors licensed in New Jersey live out of state, in states such as Illinois, Ohio, Pennsylvania, Kentucky, and others. In addition to the base plate fees, which, by the way, we promote like the Economic Development Commission, to attract business-- In other words, we tell independents to come to New Jersey and work for Bass because of the attractive registration fee. A New Jersey-licensed vehicle has one of the best reciprocity relationships in the State. We are proud of that, and would like to keep it that way.

If we lose our position on registration, New Jersey will be out $35,000 in Bass' situation. On the other hand, New Jersey will only receive $18,600 from the Bass-owned vehicles, in other words, the vehicles that Bass owns and operates. Not a good trade-off, as I look at it.

Prior to the sales tax exemption, many New Jersey companies licensed in Maine to avoid the unfair taxes. This is particularly true of trailer registrations. Our State changed that law, and reaped the benefit of additional income.

Contrary to the Administration's claim that New Jersey will not lose business, we know of one company in Pennsylvania which will move to Tennessee to avoid tax strangulation. New Jersey has retaliatory taxes. Pennsylvana's recent axle tax on out-of-state carriers is being charged against Pennsylvania-licensed vehicles by New Jersey. It is true that our fuel economy has increased from four and a half miles per gallon to six miles per gallon, but diesel fuel prices have increased from fifty-five cents per gallon to a dollar twenty-five cents a gallon. I'm talking about the period of the new fuel-efficient engines.

Will we get our money's worth? The Federal government dramatically increased our costs, but we are not allowed the advantage of the Federal standards. For example, in Flemington, we are not allowed access to interstate highways with the new Federal standard equipment requirements. We doubt if New Jersey could spend $630 million all at once. This State would have just about all of its main highways tied up for repairs. Can all of this work be completed in such a short time?

Time is required to study the increases, how the roads will be repaired, what construction standards will be required, and a lot of other considerations. I thank you for your time.

SENATOR RAND: Thank you very much. There are two points I would like to take up with you. Did I hear you say that someone moved out of the State because a sales tax was in effect at one time?

MR. O'DONNELL: No; I said, Senator, that in Pennsylvania, one of the carriers there is moving from that state because of the taxes.

SENATOR RAND: I thought I heard you say that someone from New Jersey moved to Maine because of the sales tax.

MR. O'DONNELL: No; I said that years ago, prior to the sales tax exemption, many New Jersey companies licensed their vehicles in Maine.

SENATOR RAND: Why would they do that, when every other state in the Union has a sales tax, or something similar to it?

MR. O'DONNELL: At that time, Maine did not have a sales tax.

SENATOR RAND: We are the only State in the Union that exempts trucks from some type of a sales tax, call it what you may. We are the only State in the Union. I just wanted to clear that up in my mind if someone just moved out because we didn't repeal a sales tax.

Number two, you brought up a very interesting point, and no one has even zeroed in on it. Maybe this is not the place, but can the Department of Transportation accomplish what they want to accomplish in as short a period as you said, with that huge amount of money? That is a very interesting point, even though it is not germane to the question today. There is some question as to whether or not DOT can accomplish that -- $3.2 million -- without tying up all the roads in the State.

Senator Cowan, do you have any questions?

SENATOR COWAN: No questions.

SENATOR RAND: Senator McManimon?

SENATOR McMANIMON: Yes, Mr. Chairman. After listening to the last few speakers, it is quite evident that, although the State of New Jersey does exempt the sales tax, it is becoming more and more apparent that there are not too many industries in the State which have been able to purchase any new equipment.

SENATOR RAND: That is exactly true.

SENATOR McMANIMON: So, you know, I'm just wondering if we are missing a cue here. They have been pretty much explaining that they have been in dire straits for the last three or four years.

SENATOR RAND: But of course, Senator McManimon -- and I know that you know this -- we also exempted all the replacement parts, and so forth. So, if you continue to use your old equipment, you begin to buy parts to keep that equipment up to date.

SENATOR McMANIMON: I continue to drive a 1978 car, because that is all I can afford at the present time.

SENATOR RAND: Just a second, Senator; let me just help you out. (Senator jokingly reaches in his pocket, which produces laughter.)

Mr. O'Donnell, thank you very much. May we have Mr. Walter Reilly? Good afternoon; thank you for coming.

WALTER REILLY: Good afternoon. Thank you, Mr. Chairman and members of the Committee. My name is Walter Reilly. I am the owner and President of a truck line based in Kearny, New Jersey, called Siegel's Express. We operate approximately 200 trucks in seven states. Of those 200 trucks, 35 percent are actually domiciled in the State of New Jersey. However, 100 percent of those trucks are registered in the State of New Jersey, even though some of them could be, and should be, registered in other states; and, some of those states are less expensive than our State is right now.

We have deferred doing that, and we have kept them strictly in New Jersey. As I said, we are based in New Jersey. We started in New Jersey in 1927. Maybe it is loyalty, or whatever, to New Jersey, but all 200 of our trucks have New Jersey tags.

If this bill becomes law as stated, without any changes -- especially changes that affect the increased registration -- it will cost our company $43 thousand in additional dollars, on 100 percent of our equipment, which is all domiciled in New Jersey. I cannot afford $43 thousand additional dollars. My only choice, or alternative, is to register the 65 percent of my fleet that is domiciled in other states in those states. I would have to pay more money on the other 35 percent of my equipment, which is domiciled here in the State of New Jersey, if this bill were to become law. But, every penny of the money I pay extra, within time, would be passed onto the consumer. We would have to pass it onto our customers.

That is all I have to say regarding my company. I had a prepared statement on subjects I would have liked to cover, but they have been covered numerous times already.

SENATOR RAND: Senator Cowan?

SENATOR COWAN: You are saying you would enjoy a savings by registering your trucks in other states. By what statistics are you saying that?

MR. REILLY: Out of the seven states we operate in, right now two of them are less expensive than New Jersey is.

SENATOR COWAN: What two states are those?

MR. REILLY: One is Delaware; I think the other one is Virginia -- I am not quite sure about that.

SENATOR COWAN: You are just talking about registration fees?

MR. REILLY: Right. But, all of them -- all states, out of the seven states we serve -- would be lower than New Jersey if this bill became law. New Jersey would be the highest, and at that point loyalty would go out the window.

SENATOR COWAN: How many people do you employ to operate your 200 trucks?

MR. REILLY: Those 200 trucks are tractor/trailers, and we have about 180 employees, total, throughout the seven states.

SENATOR RAND: Thank you very much, Mr. Reilly.

MR. REILLY: Thank you.

SENATOR RAND: Mr. Liedtka.

PHILLIP LIEDTKA: I am Phillip Liedtka, President of of Liedtka Trucking, Trenton, New Jerey. I didn't come here prepared to speak today, but after listening to the comments, I just want my name in the record so you know I was here.

For our company, this increase will cost $52 thousand. We operated at 98.5 last year. Between the State and the Federal increases, we would not be able to afford this increase.

One of our disadvantages here in New Jersey, or at least in Trenton-- Over the last few years, we have hauled some of our best customers away to other states and other areas. Whether it was because of a lack of business or some other reason, I don't know. But, we don't have the business here anymore.

Basically, we are in the truckload business -- construction materials -- for iron and steel, and we are not doing well.

I don't have a lot more to say. The other owners/operators that were working with us in the past have left to go to other areas. What increases we have had in business over the last few years have been in outlying terminals or outlying places. Instead of having a Trenton-based company, where say our men loaded in Baltimore and came through here, we would have to relocate to these other areas, not only because of the license but because of convenience of operation. We are here because we started here; that is the only reason why we are staying.

SENATOR RAND: For the record, let me ask you a question. You said you operated at 98.5?

MR. LIEDTKA: Right.

SENATOR RAND: Am I to understand that if this increase went into effect, that percentage would tip you over and--

MR. LIEDTKA: (interrupting) We would go over the 100.

SENATOR RAND: You would be in the red, so to speak?

MR. LIEDTKA: We would, yes.

SENATOR RAND: Senator McManimon, he is all yours.

SENATOR McMANIMON: I think he covered the issue. He came directly to the point. I just hope the Committee keeps that in mind.

SENATOR RAND: Senator Cowan?

SENATOR COWAN: No questions.

SENATOR RAND: Thank you very much, sir.

MR. LIEDTKA: Thank you.

SENATOR RAND: Mr. Booz.

WILLIAM BOOZ: My name is Bill Booz. I am with North Broadway Warehousing in Camden, New Jersey. North Broadway Warehousing is a newly-formed company. It is a spin-off of P. Leidtka Trucking. We have been in operation less than a year. One of our major accounts is the Port area. We service the Port area. We do a lot in the building products industry. We employ 20 company drivers, and 40 owner-operators.

With the proposed City of Camden tax increase, with the proposed registration increase, and with the proposed Federal increase I gave a report to the President with three options: One, sell the company; two, change our management; and, three, the Camden-based operation is not necessary. We can decrease those 20 company drivers to six and still not hurt our operation, except from a service standpoint. That is all I have to say.

SENATOR RAND: Senator Cowan?

SENATOR COWAN: No questions.

SENATOR RAND: Senator McManimon?

SENATOR McMANIMON: No questions.

SENATOR RAND: Thank you very much, Mr. Booz.

MR. BOOZ: Thank you.

SENATOR RAND: Mr. Quadrel.

NICOLAS QUADREL: Good afternoon, gentlemen. Mr. Chairman, Senators, my name is Niocolas Quadrel. I am President of Quadrel Trucking Company in Rahway, New Jersey, and I am Vice President of the New Jersey Motor Truck Association.

We have been in the tank truck business in the State of New Jersey for 38 years. I have seen our industry go full circle to keep up with the times.

The New Jersey tank truck industry serves the greatest concentration of chemical companies in the United States, and, as such, it has to stay abreast with all the rules and regulations that govern liquid chemical bulk shipments.

Nothing in the ICC Reform Act of 1980 has provided protection to safeguard our businesses. This has created an open season policy, where competition from out-of-state companies is coming into New Jersey and performing these services with better advantages.

Special training is required for drivers that handle liquid chemical products. Therefore, the labor costs have not reduced over the recessionary period. To the contrary, they have increased because of the higher cost in the ever-increasing demand made by the many environmental agencies, both State and Federal, which we must adhere to for the public's welfare.

You may or may not know this, but most of the truck carriers have on retainer an outside chemical engineering firm to keep them up with government standards, along with a law firm that specalizes in interpreting the laws on the environmental scene.

Our cost dollars, gentlemen, are nearing the point of no return.

Mr. Chairman, I heard you ask earlier if 98.5 was nearing the point of no return. One hundred percent is the point of no return. The tank truck industry has a distinct disadvantage, in that we are an 18-wheel operation, carrying maximum payloads, and anything by way of a new proposal for tax revenues could hurt this group.

We have another distinct disadvantage, due to the Anti-Trust Laws which govern us. For example, a shipper can tell my competitor what my rates and charges are, but I can't confirm that with my competitor.

When you consider all of the operating costs you have already heard about prior to my appearance, anything that may be proposed by way of an increase in taxes, will severely undermine this State's economy, and in its wake many trucking companies will be headed for, or added to, the long list of failures. With that, we will also have a loss of jobs.

I have touched on some of the problems we face today, and I thank you for permitting me to explain them. We hope that you will take into consideration everything that has been said here today, and discourage this proposal at this time.

I just want to make one last comment, sir, and I believe this was said by Senator McManimon. I heard several times while I was sitting here, about our sales tax position and how we are supposed to have a real advantage. It has been impossible for us in the tank truck business to exercise that.

In 1979, I purchased the bulk of our equipment. We run the equipment for a five-year depreciated period. We ran smack into the recession after that, so we hope that things materialize where we are able to enjoy prosperity and take advantage of those sales taxes. Thank you very much.

SENATOR RAND: Thank you, sir.

Mr. Garrison.

GEORGE GARRISON: My name is George Garrison. I am President and owner of Port Norris Express Company. We have been in business since 1938. We are located in Cumberland County. As everyone knows, Cumberland County has the highest unemployment rate in the State. Our company is not a large carrier, nor are we a small carrier. We are the main life support of 50 families. We are the largest employer in the town of Port Norris.

Our company has always paid our fair tax share. We have never questioned any taxation before. This is the first time we have ever made a presentation before any Committee on a tax proposal.

One thing I want to point out pertaining to this tax issue, if it goes into effect, is that our company has a fleet of 40 tractors, all of them registered in the State of New Jersey. If this increase were to take effect, we would sustain an increase of $24 thousand in additional registration fees. We are operating now just about at the break-even point. In fact, this past year was the first year, in numerous years, that we actually operated below the 100 percent ratio. We lost money this year.

If we take our company and compare it to a competitive carrier in Delaware, he can register the same vehicles for $410 per vehicle. That would amount to a savings on registrations for that competitor of $36 thousand a year; and, we are competing against this. We are breaking even now. But, yet, a competitive carrier from Delaware can come in and steal our freight.

There are numerous shippers that we have had the privilege of dealing with for a number of years -- several of them are right around the corner from us. In the past, we enjoyed 50 to 75 percent of their outgoing freight. We are now down to 25 percent of their outgoing freight.

If this legislation takes effect, our company will actually go out of business. Thank you for your time, sir.

SENATOR RAND: Thank you very much, Mr. Garrison.

Mr. Rubino.

JACK RUBINO: Good afternoon. My name is Jack Rubino. I am the Regional Manager at St. Johnsbury Trucking Company, which is a wholly owned subsidiary of Sun Carriers, Inc. of Philadelphia. Our executive offices are in Holliston, Massachusetts.

St. Johnsbury Trucking Company operates terminals primarily within 14 northeastern states and Canada. We have three terminal operations in the State of New Jersey: Carlstadt, New Jersey; South Plainfield, New Jersey; and, Pennsauken, New Jersey.

Presently, our company employs approximately 450 people, totally, at these three facilities in the State of New Jersey. St. Johnsbury Trucking Company has 421 vehicles registered in the State of New Jersey. Of these, 187 are power units, and 234 are trailers.

Presently, and annually, it costs our company approximately $101 thousand to register these vehicles in the State of New Jersey. The type of truck registration fee increases proposed today would place a serious financial burden on St. Johnsbury Trucking Company at this time. It is also the strong feeling of the President of St. Johnsbury Trucking Company, and the members of the Board of Directors of this corporation, that if this bill is passed into law, it will be incumbent upon the executive management of our company to seek logical alternatives to registering the above vehicles in the State of New Jersey.

It is also uncertain at this time whether consideration should be given to simply registering equipment in other states, or to re-domicile equipment in other areas, thus possibly creating relocation of jobs as well.

History has shown us that these types of rising costs can cause our company to reevaluate its operation, alignment of terminals, and personnel in a given area. We hope we will not have to do this at this time.

This bill would cost us about $60 thousand per year, at a projected operating ratio of 94, or six cents on the dollar, which we are aiming for. We would have to handle $1 million in additional revenue to pay this tab.

To give you an idea of the magnitude of that, the largest terminal in our network is our Carlstadt facility. It employs 240 people; it has 113 doors; it is on eight acres of land; and, it generates around $50 thousand a day in revenue. We would conceivably have to operate this facility at $50 a day for 20 days in order to generate revenue, enjoy a profit, and offset this kind of a bill; and, we don't want to do that -- please.

SENATOR RAND: Senator Cowan?

SENATOR COWAN: No questions.

SENATOR RAND: Senator McManimon.

SENATOR McMANIMON: No questions.

SENATOR RAND: Thank you, Mr. Rubino.

Alfred Miller.

ALFRED A. MILLER: Senators, ladies and gentlemen, good afternoon. My name is Alfred A. Miller. I am a consultant in the field of transportation. I am also down here with no pay, and I accept your appreciation.

I am here representing the New Jersey Industrial Traffic League, as their Executive Secretary. This is an organization composed of transportation, distribution, logistics, and warehouse personnel, representing some of the largest industries in New Jersey.

I am here because of our objectives, which are: To interchange ideas concerning traffic and transportation matters, to cooperate with public officials, traffic organizations, regulatory bodies, and transportation companies; to propose and to maintain an enlightening understanding by the public in the field of transportation; to secure legislation where deemed necessary, and so forth.

Very simply, what we are is, we are the people who pay the bill. We engage all these transportation people you see here in this room, by using their services. We pay for it, and, where economics permit, we pass it onto the public. There is no secret about that. So, anything we have to pay is passed on.

The Surface Transportation Assistance Act has resulted in increases of one to two percent in truckload rates, and from five to as high as seven percent in LTL rates, nationally. Everybody has to pay it. I assure you that everyone is taking it, because everyone is in the same act.

Where economics dictate, there are discounts. Now, the reverse of that is a local, regional increase in freight rates, which we will experience if this act is passed. The industry in New Jersey will bear the expense of this $30 million revenue.

We have two fast-growing facets in the industry that haven't been mentioned. One is the truckload irregular route operator who, in most cases, covers 48 states, and the other is the private fleets of our members. Eighty-five percent of our members have private fleets of from two to as high as 100 units. I bring that out because both facets of the industry are highly mobile. They can be operated out of an office. There is no terminal. One doesn't even need parking ground; one can park in facilities across the country.

If this law is passed, as proposed, it could result in mass exodus of this type of licensed equipment. This would result in a loss of jobs, a reduction of service to our industry, and a lack of the availability to have this type of equipment in this area. New Jersey could truly become a corridor State.

We made a poll of our membership, and they were 100 percent opposed to the truck tax issue being addressed at this session. I have no formal speech; my message is very short and simple. I have been instructed by the Board of Governors of the League to advise you that their stand on this Act is that the New Jersey Industrial Traffic League is fully in support of the New Jersey Motor Truck Association, with the alternate proposals. Thank you.

SENATOR RAND: Are there any questions? (negative response)

Is there anyone we have passed over -- whose name we have not called? Sir, if you will come down here and identify yourself, we will be happy to hear from you.

ROBERT SCHETLER: My name is Robert Schetler. I represent McAllister's Moving and Storage, Incorporated, located in Burlington, New Jersey. I am a Director, working in the area of fleet administration. I trust you have received our letter. If you haven't, you will shortly.

We have been in New Jersey as a corporation since 1946. Currently, we employ 250 employees. We operate 100 pieces of power equipment. We are the largest agent in the United States, from United Van Lines. We operate in a 35-state area, from Texas, Minnesota, and eastward. Eighty percent of our business consists of specialized electronics transportation. And, we do have the need to purchase and operate specialized equipment. We are not a general freight carrier; we are a specialized carrier, 100 percent. One of our pieces of equipment can be seen out front. The unit out front cost the company $130 thousand. It is a climate-controlled, humidity controlled tractor/trailer unit. We haul highly-valued electronic equipment in those trucks.

This legislation's effect on our company will be a 68 percent increase in New Jersey registrations. All but eight of our vehicles are registered in the State of New Jersey. Our business is good, but the household goods industry, in retrospect, in the last two to three years has been in absolute chaos.

We are currently working from a 30 percent -- repeat, 30 percent -- bottom line discount in the rates that were in existence approximately three years ago. This is dictated to us as an agent for a major van line, United, by the conglomerate of Beacons, North American, Mayflower, Atlas, and United. What one does, they all do.

What I am telling you is that we have a promising amount of business, but we have to do it for 30 percent less today than we were doing it for three years ago. On top of that, the customers are getting increasingly more interested in service. They want more from you for less money.

To give you another example, using a 95 percent operating ratio, which was very similar to ours in 1983, the New Jersey law would increase our registration fees to $40 thousand. At the same time, this July, as a result of the Surface Transportation Assistance Act, we will have to pay an additional $30 thousand. That is a $70 thousand increase on two items alone -- just taxes. The $40 thousand, representing five percent, equates to $800 thousand additional revenue, and the $30 thousand which is as a result of the STAA, equates to $500 thousand, for a total of $1,300,000 increased revenue required, just to pay those two taxes.

Our discounts, last year -- 1983 -- were $1 million. If you add that to the $1,300,000, that amounts to $2,300,000 directly out of our pocket.

Currently, we are running 10 percent of our mileage in the State of New Jersey. We operate six million miles -- at least we did in 1983 -- and it looks like this year is going to be a similar year. We do expect to purchase some equipment, but it will be extremely minimal as a result of the taxes.

What we would like you to do is to postpone this, and abide by the recommendations of the New Jersey Motor Truck Association.

I thank you for you time and your consideration.

SENATOR RAND: Thank you, Mr. Schelter.

DONALD ACHENBERG: My name is Donald Achenberg. I own T. Achenberg Transportation Company, in Perth Amboy, New Jersey, and I am a Director of the New Jersey Motor Truck Association.

We are a small trucking company. We employ only ten people. We are family owned, and we have been in business for three generations. In the past few years, I have been severely alarmed by our loss of profit, and the loss of profit in the trucking industry in general.

In our company, we took a 13 percent salary decrease in order to keep afloat. Management took a 20 percent decrease. For 1983, our loss exceeded ten percent of our gross income.

In attempting to analyze why our business is doing poorly, I certainly agree that deregulation, recession, and the spectrum of Federal taxes have hurt us badly.

Yet, there are other factors involved, among them are the general decline of the smokestack industry in New Jersey. Several of our customers have eliminated, or sharply curtailed, manufacturing operations that produced freight for our trucks. Others have simply moved away.

Another factor is the increase in tolls on the New York/New Jersey crossings. Our firm was in the forefront of the movement to exempt commuter trucks from the toll increases. Our appeal fell on deaf ears.

Working in the New York Port area, we have relied upon export freight for a large part of our revenue. An unfavorable trade balance, and a strong dollar overseas has sharply curtailed our income from international trade.

Faced with the negative factors I have just mentioned, I look with horror upon an 87 percent increase in my truck registration fees. I simply cannot afford to pay the increase and stay in business.

It has been said that I should pass the increase along. In the climate of discounting and predatory pricing, practiced by the large national carriers, I cannot do that. I have tried. In fact, I have reduced my rates in order to hold my business.

As a citizen of our State, I cannot understand why our government, with an estimated $200 million surplus, would want to impose such a discriminatory fee -- an 87 percent registration increase -- on the heavy truck operators.

Further, I must note that each truck operator and highway user pays eight cents per gallon in State tax on motor fuel. For this eight cents, we do not get eight cents in value for highway maintenance. How can government tax us further when it does not use all the money it collects in fuel taxes for highway purposes?

Commissioner Sheridan has stated that New Jersey is 46th in the nation in registration fees. Senator Rand mentioned earlier that our eight cent-per-gallon fuel tax was low compared to other states. I ask you, why can't we point with pride to these facts, and use them to promote our State? Why must we use them as leverage to further squeeze an already gasping trucking industry?

SENATOR RAND: Are there any questions? (negative response)

Thank you very much, Mr. Achenberg.

Is there anybody else who wishes to speak? Sir? Please identify yourself, and where you are from, for the record.

PAT IANNONE: My name is Pat Iannone. I represent Walsh Brothers, Incorporated. We are a specialized carrier. We are located in Newark, New Jersey. We have been in business for over 60 years, and along with the other truckers, we are opposed to the increase in taxes.

There is no way, theoretically, of passing this tax on because we are in the steel industry. We haul a lot of steel and machinery products. Many of our competitors are from other states. Pennsylvania is one of our biggest competitors.

Another problem that has been mentioned is that Walsh Brothers owns its own fleet, but we also employ a large complement of owner/operators. We feel if this tax goes through, it is going to put these people out of business. We do our best at this stage to help the owner/operators. We pay a lot of the road use taxes, etc., and we feel this would hurt them -- this large increase. Many of them, right now, are looking to get out of the business. In fact, we have a policy in our company where we offer a $100 reward for anyone bringing us an owner/operator who stays with the company for at least a month. We have had this in effect for a couple of months, and there is hardly anyone available. I think we have obtained four trucks from this policy.

So, we would like the members of this Committee to consider this tax and maybe put a moratorium on it for at least two years, in order to help us gain some revenue back in the industry. Thank you.

SENATOR RAND: Thank you very much, Mr. Iannone.

MR. IANNONE: Thank you.

SENATOR RAND: Is there anybody else who would like to make a statement? Do you wish to testify, sir.

MICHAEL PENZA: Yes. My name is Michael Penza, and I represent Samuel Carluzo Company, Incorporated. We are in Vineland, New Jersey, also in Cumberland County. The major product, or service, that we deliver to the consumer is the transport of petroleum products from terminals, such as Texaco, and Gulf Oil Corporation, to gas stations or fuel dealers.

This increase will not only affect us, but we cannot pass this onto the consumer. Right now, with the deregulation and the lowering of rates, we are at a break-even margin. The only way we could battle this increase in taxes is by cutting down our expenses.

Repairs on our trucks are one thing we consider highly, in order to try to keep our trucks on the road. We try to maintain our trucks: clean, neat, and according to State laws. We try to obey weight limits; and we keep our gallonages at a minimum, and haul 80,000 pounds.

Recently, there were some cases involving companies that were trying to haul above the weight limits, and these were small operators -- out of the back yard. We charge by the gallon, and it is impossible for us. We want to abide by the rules. We have a good reputation to abide by. And, these are people who have one or two trucks, operating out of the back yard, and they are cutting our throats with our customers. All they care about is whether they are hauling cheaper than we can. But, we have expenses, and we have the integrity of our company to maintain. We have been in existence since 1936.

Really, there is no other way, unless we cut expense, and that is really going to destroy the maintenance of our feet. That is all I have to say.

SENATOR RAND: Are there any questions? (negative response) Thank you very much, Mr. Penza.

Is there anybody else who wishes to make a statement? (no response) Senator Cowan, you may make a concluding statement, if you wish.

SENATOR COWAN: No, I think we have had a good hearing. There has been very enlightening input here today by the Motor Truck Association.

SENATOR RAND: Senator McManimon?

SENATOR McMANIMON: Yes. I sat here today and listened to the presentations, and I have yet to hear the overall remark that the trucking industry is not the only major beneficiary of our roads and bridges. I am very much concerned about this entire program. I think we need the program, but I think the approach of putting the entire burden on one industry is wrong. I feel the white paper that has been presented should be taken seriously. I think there is another avenue of pursuit. It is becoming more and more evident that a surplus will be available in this State.

The industry has asked for a moratorium of almost two years, hoping that the economy will pick up and will revitalize the industry. I sincerely hope and pray that the Administration gives serious consideration, at least to the fact that they do have a so-called projected surplus; and, it looks like they may have it. I don't think they should have the right to put another burden on any industry in this State, particularly in light of what the economy of this State has been over the last three years.

But, I will state this: After reviewing the white paper, if the Administration agrees to an avenue, such as that, the industry is going to have to be ready and willing to sit down within two years and determine the avenue of pursuit to be followed. Because this is a dual responsibility, not only on the part of the Administration and government, but also on the part of the trucking industry. I think we must not lose sight of the fact that there are other industries in this State who also reap the benefits of our highways and bridges.

So, this is a very complicated subject, and with what I have heard today about the amount of bankruptcies that are taking place within the industry, and the amount of people who are on the border of going into the red, it really concerns me when an industry can do $37 million worth of business and only show a $600 thousand profit. My God, that doesn't make sense. I wonder how long they can stay in this State?

So, there are some serious matters that we have to be concerned with. I know Commissioner Sheridan. I respect him very much. He has a tremendous amount of ability to do what is right for this State. But, we, as legislators, have a direct responsibility to everyone in this State. We cannot take one particular industry and make them the scapegoat. That is my sincere feeling, and I intend to hold to it.

SENATOR RAND: Thank you very much, Senator.

We would like to announce that there will be two more meetings. Our Aide, Peter Manoogian, will announce them.

MR. MANOOGIAN: The third public hearing will be on May 11th, and it will deal with the revenue from the Toll Road Authority. The fourth public hearing will be on May 18th, and it will deal with the bonding, funding, and expenditure provisions of S-1446.

SENATOR RAND: Thank you very much, Peter. It seems very clear to me that the Federal government has imposed a tremendous burden on the trucking industry, and I will revert to my earlier statement and my earlier belief, that we would have been far better off if this State imposed a five cent gasoline tax, and had not been preempted by the Federal Government.

We heard stories today about $11 tires now costing $48. We heard stories today of a utility tax of $1600. There is no question that the trucking industry has been impacted severely by the Federal regulations imposed in order to finance an improved road situation.

With that, we have to be cognizant of the fact that the State should not add to your problems. So, we have a very delicate situation that we must handle, a situation where we have to improve our roads, we have to improve our bridges, we have to improve our highways, and we have to improve mass transit. The delicate balancing of your concerns and our concerns is one that will have to be met, and one that will have to be faced with reality and openness. We hope that you will provide us with figures regarding how many employees you have so that we can extrapolate from that. How much income tax is paid? How much sales tax is paid? And, what are your corporate taxes? I have not been able to gather that information in totality, so to speak. We have heard that information in pieces. I have heard one gentleman has 400 employees, and another has 100. If we could gather some total facts; if we could gather figures that would allow us to begin to understand what this tax means with respect to our other taxes, this Committee would have a better idea of the problem.

We will look at this with a very clear and very objective eye. We are not going to be stampeded into anything. We are going to do what we believe is good for the State, and what we believe is good for the industry. I don't say we are going to make everybody happy, but at least we are going to get a bill out that will address the very things we are trying to do.

I want to express my deep appreciation to all the people who took the time out, especially the people who had to work today, to come down here. That is important to me, and I believe it is important to this Committee. Anybody who takes time off to come down and present their views is to be commended. I certainly commend them.

To those people who brought their families down and to the truckers who came down, I extend our heartfelt thanks. And, to each and every one of you, I appreciate your coming down here to testify today. Thank you very much. The hearing is now concluded.

(Hearing Concluded)

APPENDIX

HEAVY TRUCK FEE FACTS

- NJ RANKS 46th IN TRUCK USER FEES NOW
- WOULD RANK 37th IF PROPOSAL INPLEMENTED
- PROPOSAL EXCLUDES:
  * Small Trucks
  * Farm Vehicles
  * Solid Waste Vehicles
- TRUCK FEES STABLE SINCE 1976
- INCREASE RANGES FROM 4.3% to 87%
- WOULD GENERATE $30 MILLION A YEAR
- SINCE 1978, TRUCK REGISTRATIONS HAVE INCREASED 12%

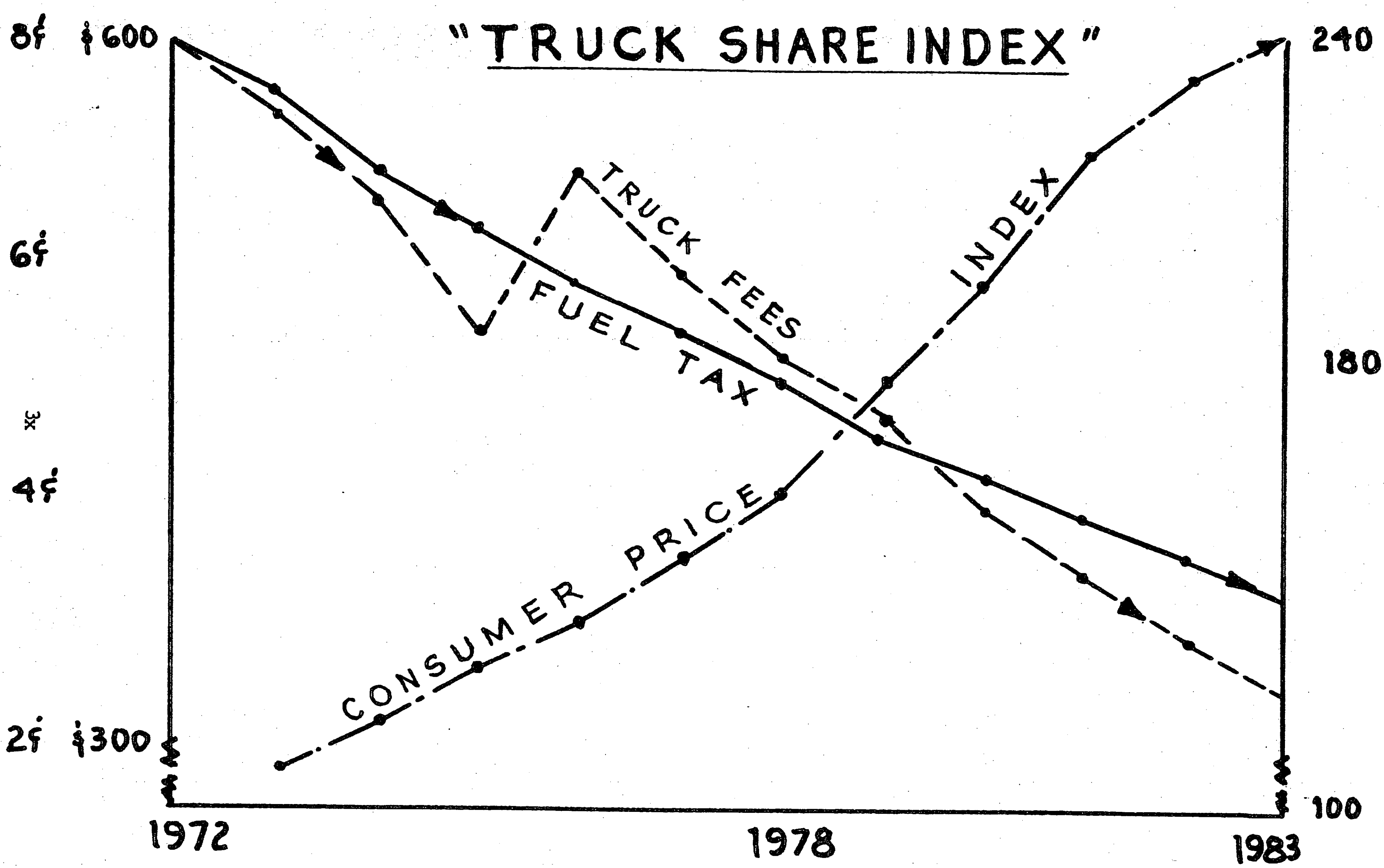
4/27/84

TRUCKS' SHARE OF

NEW JERSEY TRANSPORTATION COST

CURRENT:	23.5%	$135 million of $ 571 million
PROPOSED:	25.9%	$165 million of $ 636 million

4/27/84



New Jersey Department of Transportation 4/27/84

BOARD OF CHOSEN FREEHOLDERS

COUNTY OF CUMBERLAND

MEMBER	AYE	NAY	NOT VOTING	ABSENT
SALMON				
CRISPO				
FISHER				
FORCINITO				
QUINN				
REINARD				
SIMMERMAN				

R E S O L U T I O N - (1984) - 161

Offered by: Mr. Crispo

Seconded by: Mr. Fisher

Date: April 12, 1984

Supporting The Concept Of Stable Funding For Transportation Projects But Opposing Increases In Truck Registration Fees

WHEREAS, it has been proposed to establish a New Jersey Transportation Trust fund which will provide the funding for NJ TRANSIT's and NJDOT's annual capital programs; and

WHEREAS, it is necessary to have a stable source of funding with dedicated annual revenue in order to plan for and complete multi-year construction projects; and

WHEREAS, it is proposed that $30 million of the proposed $230 million trust fund be raised by increases in truck registration fees ranging as high as 87%; and

WHEREAS, such increases in truck registration fees would not be applicable to trucks that are not registered in New Jersey but which still cause wear and tear on our infrastructure; and

WHEREAS, a contradiction in State policy appears to exist inasmuch as (1) the increased State fees elected from trucking firms will result in small firm cutbacks, relocations and closings--all of which mean job losses and (2) the State's existing policy is to spend tax dollars to retain business and create jobs; and

WHEREAS, the trucking industry in Cumberland County has been facing difficult economic times due to numerous local plant closings, cut-throat competition and increases in federal fees which have already resulted in the closing of two companies and the loss of more than 100 jobs; and

WHEREAS, Cumberland County has ninteen trucking firms, representing approximately 1500 jobs, remaining in our area--all of whom would be "hardpressed" by any further increases in costs (which could result in shutdowns and further job lossess); and

WHEREAS, Cumberland County continues to have the highest unemployment rate in the state and the situation is continuing to worsen as plant closings continue; and

WHEREAS, other options are available to the state for raising the $30 million required for the program;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF CHOSEN FREEHOLDERS OF THE COUNTY OF CUMBERLAND, as follows:

1. That the concept of stable funding for transportation is supported.

2. That this Board is unalterably opposed to any increases in truck registration fees at this time because of the importance of the trucking industry to our vulnerable local economy.

3. That copies of this resolution be forwarded to Governor Kean, NJDOT Commissioner Sheridan, members of the Senate and

Assembly Transportation Committee, New Jersey Motor Trucking Association, New Jersey Alliance for Action, Cumberland County's elected State Representatives, South Jersey Development Council and all other concerned leaders.

Passed and adopted at a regular meeting of the Board of Chosen Freeholders held at the Court House, Broad and Fayette Streets, Bridgeton, New Jersey on Thursday afternoon, April 12, 1984, at 4:00 o'clock prevailing time.

DATED: April 12, 1984

NEW JERSEY TRUCKING INDUSTRY RESPONSE

TO

HIGHWAY FINANCING PROPOSAL

OF

GOVERNOR THOMAS KEAN

A white paper prepared for

New Jersey Motor Truck Association

by

Russell Roemmele, director of public relations and publications

G. Paul Kiely, president

Paul Stalknecht, managing director

March 16, 1984

Table of Contents

Attachments:

A) Some pertinent information about truck transportation in New Jersey.

B) Trucks pay big in taxes to Uncle Sam.

C) Federal and state taxes on typical vehicles.

D) The state of the industry.

E) Big shippers in state prefer trucks.

F) New Jersey highways — are all roads going downhill?

G) A typical — and mighty expensive — trip on the New Jersey Turnpike.

PREAMBLE

Give us a truck. Give us freight. Give us the road!

Of course the trucking industry in New Jersey has been a strong supporter — nay, the strongest supporter — of improved highways and bridges in the state. No matter the size, the weight and even the power of a truck, it cannot move without the road, the road, always the road. No matter the cargo, from peaches in southern Jersey to expensive computers in Port Elizabeth, no freight can move without the road, the road, always the road. [See attached A]

New Jersey Motor Truck Association, with its 1300 members, is committed to a stable source of funding for roads — the highways and the bridges. Since its founding in 1914, NJMTA has led the campaign for a stable source of funding in the New Jersey Department of Transportation annual budget for highway and bridge building, maintenance and repairs. Truck operators have consistently fought for dedication of highway use revenues to highway purpose To be sure, NJMTA has been in the forefront for any fair source of highway and bridge funding. [See attached F]

Truck operators have backed up their philosophical support for a stable source of highway funding with . . . paying their highway use taxes (motor fuel taxes, license and registration fees) each year. Not only paying their highway use taxes, but paying a fair share by anyone's reckoning. [See attached A,B and C]

THE STATE OF THE INDUSTRY

Not since the doomsday of the Great Depression in America and in New Jersey has the trucking industry endured more financial problems that have beset it in recent years. No trucking company based in New Jersey has completely escaped the financial strains and pains of the past four or five years. To be sure, according to statistics made public by American Trucking Associations, Inc., in Washington, D.C., New Jersey leads the nation in bankruptcies of trucking companies. Many other trucking companies have been losing money or earning minimal profit on investment. Only since the autumn of 1983 has the turnaround in the national economy exerted a forward direction to the New Jersey based trucking industry. [See attached D]

No doubt the general decline in business in truck transportation, which began in the latter two years of the Carter Administration, has been compounded severely by the negative aspects of the Motor Carrier Act of 1980. The act introduced — with undue haste, many trucking company officials believe — deregulatory procedures that have torn asaunder the structure of truck transportation as it has generally been known since the Motor Carrier Act of 1934, an act that regulated an industry beset with problems that were hurting the economy and consumers. The Interstate Commerce Commission was born and helped to bring order to a disorganized segment of transportation in the United States.

Deregulation, as interpreted and practiced — some critics would say arbitrarily— by the ICC, brought thousands of new motor carriers into an industry at the worst possible time . . . during a severe recession. This surge of new carriers, many of whom were ill-prepared to understand, and nevermind operate, in truck transportation, aggravated the financial problems of truck operators. Rates have been and are continuing to be discounted far in excess of compensatory business practices (up to 50 percent in some instances). This economic fact of life has devastated the operational ratio (the profits) of motor carriers. Even if one would agree that deregulation was necessary, one would have to admit its initial effects have been to place heavy financial burdens on truck operators.

In New Jersey, truck operators have been confronted with another headache — the decrease in manufacturing operations. New Jersey has, year after year, lost many manufacturing facilities, nearly all of which required trucks in one capacity or another. Although the state has increased in companies doing business in service industries, such industries do not generally require truck transportation to the degree as manufacturing industries.

To compound this loss in total freight tonnage, the Port of New York and New Jersey marine facilities at Port Newark and Port Elizabeth have not expanded to the degree originally planned by port developers. For various reasons, not enough freight is being moved in or out of the ports. Naturally, truck operators have not benefited as much as originally they had hoped because of this disappointing situation.

Taking the negatives together — national and state economic recession for more than four years, negative effects of deregulatory legislation and subsequent ICC interpretation, and the absolute decrease in the manufacturing industry — the trucking industry in New Jersey can little withstand increased taxes in any form. But then another economic disaster struck, via the Congress in Washington, D.C.

In late 1982, a lame-duck session of the Congress approved the Surface Transportation Assistance Act of 1982 (STAA). Although the legislation did contain some measures that promised increased productivity for motor carriers — such as provisions for use of longer vehicles — the industry has been restricte in taking advantages of these productivity provisions by obstinate refusal of some states to allow implementation.

Beyond the failure of some states, including New Jersey, to implement fully the productivity provisions of the Surface Transportation Assistance Act of 1982 (STAA), the federal government through STAA imposed several higher taxes on the trucking industry. They are, in summary:

#Five-cent-a-gallon increase in the federal motor fuel tax (previous tax was four cents) to nine cents.

#Higher tax on bigger tires (those used specifically for typical 18-wheeler and dump truck and other constructor vehicles).

#New tax of 12 percent on purchase of new equipment and parts to replace previous tax of 10 percent imposed on manufacturers.

#A highway use tax increase on heavy trucks from $240 a vehicle a year to $1600 a vehicle a year beginning July 1, 1984, and rising in steps to $1900 a vehicle a year July 1, 1988.

The severe blow — the gigantic increase in the highway use tax on heavy trucks — works out to about 600 percent increase, PERHAPS THE HIGHEST INCREASE IN TAXATION RATES EVER IMPOSED ON A BUSINESS IN THE UNITED STATES. As of this writing, the Congress is considering legislation that would amend the formula for highway use taxation on trucks. The proposed amendment would increase the federal tax on diesel fuel from nine cents a gallon to 14½ cents a gallon, and the highway use tax increase from $240 a vehicle a year to a maximum of $500 a vehicle a year (heavier vehicles would pay a higher highway use tax). This combined diesel differential tax and the hike in the highway use tax on vehicles weighing more than 10,000 pounds WOULD NOT CHANGE THE BOTTOM LINE FIGURE THAT THE TRUCKING INDUSTRY WOULD HAVE TO CONTRIBUTE TO THE FEDERAL HIGHWAY TRUST. THE BOTTOM LINE REMAINS THE SAME, THE FORMULA CHANGES. The proposed amendment would, in effect, be primarily a "pay-as-you-go" tax, rather than an "up-front" tax. The federal government's take would remain the same, we repeat. And this should be remembered: <u>The diesel differential tax addition would represent a 10½ cent-a-gallon jump in trucking industry federal fuel taxes since April 1983</u>.

Here again, the trucking industry has not shirked from its responsibility for funding the great Interstate Highway System from its inception during the Eisenhower years. The trucking industry has vigorously supported the idea and the practice of the Highway Trust Fund because of the fund's dedication provisions. Billions in federal dollars, TO WHICH NEW JERSEY MOTOR CARRIERS HAVE MADE SUBSTANTIAL CONTRIBUTIONS, have been returned to the states in the form of highway and bridge funds. More recently, some of the revenues of the Highway Trust Fund have been earmarked for mass transit, but overwhelmingly the funds have been dedicated to highways and bridges. [See attached A and C]

Another economic determinant affecting the trucking industry, as it affects all industries in the long run, is the comparatively high interest rates still prevailing in borrowing by business. This has been a crushing four-year problem for truck operators. This continuing borrowing problem — that prevents many companies from purchasing new equipment necessary for technological and productivity advances — has been almost ignored in media reports on the condition of the trucking industry. Most politicians also appear unaware of the high interest impact on an industry whose equipment must be replaced approximately every few years.

THE KEAN PROPOSAL

Governor Kean's proposal to establish the New Jersey Transportation Trust Fund provides:

Annual funding sources for the trust fund —

$88 million through the earmarking of 2½ cents of the current 8 cents a gallon state tax on motor fuel (this state tax should not be confused with the federal tax on motor fuel, which is 9 cents a gallon and may rise to 14½ cents on diesel fuel if Congress approves pending legislation).

$30 million from a proposed increase in truck registration fees.

$25 million from surpluses of the New Jersey toll road authorities.

Total capital funds available fiscal years 1985-88 —

In addition to the annual funding sources, the trust fund revenue bonds would provide $230 million annually. The $230 million would be matched with available federal funding to produce an average annual program of $800 million a year over four years ($570 million for highway projects and $230 million for mass transit, most of which would be subsidies to New Jersey Transit).

The Kean proposal breaks down the $230 million as follows:

$50 million would be used to match federal funds available for transit projects.

$58 million would be used to match federal funds available for highway projects.

$62 million would provide 100 percent state funding for selected projects.

$25 million would be used for betterments to the existing system (including $20 million for resurfacing).

$35 million would be derived from a dollar-for-dollar "swap" of FAUS (Federal Aid Urban System) funding and used by the state as match for local projects.

According to NJDOT statistics, the trust funds would provide a total (state and federal funds) of $3.3 billion through fiscal year 1988. Of this total, $2.3 billion would go to highways and bridges and $1 billion to mass transit.

THE INDUSTRY'S RESPONSE

NJMTA Board of Directors voted unanimously to oppose the Kean Administration proposal that would impose an additional $30-million-a-year tax burden on the trucking industry in the state.

The directors did not oppose the entire Kean proposal. On the contrary, the directors believe the overall thrust of the Kean trust fund concept and the limited earmarking of funding is a praiseworthy development and should be supported.

The opposition of the directors, therefore, is toward the proposed higher registration fees. As the president of NJMTA, Paul Kiely, said, "This $30 million burden on the trucking industry can neither be ignored nor passed on to customers. The proposed registration hike is onerous."

#The proposed increase in truck registration is unequal. Trucks above 5000 pounds would face stiff increases, from 20.2 percent to 87 percent for vehicles of more than 50,000 pounds gross vehicles weight (GVW). Several categories of trucks (agricultural vehicles and garbage trucks) have been arbitrarily excluded.

#THE INCREASE IN TRUCK REGISTRATION FEES WOULD PLACE NEW JERSEY FEES AT NINTH HIGHEST IN THE NATION. This would tend to reduce total truck registration in the state as carriers with out-of-state operations would legally transfer all or part of their New Jersey registrations to states with lower registration fees. For example, if the Kean proposal were approved a New Jersey registration would rise to more than $1300 for a specific category of trucks. In Delaware that fee would be $430; New York, $860; Connecticut, $ 900;

Maryland $647; and Pennsylvania, $1152, New Jersey registration fees would be the highest in the area — three times higher then neighboring Delaware!

Other neighboring states would attract registrations, so long as their fees are cheaper than those in New Jersey. While carriers would have this opportunity to re-register trucks in states with lower registration fees, truck operators with small-or medium-sized fleets in the state would not have this advantage. Therefore, the higher truck registration fees would hurt small New Jersey businessmen — the heart of the American economy and, for that matter, the soul of the American dream.

#NEW JERSEY MOTOR CARRIERS OPERATE IN A STATE WITH THE HIGHEST TOLL-MILE RATE IN THE UNITED STATES. The state offers few alternate or alternative trans-New Jersey routes without tolls. Entry or exit (in or out) of New Jersey necessitates high tolls on the trans-Hudson crossings or trans-Delaware crossings or, as happens with many hauls, both crossings. The toll structure for trucks using the crossing has been markedly increased in the past 18 months [See attached G]

#While using the state's toll roads, New Jersey motor carriers pay a "double tax." The carriers must pay the state motor fuel use tax and they receive no credit for the miles traveled on the toll roads, as is the case in many states. Of course, truck rates are higher than passenger car rates on the toll roads and on the river crossings.

#Property taxes in the state, which are among the highest in the country, continue to rise despite recent increases in state income tax and state sales [illegible]. Trucking companies by their very nature (and because of pertinent regulations of the U.S. Department of Transportation and OSHA) must have space for operations. The more space required, the higher will be the property taxes.

#The trucking industry in the state would be the <u>only</u> business afflicted with a higher registration fee (out-of-state truck operators would not be affected). Companies in all phases of business (commerce, industry and service) that benefit directly and indirectly from improved roads would not have to pay one penny.

#The governor's budget message misstates information about the trucking industry in the state and in the nation. For example, the governor's message misstated the year when truck registrations were most recently increased (1976, not 1974), and the governor totally ignores toll payments made by the trucking industry. In essence, the governor's call for higher truck registration fees reveals an absence of basic information about truck operations in the state.

#A key point overlooked by the governor in his proposal — and by the NJDOT in its funding information — is the high increases in federal highway use revenues paid by the trucking industry. These contributions will continue to rise. The federal funds coming into New Jersey for highway and bridge and mass transit were paid for by truck operators and by motorists. Trucks operators are, therefore, being asked to help match funds they have already paid in taxes (in one form or another) to the Highway Trust Fund of the federal government. [See sections A,B and C]

#Nowhere in the governor's proposal is their recognition of the financial contributions made by the trucking industry to highways and bridges and, yes, mass transit in the state. Since the State Legislature began diversion of highway use revenues to nonhighway — to be sure, nontransportation — purposes, deterioration has set in. During that diversion period, which continues, the trucking industry contributed nearly $1 billion of the diverted revenues. The full story of this "stealing of the cookie jar" has hardly been revealed in the media. [See attached F]

The above are reasons the NJMTA directors oppose the $30 million-a-year increase. The cited reasons should be thought of IN ADDITION TO the facts presented in the section of this white paper dealing with the economic condition of the trucking industry. As a reminder, the overall negative factors:

#Four-year recession nationwide and statewide.
#Effects of Motor Carrier Act of 1980 (deregulation).
#Absolute decrease in manufacturing in New Jersey.
#Continued high rate of interest.
#Higher tax provisions of the Surface Transportation Assistance Act of 1982, including the 600 percent hike in bottom line taxes on heavy trucks.

INDUSTRY'S RECOMMENDATIONS

The trucking industry in New Jersey, in which NJMTA represents the bulk of the 250,000 men and women employed, does not ride away from its responsibility in assessing the Kean proposal.

NJMTA Board of Directors commends Governor Thomas Kean, Commissioner John Sheridan and all those state officials with the foresight to understand the needs of highway and bridge building, maintenance and repairs in New Jersey. Our criticism, our disagreement, is with one item in the funding procedure or mechanism, and it is precisely here where shortsightedness has replaced vision.

We propose an alternative to the $30 million-a-year registration fee increases.

NJMTA proposes that for the next two fiscal years the funding from general revenues as proposed in the Kean proposal be increased from $88 million-a-year to $118 million-a-year. All indications are for a state surplus exceeding $100 million in each of the next two fiscal years — assuming of course the State Legislature does not exhaust such surpluses in additional spending programs. As more than $3 billion in highway use revenues have been diverted to general revenues over the past three decades, $60 million from general revenues placed back to transportation funding is not unfair or impractical.

At the completion of the two-year period, across the board increases in motor vehicle taxes should be considered, assuming the national and state economies continue to improve or at least remain stable.

Meanwhile, the trucking industry is prepared to throw its weight behind any effort to improve highways and bridges in the state. NJMTA is ready to sit down with state officials at any time to discuss matters of mutual concern. NJMTA recommends, therefore, the establishment of formal contacts with state transportation officials on a regular basis BEFORE legislation is proposed.

In summary, NJMTA recommends:

* Fiscal years 1985-86 = $60 million ($30 million-a-year) from general revenue.
* Fiscal years 1987-88 = $60 million ($30 million-a-year) from across-the-board increase in motor vehicle taxes.
* Formal mechanism established so that state officials and trucking industry can discuss fully.

CONCLUSION

Yes, New Jersey's trucking industry benefits from improved highways and bridges. That is almost a truism. But it is myoptic to see only truck operators benefiting from such improvements.

Highways and bridges were not built for trucks alone. They were built because the times, the technology, the people demanded them. The roads were built because neither railroads nor river barges nor airplanes could do the job of freight movement demanded by the times, the technology, and the people.

Let us understand that the two most recent internal migrations in America — the shift from the cities and inner suburbs to the outer suburbs and previously nondeveloped and rural area, and the vast movement of population and business to the so-called Sunbelt — were made possible by truck transportation, as evidence shows clearly.

Interstate 287 is an example. Without truck transportation, no development to any degree could have resulted. Trucks made possible similar economic progress along or accessible from other interstates in New Jersey: 280, 80, 295, 78 and 195. This trend will, if anything, continue.

So all New Jersey has gained from its highways and the use of those highways by trucks. Each business, even to the smallest, has gained. The state treasury has gained. It is nonsensical, therefore, to pretend that only trucks have benefited from highway and bridge improvements and that only truck operators will benefit from further improvements. No, the state's economy gains, and so does each component within the state economy. In a sense, the truck is the conduit of benefits to the state economy. The truck is the transfer agent.

It is inconceivable, then, to increase taxes on ONLY the trucking industry — an industry enduring fundamental financial problems — when the trucking industry is not the only or even the major beneficiary of improved highways and bridges. Trucks may transport the economic wealth of the state but the trucks do not own that economic wealth. The economic wealth of the state is owned by all businesses, all residents.

The road, the road, always the road. The trucking industry in New Jersey lives those roads. It is hoped that this "white paper" will help explain why truck operators cherish the roads and will give maximum effort to improve the roads. But truck operators cannot be expected to commit financial suicide in financing those roads.

(A)

COMPARISON OF FEDERAL HIGHWAY USE TAXES

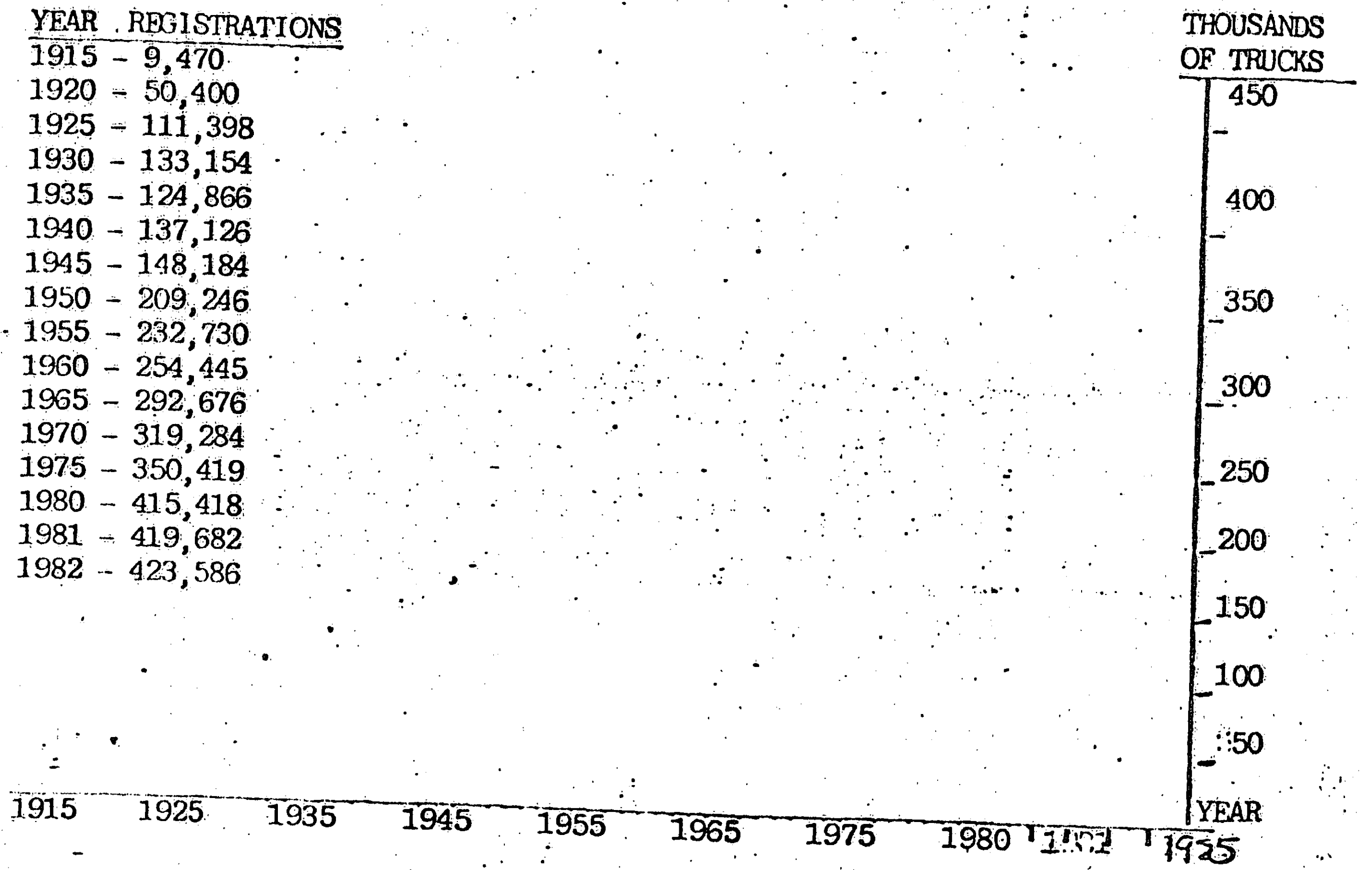
PAID BY TWELVE TYPICAL VEHICLES

TYPICAL VEHICLES	Annual Federal User Taxes Per Vehicle PRESENT	1985*
1. Very Light Passenger Car 12,500 miles	$ 22	$ 43
2. Medium Passenger Car 12,500 miles	34	60
3. Heavy Passenger Car 12,500 miles	38	75
4. Pickup 9,800 miles - 5,000 lbs. GVW	33	63
5. Stake 12,000 miles - 14,000 lbs. GVW	181	122
6. Van 25,000 miles - 24,000 lbs. GVW	441	408
7. Dump 25,000 miles - 50,000 lbs. GVW	929	1,639
8. Three Axle Tractor Semitrailer 40,000 miles - 40,000 lbs. GVW	906	1,445
9. Four Axle Tractor Semitrailer 50,000 miles - 60,000 lbs. GVW	1,153	2,386
10. Five Axle Tractor Semitrailer 70,000 miles - 78,000 lbs. GVW	1,746	3,973
11. Five Axle Tractor Semitrailer 80,000 miles - 80,000 lbs. GVW	1,868	4,401
12. Truck Full Trailer 80,000 miles - 80,000 lbs. GVW	2,274	4,823

* Per Surface Transportation Assistance Act of 1982. 1985 selected because it is first full year increased heavy use tax is in effect.

423,586 TRUCKS SERVE THE PEOPLE OF NEW JERSEY – ONE TRUCK FOR EACH 17.5 PERSONS IN THE STATE

YEAR	REGISTRATIONS
1915	9,470
1920	50,400
1925	111,398
1930	133,154
1935	124,866
1940	137,126
1945	148,184
1950	209,246
1955	232,730
1960	254,445
1965	292,676
1970	319,284
1975	350,419
1980	415,418
1981	419,682
1982	423,586



SOURCE: FEDERAL HIGHWAY ADMINISTRATION.

TRUCKING PURCHASES BOOST ECONOMY

In 1982, New Jersey Truck Owners Spent

$556,366,000 - For Trucks And Trailers

$ 54,136,000 - For Parts and Accessories

$1,001,555,000 For Fuel

$ 36,027,000 - For Lubricating oil

$ 79,991,000 - For Tires and Tubes

In Addition, large amounts of money are invested in terminals, warehouses, and related equipment.

SOURCE: American Trucking Association, Department Of Economic Develepement and Research.

MASS TRANSIT = $ 188,000,000 (35 PERCENT)

GENERAL FUND = $ 178,000,000 (33 PERCENT)

STATE HIGHWAYS = $ 171,000,000 (32 PERCENT)

TOTAL = $ 537,000,000 (100 PERCENT)

SOURCE: Federal Highway Administration

TRUCKS ARE ONLY 12,4% OF THE VEHICLES USING THE NEW JERSEY TURNPIKE BUT PAID 33.6% OF THE TOLLS

The New Jersey Turnpike consists of 141 corridor miles and was used by 133,573,471 vehicles in 1982. Trucks, 16,616,877 vehicles, represented 12.4 of the total vehicles. In 1982, $129,922,144 was collected in tolls with trucks accounting for 43,721,768, or 33.6% of the total.

SOURCE: New Jersey Turnpike Authority.

971 New Jersey Communities – 81.3% Depend Entirely on Trucks For Freight Transportation

Counties	Total Populated Communities	Communities Totally Dependent on Trucks For Hard Transportation: Number	Communities Totally Dependent on Trucks For Hard Transportation: Percent of Total
Atlantic	58	47	81.0
Bergen	69	38	55.1
Burlington	102	93	91.2
Camden	68	54	79.4
Cape May	43	35	81.4
Cumberland	38	32	84.2
Essex	22	12	54.5
Gloucester	71	59	83.1
Hudson	12	3	25.0
Hunterdon	57	48	84.2
Mercer	35	29	82.9
Middlesex	48	34	70.8
Monmouth	111	99	89.2
Morris	101	80	79.2
Ocean	115	110	95.7
Passaic	27	19	70.4
Salem	42	37	88.1
Sommerset	46	41	89.1
Sussex	51	46	90.2
Union	21	9	42.9
Warren	57	46	80.7
Total	1,194	971	81.3

NOTE: The statistics are for "populated communities" and not only for the state's cities, towns, townships, villages and boroughs.

Trucks pay big in taxes to Uncle Sam

As if trucking executives did not already know, they now have federal government documentation to back them up — the trucking industry pays a hell of a lot in taxes to Uncle Sam.

According to 1981 statistics made public by the Committee on Finance of the Joint Committee on Taxation of Congress, only motor vehicle manufacturers pay a higher U.S. tax rate in domestic income than does the trucking industry.

For overall worldwide tax rates on worldwide income, trucking is second only to crude oil producers in percent of taxation.

The study, based on incomes of American companies, reveals that railroads in the United States paid no taxes in 1981. To be sure, the railroad effective tax rate showed a 7.5 percent tax loss. These statistics do not include the billions of dollars in federal subsidies paid to railroads throughout the country, including to Conrail.

In total dollars, the trucking industry U.S. income of $796,654,000 produced federal taxes of $367,550,000 (46 percent of income in 1981).

The congressional report does not deal with state taxes (motor fuel, ton-mile, and other so-called third-structure) through which trucking companies pay far higher percent state taxes than do railroads or most other industries.

In short, trucking is just about the most taxed industry in the country, says the government. As if we did not already know....

Table 2.—Federal Corporate Income Tax Rates of Selected Companies by Industry, 1981

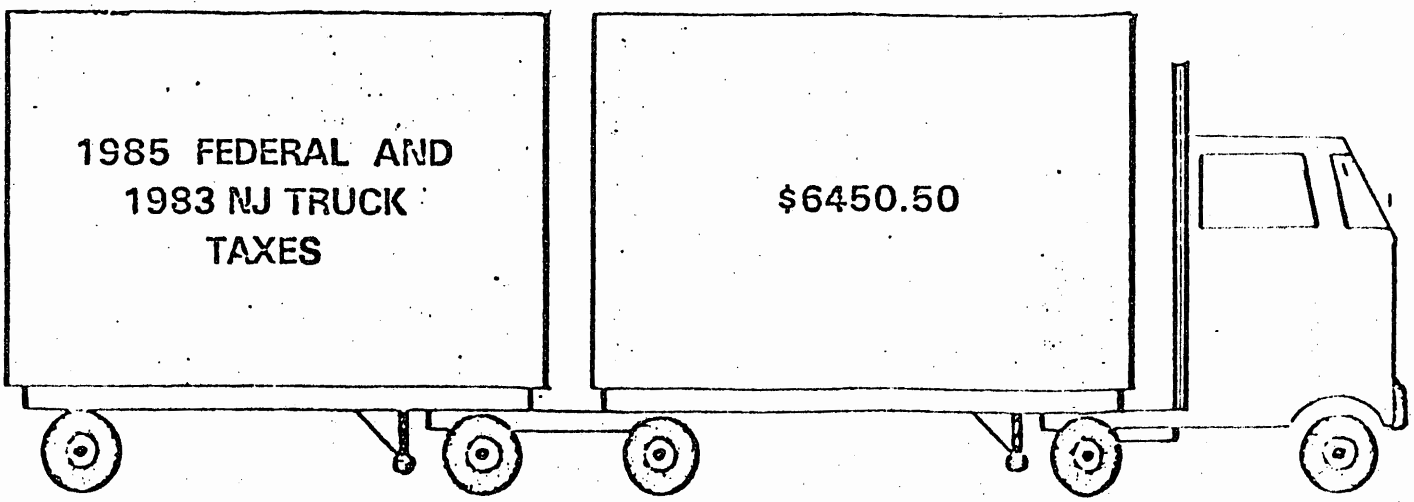
[Dollar amounts in thousands]

Industry	U.S. income before tax	Foreign income [1] before tax	Worldwide income [2] before tax	Current U.S. tax expense	Current foreign tax expense [1]	Current worldwide tax expense	U.S. tax rate on U.S. income	Foreign tax rate on foreign income	Worldwide rate on worldwide income
Aerospace	$2,282,317	$473,541	$2,755,858	$155,291	$172,943	$339,834	6.8	36.5	12.3
Beverages	1,186,983	885,719	2,072,702	342,251	346,457	688,708	28.8	39.1	33.2
Chemicals	3,116,500	2,707,400	5,823,900	154,300	1,545,800	1,700,100	5.0	57.1	29.2
Commercial banks	2,050,168	3,274,376	5,312,823	47,975	1,247,677	1,311,036	2.3	38.1	24.7
Crude oil production	996,075	2,470,226	3,887,881	31,043	1,833,019	2,040,988	3.1	74.2	52.5
Diversified financials	1,653,911	238,357	2,282,168	277,816	93,645	399,161	16.8	39.3	17.5
Diversified services	1,714,074	951,309	2,522,970	507,179	319,152	693,958	29.6	33.5	27.5
Electronics, appliances	4,551,281	1,703,692	6,222,036	1,335,269	722,004	2,131,060	29.3	42.4	34.3
Food processors	2,809,725	905,571	3,715,296	752,603	458,973	1,211,576	26.8	50.7	32.6
Industrial and farm equipment	1,594,768	438,395	2,033,163	383,574	177,167	560,741	24.1	40.4	27.6
Metal manufacturing	2,557,389	329,755	3,297,944	249,680	115,820	382,000	9.8	35.1	11.6
Motor vehicles	1,188,694	468,088	1,099,982	566,704	456,299	240,103	47.7	97.5	21.8
Office equipment	4,327,124	2,877,055	7,204,179	1,093,007	1,725,520	2,818,527	25.3	60.0	39.1
Oil and refining	21,489,584	19,737,334	47,638,253	4,003,997	11,913,965	18,092,162	18.6	60.4	38.0
Pharmaceuticals	1,692,049	1,280,600	2,972,649	606,782	619,915	1,176,697	35.9	48.4	39.6
Retailing	2,365,877	301,268	2,621,145	536,268	123,822	642,090	22.7	41.1	24.5
Tobacco	2,593,421	536,340	3,129,761	811,881	110,678	922,559	31.3	20.6	29.5
Transportation:									
Airlines	239,571	95,635	326,374	38,533	25,800	57,469	16.1	27.0	17.6
Railroads	1,723,273	(3)	1,723,273	(129,434)	(3)	(129,434)	(7.5)	(3)	(7.5)
Trucking	796,654	10,826	795,395	367,550	5,188	372,738	46.1	47.9	46.9
Utilities	15,375,821	204,521	16,202,651	1,417,224	83,024	1,514,037	9.2	40.6	9.3

[1] Foreign income as disclosed in the financial statements may not reflect an allocation between foreign and domestic income that is consistent with U.S. tax rules. Current foreign tax expense may include amounts which are not creditable foreign taxes for purposes of the foreign tax credit under the applicable U.S. tax rules. For this and other reasons (such as foreign currency translation gains and losses), the foreign tax rate may not be comparable with the U.S. tax rate.

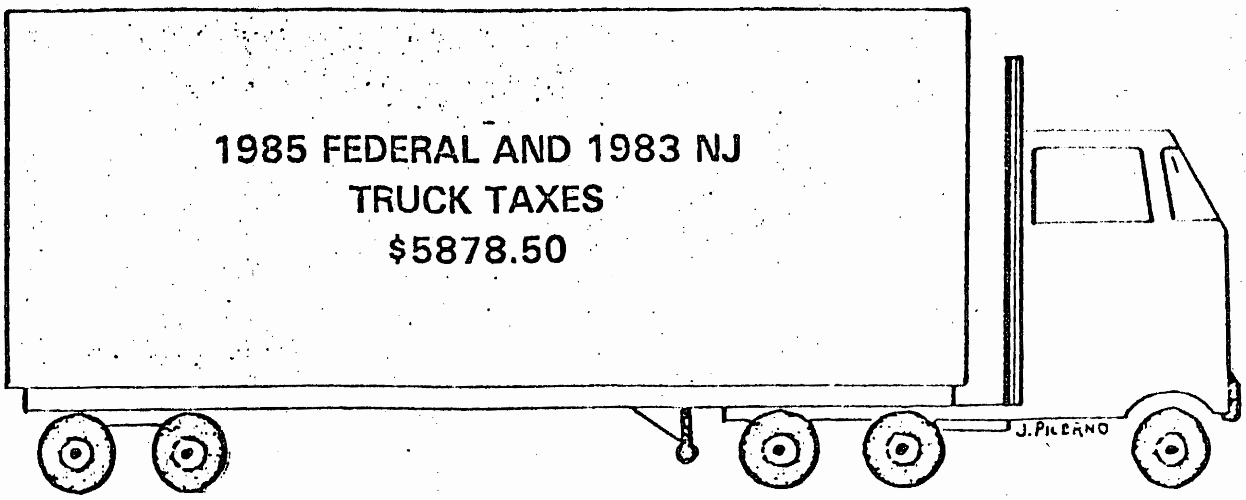
[2] Worldwide income is not necessarily the total of U.S. income and foreign income because some companies do not disclose foreign earnings and because losses are excluded from group totals. Thus, the worldwide tax rate does not necessarily fall between the U.S. and foreign tax rates.

[3] Not available.



A TWIN TRAILER WILL PAY THESE TAXES AND FEES

1985 Heavy Use Taxes - Federal	$1600.00
12% Sales tax - Federal	1039.00
50c Per lb. Tires - Federal	230.00
9 Cents Federal Fuel Tax	1532.00
8 Cents State Fuel Tax	1362.00
NJ Truck License	687.50
	$6450.50



THIS TRUCK PAYS THESE HIGHWAY USER TAXES AND FEES

1985 Heavy User Taxes - Federal	$1600.00
12% Excise Tax - Federal	968.00
50c Per lb. Tires - Federal	143.00
9 Cents Federal Fuel Tax	1312.00
8 Cents State Fuel Tax	1168.00
NJ Truck License	687.50
	$5878.50

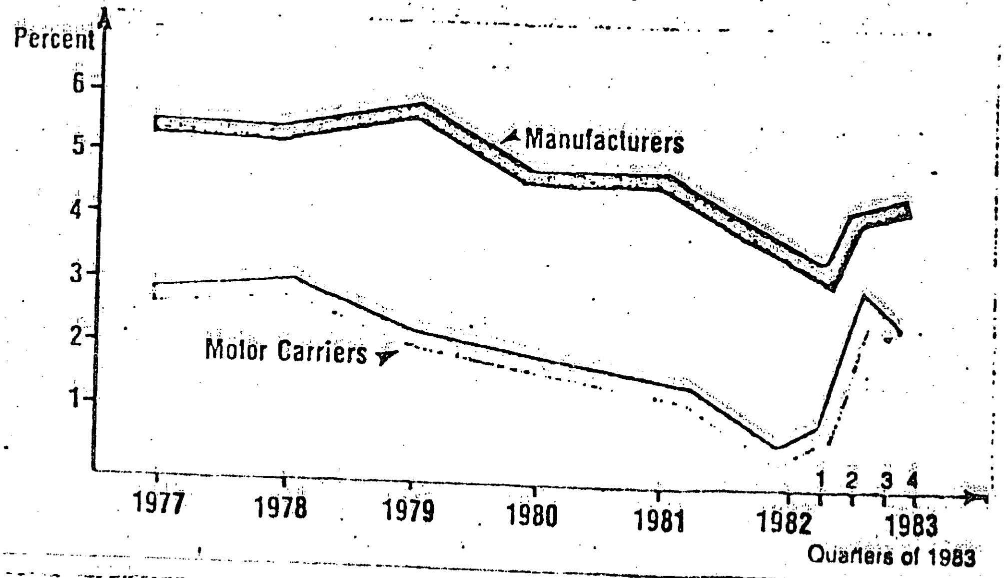
D

The State of the Industry

The motor carrier industry in 1983 realized some much needed financial improvements after the unprecedented decline experienced since the late 1970's. With the long-awaited economic recovery finally materializing in 1983, tonnage began increasing and revenues were up relative to costs. An industry profit margin in 1983 of 2.3 percent of revenues should be registered — a substantial gain over 1982's 0.5 percent, virtually breakeven performance. The 1983 improvement, though, still falls short of industry norms of approximately a 3 percent profit margin achieved through the mid-1970's.

I. Income After Taxes As a Percent of Revenues

(Net Profit Margin)



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NEW JERSEY MOTOR TRUCK ASSOCIATION Bulletin

VOL. XIX • No. 20 DECEMBER 1, 1983

Big shippers in state prefer trucks

MODAL SPLIT OF INTRASTATE TRAFFIC — IN TONS

MODE	INBOUND TONS	%	OUTBOUND TONS	%
Truck	2,093,100	90.2	8,429,086	88.4
Rail	217,065	9.4	71,923	0.8
TOFC	75	0.0	211	0.0
Waterborne	5,941	0.3	16,330	0.2
Other	1.771	0.1	1,017,203	10.6
	2,318,810	100.0	9,534,753	100.0

Big shippers in New Jersey overwhelmingly prefer trucking for inbound and outbound traffic -- intrastate, interstate (less than 1000-mile radius) and interstate (more than 1000-mile radius).

In addition, shippers who chose the truck as a shipping mode, gave transit time as the prime factor in their decision, with the cost of shipping goods a close second.

The dominance of trucking in the state is emphasized several times in "Statewide Goods Movement Study," made public by the Office of Freight Services of the N. J. Department of Transportation (NJDOT).

The report, funded in part by the Federal Highway Administration (FHWA), was initiated in 1978 to study the flow of goods and commodities within New Jersey and the immediate adjacent counties. The data used in the study were derived from questionnaires sent to shippers. The survey was sent to major companies, where generally larger shipments would be anticipated.

(Continued on page 8)

E

Big shippers in state prefer trucks

(continued from page 1)

Observations based on a sample of 185 surveys:

•98 companies said that inbound tonnage had increased during the past five years, while 31 companies said tonnage had decreased.

•108 companies said their outbound tonnage had grown, while 32 companies said tonnage had decreased.

MODAL SPLIT OF INTERSTATE TRAFFIC
Greater than 1000 mile radius - in tons

MODE	INBOUND TONS	%	OUTBOUND TONS	%
Truck	253,997	53.8	890,300	94,6
Rail	118,897	25.2	24,321	2.6
TOFC	14,250	5.0	14,250	1.5
Waterborne	72,012	15.3	5,312	0.6
Other	3,493	0.7	6,546	0.7
	472,119	100.0	940,729	100.0

MODAL SPLIT OF INTERSTATE TRAFFIC
Less than 1000 mile radius - in tons

MODE	INBOUND TONS	%	OUTBOUND TONS	%
Truck	2,746,414	63.6	4,860,076	60.2
Rail	561,960	13.0	297,256	3.7
TOFC	8,563	0.2	24,092	0.3
Waterborne	976,514	22.6	2,027,940	25.1
Other	25,811	0.6	860,664	10.7
	4,319,262	100.0	8,070,028	100.0

•Road surfacing improvements we the overwhelming choice among shipper Those surveyed also wanted increas truck size and better traffic control.

•Proximity to local markets, the ro system and skilled labor markets we given as reasons companies locate in Ne Jersey.

The goods movement study found th many shippers have "indicated problen in their shipping trends."

The state study asks: "Is this due anything that NJDOT (or U. S. Departme of Transportation) has control jurisdiction over? Are there low-cost, short-range solutions to these problems Are we in danger of losing a significa number of jobs in this state? Will the loss these jobs contribute to down-stream loss other industries or other jobs?"

In analysing the shipping compan responses, the Bulletin notes 42.8 percent the intrastate outbound and 21.6 percent the intrastate inbound shipping is withi northeastern New Jersey (Bergen, Esse Hudson and Union Counties). The southeas portion of the state (Atlantic, Cumberlan and Cape May), although resistering onl seven percent of the outbound, has 30.4 the inbound shipping.

In out-of-state movement of good most of the freight is shipped to Ne England—NY State (excluding NYC), percent. Philadelphia Metro gets 15 outbound. New York City (includir Westchester County and Long Islan receives only 8.7 percent.

Interestingly, by a big margin, inbour shipments from out-of-state is heavie (32.5 percent) from overseas — Asi Pacific Islands, Hawaii and Australi Next biggest (15.6 percent) inbou shipments are from overseas — Euro Eurasia, Africa and South America.

(continued from page 1)

therefore, the first one to point out that, like the emperor who wore no real pants, our highways have no real funding.

Furthermore, people (voters) are beginning to notice another bit of embarassing exposure: Uncle Sam will not be an easy touch any longer. New construction on the great Interstate Highway System — one of the true engineering masterpieces of our day and perhaps the most beneficial transportation program ever enacted by Congress — will be reduced to almost zero. From here on, federal funds will be used for upkeep of the existing system. No longer will state officials take credit for the magnificent IHS roads financed by the federal highway user tax. That game is up, too.

Finally, the building of toll roads — the New Jersey Turnpike, the Garden State Parkway, the Atlantic City Expressway — is also about over. Though they are credible and, at places, marvelous throughways, the toll roads have become expensive for motorists, especially motor carriers, who must finance higher and higher administrative and operational costs of the quasi-independent authorities. The authorities which run the toll roads have become almost as if separate empires. All the early promises at conception of these toll roads are now conveniently forgotten. If anything, the keepers of the tolls predict more and more hikes in rates in the next decade.

It is not only budget-time talk. New Jersey highways are in a mess. But before looking at the sick — frightfully sick patient — a quick review of how the highways got in such bad shape is in order.

Steady Deterioration

The proper place to go for information about state highways is, naturally, the transportation department itself and Mr. Gambaccini. While one may not always agree with the commissioner's conclusions, his stats are factual and, as far as the politicians are concerned, embarassingly incriminating.

The commissioner said in his presentation to the joint appropriations committee: "We have gone from 28 percent of the state budget, including federal aid, in 1962, to five percent of the state budget in fiscal 1982. During this period there has been a steady deterioration in physical plant and eroding standards of maintenance and operations."

Appropriation by the state for education went from 38.2 percent in 1961 to 42.6 percent in 1981. Human services continued to take about one-fifth of the state budget over 20 years — indicating, if anything, that billions of state tax dollars have not reduced rampaging social problems. The big jump in state budget appropriations between 1961 and 1981 is listed in departments and services that were not even conceived as state expenditures 20 years ago. For example, the department of energy and the department of environmental protection did not exist in 1960. Clearly, many highway and bridge dollars have been diverted for dubious and controversial social engineering purposes (or flying helicopters over the Delaware Bay in fruitless search for phantom oil tankers).

Some state highways and bridges were built, improved and maintained during the 1960s and 70s. The funding method was simple: "Float another bond issue." Capital funding through floating bonds is nothing new, of course; but such funding is, at best, expensive (paying the interest) and, at worse, devious (postponing financial responsibility to the next generation, to the "night shift").

In perhaps the classic understatement of his tenure as transportation commissioner, Mr. Gambaccini made the following comment at his appearance before the State Legislature. He said, "Transportation, particularly streets and highways, have historically been among the earliest and most basic of government services. It is ironic that so basic a public service has been relegated to increasingly lower and lower relative status and financial support at the federal, state and local levels."

Mr. Gambaccini is wrong about the feds, because federal funding has been, if anything, most generous. He is right, however, about the state and local funding. The only problem — he did not explain why money for state highways was reduced. Nor did he tell on the guys in Trenton who have raided his department's cookie jar.

The Backlog

In its published statistics, the state highway department says that the overall transportation backlog, including state and local jurisdiction, is about $2.2 billion. That is the bad news. Now, here is — no, not good news — even worse news. At the current rate of DOT spending, and assuming 10 percent inflation, this backlog will expand to $6.6 billion by 1990, and to $17.4 billion by 2000. Such a backlog would probably never be reached, for one very good reason: there would not be any highways left.

Even if it could be argued that New Jersey does not need major new construction of highways (a position of many environmentalists and no growth

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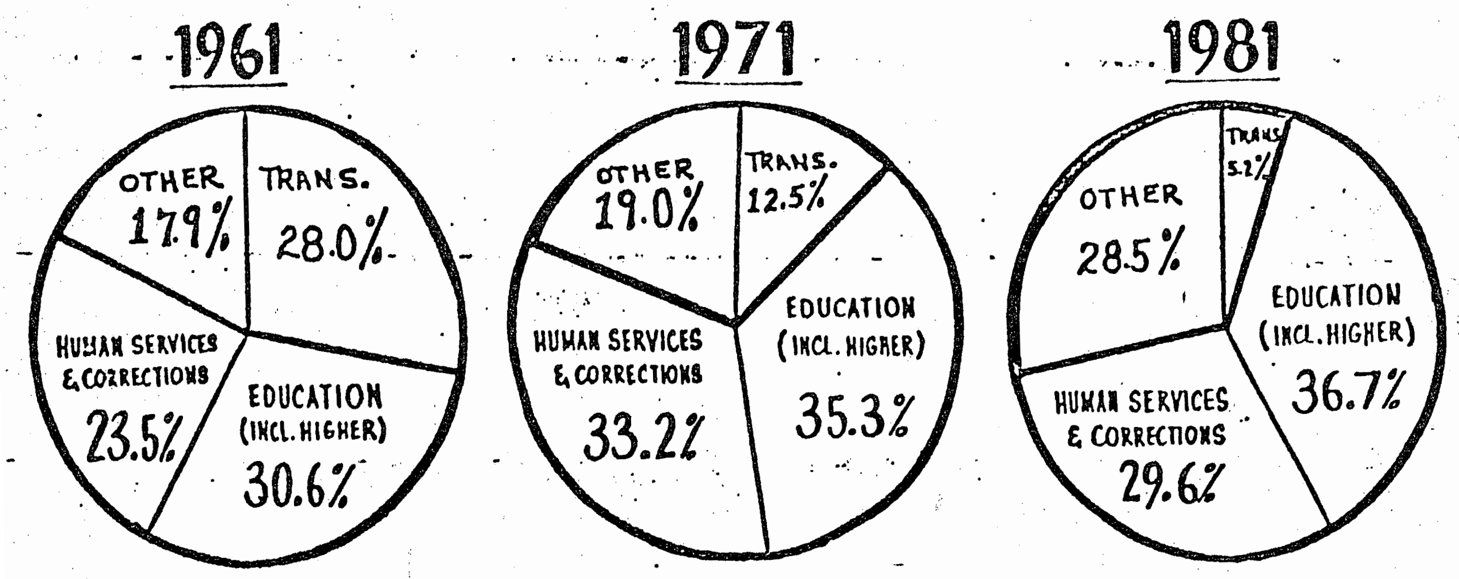
Percentage Of Total State Budget Devoted To Transportation

(Includes Federal Aid)



NEW JERSEY MOTOR TRUCK ASSOCIATION

F

BULLETI

VOL. XVII, No. 8

APRIL 15

New Jersey Highways—Are All Roads Going Downhill

NEARLY
$1 BILLION
OF TRUCK TAXES PAID
TO N.J. HAVE BEEN
DIVERTED TO NON-HGWY
PURPOSES. TRUCK OPERATORS
WERE ROBBED!!
WHERE DID OUR TAX
MONEY GO?

20 Years Of Raiding The Cookie Jar

Motor carriers must know everything there is to know ab the deterioration of the state's highways. For the highways se truck transportation as the main arteries serve the heart — wh they become clogged, survival is difficult.

It is no secret to the trucking industry, therefore, that for mo than two decades most of the politicians and bureaucrats Trenton have been diverting hundreds of millions of dollars fr necessary — in some cases, most urgent — highway constructi and upkeep to massive vote-getting social engineering programs

Listen to Louis Gambaccini, state transportati commissioner, as he spoke before the State Legislature Jo Appropriations Committee March 24: "There isn't a region county in the state that doesn't have a long list of complaints abo hazardous intersections, crumbling bridges, pock-marked roa the need for new traffic signals, litter buildup, the lack of tran service and on and on."

To be sure, as if to emphasize the worsening highway proble the commissioner told the joint appropriations committee that h proposed budget would mean, reflecting inflation, a less than o percent increase in his overall budget. This would have t practical impact, he says, of a 13 percent cut in highway servic and a combination of big fare increases and reduced services mass transit.

Embarassing Exposure

All of a sudden, state officials are discovering that the game is up: that they simply cannot continue to steal cookies fro Mr. Gambaccini's jar. And the media, reacting perhaps to t antitax and antispending messages evident in recent elections, a beginning to see just how bad state highways are.

For more than two decades motor carriers and spokesmen f the New Jersey Motor Truck Association have been telling everyo that highway funding should be dedicated. Mr. Gambaccini is no

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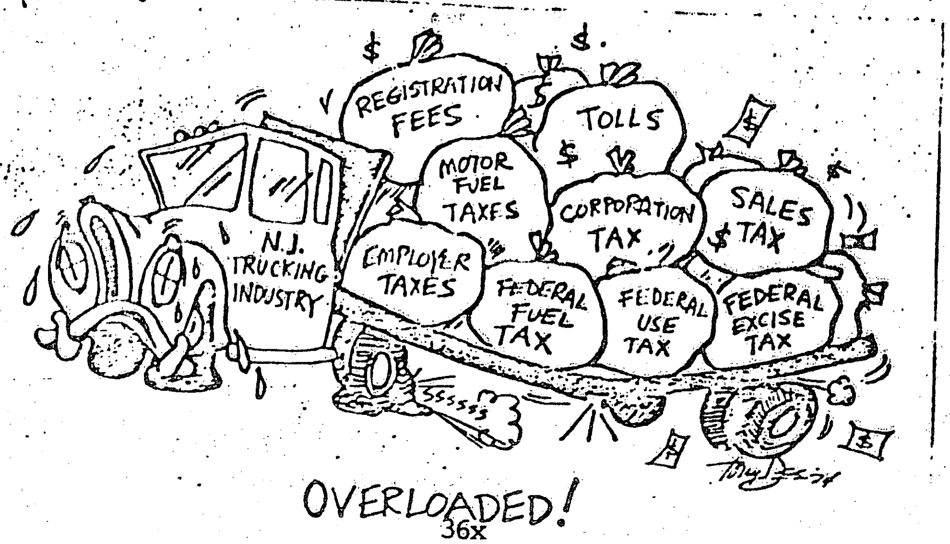


OVERLOADED!

enthusiasts), DOT's backlog would still be multibillion because of the exasperating and spiralling maintenance costs. For years, DOT has been forced to put off repairs.

Consider this point made by Commissioner Gambaccini in his testimony in the State Legislature. He said, "(Our) inadequate maintenance coverage is even more striking when compared to the maintenance spending on the Garden State Parkway and New Jersey Turnpike. In 1978, we had available $4,066 for maintenance of each state highway lane mile. During this same year, the parkway spent $10,904 for each lane mile and the turnpike spent $28,777 for each lane mile."

Mr. Gambaccini has already begun to pull back maintenance coverage in DOT functions which he says are not directly related to safety on the state highways. One may ask, will cutbacks result in dirtier roadways? The answer, according to DOT, "Yes, and then some!"

Snow removal on the state highways will slow down. No one worries about that vital facet of highway maintenance — until the first snowfall. For motor carriers, this spells only one thing: crippling increases in labor costs.

Secondary Roads

If the state's highways are in trouble, those thoroughfares operated and financed by counties and municipalities have reached in many places "the point of no return" (that is, if you go on them, you or your vehicle will unlikely return). Commissioner Gambaccini points out that only 7,000 miles of the 30,000 miles of county and municipal roads are eligible for federal aid. The remaining 23,000 miles depend upon local budgets and whatever state aid is available.

Over the past three years or so, counties and municipalities in New Jersey have had to adapt to the state law restricting the allowable percentage increase of spending in their budgets (the so-called budget cap). This five percent cap has propelled local politicians into demanding that the state and Uncle Sam come to the rescue.

The Cookie Raid

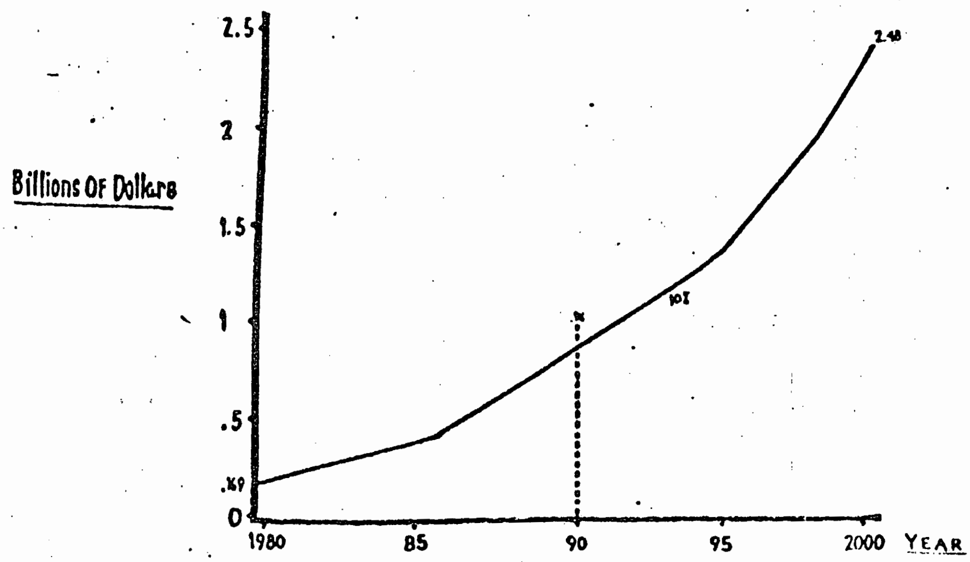
Commissioner Gambaccini chooses not to identify the culprit, the forgotten enemy of highway trnasportation. That nemesis surfaced in 1947 when the dedication of gasoline tax revenues to transportation was removed. Since then, funds for DOT have come from general state revenues, appropriated annually. It is precisely here where the irresponsible politician was created. It is he who created the highway mess, by diverting funds from DOT.

This then is the critical situation of New Jersey highways. Motor carriers must be prepared for the expected onslaught from the irresponsible politicians in the State Legislature. After the November election, and perhaps before, there will be incessant cries for new sources of revenues for Mr. Gambaccini's complaints. After all, everyone will say, the highways are deteriorating.

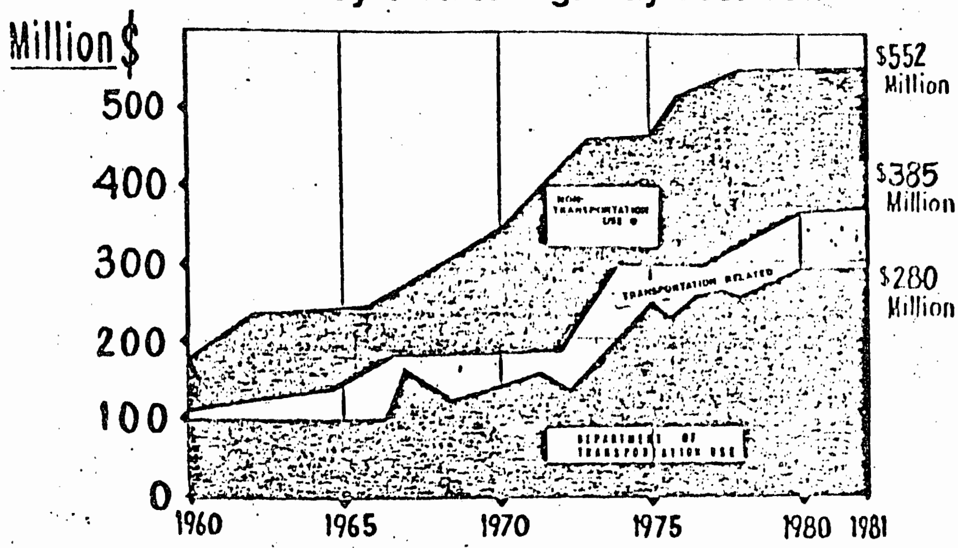
It is plain to see that if the truck transportation industry is to avoid another state imposition of taxes or fees, it must alert the public and responsible politicians that the solution to financing of state highways is quite simple: revenues derived from highway use must be dedicated to highwy purposes. The DOT cookie jar is empty!

If the past two decades have taught us a lesson, it is this fact — and this might serve as the rallying call of the trucking industry — "no taxation without dedication."

Total State Road Resurfacing Backlog



New Jersey's State Highway User Tax



•CUMULATIVE TOTAL OVER 20 YEARS $3 BILLION

TAKE A RIDE ON THE MOST EXPENSIVE TRUCK TRIP IN THE UNITED STATES —

A VISIT TO NEW JERSEY !!!

New Jersey is a corridor state. New Jersey is a center of interstate goods movement. New Jersey is trucks. New Jersey is expensive.

Let us take a 150-mile trip by truck through New Jersey — a costly trip indeed.

Entering New Jersey, we use the Delaware Memorial Bridge. STOP — PAY A TOLL. For a typical 18-wheeler the fee is $2.50.

Traveling northbound, we are on the New Jersey Trunpike. Nearly 140 miles later, we are approaching the end of the roadway. STOP — PAY A TOLL. Add another $9.10 to our cost.

Ten miles to go to exit New Jersey into New York City. STOP — PAY A TOLL. The equivalent one-way fare for the George Washington Bridge is $3.75.

Finally, we are out of the grasp of New Jersey's toll strangulation.

STOP — TRUCKERS ARE NOT FINISHED PAYING NEW JERSEY YET!

Under New Jersey's motor fuel use tax reporting law, trucks must pay the state an eight-cent-a-gallon levy for the fuel used while traveling within the state STOP — PAY AN ADDITIONAL $2.40* IN HIGHWAY USE TAXES.

Let us see, we have traveled approximately 150 miles in about three hours. Our truck has paid $17.75 in tolls and fuel taxes for this trip. That equals about 12 cents a mile! This amount does <u>not</u> include any federal taxes paid or prorated state taxes such as vehicle registration.

At 12 cents a mile operating expense — New Jersey has no equal.

New Jersey — a trucker's nightmare and a tax collector's dream. TRUCKS ARE PAYING THEIR FAIR SHARE OF TAXES.

* Motor fuel tax is based upon average heavy truck fuel consumption rate of five miles a gallon.

NEW JERSEY: RANKS 7TH AMONG STATES IN MOTOR VEHICLE TAXES AS PERCENTAGE OF TOTAL STATE TAX COLLECTIONS !!

States Levy a Wide Variety of Taxes

One striking difference in Federal and state levies, said Arthur Gelber, partner in charge of state tax matters at Laventhol & Horwath, who compiled the data below, is that "corporations pay a substantial part of the state tax bite. A company can pay nothing to the Federal Government but still pay substantial state taxes." The figures below represent the percentage of each state's tax collections from each type shown.

State	Corporate Income	Personal Income	Total Income	Cap Gains & Dividends	State Property	Casino Gambling	Sales & Excise	Motor Vehicle	Regulated Industry	Conservation & Resource	Other
Alabama	8	22					37	13	12		8
Alaska	28				6					63	3
Arizona			30		7		47	12			4
Arkansas	6	29					39	16			10
California	12	34					37	10			7
Colorado	5	30					43	13			9
Connecticut	15			6			48	10	12		9
Delaware	19	48					13	10	6		4
D.C.	4	29			28		22	4	8		5
Florida	7						61	13	4		15
Georgia	8	34					41	13			4
Hawaii	3	28					57		8		4
Idaho			44				30	18			8
Illinois			41				35	10	9		5
Indiana			29				54	13			4
Iowa			44				30	16	4		6
Kansas	11	30					37	13			9
Kentucky	7	24			8		29	15	4	10	3
Louisiana			20				34	8	4	31	3
Maine	5	30					40	12	6		7
Maryland	4	43			4		28	14	5		2
Massachusetts	13	48					25	8			6
Michigan	15	34					33	12			6
Minnesota	7	44					28	12	4		5
Mississippi	7	12					57	10		8	6
Missouri	6	33					40	13			8
Montana	9	27			6		8	14	5		7
Nebraska			32				38	20			10
Nevada							54	12			12
New Hampshire	26			5			22	28	8		12
New Jersey	15	22				2	27	17	14		3
New Mexico			11				14	12		29	4
New York	9	52					[illegible]	5			4
North Carolina	9	38					25	[illegible]	10		4
North Dakota			14				31	12		35	8
Ohio	10	21					36	14	12		7
Oklahoma	6	24					23	12		27	8
Oregon	8	45					4	13		4	26
Pennsylvania	13	26					33	12	10		7
Rhode Island	8	32					35	10	12		3
South Carolina	8	32					41	14	4		3
South Dakota							60	25	5		10
Tennessee	14						59	19	4		4
Texas							46	15	5	26	8
Utah	4	36					43	11			7
Vermont			40				27	20	6		7
Virginia	6	47					25	17			5
Washington					11		59	16	8		6
West Virginia	3	21					57	14			5
Wisconsin	8	43					29	11	4		5
Wyoming					5		31	10		51	3

Source: Laventhol & Horwath

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NEW JERSEY: HIGHWAY USERS ARE BEARING

PROVISIONS OF PROPOSED LEGISLATION:

REGISTRATION FEES:

COMMERCIAL

1. For vehicles not in excess of 5,000 pounds, $50.00.

2. For vehicles in excess of 5,000 and not in excess of 18,000 pounds, $50.00 plus $11.00 for each 1,000 pounds or portion thereof in excess of 5,000 pounds.

3. For vehicles in excess of 18,000 and not in excess of 50,000 pounds, $50.00 plus $13.00 for each 1,000 pounds or portion thereof in excess of 5,000 pounds.

4. For vehicles in excess of 50,000 pounds, $50.00 plus $16.50 for each 1,000 pounds or portion thereof in excess of 5,000 pounds.

Example: 80,000 lb. registration = $1,287.50 currently: $687.50 = 87.3% increase * Add $18.00 for trailer.

CONSTRUCTION

1. For vehicles not in excess of 40,000 pounds, $20.00 for each 1,000 pounds or portion thereof.

2. For vehicles in excess of 40,000 and not in excess of 50,000 pounds, $23.00 for each 1,000 pounds or portion thereof.

3. For vehicles in excess of 50,000 pounds, $30.00 for each 1,000 pounds or portion thereof.

Example: 70,000 lb. registration = $2,100.00 currently: $1,120.00 = 87.5% increase.

REGISTRATION VIOLATIONS

FINES

1. $500 plus $100 for each 1,000 lbs. under registered.

   Currently $50 plus $8.50 for each 1,000 lbs. under registered.

Example: Improper registration of 3,000 lbs = $800 fine.

Currently fine is $75.50 over 1,000 % increase.

STATEMENT OF

AUGUSTINE PRENO, STATE CHAIRMAN
PUBLIC AFFAIRS COUNCIL OF AAA AUTO CLUBS OF NEW JERSEY

before the

SENATE TRANSPORTATION AND COMMUNICATIONS COMMITTEE
FRIDAY, APRIL 27, 1984

Good morning, Mr. Chairman, members of the Committee.

My name is Gus Preno and I am here today in my capacity as State Chairman of the Public Affairs Council of the AAA Automobile Clubs of New Jersey, representing more than 600,000 motorists who belong to the AAA in New Jersey. I am also a member of the New Jersey Coalition to Support Transportation, which is made up of a broad spectrum of business, labor and community organizations dedicated to the establishment of a stable and secure source of transportation funding.

I would like to begin my statement by congratulating you, Mr. Chairman, and the members of your Committee who have joined you as co-sponsors of S-1446, for your committment and concern for the future of New Jersey's highway and mass transportation system. We are proud to support your effort, and hope that you will call on us for any help you feel we can provide in this connection.

As the members of this particular legislative Committee well know, a sound and balanced transportation system is essential if New Jersey is to remain economically viable and competitive. Good highways and dependable public

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transit are vital to the safety, comfort and quality of life of every citizen of New Jersey. Such a system of transportation is required if we are to preserve jobs and attract new jobs to our State.

Unfortunately, inadequate funding over the past two decades has jeopardized New Jersey's $42 billion investment in its transportation network. Transportation's share of the State budget has dropped dramatically. New Jersey has tried to survive from crisis to crisis in transportation and we can see the results all around us in crumbling roads, dangerous bridges and unsatisfactory mass transit.

What New Jersey needs desperately is a long-term commitment to its road and transit systems that is based on a stable and realistic funding mechanism.

Currently New Jersey motorists are sending more than $560 million dollars a year to Trenton in the form of gasoline taxes and motor vehicle license and registration fees---money which should go back into highway improvement projects and other services for motorists. But, somehow, the money never seems to find its way back to the people who pay it. Year after year, competing claims on the State's financial resources have left the motorist out in the cold, with fewer and fewer tax dollars going back into transportation improvement projects.

In the past, the AAA Public Affairs Council has suggested that the New Jersey Legislature follow the lead of many other states which have faced similar problems and solved them through a method of funding known as "dedication"------dedication of a portion of highway user revenues, such as taxes and fees paid by motorists, specifically for maintaining and improving our transportation system.

Although this particular legislation falls short of "constitutional dedication" we see the Transportation Trust Fund concept as a major step in the right direction. And it is on this basis that we wholeheartedly support the effort.

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However, we recognize that there are those with whom we share the roads, namely the trucking industry, who bitterly oppose this legislation. Although the trucking industry and the Triple A have had their disagreements over such issues as truck lengths and weight, we usually see pretty much eye-to-eye on matters affecting highway funding. But, in this case, they are opposed to the provisions of this bill which would require them to pay higher registration fees.

The trucking industry claims that such increases are unfair and unwarranted, and that they would bring New Jersey's trucking industry to financial ruin. But let's look at the facts:

....New Jersey ranks 46th in the nation in total heavy truck taxes and fees;

....Under this proposal, total Garden State heavy truck taxes and fees would rise only slightly, to a rank of 37th.

....New Jersey heavy truck fees have not been increased since 1975, despite the recent increase in the size of trucks permitted on our roads and the increased costs associated with road repairs.

....Under this proposal, New Jersey heavy truck taxes and fees would still be lower than Pennsylvania's, and only slightly higher than those imposed by the State of New York.

....New Jersey truckers pay no sales tax on trucks purchased in this State.

....New Jersey truckers pay much lower fuel taxes in New Jersey than they do in most other northeastern states.

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....And, on the other hand, automobile drivers have had to pay an average 18 per cent increase in regulatory fees since 1979.

Despite these factors highway engineering experts have identified heavy trucks as the major contributing cause of deterioration on our highways. A recent report of the American Association of State Highway and Transportation Officials (AASHTO), a group which is comprised of the nation's leading highway engineering experts, states:

"Engineers have established that axle load weight and frequency of loading applied to the highway are the major factors causing wear."

They cited extensive research which they have conducted in cooperation with major universities and representatives of industry which show conclusively that heavy trucks are literally pounding our highways to dust. In fact, the AASHTO Road Test established this startling fact:

IT TAKES APPROXIMATELY 9,600 CARS TO EQUAL THE EFFECT OF ONE 80,000-POUND TRUCK, ASSUMING MAXIMUM AXLE LOADINGS.

In view of this and other mounting evidence of the destructive impact which heavy trucks are having on our highway system, the trucking industry is not paying its fair share for road maintenance and improvements. And, as a result, motorists, including our AAA members, are being forced to subsidize the trucking industry by paying more than their fair share of the costs associated with maintaining the roads. For example, despite a 1983 increase in federal heavy truck taxes, AASHTO estimates that heavy trucks are only

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paying for 71% of the wear and tear they place on the roads. As a result, light truck users and private passenger car drivers must pay 110% and 104%, respectively, of the costs associated with their use of our public highways.

While we sympathize with the trucking industry, we believe that it is time for the truckers to pay a fair share of the cost of providing a first-rate road system in New Jersey, and the Legislature should not require automobile owners to subsidize the trucking industry. At the same time, we feel that all motorists----including the truckers----will eventually benefit by the establishment of a stable and secure source of funding for highway transportation programs. In the long-run, a program such as the Transportation Trust Fund will reduce the frequency with which the State of New Jersey will be forced to return to the motorists with an increase in the gas tax or other fees in order to finance desperately needed transportation improvements.

Thank you. I will be happy to answer any questions which you may have.

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